

MATRIX SECURES \$7.5M CONVERTIBLE NOTE TO ACCELERATE GROWTH

05 DECEMBER 2022

OVERVIEW

- Matrix has entered an agreement with Collins St Convertible Note Fund ("Collins St") to secure \$7.485 million via a convertible note issue.
- The raising includes attractive terms to Matrix, with a conversion premium of 64% to Matrix's recent share price, thereby preserving value for all of Matrix's shareholders.
- The funds raised will provide Matrix with working capital flexibility to successfully ramp up recently awarded contracts and target an increasingly diversified pipeline of opportunities.
- Matrix expects to deliver significant revenue growth in FY23 with year-to-date revenue and secured orders currently at ~\$45 million compared to full year revenue in FY22 of \$28.6 million.

Matrix Composites & Engineering Ltd (ASX: MCE, "Matrix" or the "Company") is pleased to announce it has raised \$7.485 million via a convertible note ("Note") issue to bolster Matrix's working capital position as it brings on new work generating strong revenue growth and advances its growth strategy.

The Company will issue the Note to a value of \$7.485 million from Collins St Convertible Notes Pty Ltd, managed by Collins Street Asset Management Pty Ltd ("Collins Street"), an Australian wholesale investment management company which is an existing shareholder and strong supporter of Matrix. The Note has a value of \$7.485 million, with a 3-year term to maturity and a 10.5% coupon rate.

The Note is secured and convertible in full or part at the election of Collins Street at 35 cents per share, which is a 64% premium to Matrix's 14 day volume weighted average price of 21.3 cents per share.

Matrix has discretion to redeem the Note, no earlier than 6 months after the issue date but prior to maturity, by repaying the outstanding amount at any time in full (See Annexure 1 of this announcement for further details relating to the terms of the Note).

The Note is being issued pursuant to Matrix's placement capacity under ASX Listing Rule 7.1 and does not require shareholder approval.

The raising follows Matrix securing the award of two significant orders totalling approximately \$30 million since June, with the Company also actively targeting additional opportunities across the traditional and renewable energy sectors.

Matrix is experiencing increased activity and expects to deliver significant revenue growth in FY23. This is underpinned by year-to-date revenue for the five months to 30 November plus secured

orders for this financial year currently totalling around \$45 million, substantially higher than Matrix's full year revenue in FY22 of \$28.6m.

Matrix Chief Executive Officer Aaron Begley said the terms of the Note issue were conducive to the Company continuing its growth trajectory.

"After diligent consideration of various funding options, we were pleased to reach this agreement with Collins Street who supports our long-term growth vision," Mr Begley said.

"The significant conversion premium is a tangible illustration of their confidence in our growth prospects and this new funding gives us solid working capital headroom, whilst broadening our source of funding to minimise dilution and preserve value for all of Matrix's shareholders.

"The funding package will enable us to successfully deliver on our robust pipeline of current work and gives us financial muscle to target the next phase of business growth."

Collins St co-founder and Chief Investment Officer Vas Piperoglou, commented "We are pleased to fund Matrix and support the Company in its growth pursuits. Globally we are witnessing the start of a significant cyclical uptick within the offshore O&G services sector. Matrix has the DNA, historical experience and most importantly the management expertise to take full advantage of the exciting times that we believe lie ahead."

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This announcement was authorised for release by the Managing Director and CEO of Matrix.

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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.

ABOUT COLLINS ST ASSET MANAGEMENT

Founded by Michael Goldberg and Vasilios Piperoglou in 2014, Collins St Asset Management operates several funds including a concentrated Australian equities fund, a Special Situations Fund, and a Convertible Notes Fund.

Having opened their flagship Value Fund to the public in 2016, the team has regularly featured among the best performing Australian equities mandates in the country. Mercer Insights ranked them as the No.1 performing fund across all Australian equity mandates for FY2020, and 2nd for FY2021.

More information on the Collins St Asset Management funds can be found at www.csvf.com.au

Annexure 1 Convertible Notes Key Terms Summary

• Face Value	\$7,485,000.
• Maturity	36 months from the issue date.
• Conversion	Convertible in full or part at the election of Collins Street any time prior to Maturity at 35 cents per share (subject to dilutionary adjustment if Matrix raises equity at less than 45 cents per share).
• Interest Rate	10.5% per annum on principal amount of outstanding Convertible Note.
• Interest Payment	Interest paid monthly in advance. 18 months of interest will be paid upfront to be withheld in a Refund Account.
• Redemption	If the Convertible Note has not previously been converted or redeemed, it will be redeemed on Maturity at the Issue Price.
• Early Redemption	<p>If the Convertible Note has not been converted after 6 months from the issue date, Matrix has the option to repay at any time prior to Maturity the full outstanding amount, plus:</p> <ul style="list-style-type: none"> • if redemption occurs on or before 12 months after the issue date, an additional 10% fee on the face value; • if redemption occurs after the date that is 12 months after the issue date but on or before the date that is 24 months after the issue date, an additional 8% fee on the face value; • if redemption occurs after the date that is 24 months after the issue date, an additional 3% fee on the face value. <p>If Matrix redeems the Note on or before the date that is 24 months after the issue date, Matrix also agrees to issue options to Collins St with an exercise price of \$0.35 per option and an expiry date of 36 months after issue of the option. The number of options will be calculated by the amount redeemed divided by the conversion price of 35 cents per share (subject to dilutionary adjustment if Matrix raises equity at less than 45 cents per share).</p>
• Security	First ranking security over the Company's assets.
• Establishment Fee	3% of the full face value payable in cash on first drawdown.
• Cash Covenant	Matrix to hold a minimum of \$1 million cash within the first 6 months following the issue of the Convertible Note, increasing to \$1.5 million after 6 months following the issue.