



# Carbon Revolution

## Mega-line Investment & Equity Raising

23 April 2021



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## Allocation of Shares

Pursuant to ASX Listing Rule 7.2, the directors of Carbon Revolution give notice that they reserve the right to issue any New Shares not issued in the Entitlement Offer (Shortfall Shares) to new investors or existing shareholders within 3 months of close of the offer at a price no less than the Offer Price. The allocation of Shortfall Shares will be within the complete discretion of Carbon Revolution, having regard to factors such as Carbon Revolution's desire for an informed and active trading market, its desire to establish a wide spread of shareholders, the size and type of funds under management of particular investors, the likelihood that particular investors will be long-term shareholders, and any other factors Carbon Revolution considers appropriate.



# Agenda



**Growth Announcement**

**Mega-line Investment**

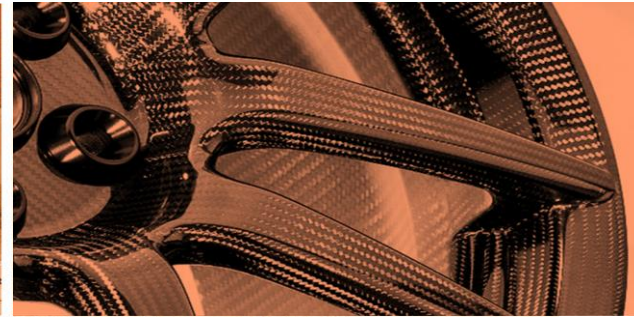
**Equity Raising**

**Q3 FY21 Quarterly Activities  
Report & Appendix 4C**

**Appendix**

# Growth Announcement

Jake Dingle – CEO



# Growth announcement

- Carbon Revolution has decided to commence construction of Phase 1 of the first Mega-line (“Phase 1 of Mega-line”). The Company will invest circa \$72m – consisting of circa \$47m in plant and equipment at its Geelong facility to approximately double capacity, with an additional circa \$8m investment in tooling and circa \$16m investment in program development
- Carbon Revolution has secured formal agreements to initiate detailed design and engineering relating to four new Original Equipment Manufacturer ("OEM") programs<sup>1</sup>, a significant proportion of which are for electric vehicles. Following extensive collaboration with these customers, Carbon Revolution believes it will require additional capacity of circa 75,000 wheels per annum in order to deliver these programs
- To fund this, the Company is undertaking a fully underwritten \$95m equity raising, comprising of a c.\$53.5m Accelerated Non-Renounceable Entitlement Offer and c.\$41.6m Institutional Placement. The Equity Raising together with additional working capital financing arrangements is expected to provide sufficient funding for Carbon Revolution to reach cash flow breakeven<sup>2</sup>
- OEM relationships have been enhanced through the recent appointment of Ron Collins to Carbon Revolution’s US business development team as Vice President, North America. Ron was a senior executive with Ford Motor Company and brings over 30 years of experience within the car industry including as Ford’s global head of chassis engineering
- Carbon Revolution is also announcing its Q3 FY21 results today. The Company saw strong growth with revenue and volumes rebounding from Q2 FY21 and progressed with reducing labour hours per wheel to 31 hours, heading towards its near-term target of circa 17 hours per wheel<sup>3</sup>

Carbon Revolution is the global leader in carbon fibre wheel technology. The Mega-line technology is expected to provide the step change to production scale and economics that enables the Company to deliver large volume programs to a broader cross-section of the market

Note:

1. For further information on the wheel program lifecycle, and the stage of these agreements, refer to slide 28
2. This excludes funding any capital expenditure for Phase 2 of Mega-line (and associated program-specific tooling and development capex) (refer to slide 21)
3. Near-term target run rate for production wheels produced on the high pressure moulding line with fascia





# Carbon Revolution's compelling fundamentals

## Demonstrated Value Proposition

Carbon fibre wheels make cars lighter, faster, quieter, and more fuel efficient, providing a compelling business proposition to global car manufacturers

## Global Leader

Successfully developed and manufactured single piece carbon fibre wheels with commercial adoption across several major OEM models. Demonstrated track record in the market, with circa 40,000 wheels sold to date

## Large and Growing Market

Addressable market is very large with increasing penetration, both in production or under development. Large wheel sizes are becoming more popular and are well suited for carbon fibre

## Uniquely suited to EV

Value proposition is uniquely suited to EV requirements. The global EV transition presents a significant growth opportunity

## Proprietary Technology

Product technology is globally unique and our leading market position and targeted R&D program are enabling us to extend our lead. We hold 44 granted patents in 6 patent families (with a further 3 pending in those families) plus 29 pending patents in an additional 5 patent families

## Clear Industrialisation Pathway

Our industrialisation pathway is clear and progressing well. The decision to invest in Mega-line is supported by market demand, particularly from EV and larger wheel segments

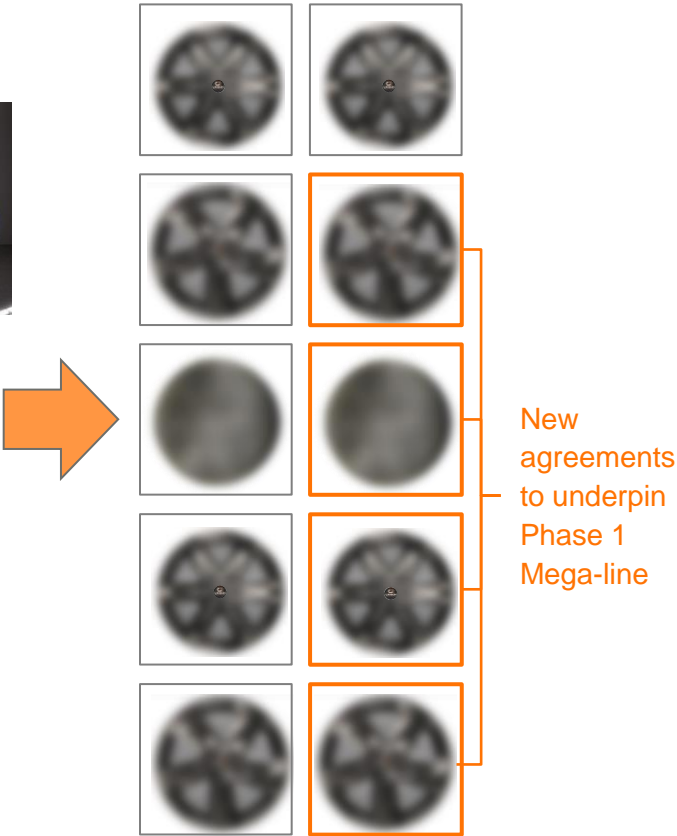
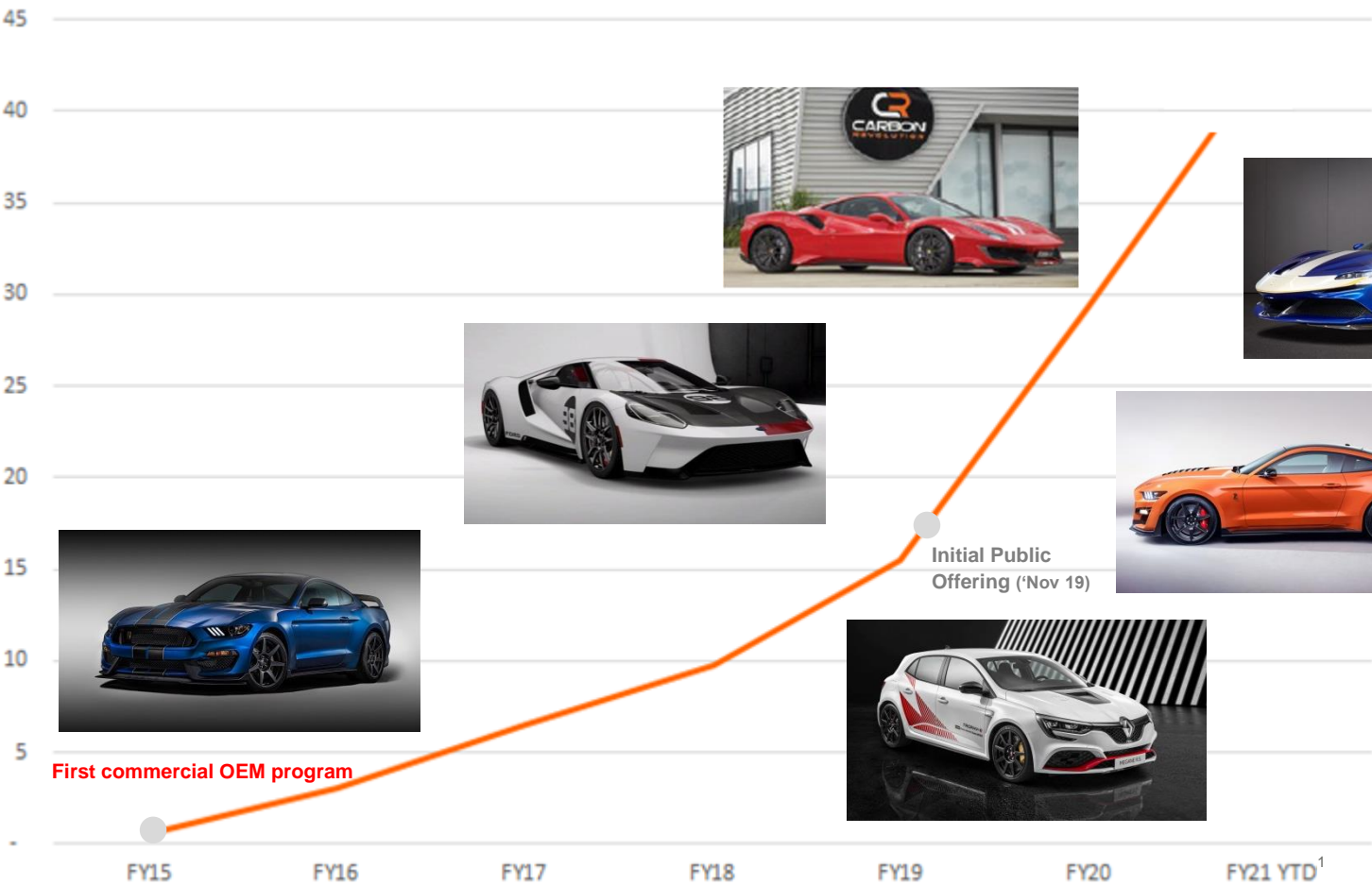




# The expected volumes for these 4 new programs build on the existing OEM programs which have delivered sales of circa 40,000 wheels to date

Circa 40,000 cumulative wheel sales volume<sup>1</sup> with 6 awarded programs announced by OEMs and in the market ...

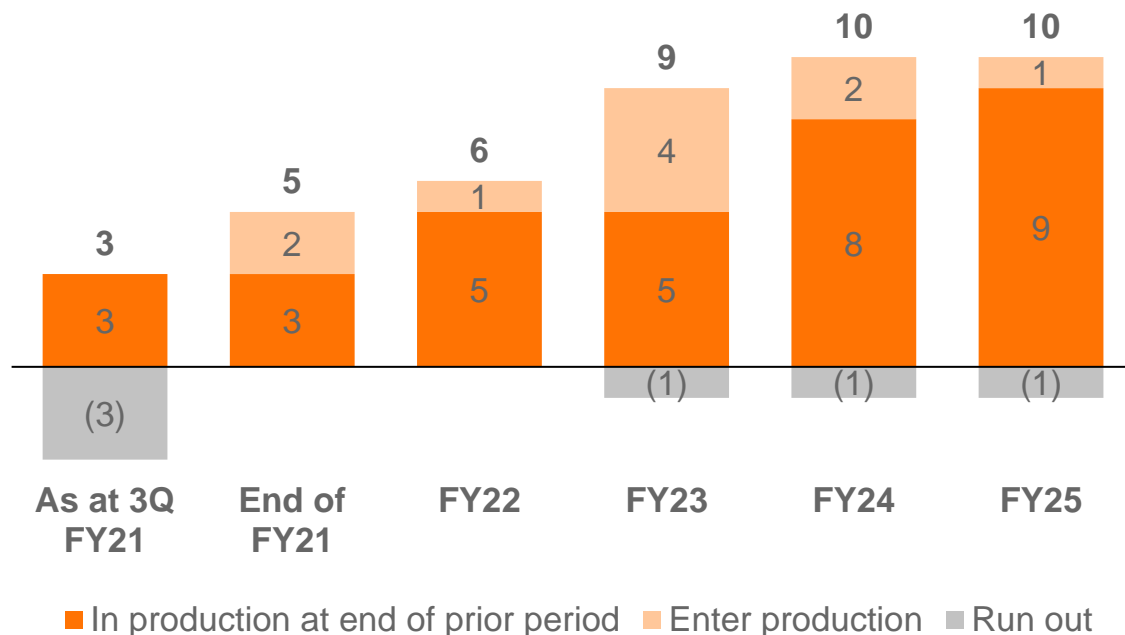
... and a further 10 unannounced programs<sup>2</sup> are under formal agreements



Note:  
1. Cumulative wheel sales from FY13 to 31<sup>st</sup> March 2021  
2. The Company has agreements for 16 programs, including 11 awarded programs (of which 6 have been announced by OEMs, 5 have been awarded but are not yet announced and 3 have completed serial production (run out) during FY21). In addition, there are now 5 programs under formal design and engineering agreements and that have also not yet been announced by the OEMs.

# Programs are expected to enter production progressively over the next 5 years, with 10 programs to be in production by FY24

Number of programs expected to be in production (3Q FY21 to FY25)<sup>1</sup>



Stage of Program Lifecycle (as at Q3 FY21)		Number of Programs
Awarded programs in production during Q3 FY21		3
Programs in development	Awarded	5
	Under detailed design and engineering agreement	5
Programs that have run out during FY21 (not in serial production)		3

- 10 programs not currently in production
  - 5 awarded programs not yet in production. Together with programs in production, the business has sufficient installed capacity for these contracted programs unless there is significant further expansion in those programs due to customer demand
  - 5 programs under detailed design and engineering agreement which represent circa 75k wheels per annum
- The Company has an extensive business development pipeline and expects to increase program sales above these levels

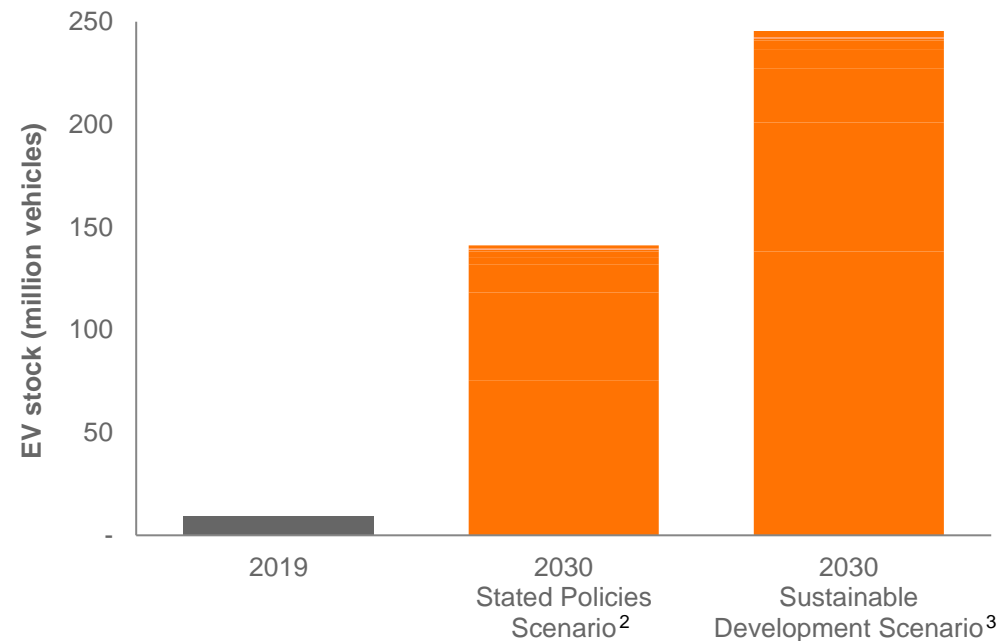


Note:  
1. Based on current program timing plans received from OEMs. Subject to change.

# Carbon Revolution is well positioned for the global EV transition

## The automotive market is rapidly transitioning to Electric Vehicles ("EV")

Global electric vehicle stock by scenario<sup>1</sup>



Source: IEA (2020) Global EV Outlook. All rights reserved

Notes:

1. Includes battery electric and plug-in hybrid electric passenger light-duty vehicles, light commercial vehicles, buses and trucks
2. Stated Policies Scenario indicates stock if existing government EV policies are incorporated
3. Sustainable Development Scenario indicates stock if policies are fully compatible with the climate goals of the Paris Agreement, including the EV30@30 campaign targets to collectively reach a 30% market share for EVs in all modes except two-wheelers by 2030

## Carbon Revolution's carbon fibre wheel value proposition is uniquely suited to EVs

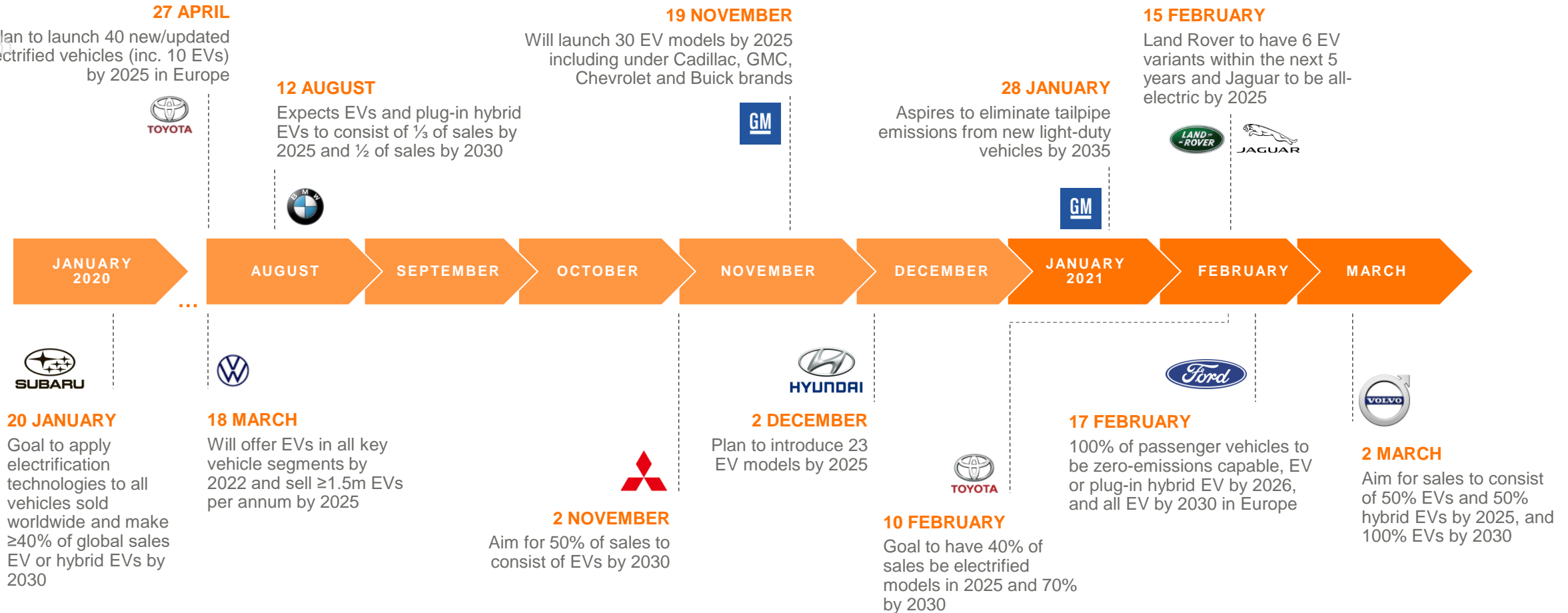
- 40% - 50% mass reduction achievable versus aluminium wheels
  - Greater efficiency / range
  - Better performance / handling
- Aerodynamics – material enables greater efficiency in aerodynamic design increasing range
- Strength and durability from physical properties and design are ideally suited to large wheel sizes
- Road noise reduction and increased comfort
- Distinctive and sought-after aesthetics

*"... Moving to electric vehicles will redefine the design of cars, including their weight and with it the materials used for their construction ..."*

Major OEM Executive, JEC Automotive and  
Composite Materials: Current State and Forecast 2018

# EVs are the future and will drive demand for carbon fibre wheels

## Select OEM EV announcements since January 2020

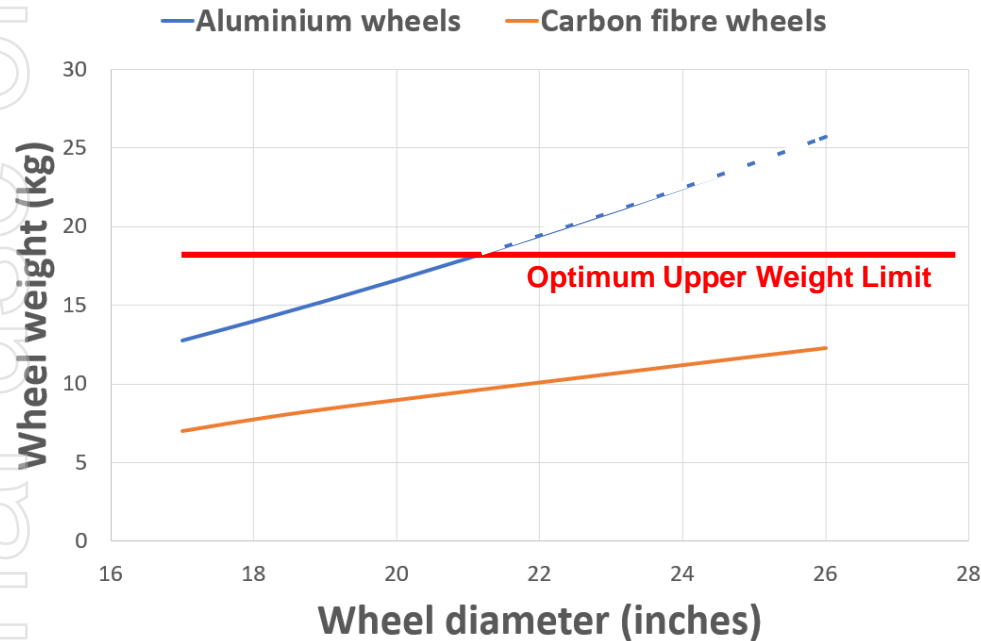




# The global trend towards larger wheels is enabled by carbon fibre wheels

*Demand for larger 23"- 26" wheels in Truck & SUV categories is growing. Carbon fibre is the most viable option for larger wheels*

Indicative wheel weight required to meet load thresholds



Source: Management estimates having regard to vehicle weight and dynamics, chassis engineering and manual handling requirements

Designers are calling for larger and larger wheels

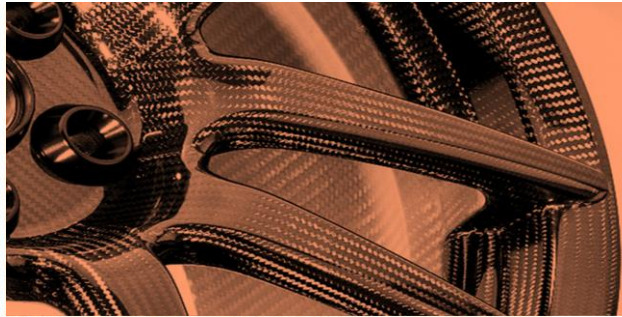
*"... larger diameter wheels and tyres are absolutely what designers are looking for... we are absolutely heading towards 24 and 26 inch wheels..."*

Mike Simcoe, General Motors, Vice President of Global Design

Brembo Red Podcast, Episode 2 (19 September 2019)

# Mega-line Investment

Jake Dingle – CEO

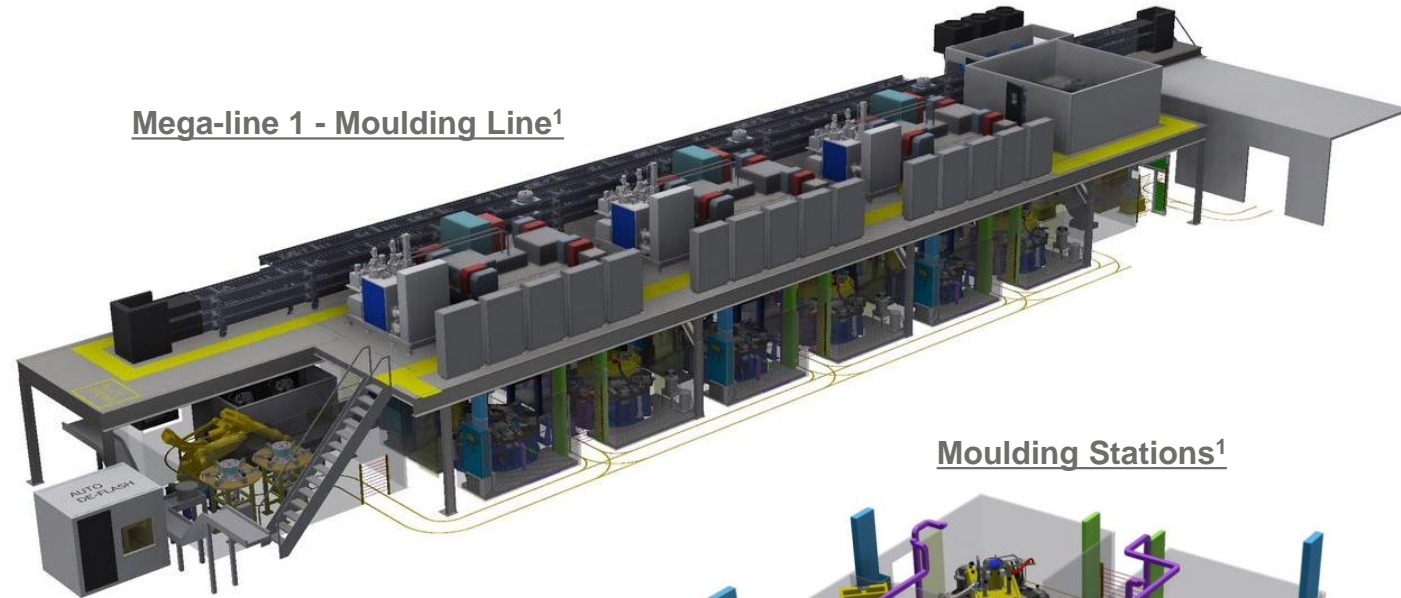




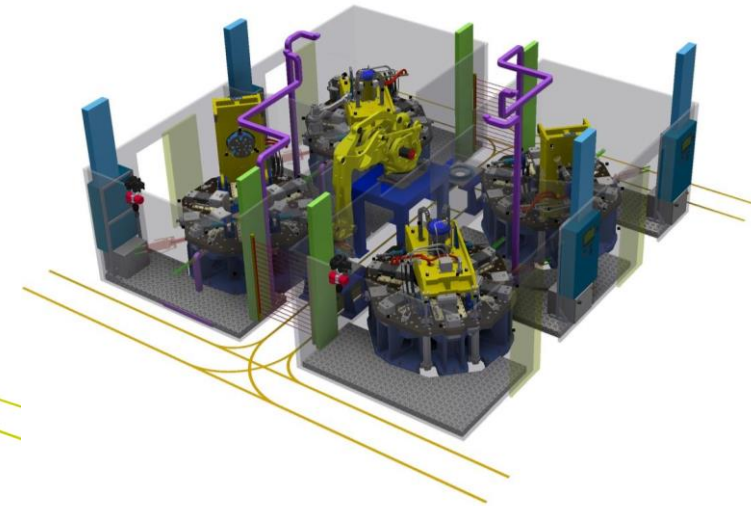
# Phase 1 Mega-line is expected to deliver capacity of 75k wheels per annum

- Carbon Revolution's Mega-lines represent industrialised and fully automated advanced manufacturing cells which are expected to deliver high volumes with dramatically reduced labour inputs. A full Mega-line is expected to have 150,000 wheels per year of capacity
- Developed by the Company and its partners in Australia, Mega-lines will deploy state of the art technologies and will supply to the global automotive market. As demand continues to increase it is expected that the Geelong facility will ultimately house four Mega-lines
- Carbon Revolution has secured formal agreements to initiate detailed design and engineering relating to 4 new OEM programs<sup>2</sup>
- Following extensive collaboration with these customers, Carbon Revolution estimates volumes at circa 75,000 wheels per annum in aggregate, which includes a significant proportion of EV and large wheel formats. The volumes from these programs underpin the development of Phase 1 of the Mega-line
- Securing larger programs is consistent with Carbon Revolution's industrialisation strategy and is enabled by the Company's strong record of supplying this technology
- These multiple programs are expected to enter production in CY2023 and CY2024
- Engineering and development of the new programs is now underway with styling activities progressing

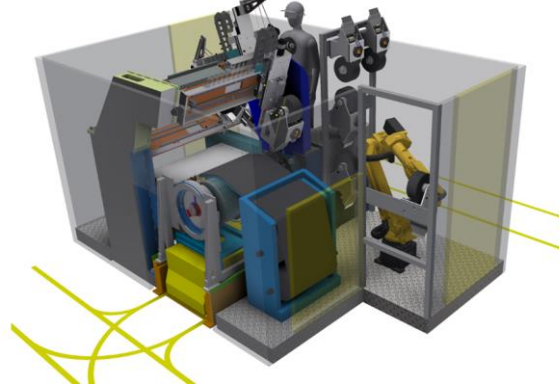
Mega-line 1 - Moulding Line<sup>1</sup>



Moulding Stations<sup>1</sup>



Automated Rim Layup<sup>3</sup>



Note:

1. Images show the current status of Mega-line design
2. For further information on the wheel program lifecycle, and the stage of these agreements, refer to slide 28



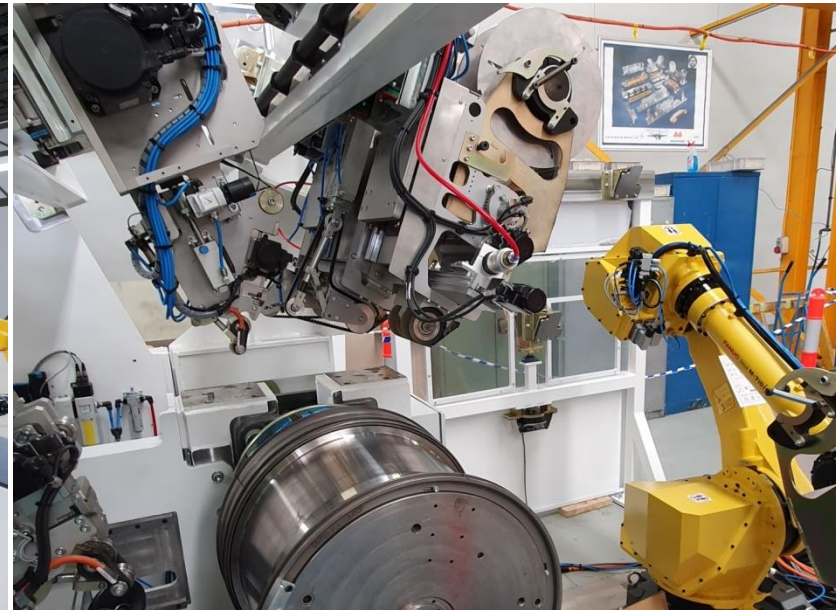
# Mega-line technology combines automated part handling with proven automated processes

- As announced in its 1H21 results, Carbon Revolution has completed the initial design of the Mega-line using in-house expertise, equipment partners, and advanced 3D and simulation tools
- The Mega-line will connect either the current or next generation of key modules in Carbon Revolution's production line using proven industrial part-flow automation
- New machinery is to be supplied and installed predominantly by existing Carbon Revolution partners

Industrial Cutting Press<sup>1</sup>



Automated Rim Layup  
(ARL) Generation 3



Multiple ARL Generation 3's in Mega-line with  
robot vehicle loading capability<sup>1</sup>



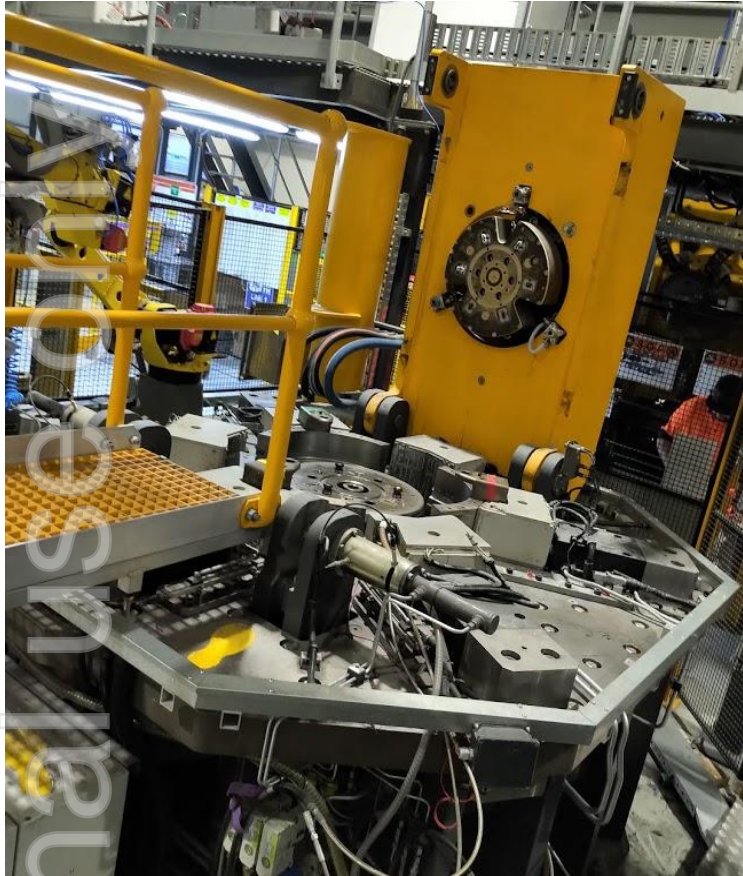
Note:

1. Images show the current status of Mega-line design





# Mega-line technology combines automated part handling with proven automated processes (cont.)



Generation 2 Moulding Station



Multiple Generation 2 Moulding Stations in Mega-line with robot vehicle loading capability<sup>1</sup>



Note:

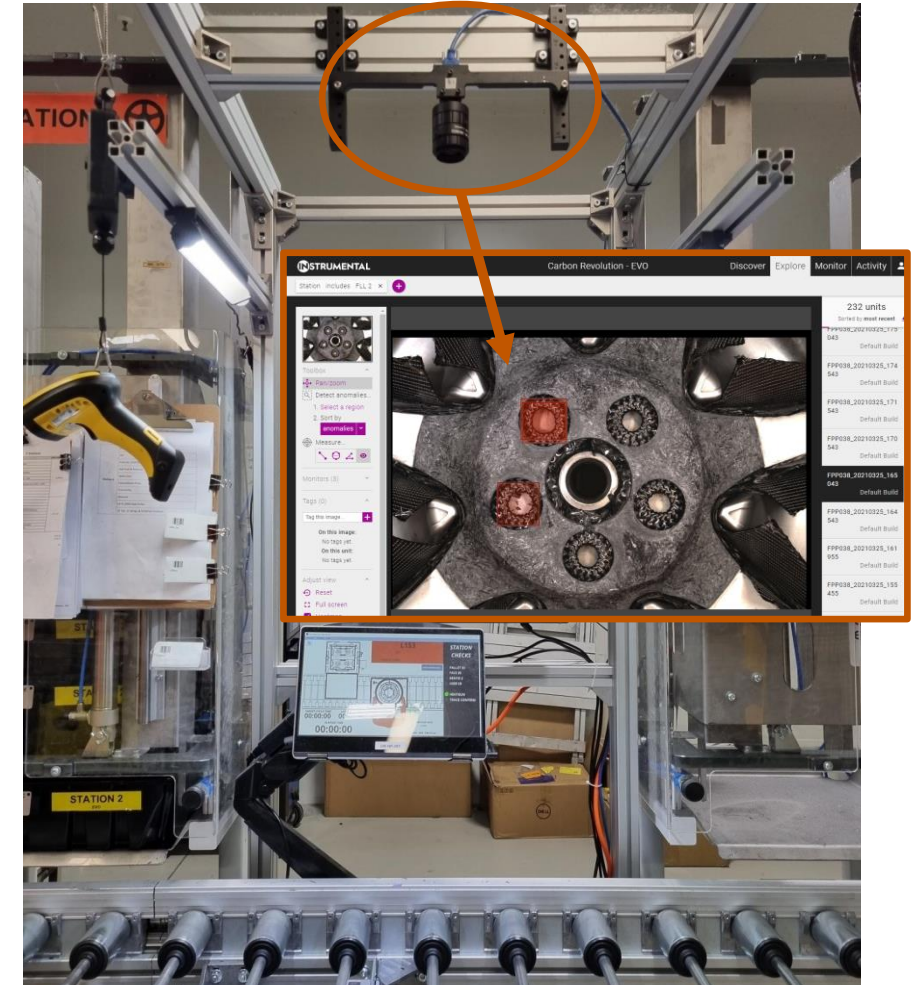
1. Images show the current status of Mega-line design





# Industry 4.0 tool kit used to optimise the equipment design and enable fast and de-risked execution

- Discrete Event Simulation<sup>1</sup>, which uses statistical analysis to model the entire Mega-line throughput, has been used to optimise the configuration of the Mega-line to deliver the required volume of wheels without excess equipment or bottlenecks
- Advanced 3D Visualisation developed using advanced simulation technology has been used to enable fast assessment of designs and improvements
- Virtual Commissioning developed and used to develop machine software for a fast, low risk commissioning phase
- Big Data Analytics used to predict machine behaviour and optimise performance
- Vision Systems with artificial intelligence and machine learning processing used to ensure a consistent high quality product



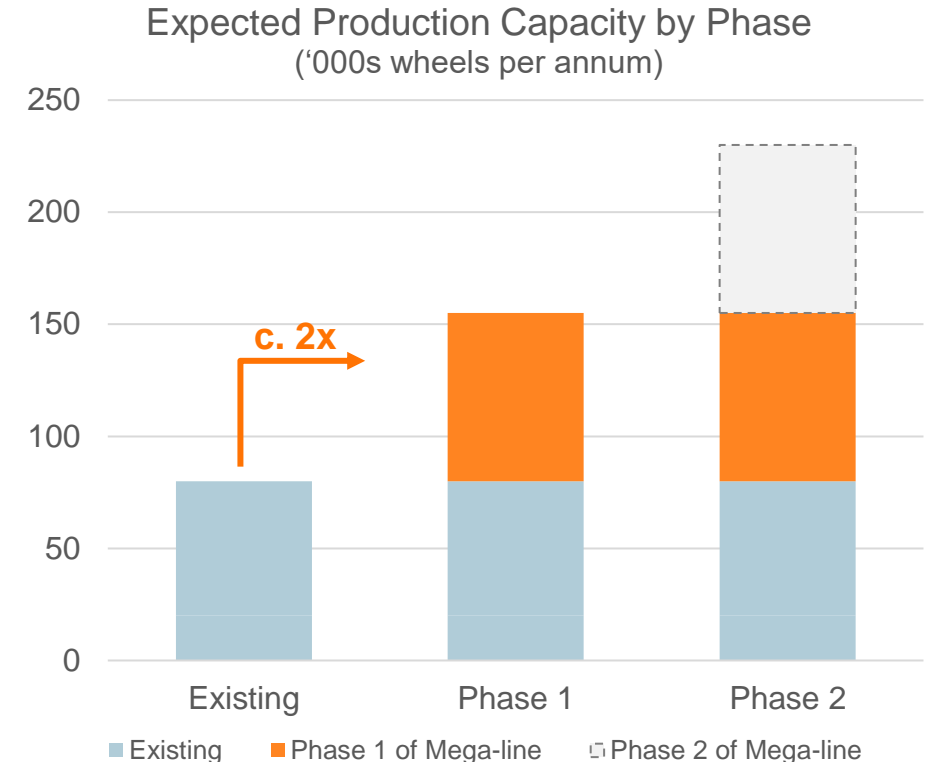
Note:

1. Discrete Event Simulation is a modelling approach that considers the operation of a system (i.e. the Mega-line) as a sequence of discrete events



# Mega-line (Phase 1) expected to deliver strong returns

- Phase 1 of Mega-line is expected to:
  - Increase production capacity from 80k to circa 155k wheels per annum representing an increase of circa 75k wheels per annum
  - Reduce labour hours from circa 17<sup>1</sup> to <10 hours per wheel
- Total capital equipment cost for Phase 1 of Mega-line is anticipated to be circa \$47 million and provide a useful life of >10 years
  - Current or next generation manufacturing equipment combined with automated part-flow are the key building blocks of the Mega-line
  - The initial design phase for the Mega-line is complete allowing the commencement of sourcing with our project partners
- Tooling investment of circa \$8 million and program development investment of circa \$16 million to support the new OEM programs
- Phase 1 of Mega-line is expected to pay back in approximately 2 years when fully utilised and provide a strong return on invested capital. This is based on targeted average gross margins of between \$600 - \$800 per wheel<sup>2</sup>
- With the core Mega-line infrastructure being delivered in Phase 1, the incremental cost to complete Phase 2 of Mega-line is expected to be circa \$23m (excluding program-specific tooling and development capex) and provide an expected further capacity of circa 75k wheels per annum



Construction of Phase 1 of Mega-line is expected to take 18 months and additional capacity is expected to be commissioned progressively from early CY2023 in time for the relevant program start of production dates



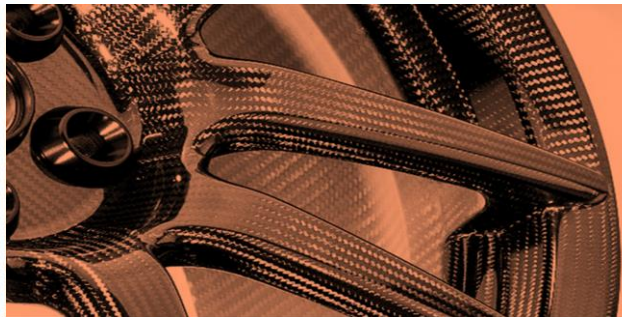
Note:

1. Near-term target run rate for wheels produced on the high pressure moulding line with fascia
2. Key assumptions: (1) Average gross margin (excluding depreciation and allocated overheads) is assumed to be in the range of \$600 to \$800 per wheel. This is dependent on limited price reductions, achievement of labour cost reduction target (described above) and other economies of scale arising from higher production volumes (including raw material costs); (2) Capital costs include equipment, tooling and incremental capitalised program development; (3) Incremental overheads and working capital in line with normal business requirements



# Equity Raising

Gerard Buckle – CFO





# Sources and uses of Equity Raising proceeds

Gross proceeds of \$95 million along with additional working capital financing arrangements is expected to provide sufficient funding for Carbon Revolution to reach cash flow breakeven<sup>1</sup>. This includes funding Phase 1 of Mega-line equipment capex as well as program tooling and development required for Mega-line OEM volumes, plus additional global business development spending

Sources	\$m
Entitlement Offer	53.5
Placement	41.6
<b>Total sources</b>	<b>95.0</b>

Uses	\$m
<b>Mega-line Investment</b>	<b>71.5</b>
Phase 1 of Mega-line equipment capex	47.0
Program tooling capex	8.3
Program development capex	16.2
<b>Global business development and general costs</b>	<b>13.2</b>
State of Victoria grant advance repayment	4.6
Cost of Equity Raising	5.7
<b>Total uses</b>	<b>95.0</b>

## Description

- Refer to slide 22 for further detail

## Description

- Includes Mega-line equipment capital expenditure of \$47.0m, related program tooling capital expenditure of \$8.3m and program development capital expenditure of \$16.2m
- Phase 1 of Mega-line equipment expansion (FY21 - FY23)
- Tooling investment required for the relevant programs
- Program development capex cost (to Mar '23) predominantly related to Phase 1 of Mega-line programs
- \$2.9m of global brand development and pursuing European and Asian growth opportunities. \$10.3m of additional funding for general costs including due to the effect of program delays related to COVID-19 (as disclosed in the Q3 FY21 Appendix 4C)
- Repayment of grant advance and accrued facility fee

Note:

- This excludes funding any capital expenditure for Phase 2 of Mega-line (and associated program-specific tooling and development capex)



# Equity Raising – key details

Equity Raising size and structure	<ul style="list-style-type: none"> <li>▪ 1 for 4.38 pro rata Accelerated Non-Renounceable Entitlement Offer to raise circa \$53.5 million (includes both accelerated institutional and retail components)</li> <li>▪ Circa \$41.6 million Institutional Placement</li> <li>▪ Circa 59.4 million New Shares to be issued (equivalent to circa 40.6% of existing shares on issue)</li> </ul>
Offer price	<ul style="list-style-type: none"> <li>▪ Offer price of \$1.60 per New Share <ul style="list-style-type: none"> <li>▪ Represents 25.0% discount to TERP<sup>1</sup> of \$2.13 on Thursday, 22 April 2021</li> <li>▪ Represents 31.9% discount to last close price of \$2.35 on Thursday, 22 April 2021</li> </ul> </li> </ul>
Institutional investors	<ul style="list-style-type: none"> <li>▪ The Institutional Entitlement Offer and Placement will be conducted on Friday, 23 April 2021</li> </ul>
Retail investors	<ul style="list-style-type: none"> <li>▪ The Retail Entitlement Offer will open on Friday, 30 April 2021 and close on Friday, 14 May 2021</li> <li>▪ Details will be provided to eligible retail shareholders in the retail offer booklet, expected to be dispatched to shareholders on Friday, 30 April 2021</li> </ul>
Director participation	<ul style="list-style-type: none"> <li>▪ All Directors intend to participate in the Retail Entitlement Offer</li> </ul>
Ranking	<ul style="list-style-type: none"> <li>▪ New Shares will rank equally with existing Carbon Revolution shares</li> </ul>
Underwriting and syndicate	<ul style="list-style-type: none"> <li>▪ Equity Raising is fully underwritten by Sole Underwriter and Joint Lead Manager, UBS AG, Australia Branch</li> <li>▪ Bell Potter and E&amp;P Corporate Advisory are acting as Joint Lead Managers</li> </ul>
Major shareholders	<ul style="list-style-type: none"> <li>▪ Ronal AG and Deakin University will not be participating in the Equity Raising; however, both have stated their continued support for Carbon Revolution and its strategy</li> </ul>

Note:

1. TERP is the theoretical price that Carbon Revolution shares should trade at immediately after the ex rights date for the Entitlement Offer. It is a theoretical calculation only and the actual price at which Carbon Revolution shares trade immediately after the Entitlement Offer will depend on many factors and may not be equal to TERP. TERP is calculated by reference to Carbon Revolution's closing share price of \$2.35 on Thursday, 22 April 2021 and includes New Shares issued under the Entitlement Offer and Placement



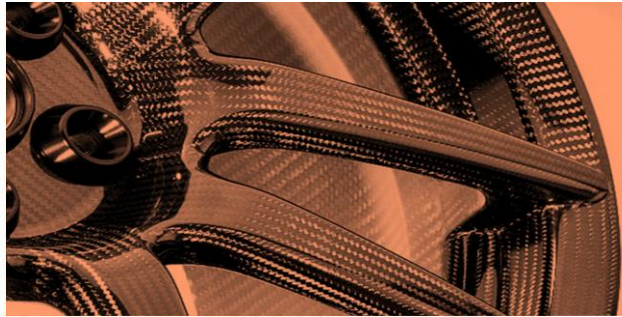
# Indicative Equity Raising timetable

Description	Date (2021)
Trading halt and announcement of Equity Raising	Friday, 23 April
Institutional Entitlement Offer and Placement opens	Friday, 23 April
Institutional Entitlement Offer and Placement closes	Friday, 23 April
Trading Halt lifted and announcement to ASX of results of Institutional Entitlement Offer and Placement	Monday, 26 April
Record Date for determining Entitlements to subscribe for New Shares under the Entitlement Offer	7:00pm Tuesday, 27 April
Retail offer booklet despatched and Retail Entitlement Offer opens	Friday, 30 April
Settlement of Institutional Entitlement Offer and Placement	Tuesday, 4 May
Allotment and normal trading of New Shares issued under the Institutional Entitlement Offer and Placement	Wednesday, 5 May
Retail Entitlement Offer closes	5:00pm Friday, 14 May
Results of the Retail Entitlement Offer announced to ASX	Wednesday, 19 May
Settlement of Retail Entitlement Offer	Thursday, 20 May
Allotment of New Shares issued under the Retail Entitlement Offer	Friday, 21 May
Normal trading of New Shares issued under the Retail Entitlement Offer	Monday, 24 May

All dates and times are indicative only and subject to change. Unless otherwise specified, all times and dates refer to AEST.



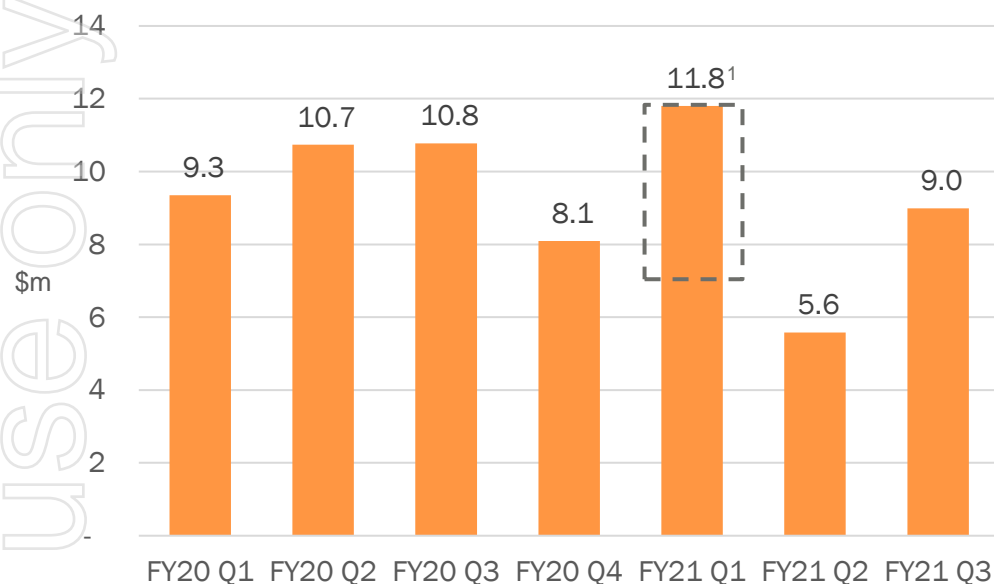
Q3 FY21 Quarterly Activities  
Report & Appendix 4C  
Jake Dingle – CEO, Gerard Buckle - CFO





# Q3 FY21: Rebounding from COVID-19 impacts

Quarterly Total Revenue - \$m  
(Q1 FY20 - Q3 FY21)



Per wheel	FY21 H1	FY21 Q3	Delta
COGS	\$4,011	\$3,155	▼ \$856 (21% decrease)
Labour hours	43	31	▼ 12 (28% decrease)

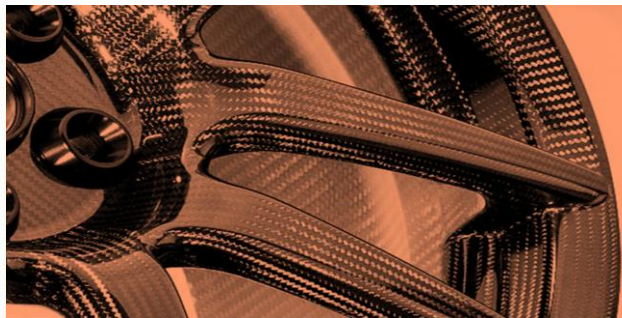
**Near term target: c.17 hrs p/w**

- Strong growth in quarterly revenue to \$9.0m, a 61.2% increase on Q2 FY21. Revenue included \$1.6m in engineering services and tooling revenue for the quarter
- Wheels sales have rebounded strongly in Q3 FY21, with a 58.9% increase over Q2 FY21 to 3,134 wheels sold
- COGS per wheel ("p/w") reduced by \$856 or 21% from H1 FY21 to \$3,155 p/w. This improved COGS was predominantly driven by lower hours p/w and increased production volumes
- The new fascia process and the lift in volume are having a positive impact, with labour hours p/w reducing to 31 hours p/w in Q3 FY21
  - In March, the business has recorded days and weeks in the range of 22 to 27 average hours p/w across all wheels<sup>2</sup>
  - For an increasing proportion of GT500 wheels, the labour hours are now down to 21 hours p/w. The business is rapidly heading towards its near-term target of circa 17 hour p/w for wheels produced with fascia and on the high pressure moulding line
- Cash balance was \$13.3m at the end of Q3 FY21. Positive net cashflow from operations (including Government grants and working capital reduction) continued with a \$1.2m inflow and a working capital facility of \$7.5m was established in Q3 FY21 to support near-term growth
- FY21 one-off items:
  - The business had anticipated that a proportion of Q4 FY21 revenue growth would be derived from one-off painted wheel sales (addressing pre fascia WIP) and through further increases in off-take of a key customer program. Due to COVID-19 impacts on our customers, these sales are now not expected within FY21, meaning wheel sales volume is likely to be in line with FY20
  - Notwithstanding the potential future sales for painted wheel inventory, a non-cash provision of \$1.5m will be raised for the related work-in-progress inventory. Gross margin is not expected to be positive during H2 FY21 as a result of the lower sales and the inventory provision
  - SG&A will include a one-off cost of \$1.5m of legal and accounting fees related to an internal project

Note:

- Includes \$4.5m of wheels despatched via sea freight in Q4 FY20, recognised as revenue in Q1 FY21, as previously discussed
- Including low pressure and development wheels, typically higher cost wheels

# Appendix



# Pro forma statement of financial position

\$ million	As at 31-Dec-20	Impact of the Equity Raising	Pro Forma 31-Dec-20
Cash & cash equivalents	15.4	84.7	100.1
Receivables	4.3	-	4.3
Inventories	22.8	-	22.8
Property, plant & equipment	48.5	-	48.5
Intangibles	20.3	-	20.3
Right of-use asset	9.1	-	9.1
Other assets	1.1	-	1.1
<b>Total assets</b>	<b>121.6</b>	<b>84.7</b>	<b>206.3</b>
Payables	(8.6)	1.1	(7.5)
Deferred income	(6.5)	-	(6.5)
Borrowings	(16.5)	3.5	(13.0)
Lease liability	(9.1)	-	(9.1)
Provisions	(3.5)	-	(3.5)
<b>Total liabilities</b>	<b>(44.2)</b>	<b>4.6</b>	<b>(39.6)</b>
<b>Net assets</b>	<b>77.4</b>	<b>89.3</b>	<b>166.7</b>

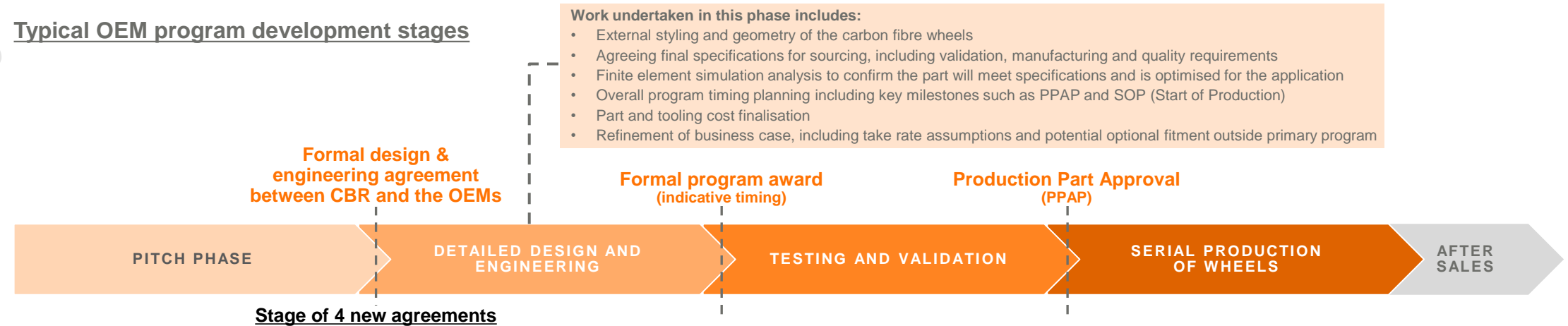
- The Pro Forma Statement of Financial Position shows the consolidated position of Carbon Revolution as if the Equity Raising had completed on 31 December 2020
- Carbon Revolution's Statement of Financial Position has been extracted from the 31 December 2020 half year review accounts
- Impact of the Equity Raising reflects the:
  - proceeds from the equity raising of \$95m, net of estimated raising costs (\$5.7m); and
  - repayment of the State of Victoria grant advance including accrued facility fee (\$4.6m)
- No adjustment made to Pro Forma Statement of Financial Position for the Mega-line investment



# Typical OEM program development stages

Carbon Revolution has secured formal agreements to initiate detailed design and engineering relating to four new Original Equipment Manufacturer ("OEM") programs

## Typical OEM program development stages



- Formal design and engineering agreements signed with the OEMs allow Carbon Revolution to initiate work on the detailed program specific design and engineering phase.
- In Carbon Revolution's experience, all program detailed design and engineering agreements of this kind have resulted in a formal award. These new OEM agreements are the standard method of program initiation. These agreements provide a high degree of confidence for formal program award post the detailed design and engineering phase
- Carbon Revolution and the relevant OEM collaborate to estimate the forecast production requirements for each program based on expected vehicle sale volumes and carbon fibre wheel option take up rates throughout all stages
- Upon formal award of the program, Carbon Revolution will have an obligation to have capacity to produce and supply, if requested, a minimum number of wheels for the OEM over a specified period
- These expected new OEM volumes underpin the development of Phase 1 of Mega-line

# Specific risks

## Overview

This section discusses some of the key risks associated with any investment in Carbon Revolution, which may affect the value of Carbon Revolution shares. The risks set out below are not listed in order of importance and do not constitute an exhaustive list of all risks involved with an investment in Carbon Revolution. Before investing in Carbon Revolution, you should be aware that an investment in Carbon Revolution has a number of risks which are specific to Carbon Revolution and some of which relate to listed securities generally, and all of which are beyond the control of Carbon Revolution. Before investing in New Shares, you should consider whether this investment is suitable for you. Potential investors should consider publicly available information on Carbon Revolution (such as that available on the websites of Carbon Revolution and ASX), carefully consider their personal circumstances and consult their stockbroker, solicitor, accountant or other professional adviser before making an investment decision. Many of the risks highlighted in this section may be heightened due to the current and potential future impacts of COVID-19.

Topic	Summary
Carbon Revolution may not be able to achieve manufacturing consistency	<ul style="list-style-type: none"><li>Any inability of Carbon Revolution's manufacturing processes and procedures to consistently deliver the required quantity of wheels at the required quality standards and specification targets and within the required customer timeframes, at the expected cost levels, may result in higher scrap rates, quality issues and/or costs per wheel, or shipping wheels late or not according to customer specifications, which may result in loss of customers, failure to obtain new wheel programs or increased costs for Carbon Revolution, which would negatively impact its financial performance.</li><li>Shipping wheels late or not according to customer specifications could result in Carbon Revolution being required to pay costs or damages to its customers, or result in negative customer perceptions about Carbon Revolution's ability to meet its supply obligations under its supply contracts. This in turn could adversely impact Carbon Revolution's ability to secure new programs or retain customers, which would have an adverse impact on its ability to generate revenues.</li></ul>
Carbon Revolution's wheel programs and customers are concentrated and relationships with existing customers may deteriorate	<ul style="list-style-type: none"><li>Of the 11 programs awarded to Carbon Revolution, Carbon Revolution has only eight awarded customer programs in serial production or yet to enter production (with less than eight OEMs (being Original Equipment Manufacturers)), and losing any one of these may significantly adversely affect its financial performance and prospects. Three awarded programs have completed serial production and are now in run out / after sales support stage.</li><li>These customers and the wheel programs Carbon Revolution has been awarded are relatively concentrated in terms of customer type and product type (being limited to high performance vehicles and their manufacturers) and geography. As a result, Carbon Revolution is exposed to a range of risks, including of customer failure, or the risk that consumer preferences shift in a way that is unfavourable to Carbon Revolution. Failing to obtain additional wheel programs and attract additional OEM customers from a range of types, geographies and markets will negatively impact on Carbon Revolution's prospects and likely future financial performance.</li><li>In order for Carbon Revolution to expand the type of customers it sells to and the wheel programs it is awarded, it will be required to reduce its wheel prices so as to open a larger addressable market. There is a risk that it will not be able to do so (or do so to the extent expected), or that the demand for carbon fibre wheels is lower than expected, either of which would negatively impact on Carbon Revolution's prospects.</li><li>A range of factors (including the occurrence of many of the risks outlined in this Appendix A) may lead to an OEM terminating its existing supply contract with Carbon Revolution, or not seeking additional supply contracts with Carbon Revolution, or may lead OEMs to discontinue their relationships or discussions with Carbon Revolution, any of which would negatively impact Carbon Revolution's prospects and financial performance.</li></ul>

# Specific risks

Topic	Summary
Carbon Revolution may not be able to execute its Mega-line plans and industrialisation plans generally	<ul style="list-style-type: none"><li>• There is a risk that the Mega-line does not deliver the expected volumes, production efficiencies, product quality or cost reduction benefits forecast by Carbon Revolution, or may take longer or cost more than anticipated to do so, which would adversely affect Carbon Revolution's financial position and performance. This may occur, for example, if: new technology being implemented in conjunction with the Mega-line does not deliver the expected results or benefits, takes longer or costs more than expected to implement, or results in greater product quality issues or production variability issues than expected, if the supplier/s of the equipment does/do not manage the project effectively or consistent with Carbon Revolution's forecasts in relation to the completion of the project; or if the wheel designs demanded by Carbon Revolution's customers for production on the Mega-line are different to the designs assumed by Carbon Revolution, requiring investment in additional equipment for certain production stages of the Mega-line.</li><li>• Associated with this, there is a risk that new and larger volume OEM wheel programs which Carbon Revolution plans to commence production on the Mega-line experience delays or cost overruns due to delays in completing the Mega-line, the Mega-line not performing to expectations or other issues which can be experienced in relation to the installation and commissioning of major equipment projects. Delays could result in cost overruns, or impact customer programs which may result in a reduction in program revenues, contractual claims against Carbon Revolution by customers, or deteriorating relationships with customers. Cost overruns may also result in the Mega-line not delivering the margins Carbon Revolution expects, and as a result negatively impact the financial performance of Carbon Revolution.</li><li>• Carbon Revolution may not have the internal resources or capability, or be able to employ or engage the appropriate capability, required in order to successfully complete the Mega-line project or fully utilise the expected benefits of the Mega-line once commissioned and in production.</li><li>• In particular, the above risks, if they eventuate, would result in Phase 1 of the Mega-line delivering lower than expected returns (in particular, a gross margin (excluding depreciation and allocated overheads) per wheel lower than the assumed rate of \$600-\$800 per wheel), and a longer pay back period than expected (in particular, longer than the expected pay back period of approximately two years after full utilisation). This would in turn negatively impact Carbon Revolution's prospects and financial performance. The pay back period may also be impacted if one or more customers defer the commencement of production on a wheel program.</li><li>• In addition to the completion of the Mega-line, other technological, engineering and logistical challenges must be overcome in order for Carbon Revolution's industrialisation plans to be achieved. There is a risk that this process may take longer or cost more than anticipated, not achieve the cost reductions or scale anticipated, or that unforeseen issues arise during the engineering or commissioning process for new equipment. There is also a risk that the capital cost of expanding operations may be higher than anticipated resulting in a lower return on investment than expected. If Carbon Revolution cannot automate and scale its manufacturing process to the extent anticipated, it will have a material adverse impact on Carbon Revolution's performance and prospects.</li><li>• Failure to properly implement new technology may result in Carbon Revolution's products failing during trials, failing to gain customer approval or being difficult to profitably commercialise. The cost and time required to develop new wheel technology and to obtain customer validation for new wheels can be uncertain. If Carbon Revolution is unable to successfully continue to develop its existing or new technology, it may not be able to achieve its growth plans, which would adversely affect its operations, financial position and performance.</li></ul>



# Specific risks

Topic	Summary
Phase 1 Mega-line formal agreements to initiate detailed design and engineering work may not result in wheel sales	<ul style="list-style-type: none"> <li>The initial Phase 1 Mega-line investment is intended to increase Carbon Revolution's wheel production capacity in anticipation of the award of wheel programs the subject of the 4 new formal agreements to initiate detailed design and engineering work relating to new programs described on slides 7, 9, 10, 28. However, there is a risk that the formal agreements to initiate detailed design and engineering relating to these 4 new OEM programs do not result in awarded wheel programs or that awarded wheel programs do not result in the volumes anticipated.</li> <li>Further, the nature of automotive contracts means that, if wheel programs are awarded, there is no commitment for production wheel orders made by the OEM until production wheel orders are placed. Failure to achieve the wheel sales volumes anticipated would adversely impact the returns on the Mega-line along with Carbon Revolution's financial performance and prospects.</li> </ul>
Carbon Revolution's costs may increase as a result of climate change, and other environment and sustainability regulations and standards	<ul style="list-style-type: none"> <li>Carbon Revolution's operations, suppliers, and customers may be directly or indirectly affected by climate change, extreme weather events, and other natural disasters. There has been an increased frequency of natural disasters globally in recent years and it is expected that this trend will continue in the medium to long term. Climate, weather and natural disaster events could lead to an adverse impact on Carbon Revolution's business and operational position.</li> <li>Carbon Revolution's costs may increase as it implements initiatives in response to climate change, either voluntarily or in response to requirements imposed by customers, suppliers or regulators. Suppliers may pass on cost increases directly related to the impact of climate change on their own operations, and Carbon Revolution may not be able to pass these cost increases on to customers via increased wheel prices. Carbon Revolution's costs may also increase as a result of increased taxes or tariffs related to climate change.</li> <li>Changing regulatory requirements or customer, consumer or investor standards and expectations in relation to climate change, sustainability and environmental matters may increase Carbon Revolution's operational and compliance costs, or adversely impact Carbon Revolution's reputation.</li> <li>Carbon Revolution, its suppliers and service providers are required to comply with environmental laws and regulations. The production and transportation of Carbon Revolution's products and other inputs in the production process involve the risk of accidents, spills or contamination. Any of these occurrences could cause harm to the environment, which may lead to disruption in Carbon Revolution's operations and supply chain, regulatory sanctions and remedial costs, any of which could negatively impact Carbon Revolution's operating and financial performance.</li> </ul>
Carbon Revolution may not be able to successfully implement product or process change	<ul style="list-style-type: none"> <li>Carbon Revolution aims to implement improvements to its products, new production processes and other innovations, some of which are required in response to customer demands or preferences. Any failure to do so will result in Carbon Revolution failing to realise the expected benefits of any changes (including failure to meet desired wheel specifications), and may result in wasted time and costs, or result in higher scrap rates or costs per wheel. In turn, this may negatively impact Carbon Revolution's operations and products and hence its financial performance and position.</li> </ul>

# Specific risks

Topic	Summary
<b>Workplace incidents or accidents may occur</b>	<ul style="list-style-type: none"> <li>The manufacturing of Carbon Revolution's wheels involves certain labour-intensive processes, exposure to hazardous chemicals and the use of various machinery and equipment. There may be an incident or accident at Carbon Revolution's facility that results in serious injury or death to employees, contractors or other third parties, or damage to property.</li> <li>The occurrence of any workplace incident may result in a fine imposed by a regulatory authority, an interruption of manufacturing operations, a worker's compensation claim, a work health and safety claim or a damages claim against Carbon Revolution. Such claims or events may also adversely impact Carbon Revolution's business and reputation.</li> <li>In addition, the Phase 1 Mega-line will be a construction project involving the erection of mezzanine structures and the installation and commissioning of heavy equipment, and following installation, the use of new equipment and processes in day-to-day production operations. These activities carry a greater risk to health and safety than standard production operations using existing equipment. Further, safety incidents and near misses can result in delays to project timetables which may impact Carbon Revolution's financial performance and prospects.</li> <li>Employees or other personnel may have mental health issues which may be caused by or exacerbated at the workplace, or may affect work performance.</li> </ul>
<b>Carbon Revolution is not yet profitable or cash flow positive</b>	<ul style="list-style-type: none"> <li>Carbon Revolution is not yet profitable and does not generate enough funds from its operations to continue those operations.</li> <li>Carbon Revolution is the borrower under a three-year amortising loan with Export Finance Australia (EFA) with a principal amount owing of \$13 million, under which Carbon Revolution must pay EFA quarterly repayments until 11 November 2023. Carbon Revolution is also party to a grant advance arrangement with the State of Victoria, under which Carbon Revolution was provided with an early advance of money payable to Carbon Revolution under a grant agreement of which \$3.5 million plus accrued costs of \$1.1 million are outstanding and are required to be repaid on 30 June 2021. Carbon Revolution also has an up to \$7.5m working capital finance facility, where the outstanding balance will vary with the receivables financed through this facility at any time.</li> <li>Carbon Revolution's ability to raise additional funds if required to meet its operational requirements and repay EFA and the State of Victoria, through debt or the issue of securities will be subject to factors beyond the control of Carbon Revolution and its Directors, including general factors affecting the economy and capital markets (including COVID-19). There is no guarantee that such funding, whether debt, equity or otherwise, will be obtained or available on favourable terms, or at all. Carbon Revolution may also experience difficulties extending or replacing its working capital financing facilities.</li> <li>Carbon Revolution will be required to seek EFA's consent to amend the loan agreement with EFA as a result of the Mega-line investment and required growth in working capital financing, and there is a risk that EFA does not agree to the amendments sought by Carbon Revolution, which may adversely impact on Carbon Revolution's financial performance and prospects or the Company may need to repay the loan in order to increase its working capital financing capacity. Carbon Revolution also has certain loan covenants under the EFA loan agreement, and any failure to meet loan covenant obligations may adversely impact on Carbon Revolution's financial performance and prospects.</li> <li>Finally, Carbon Revolution has a limited operating history and has not yet become profitable and, as such, its operating history does not provide a meaningful basis for investors to evaluate the business or its financial performance and future prospects.</li> </ul>

# Specific risks

Topic	Summary
<b>Carbon Revolution's competitive position may deteriorate</b>	<ul style="list-style-type: none"> <li>Carbon Revolution operates in a competitive industry, and its competitors could include existing wheel manufacturers, new entrants and OEMs. For example, there are various market participants who are also developing lightweight wheel technologies and/or carbon fibre wheels, which could ultimately be superior or gain greater market approval than Carbon Revolution's wheels.</li> <li>Carbon Revolution's competitive position may deteriorate including as a result of deterioration of its relationship with its customers, failure to develop its products or the action of any of its competitors. Competitor actions may include introducing equivalent or better technology, offering better pricing, or otherwise taking market share from Carbon Revolution. Any actions by competitors or the occurrence of other factors resulting in Carbon Revolution failing to maintain product design, manufacturing and performance leadership in the global automotive carbon fibre wheel market may reduce its ability to secure wheel programs or the price at which it sells its wheels, which would in turn adversely affect its ability to generate revenue.</li> </ul>
<b>Carbon Revolution's key equipment may fail</b>	<ul style="list-style-type: none"> <li>Loss or failure of key infrastructure or equipment may occur, causing manufacturing down-time and impacting Carbon Revolution's ability to meet customer on-time delivery requirements. Shipping wheels late or failing to ship wheels could result in Carbon Revolution losing revenue and being required to pay costs or damages to its customers, or result in negative customer perception about Carbon Revolution's ability to meet its supply obligations under its supply contracts. This in turn could adversely impact Carbon Revolution's ability to secure new programs, which would have an adverse impact on its ability to generate revenues.</li> </ul>
<b>Concentration of Carbon Revolution's supply chain mix may adversely impact Carbon Revolution's business</b>	<ul style="list-style-type: none"> <li>In some cases, Carbon Revolution sources certain materials from a single supplier and in other cases from a small number of suppliers. There is a risk that Carbon Revolution's production commitments to OEMs are impacted in the event of a supplier failure or supply issues, or that Carbon Revolution has to incur increased costs to secure alternative sources of supply. This risk will be amplified by global or local shocks or other events such as Covid-19. The occurrence of any of these events may adversely impact Carbon Revolution's operations and ability to generate revenue.</li> </ul>
<b>Carbon Revolution may not be able to retain key staff, effectively manage its workforce, or attract sufficiently skilled personnel</b>	<ul style="list-style-type: none"> <li>Carbon Revolution's ability to effectively execute its business strategy depends upon the performance and expertise of its key management personnel. The loss of key management personnel, or any delay in their replacement, or any extended period where key management personnel are unable to work may therefore adversely affect Carbon Revolution's operations and future performance.</li> <li>The achievement of Carbon Revolution's growth plans requires the services of additional technical, manufacturing and sales staff. Carbon Revolution may not be able to attract and retain the services of such people, and this may limit Carbon Revolution's growth and consequently adversely affect Carbon Revolution's prospects and future financial performance.</li> <li>The current enterprise agreement covering Carbon Revolution's production workforce is past its nominal expiry date. The negotiation of new enterprise agreements or changes to awards from time to time may increase the overall costs of running Carbon Revolution's business and such increased costs may not be able to be passed through to customers in full or at all. Failure to pass costs on will impact Carbon Revolution's financial performance.</li> </ul>



# Specific risks

Topic	Summary
Carbon Revolution's or a third party's information technology systems may fail or be subject to attack	<ul style="list-style-type: none"> <li>Carbon Revolution relies on its information technology systems to perform key functions critical to its operations. By their nature, Carbon Revolution's information technology systems, as well as those provided to it by third party technology vendors, are vulnerable to damage, interruption or failure from a number of sources, including natural disasters, power losses, computer systems failures, internet and telecommunications or data network failures, operator negligence, improper operation by or supervision of employees, physical and electronic losses of data and similar events, computer viruses, penetration by hackers seeking to disrupt operations or misappropriate information and other breaches of security.</li> <li>Any damage or interruption to, or failure of, Carbon Revolution's information systems or those provided by third party technology vendors could significantly curtail, directly and indirectly, Carbon Revolution's ability to conduct its business, lead to loss of critical or commercially sensitive data or intellectual property and could result in significant costs being incurred, for example to rebuild systems or respond to regulatory inquiries or actions.</li> </ul>
Carbon Revolution's products may be exposed to product recall and/or product liability issues	<ul style="list-style-type: none"> <li>Product failures, product recalls or product liability claims brought against Carbon Revolution may result in Carbon Revolution paying damages, an increase in insurance premiums, losing customer programs, not winning new customer programs or reputational harm and could have materially adverse effects on Carbon Revolution's activities, business, operating results, financial position and reputation..</li> </ul>
Carbon Revolution may suffer brand and reputational damage, or brand awareness and brand power may not increase as expected	<ul style="list-style-type: none"> <li>There is a risk that the occurrence of events, including many of the risks described in this section, may damage Carbon Revolution's reputation and brand, including through negative publicity, disputes, negative customer experiences, poor product performance, product failures or product recalls. Damage to Carbon Revolution's reputation may reduce the demand for Carbon Revolution's wheels, adversely impact relationships with key customers, suppliers, employees or government grant providers and diminish the prospects of securing new programs with existing and new OEM customers.</li> <li>Further, awareness of Carbon Revolution's brand and its products is an important factor for Carbon Revolution to secure new OEM customers and wheel programs, and to improve the rate at which Carbon Revolution's wheels are optioned on OEM vehicles. There is a risk that Carbon Revolution fails to create sufficient awareness and understanding of its products across OEMs, car retailers, and end-consumers, slowing the rate at which Carbon Revolution is awarded wheel programs or the rate at which end consumers option Carbon Revolution wheels on their vehicles. Lack of end-consumer passion for Carbon Revolution's products may also lead to OEMs adopting dual supply strategies (offering more than one carbon fibre wheel on the cars for which Carbon Revolution has a wheel program), increasing pricing pressure and reducing the margins at which Carbon Revolution sells its wheels.</li> </ul>

# Specific risks

Topic	Summary
Carbon Revolution's operations may be restricted by third party intellectual property rights, or it may be unable to protect its own intellectual property rights	<ul style="list-style-type: none"> <li>Carbon Revolution has a portfolio of intellectual property rights that supports the commercialisation of its wheels. The commercial value of the intellectual property is dependent on legal protections provided by a combination of patent rights, registered trademarks, copyright, confidentiality obligations, trade secrecy laws and other intellectual property rights. These legal mechanisms, however, do not guarantee that Carbon Revolution will be able to enforce its intellectual property rights and stop relevant infringement or breaches of its intellectual property, or that Carbon Revolution's competitive position will be maintained.</li> <li>Litigation may be necessary, where commercially feasible, from time to time to enforce Carbon Revolution's rights in its technology and intellectual property. Such litigation can be costly and time consuming and could have adverse effects on Carbon Revolution's activities, business, operating results and financial position. Likewise, a failure to succeed in protecting any such rights may have a materially adverse effect on Carbon Revolution's activities, business, operating results and financial position.</li> <li>A number of Carbon Revolution's competitors are also developing carbon fibre wheel technology. There is a risk that these competitors may create, or have already created, intellectual property rights (including patents) that restrict Carbon Revolution's ability to exploit its own technology.</li> <li>It is also possible that third parties may challenge Carbon Revolution's intellectual property rights or assert intellectual property infringement, breach of confidentiality or make similar claims against Carbon Revolution (or its customers) under patent, trade secret or other intellectual property laws. Such claims, if made, may harm Carbon Revolution's business. If Carbon Revolution is forced to defend claims of intellectual property infringement or breach of confidentiality, whether they are with or without merit or are determined in Carbon Revolution's favour, the costs of such litigation will potentially be significant and will divert management's attention from normal commercial operations.</li> </ul>
Risks associated with Global shock and COVID-19	<ul style="list-style-type: none"> <li>There is a risk that global shocks (for example, pandemics, terrorist activity or global or localised recessions or similar) cause a significant reduction in demand from Carbon Revolution's customers (including where a customer is forced to shut down temporally or permanently) or consumer demand for OEM vehicles and hence carbon fibre wheels or otherwise impact Carbon Revolution's operations.</li> <li>In particular, some of Carbon Revolution's customers are located in countries which are heavily impacted by COVID-19. In the event that customers reduce or cease ordering wheels (for example because their factories cease production during lockdowns), this will adversely impact Carbon Revolution's ability to generate revenue. Similarly, disruptions (for example lockdowns in Australia) which cause Carbon Revolution to reduce production of its wheels or cease producing wheels altogether will have a material negative impact on Carbon Revolution's ability to generate revenue. Furthermore, Carbon Revolution may continue to incur costs even though its production may cease, for example to meet its obligations to pay employees or equipment or material suppliers, and this may have a negative impact on Carbon Revolution's cash flow position and financial position.</li> </ul>
Carbon Revolution's estimates of demand may be incorrect	<ul style="list-style-type: none"> <li>The growth of Carbon Revolution is dependent on its ability to increase the volume of wheels that it sells, however the addressable wheel market may be smaller than Carbon Revolution anticipates. Furthermore, market acceptance of Carbon Revolution's wheels may not be as wide as anticipated.</li> <li>If the acceptance of Carbon Revolution's wheels is lower or if the size of the market in which it operates is smaller than anticipated, this may restrict Carbon Revolution's ability to sell wheels and generate revenue which, in turn, may adversely affect the profitability of Carbon Revolution.</li> </ul>

# Specific risks

Topic	Summary
Carbon Revolution may fail to meet forecasts	<ul style="list-style-type: none"><li>• The forward-looking statements, opinions and estimates provided in this presentation, rely on various contingencies and assumptions. Various factors, both known and unknown, may impact upon the performance of Carbon Revolution and cause actual performance to vary significantly from expected results.</li><li>• There can be no guarantee that Carbon Revolution will achieve its stated objectives or that any forward-looking statements or forecasts will eventuate.</li></ul>
Carbon Revolution is subject to fluctuations in financial markets and exchange rates	<ul style="list-style-type: none"><li>• Carbon Revolution incurs the majority of its costs in Australian Dollars. However, a substantial amount of Carbon Revolution's revenues from wheel sales are generated in currencies other than Australian Dollars. Carbon Revolution is subject to adverse exchange movements, particularly, adverse movements in the USD:AUD exchange rate and EUR:AUD exchange rate.</li></ul>
Other risks	<ul style="list-style-type: none"><li>• A range of other risks apply to Carbon Revolution and an investment in its shares. Some of these are set out in Carbon Revolution's replacement prospectus dated 8 November 2019.</li></ul>



# Equity Raising risks

Topic	Summary
Equity funding risk	<ul style="list-style-type: none"><li>Carbon Revolution has entered into an underwriting agreement under which UBS AG, Australia Branch (the <b>Sole Underwriter</b>) has agreed to fully underwrite the Equity Raising, subject to the terms and conditions of the underwriting agreement between Carbon Revolution and the Sole Underwriter (<b>Underwriting Agreement</b>). The Sole Underwriter's obligation to underwrite the Equity Raising is conditional on certain customary matters, including Carbon Revolution delivering certain certificates, sign-offs and opinions. If certain events occur, the Sole Underwriter may terminate the underwriting agreement.</li><li>Termination of the Underwriting Agreement may have a material adverse effect on the price of Carbon Revolution's shares and the success of the Equity Raising, and could have an adverse impact on the amount of proceeds raised under the Equity Raising. In these circumstances, Carbon Revolution would need to utilise alternative funding to meet the near term funding requirements of the Mega-line development, or it may not be able to fund the Mega-line development at all. This would have a materially adversely affect on Carbon Revolution's business prospects and financial condition.</li></ul>
Risk of dilution	<ul style="list-style-type: none"><li>Investors who do not participate in the Equity Raising, or do not take up all of their entitlement under the Entitlement Offer, will have their percentage security holding in Carbon Revolution diluted (in addition to the dilution resulting from the Placement). Investors may also have their investment diluted by future capital raisings by Carbon Revolution. Carbon Revolution may issue new shares to finance acquisitions, capital expenditure or pay down debt which may, under certain circumstances, dilute the value of an investor's interest. Carbon Revolution will only raise equity if it believes that the benefit to investors of conducting the capital raising is greater than the short term detriment caused by the potential dilution associated with a capital raising.</li></ul>

# Selling restrictions

## International Offer Restrictions

This document does not constitute an offer of new ordinary shares ("New Shares") of the Company in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

## Hong Kong

**WARNING:** This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

## New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "FMC Act").

The New Shares are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.

Other than in the entitlement offer, the New Shares may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

## Singapore

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an "institutional investor" (as defined in the SFA) or (ii) an "accredited investor" (as defined in the SFA). If you are not an investor falling within one of these categories, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

## Switzerland

The New Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange or on any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the New Shares constitutes a prospectus or a similar notice, as such terms are understood under art. 35 of the Swiss Financial Services Act or the listing rules of any stock exchange or regulated trading facility in Switzerland.

Neither this document nor any other offering or marketing material relating to the New Shares may be publicly distributed or otherwise made publicly available in Switzerland. The New Shares will only be offered to investors who qualify as "professional clients" (as defined in the Swiss Financial Services Act). This document is personal to the recipient and not for general circulation in Switzerland.

No offering or marketing material relating to the New Shares has been, nor will be, filed with or approved by any Swiss regulatory authority or authorised review body. In particular, this document will not be filed with, and the offer of New Shares will not be supervised by, the Swiss Financial Market Supervisory Authority (FINMA).

Neither this document nor any other offering or marketing material relating to the New Shares may be publicly distributed or otherwise made publicly available in Switzerland. The New Shares will only be offered to investors who qualify as "professional clients" (as defined in the Swiss Financial Services Act). This document is personal to the recipient and not for general circulation in Switzerland.

# Underwriting agreement summary

Carbon Revolution has entered into an underwriting agreement with UBS AG, Australia Branch, E&P Corporate Advisory Pty Limited and Bell Potter Securities Limited (the **Joint Lead Managers**) (**Underwriting Agreement**), pursuant to which the Joint Lead Managers are acting as joint lead managers and bookrunners of the Equity Raising, and UBS AG, Australia Branch is acting as sole underwriter of the Equity Raising.

The Underwriting Agreement contains representations and warranties and indemnities in favour of the Joint Lead Managers. A Joint Lead Manager may, in certain circumstances, terminate its obligations under the Underwriting Agreement on the occurrence of the following events:

- a statement contained in any of the Equity Raising documents is or becomes misleading or deceptive or likely to mislead or deceive, or the Equity Raising documents omit any information they are required to contain (having regard to sections 708AA and 708A of the Corporations Act and any other applicable requirements);
- a Cleansing Notice is defective (within the meaning of section 708A(10) or 708AA(11) of the Corporations Act, as the case may be), or a notice is issued or is required to be issued in accordance with section 708AA(10) or 708A(9) of the Corporations Act to correct a Cleansing Notice under the Corporations Act (as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84);
- ASIC: (i) makes an application for an order under Part 9.5 of the Corporations Act in relation to the Equity Raising or the Equity Raising documents; (ii) commences any investigation or hearing under Part 3 of the *Australian Securities and Investments Commission Act 2001* (Cth) in relation to the Equity Raising or the Equity Raising documents; (iii) holds, or gives notice of intention to hold, a hearing or investigation in relation to the Equity Raising or Carbon Revolution; (iv) makes a determination under section 708A(2) or 708AA(3) of the Corporations Act or advises or indicates that it intends to investigate whether or not to make such a determination; or (v) prosecutes or gives notice of an intention to prosecute or commences proceedings against, or gives notice of an intention to commence proceedings against, Carbon Revolution or any of its directors, officers, employees or agents in relation to the Equity Raising, unless any of the foregoing are not made public and are withdrawn within two business days or if they occur within two business days of the date of settlement of the Institutional Entitlement Offer and Placement or the Retail Entitlement Offer (as applicable) they have not been withdrawn by the day before the relevant settlement date;
- unconditional approval (or conditional approval, provided such condition would not, in the reasonable opinion of a Joint Lead Manager have a material adverse effect on the success or settlement of the Equity Raising) by the ASX for official quotation of the new shares is refused, or is not granted on or before the date of allotment of the Institutional Entitlement Offer and Placement or the trading date for the Retail Entitlement Offer (or such later date agreed in writing by the Joint Lead Managers in their absolute discretion) or is subsequently withdrawn, qualified or withheld, or ASX advises Carbon Revolution or its legal advisors that official quotation of the New Shares will not be granted;
- in relation to a certificate required to be given by Carbon Revolution to the Joint Lead Managers in accordance with the Underwriting Agreement: (i) a certificate is not furnished when required to be furnished by Carbon Revolution in accordance with a provision of the Underwriting Agreement; or \*(ii) a certificate contains a statement which is untrue, incorrect, or misleading or deceptive (including by omission);
- any event specified in the timetable for the Equity Raising: (i) prior to and including the settlement date for the Institutional Entitlement Offer and Placement is delayed by more than one business day; or (ii) after the settlement date for the Institutional Entitlement Offer and Placement, is delayed for more than two business days, in either case without the prior written approval of the Joint Lead Managers (such consent not to be unreasonably withheld or delayed);
- Carbon Revolution ceases to be admitted to the official list of ASX or Carbon Revolution shares are suspended from trading on, or cease to be quoted on, ASX after the date the Institutional Entitlement Offer and Placement opens;
- Carbon Revolution or a related body corporate becomes insolvent or there is an act or omission which, in the reasonable opinion of a Joint Lead Manager, may result in a Carbon Revolution or a related body corporate becoming insolvent;
- Carbon Revolution withdraws the Equity Raising (or any part of it);
- there is an event or occurrence, including any statute, order, rule or regulation, official directive or request (including on compliance with which is in accordance with the general practice of persons to whom the directive or request is addressed) of any government agency which makes it illegal for a Joint Lead Manager to satisfy an obligation under the Underwriting Agreement, or to market, promote or settle the Equity Raising in accordance with the Underwriting Agreement;
- there is a material adverse change in the assets, liabilities, financial position or performance, profits, losses or prospects of the Carbon Revolution Group (taken as a whole) from the position fairly disclosed by Carbon Revolution to ASX before the date of the Underwriting Agreement or in the Equity Raising documents;
- a government agency commences proceedings or makes an order (including an interim order) or a declaration in connection with the Equity Raising (or any part of it) or any agreement entered into in respect of the Equity Raising (or any part of it);
- a director of Carbon Revolution: (i) is charged with an indictable offence or any regulatory body commences any public action against the director in his or her capacity as a director of Carbon Revolution or announces that it intends to take any such action; or (ii) is disqualified from managing corporation under sections 206B, 206C, 206D, 206E, 206F or 206G of the Corporations Act;





# Underwriting agreement summary (cont.)

- civil or criminal proceedings are brought against Carbon Revolution or any officer of Carbon Revolution in relation to any fraudulent, misleading or deceptive conduct relating to Carbon Revolution whether or not in connection with the Equity Raising;
- at any time prior to 4.00pm on the date of settlement of the Retail Entitlement Offer, the S&P/ASX 200 Index falls to a level that is 87.5% or less of the level as at the close of trading on the business day immediately prior to the date of the Underwriting Agreement and closes at or below that 87.5% level on three consecutive business days, or if it falls to that 87.5% level less than three business days before the date of settlement of the Institutional Entitlement Offer and Placement or the Retail Entitlement Offer, it closes at or below that 87.5% level on each business day before the date of settlement of the Institutional Entitlement Offer and Placement or the Retail Entitlement Offer, as the case may be;
- \*a representation or warranty made or given or deemed to have been made or given by Carbon Revolution under the Underwriting Agreement proves to be, or has been, or becomes, untrue or incorrect;
- \*there is introduced into the Parliament of the Commonwealth of Australia or any State or Territory of Australia a law or any new regulation is made under any law, or a government agency adopts a policy (but excludes any law, regulation or policy that is announced prior to the date of the Underwriting Agreement), or there is any official announcement on behalf of the Government of the Commonwealth of Australia or any State or Territory of Australia or a Government Agency that such a law or regulation will be introduced or policy adopted (as the case may be);
- \*Carbon Revolution fails to perform or observe any of its obligations under the Underwriting Agreement;
- \*hostilities not existing at the date of the Underwriting Agreement commence (whether war has been declared or not) or a major escalation in existing hostilities occurs (whether war has been declared or not) involving any one or more of Australia, the United Kingdom, the United States of America, Japan, North Korea, South Korea or the People's Republic of China, or a significant terrorist act is perpetrated anywhere in the world;
- \*any of the following occurs: (i) a general moratorium on commercial banking activities in Australia, the United States of America or the United Kingdom is declared by the relevant central banking authority in any of those countries, or there is a material disruption in commercial banking or security settlement or clearance services in any of those countries; (ii) trading in all securities quoted or listed on ASX, the London Stock Exchange, the New York Stock Exchange or the Hong Kong Stock Exchange is suspended or limited in a material respect; or (iii) the occurrence of any other adverse change or disruption to financial, political or economic conditions, currency exchange rates or controls or financial markets in Australia, the United States of America, the United Kingdom, Japan, Hong Kong (Special Administrative Region of the People's Republic of China) or any change or development involving a prospective adverse change in any of those conditions or markets;
- \*a change in the CEO, CFO, the Vice President North America or the directors of Carbon Revolution is announced or occurs;
- \*the due diligence report prepared in connection with the Equity Raising or any other information supplied by or on behalf of Carbon Revolution to the Joint Lead Managers is or becomes misleading or deceptive or likely to mislead or deceive, whether by omission or otherwise;
- \*an obligation arises that would require Carbon Revolution to give ASX a notice under section 708AA(12) of the Corporations Act (as notionally inserted by Corporations Act by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84);
- \*there is an application to a government agency for an order (including any interim order), declaration or other remedy in connection with the Equity Raising (or any part of it) or any agreement entered into in respect of the Equity Raising (or any part of it); or
- \*any of the agreements to initiate detailed design and engineering relating to new OEM programs referred to in this Presentation is amended without the consent of the Joint Lead Managers (such consent not to be unreasonably withheld or delayed).

The ability of a Joint Lead Manager to terminate the Underwriting Agreement in respect of the above termination events denoted with an asterisk (\*) will depend on whether the event:

- has, or is likely to have, a material adverse effect on the: (i) ability of the Joint Lead Manager to market, promote or settle the Equity Raising; (ii) success of the Equity Raising; or (iii) likely price at which the New Shares will trade on ASX; or
- leads, or is likely to lead to a reasonable probability of: (i) a contravention by that Joint Lead Manager or that Joint Lead Manager being involved in a contravention of the Corporations Act or any other applicable law; or (ii) a liability for that Joint Lead Manager under the Corporations Act or any other applicable law.

If a Joint Lead Manager terminates its obligations under the Underwriting Agreement, it will not be obliged to perform any of its obligations that remain to be performed. Termination of the Underwriting Agreement could have an adverse impact on the amount of proceeds raised under the Equity Raising. If Carbon Revolution withdraws the Equity Raising, it will not receive any proceeds. In each of these circumstances, Carbon Revolution would need to utilise alternative funding options to achieve its objectives as described in this Presentation.

# About Carbon Revolution

## PERFORMANCE IS EVERYTHING. EFFICIENCY IS EVERYTHING ELSE.

- Established in 2007, Carbon Revolution is an Australian-based global technology company which has successfully innovated, commercialised and industrialised the supply of carbon fibre wheels to the global automotive industry
- The Company was founded with the purpose of bringing a disruptive efficiency technology to all vehicles. Carbon Revolution has progressed from single prototypes to designing and manufacturing wheels for some of the most prestigious brands in the world
- Carbon Revolution designs and manufactures what it believes to be the world's most technically advanced and highest performing wheels on the planet, equal to the most advanced lightweight technologies on any car
- These wheels have potential application across a broad range of transportation industries including automotive, aerospace and industrial uses
- The Company's principal operations, which include its corporate office and manufacturing facilities, are located in Geelong, 75 kilometres from Melbourne, Australia. Carbon Revolution also has a number of team members in North America and Europe, to service current and prospective OEM customers. Currently, there are over 350 staff in the business



## Announced programs

