



**Carbon Revolution Limited**

Geelong Technology Precinct

75 Pigdons Road

Waurm Ponds, 3216

Australia

ABN: 96 128 274 653



**Carbon Revolution (ASX code: CBR)**

**Q3 FY22 QUARTERLY ACTIVITIES REPORT & APPENDIX 4C (UNAUDITED)**

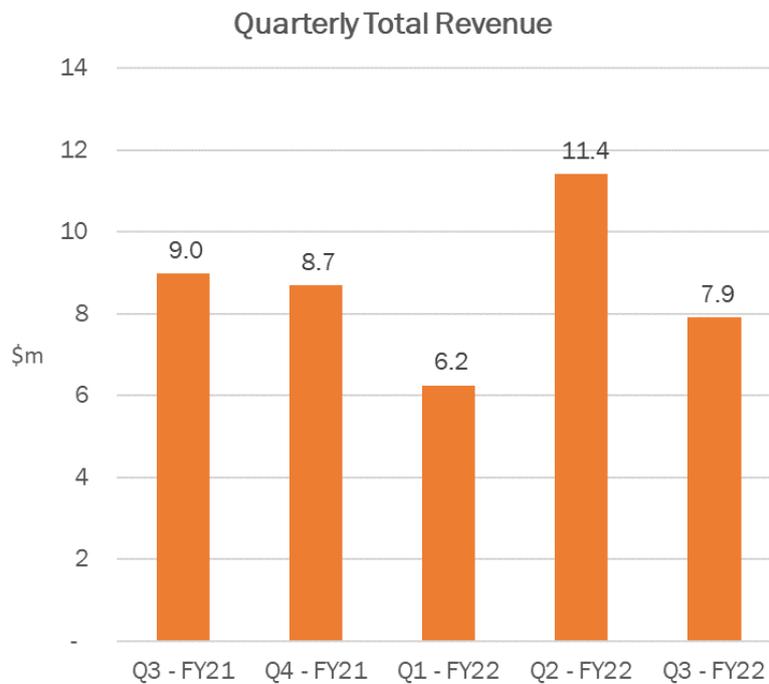
**Geelong, Australia, 22 April 2022:** Geelong-based advanced manufacturer Carbon Revolution Limited (ASX:CBR), whose lightweight carbon fibre wheels are used on some of the world’s best cars, is pleased to provide a business update for the quarter ended 31 March 2022 (Q3 FY22).

**Q3 FY22 Highlights (unaudited)**

- Corvette program production ramp is underway
- The resin quality and thermal barrier coating issues we experienced from November 2021 to February 2022 have largely been resolved
- Net cash used in operations was \$2.1m and the quarter ending cash position was \$34.7m

**Revenue**

Quarterly revenue of \$7.9m with 2,926 wheels sold in the quarter in line with expectations. The majority of sales in Q3 related to the GT500 program where shipments are expected to be completed during Q4 FY22. We are steadily ramping up production of the two new Ferrari programs and the GM Corvette program.



## Customer Program Update

After the launch of the Corvette in the last quarter, Carbon Revolution's focus has been on the successful delivery of our three new programs. Production continues to ramp up to meet the demand for the Ferrari 296GTB and 812 Competizione programs as well as the new C8 Corvette Z06 / Z07 program.

The long-term sales outlook and pipeline for new programs continues to be very strong, with 15 active programs. The Company continues to experience good interest from current and new OEMs.

Stage of Program Lifecycle Number of Programs		Current Quarter <sup>(1)</sup>	Prior Quarter <sup>(2)</sup>	Comments
Awarded programs in production		6	6	Corvette Z06/Z07 program ramping up
Programs in development	Awarded	2	2	
	Under detailed design and engineering agreement	7	7	
<b>Total</b>		<b>15</b>	<b>15</b>	
<i>Programs expected to complete during FY22</i>		<i>1</i>	<i>1</i>	Ford GT500 program to be completed by end June 2022

(1) As at date of this announcement, 22 April 2022; (2) As at date of previous announcement, 23 February 2022;

### *Update on programs which underpin the Mega-line*

There were four programs that underpinned the development of Phase 1 of the Mega-line. At the time of the raising in April 2021, Carbon Revolution had secured formal agreements to initiate detailed design and engineering on these programs with an expected volume of ~75k wheels per annum.

The first of these programs is expected to enter production during H1 CY23 and ramp up over the subsequent twelve months. Initial toolsets are on order and prototype production is expected to commence in Q4 FY22.

The other three programs that underpin the Phase 1 Mega-line development are EV SUV/Pickup programs with one customer. The expected start of production for the lead program in this group has been rephased by the customer with start of production moved to H1 CY24. Given the revised timing of the lead program with this OEM, we are managing Mega-line capacity implementation and related capital expenditure to match forecast customer demand (see section below).

## Operational Progress

The production launch of the Corvette wheel is proceeding to plan and the gradual ramp in production is now well underway. The unannounced but awarded SUV program is in the production validation stage, with validation and pre-production wheels now with our customer for testing and vehicle tuning. Production ramp of this program is expected to commence in Q4 CY22.

Following a difficult start to 2022, significant progress was made in operational performance through the third quarter. Key improvements were:

- Thermal barrier coating (TBC) equipment has materially improved since mid-February. Excess work in progress wheels awaiting TBC have been cleared.

- The Diamond Weave resin quality issue has been solved and Diamond Weave operations have been running well since mid-February. There remains a stock of work in progress wheels awaiting Diamond Weave and the team is gradually reducing this stock.
- The supply status of some key raw materials is being closely managed as global supply chains remain challenged. Lead times appear to have stabilised and we are gradually rebuilding safety stock levels where possible.
- Covid-19 related absenteeism still requires management, albeit at lower levels than experienced in January 2022.

### **Mega-line Project Update**

During the quarter \$2.5m was spent on the Mega-line, mainly relating to the finalisation of building works and the installation of equipment at the start of the production line. New conveyors are being installed and commissioned and ten new robots are in the commissioning phase. \$9m has been spent on the Mega-line project with remaining commitments of \$8.8m.

The original Mega-line plan detailed investment in capacity of 75k wheels per annum to support programs entering production in CY23 and CY24. The Mega-line project is being managed to match forecast customer demand, including a later introduction of new equipment into the Mega-line. This results in capital spend being moved into FY24 and FY25.

### **Cash Position**

As of 31<sup>st</sup> March, the Company's cash balance was \$34.7m. Net cash outflow of \$12.8m for the quarter was in-line with the Company's expectations and included:

- Net cash outflow from operating activities (including Government grants) of \$2.1m compared to \$7.6m in Q2 FY22. Inventory increased by \$1.2m mainly due to customer tooling and raw materials while wheel inventory levels remained stable. Grant money received relates to the State of Victoria grant and the final payment for the Advanced Manufacturing Growth Fund (AMGF) grant.
- Net investing cashflow of \$7.8m consisted of capital expenditure on Property, Plant and Equipment (\$3.2m) and investment in Research and Development (\$4.6m) mainly relating to new programs and wheel development.
- Net cash outflow from financing activities of \$2.9m reflects the net reduction of receivables financing of \$2.2m and the scheduled quarterly repayment of the Export Finance Australia term loan.

Documentation of the new financing agreement with Export Finance Australia (EFA) has progressed well and is in its final stages. This agreement provides a new \$8m supply chain finance facility and an extension of the amortisation period of the current term loan by one year. As part of this new agreement, the Company will extend its limits for both receivables financing by \$7.5m (from \$7.5m to \$15m) and asset leasing by \$7.5m (from \$2.5m to \$10m) and is now working with other financing partners to put these in place.

During the quarter, payments to related parties were in the form of Directors Fees.

## Outlook

The Company continues to monitor the local and global impacts and risks related to COVID-19. There are ongoing COVID-19 related uncertainties and disruptions facing the global automotive industry in the near-term. The ongoing global shortage in the supply of semiconductors, other raw materials and general global supply chain constraints also continue to impact global car production.

The FY22 key focus areas continue to be:

- Executing the production ramp of the Corvette Z06/Z07 program and supporting the increased production for the Ferrari programs.
- Driving a structured program of improvements to quality and machine performance to enable smooth flow through the factory and improved throughput and cost.
- Delivering operational efficiencies through ongoing improvements in technologies, equipment and processes.
- Progressing construction of Phase 1 of the Mega-line.
- Advancing through the engineering and design phases to formal award of the initial programs that underpin Phase 1 of the Mega-line.

Approved for release by the Board of Directors of Carbon Revolution Limited.

## INVESTOR CONTACT

Investor Relations  
Andrew Keys  
E: [investors@carbonrev.com](mailto:investors@carbonrev.com)  
M: +61 (0)400 400 380

## INVESTOR BRIEFING

The accompanying investor and analyst briefing will be at 9.30am (AEST) on Friday 22<sup>nd</sup> April 2022. To pre-register for this event please use the following link:

[https://carbonrev.zoom.us/webinar/register/WN\\_Pof8S2\\_sQ3SBIBAtvZVerQ](https://carbonrev.zoom.us/webinar/register/WN_Pof8S2_sQ3SBIBAtvZVerQ)

Registered participants will receive a calendar invite and meeting link (and dial in number if required) which is to be used when connecting. A recording of the briefing will be made available on the Carbon Revolution Investor Centre website:

<https://investors.carbonrev.com/Investor-Centre/>

## ABOUT CARBON REVOLUTION

Carbon Revolution is an Australian technology company, which has successfully innovated, commercialised and industrialised the advanced manufacture of carbon fibre wheels for the global automotive industry. The Company has progressed from single prototypes to designing and manufacturing high-performing wheels for some of the fastest street cars and most prestigious brands in the world. Carbon Revolution is creating a significant and sustainable advanced technology business that supplies its lightweight wheel technology to automotive manufacturers around the world.

For more information, visit [carbonrev.com](http://carbonrev.com)

## FORWARD-LOOKING STATEMENTS

This document is not necessarily complete and should be read together with Carbon Revolution's other announcements lodged with the ASX (see [www.asx.com.au](http://www.asx.com.au)). This document includes forward-looking statements which reflect management's expectations and beliefs at the date of this publication. These statements are provided to assist sophisticated investors with their modelling of the Company and should not be relied on as predictions or guarantees of future performance. The Company makes no representation or warranty about the accuracy or reliability of these statements or that they will be achieved or prove to be correct. Any underlying assumptions, data, results or calculations have not been audited or reviewed by any third party. The accuracy and reliability of the statements are subject to known and unknown risks, uncertainties, contingencies, assumptions and other factors beyond Carbon Revolution's control, including global macroeconomic conditions (which remain volatile); worsening and/or extended impacts of Covid-19; worsening and/or extended automotive supply chain delays or shortages, particularly in relation to semi-conductor chips; delays or other changes to contracted programs and/or demand for carbon fibre wheels or Carbon Revolution's wheels; changes to equipment life, operability or capability; technical challenges; labour shortages; increased costs for production inputs; difficulties in obtaining funding; management decisions and other environmental, social, political and geopolitical factors. Due to these matters, Carbon Revolution's actual outcomes or results may differ materially from these forward-looking statements. Carbon Revolution will not be liable for any reliance placed on these statements, for the correctness, accuracy (or otherwise) of these statements, nor any differences between the information in the statements and Carbon Revolution's actual outcomes or results. Carbon Revolution reserves the right to change its projections from time to time but undertakes no obligation to update any of these statements to reflect events or circumstances after the date of this publication, subject to Carbon Revolution's disclosure obligations under applicable laws and the ASX listing rules.

## Appendix 4C

### Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Carbon Revolution Ltd

ABN

96 128 274 653

Quarter ended ("current quarter")

31-March-2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	10,817	29,197
1.2 Payments for:		
(a) research and development	(2,211)	(7,209)
(b) product manufacturing and operating costs	(7,061)	(25,415)
(c) advertising and marketing	(70)	(282)
(d) leased assets	(0)	(176)
(e) staff costs	(5,410)	(15,531)
(f) administration and corporate costs	(669)	(3,097)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	16	75
1.5 Interest and other costs of finance paid	(209)	(1,881)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	2,709	2,860
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(2,088)</b>	<b>(21,459)</b>

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) businesses (see item 10)	-	-
	(c) property, plant and equipment	(3,159)	(12,177)
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	(4,665)	(13,162)
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(7,824)</b>	<b>(25,339)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities, or convertible debt securities	-	(422)
3.5	Proceeds from borrowings	3,749	12,271
3.6	Repayment of borrowings	(6,641)	(16,933)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
3.9	Other (provide details if material)	-	(314)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(2,892)</b>	<b>(5,398)</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>	<b>(12,804)</b>	<b>(52,196)</b>
4.1	Cash and cash equivalents at beginning of period	47,797	87,257
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,088)	(21,459)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(7,824)	(25,339)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(2,892)	(5,398)
4.5	Effect of movement in exchange rates on cash held	(253)	(321)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>34,740</b>	<b>34,740</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b>	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
	at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		
5.1	Bank balances	34,740	47,797
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>34,740</b>	<b>47,797</b>

6. Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to related parties and their associates included in item 1	250
6.2 Aggregate amount of payments to related parties and their associates included in item 2	0

**Description & explanation of payments above:**

Comprises Non-Executive and Executive Directors fees inclusive of superannuation for the quarter. No other payments made to related parties or their associates.

<b>7. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total Facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1 Loan facilities	7,944	7,944
7.2 Credit standby arrangements	0	0
7.3 Other	7,500	3,749
7.4 Total financing facilities	15,444	11,693
7.5 Unused financing facilities available at quarter end	3,751	n/a

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well

Loan facilities totalling \$16.2m comprise:

- Secured \$13m loan with Export Finance Australia at an interest rate of 5.95% per annum, interest repayable quarterly. Principal repayable over 4 years quarterly (subject to finalisation of documentation). The loan balance is \$7.9m as at 31 March 2022 after repayment of \$0.7m during Q3.
- The company has a \$7.5m working capital financing facility in place. This facility is secured over the applicable trade receivables. As at 31 March 2022, the company had drawn down upon \$3.7m of this facility.

There is also one lease agreement in place, being:

- Monthly rental of the production facility in Waurun Ponds (10-year lease with current monthly lease payments of \$69,824).

<b>8.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from/(used in) operating activities (item 1.9)	(2,088)
8.2	Cash and cash equivalents at quarter end (item 4.6)	34,740
8.3	Unused finance facilities available at quarter end	3,751
8.4	Total available funding (item 8.2 + item 8.3)	38,491
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	18.43
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
1.	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?  Not applicable	
2.	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?  Not applicable	
3.	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?  Not applicable	

### **Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 22 April 2022

Authorised by: The Board of Carbon Revolution Ltd

### **Notes**

1. The quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose

additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here “By the Board”. If it has been authorised for release to the market by a committee of your Board of Directors, you can insert here “By the [name of the board committee - eg Audit and Risk Committee]”. If it has been authorised for release to the market by a disclosure committee, you can insert here “By the Disclosure Committee”
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with Recommendation 4.2 of the ASX Corporate Governance Council, Corporate Governance Principles and Recommendations, the Board should have received a declaration from its CEO and CFO that in their opinion, the financial records of the entity have been properly maintained, that the report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.