REJECTION OF NON-BINDING INDICATIVE MERGER PROPOSAL

3 JUNE 2025

Matrix Composites & Engineering Ltd (ASX: MCE) ("**Matrix**" or the "**Company**") refers to its announcements on 19 May 2025 advising receipt of a confidential non-binding indicative proposal from Advanced Innergy Solutions Pty Ltd (**AIS**) in relation to a potential reverse merger transaction with Matrix (**Proposal**).

The Proposal contemplates a merger under which Matrix would acquire the privately owned AIS in exchange for the issue of new Matrix shares. This would result in Matrix shareholders holding approximately 20% of the merged group with AIS shareholders holding approximately 80% of the merged group (pre-capital raising). In addition, the Proposal includes a significant capital raising of the merged group in connection with the transaction.

Following careful consideration and in consultation with its legal and financial advisers, the Matrix Board has unanimously determined that the Proposal is not in the best interests of shareholders. Accordingly, the Board has resolved not to engage further with AIS on the basis of the Proposal in its current form, and as such merger discussions have discontinued.

In coming to this decision, the Board believes:

- Matrix's proposed post transaction shareholding under the Proposal does not fairly reflect the valuation each party contributes to the merged group
- The proposal involves Matrix acquiring the AIS business at an implied valuation of AIS relative to its indicative earnings and debt that does not appear compelling for Matrix shareholders
- The Proposal is highly conditional, including the requirement to complete a material capital raising
- Matrix has attractive growth prospects on a standalone basis
- Matrix is well funded and capitalised to support its growth ambitions

Furthermore, the Board believes the Company is trading well below its fundamental value and remains firmly focused on executing its business strategy and delivering value for shareholders, including pursuing a number of significant near-term opportunities in the Subsea market. Consistent with this, it will continue to assess any credible opportunities that align with the Company's strategic objectives and are in the best interests of its shareholders.

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This announcement was authorised for release by the Company Secretary.

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ABOUT MATRIX COMPOSITES & ENGINEERING

Matrix Composites & Engineering specialises in the design, engineering, and manufacture of composite and advanced material technology solutions for the oil and gas, civil and infrastructure, resources, defence, and transportation industries. With more than 20 years-experience, Matrix has gained a reputation as an industry leader and has become a major exporter of Australian goods and services with customers located all over the world. From its award-winning head office in Australia and offices in the United States, and a global network, Matrix is uniquely positioned to deliver complete turnkey solutions offerings with localised customer support.

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