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ASX ANNOUNCEMENT

MATRIX ANNOUNCES A \$20.2 MILLION EQUITY RAISING TO SUPPORT GROWTH

1 MARCH 2023

OVERVIEW

- Launch of a fully underwritten equity raising of \$20.2 million (before costs), consisting of:
 - An institutional placement to raise approximately \$6.3 million; and a
 - 1 for 2.95 pro-rata accelerated non-renounceable entitlement offer to raise approximately \$13.9 million.
- Matrix has experienced significant contract awards during 1H FY23 from the rebounding oil & gas market, and revenue is expected to substantially increase from \$11.8 million in the first half to at least \$33.5 million for the second half.
- The subsea order book is the strongest since 2016 with a growing quotation pipeline beyond FY24.
- Proceeds from the equity raising will strengthen Matrix's capability to win and execute on its current pipeline and expected future opportunities.

Matrix Composites & Engineering Ltd (ASX: MCE, "**Matrix**" or the "**Company**") is pleased to announce the launch of a fully underwritten¹ equity raising of \$20.2 million 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**").

It is expected that approximately 72.1 million New Shares will be issued under the Equity Raising (comprising approximately 49.3% of Matrix's existing issued capital). New Shares issued under the Equity Raising will rank equally with existing ordinary shares.

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

Purpose of the Equity Raising

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

- Expansion across new markets and initiatives (floating wind and hydrogen)
- Additional performance / warranty bond facility

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

- New capex requirements for plant expansion for SURF product scale delivery, as well as working capital support for substantially increased upcoming order book; and
- The costs associated with the Equity Raising.

Details of the Equity Raising

Institutional Placement

The Company is undertaking the Institutional Placement to raise approximately \$6.3 million (before costs) through the issuance of approximately 22.6 million New Shares to eligible new and existing institutional shareholders at the Offer Price.

The Institutional Placement is priced at \$0.28 per New Share, which represents a 16.4% discount to the last traded price of \$0.335 on Tuesday, 28 February 2023. The New Shares issued under the Institutional Placement will be issued within the Company's existing placement capacity under ASX Listing Rule 7.1. and 7.1.A (approximately 8.0 million New Shares and 14.6 million New Shares respectively), and the Company will seek quotation of the New Shares on ASX upon their issue. Holders of New Shares issued under the Placement will not be eligible to participate in the Entitlement Offer.

Entitlement Offer

Eligible existing shareholders will be entitled to subscribe for 1 New Share for every 2.95 existing shares ("**Entitlement**") held as at 4.00pm (AWST) on Friday, 3 March 2023 ("**Record Date**"). All New Shares offered under the Entitlement Offer will be issued at a price of \$0.28 per New Share, which represents a:

- 11.6% discount to the theoretical ex-rights price ("**TERP**")² of \$0.317; and
- 16.4% discount to the last close price of Matrix shares of \$0.335 on Tuesday, 28 February 2023.

Institutional Entitlement Offer

Eligible institutional shareholders will be invited to participate in the institutional component of the Entitlement Offer ("**Institutional Entitlement Offer**"), which is being conducted today, Wednesday, 1 March 2023.

Eligible institutional shareholders can choose to take up all, part or none of their Entitlement. Institutional Entitlements cannot be traded on the ASX or transferred.

Institutional Entitlements that eligible institutional shareholders do not take up by the close of the Institutional Entitlement Offer, and institutional Entitlements that would otherwise have been offered to ineligible institutional shareholders, will be offered to eligible new and existing institutional shareholders concurrently with the Institutional Entitlement Offer.

Matrix shares will remain in a trading halt pending completion of the Institutional Entitlement Offer and Institutional Placement ("**Institutional Offer**").

² Theoretical ex-rights price (TERP) includes shares issued under the Placement, Institutional Entitlement Offer and the Retail Entitlement Offer. TERP is a theoretical calculation only and the actual price at which Matrix shares trade immediately following the ex-date for the Entitlement Offer may be different from TERP.

Retail Entitlement Offer

Eligible retail shareholders with a registered address in Australia or New Zealand as at 4.00pm (AWST) on the Record Date, not being US persons or acting for the account or benefit of persons in the US ("**Eligible Retail Shareholders**") will be invited to participate in the retail component of the Entitlement Offer ("**Retail Entitlement Offer**") at the same Offer Price and offer ratio as the Institutional Entitlement Offer. The Retail Entitlement Offer will open at 7.00am (AWST) on Wednesday, 8 March 2023 and close at 2.00pm (AWST) on Wednesday, 22 March 2023.

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. The Lead Manager retains absolute discretion regarding allocation under the Top-Up Facility.

If Eligible Retail Securityholders take no action, they will not be allocated New Shares and their Entitlements will lapse. Eligible Retail Securityholders who do not take up their Entitlements in full under the Retail Entitlement Offer will not receive any value or payment for those entitlements they do not take up. The Retail Entitlement Offer is non-renounceable and cannot be traded on ASX or any other exchange, nor can it be privately transferred.

The terms and conditions under which eligible retail shareholders may apply will be outlined in the Retail Offer Booklet, which is expected to be available to Eligible Retail Shareholders on Wednesday, 8 March 2023. The Retail Offer Booklet is expected to be available on the ASX website beginning Wednesday, 8 March 2023.

Existing Shareholders with a registered address outside Australia and New Zealand on the Record Date or who are acting for the account or benefit of persons in the United States will be ineligible to participate in the Retail Entitlement Offer, other than persons that Matrix has (with the prior written agreement of the Lead Manager in their absolute discretion) determined in its discretion are Eligible Retail Shareholders.

Director and Key Management Participation

Certain Matrix directors and senior management will participate in the Entitlement Offer. Matrix directors will not participate in the Placement.

Impact on the Convertible Note

On 5 December 2022, Matrix announced it had raised \$7.485 million via a convertible note ("**Note**") issue from Collins St Convertible Notes Pty Ltd, managed by Collins Street Asset Management Pty Ltd ("**Collins Street**"), an Australian wholesale investment management company. 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 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). Due to the dilutionary adjustment resulting from the Equity Raising, the conversion price is adjusted to approximately 30.63 cents per share.

Indicative Timetable³

Event	Time and Date
Trading halt, announcement of the Equity Raising.	Wednesday, 1 March 2023
Institutional Offer opens	Wednesday, 1 March 2023
Announcement of results of Institutional Offer	Thursday, 2 March 2023
Trading halt lifted – Securities recommence trading on ASX on an “ex-entitlement” basis	Friday, 3 March 2023
Record Date for determining entitlement to subscribe for New Securities	4:00pm (AWST), Friday, 3 March 2023
Retail Offer Booklet dispatched and Retail Entitlement Offer opens	7:00am (AWST), Wednesday, 8 March 2023
Settlement of Institutional Offer	Thursday, 9 March 2023
Allotment and normal settlement trading of New Securities issued under the Institutional Offer on ASX	Friday, 10 March 2023
Retail Entitlement Offer closes	2:00pm (AWST), Wednesday, 22 March 2023
Notification of shortfall and allocation to sub-underwriter(s)	Friday, 24 March 2023
Settlement of the Retail Entitlement Offer	Tuesday, 28 March 2023
Allotment of New Securities under the Retail Entitlement Offer	Wednesday, 29 March 2023
New Securities issued under the Retail Entitlement Offer commence trading on ASX on a normal settlement basis	Thursday, 30 March 2023
Holding statements in respect of New Shares issued under the Retail Entitlement Offer are dispatched	Friday, 31 March 2023

This timetable is indicative only and may be subject to change without notice to, or consultation with, you. Matrix reserves the right to amend any or all of these dates and times subject to the Corporations Act 2001 (Cth), the ASX Listing Rules and other applicable laws. In particular, Matrix reserves the right to extend the closing date for the Institutional Entitlement Offer or the Retail Entitlement Offer, to accept late applications under the Institutional Entitlement Offer or the Retail Entitlement Offer (either generally or in particular cases) and to withdraw the Institutional Offer or the Retail Entitlement Offer without prior notice. Any extension of the closing date for the Institutional Offer or the Retail Entitlement Offer will have a consequential effect on the allotment date of New Shares. Matrix also reserves the right not to proceed with the Institutional Placement or the Entitlement Offer in whole or in part at any time prior to allotment and issue of the relevant New Shares. In that event, the relevant application monies (without interest) must be returned in full to applicants.

Additional Details

Additional information regarding Matrix’s 1H FY23 financial results and the Equity Raising is contained in the investor presentation released to the ASX today. The investor presentation

³ The timetable for the Equity Raising is indicative and remains subject to change at the Company’s discretion, subject to compliance with applicable laws and ASX Listing Rules. Any changes will be advised to ASX

contains important information that shareholders should consider, including information about the risk factors and the foreign selling restrictions with respect to the Equity Raising.

The Retail Offer Booklet will be released separately and made available to eligible retail shareholders.

You should seek appropriate professional advice before making any investment decision. If you have any questions about the Retail Entitlement Offer, please 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 during the Retail Offer Period.

Investor Call

Matrix wishes to advise that its Chief Executive Officer Aaron Begley and Chief Financial Officer Brendan Cocks will hold an investor call today at 11:00am Perth time (AWST) / 2:00pm Melbourne time (AEDT) to discuss the Company's 1H FY23 results and Equity Raising.

Call details:

Date: Wednesday, 1 March, 2023

Time: 11:00am Perth time (AWST) / 2:00pm Melbourne time (AEDT)

Zoom Meeting ID: 835 9386 1328

Passcode: 459615

Zoom Link: <https://bellpotter.zoom.us/j/83593861328?pwd=ZXRQbIV0SzIVVzFSRjA5cnRFTENyZz09>

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This announcement was authorised for release by the Managing Director and CEO of Matrix. All dollar amounts are in Australian dollars unless otherwise indicated.

FOR FURTHER INFORMATION PLEASE CONTACT:

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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.

Important Notices

Forward looking statements

This announcement contains 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 announcement 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 announcement. 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.

Not an offer in the United States

This announcement has been prepared for publication in Australia and may not be released to US wire services or distributed in the United States. This announcement 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 announcement 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 announcement may not be offered or sold, directly or indirectly, 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.

Own enquiries

Investors should make and rely upon their own enquiries before deciding to acquire or deal in Matrix’s securities.

Involvement of the Lead Manager

Neither the Lead Manager nor its related bodies corporate and affiliates, and each of its respective officers, directors, partners, employees, consultants, contractors, agents and advisers (“**Beneficiaries**”), have authorised, permitted or caused the issue or lodgement, submission, dispatch or provision of this announcement and nor do they make any recommendation as to whether any potential investor should participate in the Equity Raising. There is no statement in this announcement which is based on any statement made by the Lead Manager or any other Beneficiary. To the maximum extent permitted by law, the Lead Manager and the Beneficiaries expressly disclaim all liabilities (including for fault, negligence, or negligent misstatement) in respect of, and take no responsibility for, any part of this announcement, and make no representation or warranty (whether express or implied) regarding any part of this announcement, including as to the fairness, currency, accuracy, timeliness, reliability or completeness of any information in this announcement (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).

Neither the Lead Manager nor the Beneficiaries make any recommendation as to whether any potential investor should participate in the Equity Raising. Further, neither the Lead Manager or the Beneficiaries accept any fiduciary obligations to or duty of care to or relationship with any investor or potential investor in connection with the Equity Raising or otherwise, and by accessing this announcement each recipient expressly disclaims any such fiduciary relationship and agrees that it is responsible for making its own independent judgements with respect to the Equity Raising and any other transaction or other matter arising in connection with this announcement.

The Lead Manager and the Beneficiaries may, from time to time, have interests in the new securities under the Institutional Placement or other securities of Matrix, including providing corporate advisory or other financial advisory services to Matrix and/or managing the offering of such New Shares under the Equity Raising. Further, they may have long or short positions in, act as market maker or buy or sell those securities or associated derivatives as principal or agent. Such persons may receive fees or other benefits for engaging in these activities. A Beneficiary may act as a

lender and/or counterparty to Matrix or its affiliates and may or now in the future provide financial accommodation or services to Matrix or its affiliates.

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 the 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 institutional 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).

General

This announcement is subject to the same "**Disclaimer**" that appears on slides 2 to 4 of the investor presentation released to the ASX today with any necessary contextual changes.

Financial Data

The pro-forma financial information included in this announcement is for illustrative purposes and does not purport to be in compliance with Article 11 of Regulation S-X of the rules and regulations of the United States Securities and Exchange Commission.

Certain financial data included in this announcement is "non-IFRS financial information" under ASIC Regulatory Guide 230 Disclosing non-IFRS financial information published by ASIC and also "non-GAAP financial measures" within the meaning of Regulation G under the U.S. Securities Exchange Act of 1934, and are not recognised under AAS and International Financial Reporting Standards (IFRS).

Non-IFRS/non-GAAP measures in this announcement are not subject to audit and include EBITDA and EBIT. Readers are cautioned, therefore, not to place undue reliance on any non-IFRS/non-GAAP financial information and ratios included in this announcement.