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8 March 2023

Dear Shareholder,

**\$20.2 million accelerated non-renounceable entitlement offer and institutional placement
– Notification to ineligible shareholders**

On Wednesday, 1 March 2023, Matrix Composites & Engineering Limited (ASX: MCE) ("**Matrix**" or the "**Company**") announced the launch of a fully underwritten¹ equity raising of approximately \$20.2 million (before costs) of new fully paid ordinary shares in Matrix ("**New Shares**") at an offer price of \$0.28 per New Share ("**Offer Price**").

The Equity Raising (defined below) is comprised of:

- an institutional placement of New Shares to raise approximately \$6.3 million (before costs) (utilising ASX Listing Rule 7.1 and Listing Rule 7.1A capacity) ("**Institutional Placement**"); and
- a 1 for 2.95 pro-rata accelerated non-renounceable entitlement offer of New Shares to raise approximately \$13.9 million (before costs) ("**Entitlement Offer**"),

(together, the "**Equity Raising**").

The Equity Raising is fully underwritten by Bell Potter Securities Limited (ABN 25 006 390 772) ("**Bell Potter**", "**Underwriter**", or the "**Lead Manager**").¹

The Equity Raising will strengthen Matrix's capability to win and execute on its current project pipeline and expected future opportunities. The proceeds of the Equity Raising will be used to fund the Company's:

- performance/warranty bond facility;
- new markets and innovation (floating wind and hydrogen);
- capital expenditure for plant expansion;
- coatings working capital support;
- working capital to support increase in order book for FY23 and FY24;
- working capital to support new short-term opportunities; and
- costs associated with the Offer.

¹ Refer to slides 37 – 41 of the investor presentation dated 1 March 2023 for a description of the terms and conditions of the underwriting arrangement.

More detail is provided in Matrix's investor presentation lodged with the Australian Securities Exchange ("ASX") on Wednesday, 1 March 2023.

This letter is to inform you about the Entitlement Offer and to explain why you will not be able to subscribe for New Shares under the Entitlement Offer. This letter is not an offer to issue entitlements or New Shares to you, nor an invitation for you to apply for entitlements or New Shares. **You are not required to do anything in response to this letter but there may be financial implications for you as a result of the Entitlement Offer that you should be aware of.**

Details of the Entitlement Offer

The Entitlement Offer consists of an institutional and a retail component ("**Institutional Entitlement Offer**" and "**Retail Entitlement Offer**" respectively). The Institutional Entitlement Offer and the Institutional Placement raised approximately \$12.2 million (before costs) and it is expected that the Retail Entitlement Offer will raise approximately \$7.96 million (before costs).

The Entitlement Offer is being made pursuant to section 708AA of the *Corporations Act 2001* (Cth) (**Corporations Act**) (as modified by *ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84* and *ASIC Corporations (Disregarding Technical Relief) Instrument 2016/73*) (**ASIC Instruments**), which allows the Entitlement Offer to be made without a prospectus.

Matrix has today lodged a retail offer booklet with the ASX, which sets out further details in respect of the Retail Entitlement Offer (**Retail Offer Booklet**).

The Retail Entitlement Offer is only available to Eligible Retail Shareholders (as defined below).

Eligible Retail Shareholders are registered holders of existing shares in the capital of Matrix as at 4.00pm (AWST) on the Record Date, being Friday, 3 March 2023 who:

1. as at the Record Date, have a registered address in Australia or New Zealand as recorded on Matrix's share register or are persons that Matrix has otherwise determined are eligible to participate in the Retail Entitlement Offer;
2. are not in the United States and are not acting for the account or benefit of a person in the United States (to the extent they are holding shares for the account or benefit of such person in the United States);
3. are not eligible institutional shareholders and were not treated as an ineligible institutional shareholder under the Institutional Entitlement Offer; and
4. are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer without any requirement for a prospectus, product disclosure statement or offer document to be lodged or registered,

provided that, if a shareholder (including a nominee, trustee or custodian) is acting for the account or benefit of a person in the United States, it may not participate in the Retail Entitlement Offer on behalf of such a person.

Notwithstanding the above, Matrix may (in its absolute discretion) agree to extend the Retail Entitlement Offer to certain institutional shareholders in foreign jurisdictions who did not participate in the Institutional Entitlement Offer, subject to compliance with applicable laws.

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In addition to each Eligible Retail Shareholder's Entitlement under the Retail Entitlement Offer, Eligible Retail Shareholders will be offered the opportunity to apply for additional New Shares (up to 50% of their Entitlement) under a "top-up" facility ("**Top-Up Facility**"). Eligible Retail Shareholders are not assured of being allocated any New Shares in excess of their Entitlement under the Top-Up Facility. New Shares allocated under the Top-Up Facility will be allocated in accordance with the allocation policy outlined in the Retail Offer Booklet.

Pursuant to section 9A(3)(a) of the Corporations Act 2001 (Cth) ("**Corporations Act**") and ASX Listing Rule 7.7.1(a), Matrix has determined that it is generally unreasonable on this occasion to extend the Retail Entitlement Offer to shareholders with a registered address outside of Australia or New Zealand having regard to the small number of those shareholders, the relatively small number and value of New Shares that would be issued to those shareholders under the Retail Entitlement Offer and the costs of complying with the legal and regulatory requirements in each overseas jurisdiction. As you do not satisfy the criteria above, you are deemed not to be an Eligible Retail Shareholder for the purposes of the Retail Entitlement Offer.

Accordingly, in compliance with section 9A(3) of the Corporations Act and Listing Rule 7.7.1(b), the Company wishes to inform you that it is unfortunately unable to extend to you the opportunity to participate in the Retail Entitlement Offer. Under the terms of the Retail Entitlement Offer, you are not eligible to apply for New Shares and you will not be sent a copy of the offering materials relating to the Retail Entitlement Offer.

Non-renounceable offer

As the Retail Entitlement Offer is non-renounceable, no amount will be payable by you. You will not receive any value for these entitlements in respect of any New Shares that would have been offered to you if you were an Eligible Retail Shareholder, and will be diluted as a result of the Equity Raising.

Thank you for your continued support of Matrix and I trust you understand the Company's position on this matter.

Further information

If you have any questions about the Entitlement Offer, please visit the Company's website (<https://matrixengineered.com/>) or the ASX market announcements platform (www2.asx.com.au), or contact the Matrix Offer Information Line on 1300 494 861 (within Australia) or +61 1300 494 861 (outside Australia) between 8:30am and 5:30pm (AEDT), Monday to Friday before the Retail Entitlement Offer closes at 2:00pm (AWST) on Wednesday, 22 March 2023. For all other questions, you should consult your broker, solicitor, accountant, financial adviser, or other professional adviser.

Yours sincerely



Aaron Begley
Chief Executive Officer

Important information and disclaimer

This letter is issued by Matrix. This letter is not a prospectus or offering document under Australian law or under any other law. It is for information purposes only and does not constitute an offer, invitation or recommendation to subscribe for, retain or purchase any New Shares in Matrix in any jurisdiction. No action has been or will be taken to register, qualify or otherwise permit a public offering of the New Shares in any jurisdiction outside Australia and New Zealand. This letter is for information purposes only and does not constitute or form part of an offer, invitation, solicitation, advice or recommendation with respect to the issue, purchase or sale of any New Shares in Matrix.

Nothing contained in this document constitutes financial product advice, investment, legal, tax or other advice. The information in this letter is general information only, and does not take into account your individual objectives, taxation position, financial situation or needs. Any investment decision should be made solely on the basis of your own enquiries. Please read the Retail Offer Booklet, and if you are unsure of your position, please seek professional advice from your stockbroker, solicitor, accountant or other professional adviser.

Forward-looking statements

This letter may contain certain "forward-looking statements". The words "expect", "anticipate", "estimate", "intend", "believe", "guidance", "should", "could", "may", "will", "predict", "plan" and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Forward-looking statements, opinions and estimates provided in this letter are based on assumptions and contingencies that are subject to change without notice and involve known and unknown risks and uncertainties and other factors that are beyond the control of Matrix, its directors and management. This includes statements about market and industry trends, which are based on interpretations of current market conditions.

Forward-looking statements are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Actual results, performance or achievements may differ materially from those expressed or implied in such statements and any projections and assumptions on which these statements are based. These statements may assume the success of Matrix's business strategies. The success of any of those strategies will be realised in the period for which the forward-looking statement may have been prepared or otherwise. Readers are cautioned not to place undue reliance on forward-looking statements and except as required by law or regulation, none of Matrix, its representatives or advisers assumes any obligation to update these forward-looking statements. No representation or warranty, express or implied, is made as to the accuracy, likelihood of achievement or reasonableness of any forecasts, prospects, returns or statements in relation to future matters contained in this announcement. The forward-looking statements are based on information available to Matrix as at the date of this letter. Except as required by law or regulation (including the ASX Listing Rules), none of Matrix, its representatives or advisers undertakes any obligation to provide any additional or updated information whether as a result of a change in expectations or assumptions, new information, future events or results or otherwise. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward-looking statements.

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No offers in breach of foreign securities law

This letter may not be released or distributed in the United States or in any other jurisdiction in which such an offer would be illegal. This letter does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or in any other jurisdiction in which such an offer would be illegal. Any securities described in this letter have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "**US Securities Act**") or the securities laws of any state or jurisdiction of the United States. Accordingly, the securities described in this letter may not be offered or sold, directly or indirectly, to persons in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and applicable securities laws of any state or other jurisdiction of the United States. The New Shares to be offered and sold in the Retail Entitlement Offer may only be offered and sold to persons that are not in the United States and are not acting for the account or benefit of a person in the United States, in each case in "offshore transactions" (as defined in Rule 902(h) under the U.S. Securities Act) in reliance on Regulation S under the U.S. Securities Act.

Important notice to nominees

Because of legal restrictions, you must not send copies of this letter nor any material relating to the Entitlement Offer to any of your clients (or any other person) in the United States or any other person acting for the account or benefit of persons in the United States or to any person in any other jurisdiction outside of Australia and New Zealand. Failure to comply with these restrictions may result in violations of applicable securities laws.

Determination of eligibility of investors

Determination of eligibility of investors for the purposes of the Equity Raising is determined by reference to a number of matters, including legal and regulatory requirements, logistical and registry constraints and the discretion of Matrix and/or the Lead Manager. To the maximum extent permitted by law, Matrix, the Lead Manager and their related bodies corporate and affiliates, and each of their respective officers, directors, partners, employees, consultants, contractors, agents and advisers ("**Beneficiaries**") each disclaim any duty or liability (including, without limitation, any liability arising from fault, negligence or negligent misstatement) in respect of the exercise of that discretion or otherwise. The Lead Manager may rely on information provided by or on behalf of retail investors in connection with managing, conducting or underwriting the Equity Raising without the Lead Manager or the Beneficiaries having independently verified that information and the Lead Manager and the Beneficiaries do not assume responsibility for the fairness, currency, accuracy, timeliness, reliability or completeness of the information (including the accuracy, likelihood of achievement or reasonableness of any forecast returns, yields, future income or other statements in relation to future matters nor that the information or this website contains all material information about Matrix or which a prospective investor may require in evaluating a possible investment in Matrix).