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Certified System Automotive IATF 16949 SAI GLOBAL
Certified System Quality ISO 9001 SAI GLOBAL
Certified System Environment ISO 14001 SAI GLOBAL

Carbon Revolution (ASX code: CBR)
Q1 FY23 QUARTERLY ACTIVITIES REPORT & APPENDIX 4C (UNAUDITED)

Geelong, Australia, 31 OCTOBER 2022: Geelong-based advanced manufacturer Carbon Revolution Limited (ASX:CBR), whose lightweight carbon fibre wheels are used on some of the world's best and most-sought after cars, is pleased to provide a business update for the quarter ended 30 September 2022 (Q1 FY23).

Q1 FY23 Highlights (unaudited)

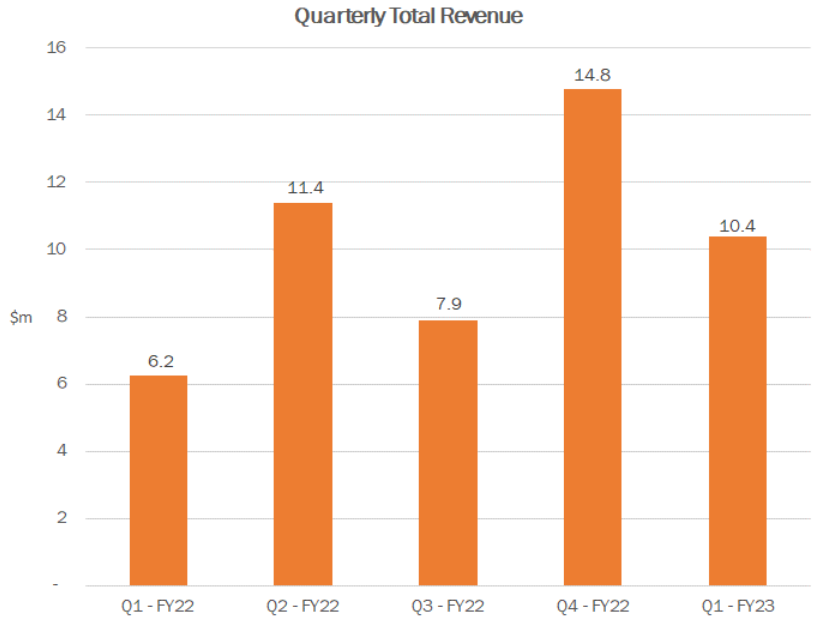
- Q1 FY23 revenue of $10.4 million, delivering strong revenue growth of 66.2% over the pcp
- Ford launches new Mustang core vehicle program with the option of Carbon Revolution's wheels, the first time the Company's wheels have featured on a Ford core vehicle program
- Limited production of Corvette Z06 wheels during the quarter after supply chain challenges at GM led to the temporary reduction in wheel orders
- Current cash position of $10.7m following committed expenditure on new wheel programs and the Mega-line project with emerging challenges in delivering anticipated financing
- MMI grant approved by new labour government with first tranche of $4.8m expected in November or December 2022
- Significant progress with a strategic partner to enable the business' long-term growth potential and funding needs

Revenue

Q1 FY23 revenue was $10.4 million representing revenue growth of 66.2% over pcp. Q1 FY23 wheel sales volume of 3,739 wheels delivered growth of 78.0% over pcp. At $2,778, a relatively high average selling price per wheel was achieved.

Following strong sales from May to July, Corvette Z06 wheel sales were much weaker than expected in August and September due to General Motors experiencing supply chain issues impacting the production ramp up of the Corvette Z06. Following a strong launch of this wheel program in Q4 FY22, it was very disappointing to learn of this unexpected delay. The outlook for that program for the remainder of H1 FY23 remains subdued ahead of the forecast resumption of more normal sales volumes in H2 FY23. The long-term forecast order profile for this wheel program remains strong.

Final production wheel sales for the Ford Mustang GT500 program were made as that vehicle nears program completion and now enters the after sales stage. Sales to Ferrari continue to be strong across all three Ferrari programs.



Customer Program Update

The Company announced during the quarter that it will supply the carbon fibre wheels that are featured as an optional fitment on the next generation 2024 Mustang 'Dark Horse', launched by Ford Motor Company in September. This will be the first time that Carbon Revolution will supply a core vehicle program at Ford. Being part of a core Ford vehicle program is an important milestone for our technology and is an enabler of wider adoption of the Company's lightweight wheel technology within Ford's portfolio.

Stage of Program Lifecycle Number of Programs		**Current Quarter**(1)	**Prior Quarter**(2)	**Comments**
Awarded programs in production		5	6	Ford GT500 has now completed production and is now in after sales. Ford GT program is expected to complete production in FY23
Programs in development	Awarded	4	4	Of these 4 awarded programs in development, the SUV program and the first of the Mega-line programs are expected to transition to production in FY23
	Under detailed design and engineering agreement	5	5	
Total		**14**	**15**	

(1) As at date of this announcement, 31 October 2022; (2) As at date of previous announcement, 29 August 2022

The Company has 14 active programs and continues to experience sustained high volumes of program quoting and detailed customer enquiries, particularly for electric vehicles.

Operational Progress

In response to GM temporarily reducing orders for the Corvette Z06 the business suspended production of this wheel and the manufacturing team was downsized during August through the reduction of temporary labour hire staff. Based on the current order profile, production of this wheel program is expected to resume in January 2023 and build to expected levels over the second half of FY23. Carbon Revolution expects growth in the manufacturing team through H2 FY23 to support the resumption of production for the Corvette Z06 program and start of production for two programs currently in the pre-production stage.

The reduced Corvette volume was partially mitigated by continued strength in all Ferrari programs throughout the quarter, in particular for the ramp up in the 296 GTB program. Final production deliveries were made for the Ford Mustang GT500 program which has now entered the after sales stage.

All plant facilities are running as expected and the team is focused on quality, throughput and efficiency improvements, albeit with a lower level of production than planned. Contribution margin of $205 per wheel for the quarter was negatively impacted by the disruption to the operations team related to the necessary downsizing during the quarter. Even with this disruption, in September our operations delivered direct cost per wheel in line with Q4 FY22 and the business delivered an improved contribution margin of $481 per wheel for the month. Further operational improvements are targeted this financial year and relate to the expected growth in volume coupled with the ongoing focus on quality improvements and efficiency initiatives being implemented.

Mega-line project update

Commissioning of the Mega-line face lay-up line, demoulding cell and the tool return system is progressing well. Validation builds for these parts of the line have now been completed. The ARL3 machine has been relocated to its position on the line in preparation for the next phase of commissioning.

New high pressure injection equipment is on site and ready for installation in the coming months. Two new mould stations are in factory commissioning at our supplier's facility and are expected to be installed during Q2 and Q3 of FY23.

Plant and equipment for the Mega-line are now substantially in the building. A further $2.6m was spent on the Mega-line during the quarter ($14.2m on a cumulative basis). There are commitments for a further $4.6m for the Mega-line project.

Cash position

As of 30th September, the Company's cash balance was $10.7m. Net cash outflow of $12.0m for the quarter is a result of:

- Net cash outflow from operating activities (including Government grants) reduced significantly to $0.5m compared to $10.6m in Q4 FY22. The growth in receivables seen in Q4 FY22 and attributable to the ramp up in the new Ferrari and Corvette programs contributed to $16.9m in customer receipts for Q1 FY23.
- Net investing cashflow of $8.4m consisted of capital expenditure on Property, Plant and Equipment ($4.5m) and investment in Research and Development ($3.9m) mainly relating to new programs in development. This level of investment-related expenditure was largely all committed prior to the quarter or critical to the progression of new customer programs and therefore could not be delayed or reduced, despite our aggressive focus on cash management.
- Net cash outflow from financing activities of $3.2m primarily reflected a scheduled repayment of EFA term loan ($0.7m) and a net outflow from receivables financing ($2.3m) due to reduced customer invoicing at quarter end.

The expected cash balance at the end of October is $11.1m.

During August, the Federal Government confirmed that the $12m Modern Manufacturing Initiative (MMI) grant to the Company will proceed as previously announced, and the Company is working with the government to finalise documentation of the grant. Based on the Government's proposed terms, the Company expects an initial grant payment of $4.8m to be made during November or December 2022.

Notwithstanding the above, the Company faces a number of near-term liquidity and balance sheet pressures, with previously expected sources of near-term liquidity from working capital funding unlikely to be received at the expected levels. This is primarily due to the lower than expected level of working capital (receivables and finished goods inventory) as a result of the temporary reduction in Corvette Z06 production and sales.

Noted below is an updated funding table, detailing current cash position and total expected liquidity and facilities for utilisation in FY2023 (with a comparison to previous July 2022 estimates), as well as explanatory notes detailing reasons for any difference.

Carbon Revolution Funding Table

	30 Jun 22	31 Oct 22	*Diff.*	*Reference*
Facilities In Place				
Cash at bank	22.7	11.1	*(11.6)*	*Footnote 1*
Unused working capital facility	0.7	-	*(0.7)*	*Footnote 2*
	23.4	11.1	*(12.3)*	
Sources of liquidity remaining in progress				
MMI Grant (1st tranche of $12m)	6.0	4.8	*(1.2)*	*Footnote 3*
Remaining $4M of EFA Export Line of Credit	4.0	*	*(4.0)*	*Footnote 4*
Expanded working capital facility	7.5	*	*(7.5)*	*Footnote 5*
Equipment finance lease	2.5	*	*(2.5)*	*Footnote 5*
	20.0	4.8	*(15.2)*	
Total current and short term expected liquidity	**43.4**	**15.9**	***(27.5)***	

* May not be available, or cannot be utilised at this time

Footnotes

Facilities in place

(1) Operating cash outflow of $488k was offset by committed capex and R&D investment relating to Megaline and new customer programs. The Company's expected cash balance at 31 October is $11.1m.

(2) The Company currently has an $8m working capital facility. In June 2022 the unused portion of the working capital facility available for drawdown was $0.7m. On 30 September 2022 the unused proportion of the facility was $3.5m, however as the balance of working capital is lower than anticipated due to the temporary reduction in Corvette Z06 production and sales, the Company is unable to access this. Assuming Corvette Z06 production and sales resume in the second half of FY23, working capital is expected to increase and the Company will be able to increase the use of this facility.

Sources of liquidity remaining in progress

(3) MMI Grant - The MMI Grant final submission has been completed and final documentation is in progress. The grant will be paid in 3 tranches with the initial tranche being 40% of the grant ($4.8m). The most recent guidance from Government is that final documentation and the initial payment of $4.8m is expected during November or December 2022.

(4) Export Line of Credit - While the $4m second tranche of the EFA Export Line Credit is approved and potentially still available upon reaching certain program award hurdles, the Company is conservatively assuming that this will not be able to be drawn at present due to its current liquidity position.

(5) Expanded working capital and leasing facilities – $10m of new funding was previously expected from these sources based on initial asset backed lending term sheets. While discussions with financiers are ongoing and final offers have not yet been received, the Company's current expectation is that the level of additional financing previously expected under working capital and asset backed facilities will not be available until late in FY23 or early FY24. This is due to both lower than anticipated asset valuations and the delay in the Corvette Z06 production and sales negatively impacting the quantum of working capital (receivables and finished goods inventory) in the short term.

As indicated in the above table, the Company expects to have total near term liquidity of $15.9m as at 31 October 2022. The main driver to the change in expected liquidity since July 2022 is that the Company expects that it is unlikely to be able to expand its working capital and asset backed financing to the expected level, due primarily to the temporary suspension of production and sales of the Corvette Z06 program. The Company notes that it is yet to receive final offers and is continuing to engage with financiers on these facilities.

In addition, the Company notes that the currently drawn $4m of EFA Export Line of Credit is due to mature at the end of November 2022. While the Company would normally expect to successfully roll over the term of this facility and extend its maturity, there is no guarantee that it will be able to do so, given its current liquidity position. Accordingly, should any refinancing be unachievable, this will need to be repaid, further reducing cash and liquidity from the position set out in the table above.

Given the above liquidity and balance sheet pressures, the Company is in active discussions with key stakeholders to improve short term liquidity. These discussions include:

- Engaging with the State and Federal Governments to bring forward previously announced grant payments
- Engaging with key customers to seek more favourable payments terms, including accelerating payments

However, while these discussions are currently in train, there is no certainty that they will yield a positive impact on near-to-medium term cashflows and liquidity.

Announcement of a Proposed Merger with a US-based SPAC

Highlights

As stated in its FY22 Results Presentation, the Company has been actively pursuing a range of strategic opportunities to unlock value and capital.

The Company is pleased to announce that it has signed a Non-Binding Letter of Intent with a North American listed special purpose acquisition company ("SPAC") relating to a proposed merger with the Company to create "MergeCo" ("Proposed Transaction").

This is a very exciting development for the Company and its shareholders and provides a number of significant benefits.

The executed LOI is non-binding, with the exception of certain agreed provisions, including with respect to exclusivity, confidentiality and reimbursement of certain transaction expenses.

Benefits of the Proposed Transaction

- For the purpose of the Proposed Transaction, the Company is being valued at a pre-money enterprise value of USD200m (approx. AUD313m), which ascribes a notional current share price of AUD1.49[1] for the Company's issued shares
- Potentially unlocks critical investment capital to support commercialisation and accelerate the path to profitability, with a number of potential funding sources being sought for MergeCo post-closing
- These include a minimum of USD50m funds being sought in connection with the merger through a committed equity fund ("CEF") which is expected to provide capital for the Mega-line and to bring new programs online

[1] Assumes enterprise value of USD200m converted to AUD using 0.64 exchange rate, net debt at 30 September 2022 of AUD4.4m and 206.9m shares on issue

- Is anticipated to demonstrate balance sheet strength to customers, which is an important enabler to winning large programs in the future
- If completed, Carbon Revolution will convert to a US-listed company providing access to much deeper sources of capital to support its plans for significant future growth to meet the accelerating demands of its major customers.

Key Deal Parameters

- For the purposes of the transaction, USD200m (~AUD313m) enterprise valuation for CBR upon merger, which ascribes a notional current share price of AUD1.49[2] for the Company's issued shares
- Upon merger, the Company's shareholders will own ~67% of MergeCo, assuming USD50m of cash is available in the SPAC trust account post redemptions[3]
- Subject to funding commitments being received, minimum USD50m cash available to the Company post-merger via a Committed Equity Facility, in addition to cash already held by the SPAC that is not subject to redemption (discussed further below). The CEF will have a dilutionary impact for shareholders at the time of drawdown
- The Company will delist from the ASX in connection with the listing of MergeCo on a US exchange
- The Board is to be expanded by two directors. These are expected to be experienced directors based in North America
- There is currently a non-binding LOI in place and there is a risk that a binding merger agreement will not eventuate or a transaction will not be completed. However, both parties intend to work exclusively to bring this to binding agreements stage in the near term.

Detailed information related to the proposed merger with US-based SPAC

Overview of the SPAC

The SPAC was incorporated for the purpose of effecting a merger, share exchange, asset acquisition, share purchase, recapitalisation, or similar business combination with one or more business entities. To date, the SPAC has not completed any business combination.

The SPAC is currently capitalised with c.USD200m cash (held in the SPAC Trust account on behalf of shareholders) and has c.20m Class A ordinary shares, c.5m Class B ordinary shares (or Founder shares) which will convert to c.5m ordinary Class A shares upon transaction close, and c.5m private and public placement warrants with a strike price of USD11.50.

As is customary for SPACs, the ordinary shares contain a redemption feature which allows for redemption in the event of a shareholder vote or tender offer in connection with a Business Combination. The redemption requests will be met through the cash held in the SPAC trust account and based on current market experience may be particularly high. This means that the amount of cash available for the benefit of MergeCo from the trust account will only be known

[2] Assumes enterprise value of USD200m converted to AUD using 0.64 exchange rate, net debt at 30 September 2022 of AUD4.4m and 206.9m shares on issue
[3] Assumes that 75% of the holders of the SPAC's Class A ordinary shares will exercise redemption rights, CEF not drawn down and ~5m MergeCo shares issued to SPAC investors, ~5m shares issued to SPAC sponsors and ~20m shares issued to Company shareholders.

after closing of the Proposed Transaction and is likely to be substantially less than USD200 million.

Overview of the Proposed Transaction

Under the terms of the LOI, and subject to further consideration, it is proposed that Carbon Revolution will be acquired by the SPAC or an alternative acquisition vehicle by way of a scheme of arrangement to create MergeCo, with Company shareholders receiving equity in the acquisition vehicle in consideration for their Company shares.

Based on the terms of the Proposed Transaction, the Company is being valued at a pre-money enterprise value of USD200m, with Carbon Revolution shareholders receiving collectively c. 20m shares in MergeCo priced at USD10 per share[4]. This implies a notional uplift in the Company's implied share price of c. 6.8x[5]. There is no guarantee, however, of the price at which MergeCo shares will trade following completion of the Proposed Transaction and they may trade lower than USD10 per share.

At the time of closing the Proposed Transaction, MergeCo will have a post-closing net cash balance of up to:

- USD200m, equating to cash currently held in trust by the SPAC; less
- Any redemptions by SPAC shareholders reducing cash held in the SPAC trust account. The redemption requests will be met through the cash held in the SPAC trust account and based on current market experience may be particularly high. By way of example, a redemption rate of 85% would reduce the amount held in trust by the SPAC to USD30m; less
- The SPAC's transaction costs, capped at USD20m; less
- Any net indebtedness of the Company at the time of transaction close

Following closing of the Proposed Transaction, MergeCo also is expected to have access to additional equity capital financing, in particular by way of a binding Committed Equity Facility ("CEF") and potential Forward Purchase Agreements ("FPA"), as noted below:

- CEF: Prior to signing of binding merger agreements, it is intended the SPAC will obtain written commitments from one or more institutional investors to provide a CEF in an aggregate amount of at least USD50m, which will give MergeCo the right to require the CEF investors to purchase common shares in MergeCo up to the greater of i) USD5m per week or ii) the aggregate trading volume of MergeCo common shares for such week. It is expected that under the terms of the CEF, MergeCo shares will be acquired at a c. 3% discount to relevant MergeCo VWAPs
- FPAs: Prior to release of the Company's scheme booklet, the SPAC will seek to enter into binding written FPAs pursuant to which one or more third party investors will purchase up to 2 million shares of MergeCo, with the purchase price being a function of MergeCo's prevailing share trading prices post transaction close (although equating to USD20m at a USD10/share price)

Such facilities are not yet in place and will need to be negotiated and entered into by the SPAC with appropriate counterparties. There is no guarantee this will occur on the terms sought by the SPAC or the Company (including as to quantum), or at all.

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[4] Actual consideration received by shareholders will be a function of equity value, with USD200m enterprise value of the Company adjusted for any indebtedness and cash on balance sheet (amongst other things) at time of transaction close

[5] Assumes enterprise value of USD200m converted to AUD using 0.64 exchange rate, net debt at 30 September 2022 of AUD4.4m and 206.9m shares on issue to yield AUD1.49 per Company share. Equates to ~6.8x AUD0.22/share trading price as at close of 28 October 2022

After close of the Proposed Transaction (and prior to any potential share issuance by way of CEF, FPAs, exercise of any outstanding warrants or issue of any other securities), the Company's shareholders will own ~67% of MergeCo, assuming USD50m of cash is available in the SPAC trust account following redemptions[6].

This ownership percentage is indicative only and is subject to the ultimate level of redemptions from SPAC shareholders. Further, the collective ownership of the Company's shareholders in MergeCo will fall following the closing of the Proposed Transaction should additional shares be issued under the CEF or FPAs or due to the exercise of outstanding warrants. The dilutionary impact of potential CEF and FPA issuances is currently unknown as it will be a function of the final terms of the CEF and FPA (if any) and the trading price of MergeCo's shares following closing of the Proposed Transaction.

Key near-term workstreams

The parties are currently working together on a number of workstreams to progress the Proposed Transaction including:

- Binding Transaction documents – negotiation and execution of definitive transaction agreements including a scheme implementation deed
- Confirmatory due diligence by the SPAC – including in relation to financial, operational and legal due diligence matters relating to the Company
- Receipt of a 'fairness opinion' for the benefit of the SPAC
- MergeCo funding arrangements – various funding arrangements for MergeCo, as described further above
- MergeCo Board and management arrangements – it is intended that the current board and management team of the Company will remain in place following completion of the Proposed Transaction, with two additional board members to be nominated by the sponsor of the SPAC

In addition, given the Company's current cash and liquidity position and given the transaction is not expected to complete until Q2 CY23 at the earliest (see below), the Company will require short term bridge funding to meet cash flow requirements until the Proposed Transaction closes. The amount of funding is currently being assessed and will be a function of expected near-term transaction costs, ongoing business requirements and the success of ongoing discussions (as noted previously) with key Government and customer stakeholders to improve the Company's near-term cashflow.

Timetable

The parties are currently working towards an expedited timetable with a view to potentially announcing a binding transaction by late November 2022. The Company intends to reschedule its AGM to Wednesday 30 November 2022 to allow further time to progress the merger documents and will update shareholders at the AGM.

Completion of a binding transaction would not occur until at least Q2 CY23 and would be subject to a number of conditions precedent, including a fairness opinion obtained by the SPAC, approval of the Company's shareholders, an independent expert concluding that the Proposed Transaction is in the best interests of the Company's shareholders, approval by the shareholders of the SPAC, relevant regulatory and other third party approvals, receipt of required MergeCo and bridge funding as well as other conditions.

[6] Assumes that 75% of the holders of the SPAC's Class A ordinary shares will exercise redemption rights, CEF not drawn down and ~5m MergeCo shares issued to SPAC investors, ~5m shares issued to SPAC sponsors and ~20m shares issued to Company shareholders.

Exclusivity

As noted above, under the LOI, the Company and the SPAC have agreed binding exclusivity arrangements. Under these arrangements, the SPAC and the Company have agreed to enter into an exclusivity period for 60 days beginning from 28 October 2022. This period is extendable by an additional 15 days where either the Company or the SPAC continues to negotiate in good faith.

Broadly speaking, the exclusivity arrangements prohibit the Company from soliciting or engaging with competing proposals for an acquisition of the Company and certain debt and equity issues, subject to the fiduciary duties of the directors of the Company (the 'Fiduciary Out') and the Company seeking funding for the period between signing the LOI and closing of the Proposed Transaction.

The exclusivity arrangements prohibit the SPAC from conducting any full form due diligence, executing any confidentiality or similar agreement, negotiating terms or engaging any external advisor with respect to any other transaction.

Failure by either party to comply with the terms of the exclusivity arrangements where the parties do not enter into binding agreements by 15 December 2022 will result in that party being obliged to pay the costs of the other party incurred up to the date of payment of the reimbursement. Similarly, if the Company's directors rely on their Fiduciary Out and sign a binding agreement in respect of or complete a competing proposal before 15 December 2022 the Company will be required to pay the costs of the SPAC. The maximum amount payable by either party in this regard is USD2 million.

Further details in relation to the Proposed Transaction will be announced at the time of signing a binding scheme implementation deed. However, there is no guarantee or assurance that a binding transaction will ultimately be agreed or occur or that the final terms of the Proposed Transaction will not differ from the description provided above.

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

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INVESTOR BRIEFING

The accompanying investor and analyst briefing will be at 9.30am (AEDT) on Monday 31 October 2022. To pre-register for this event please use the following link:

https://carbonrev.zoom.us/webinar/register/WN_zXiRvQIvQUOEqZ8DEf2sZQ

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

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). 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	**Quarter ended ("current quarter")**
96 128 274 653	30 September 2022

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (12 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	16,894	16,894
1.2	Payments for:		
	(a) research and development	(2,299)	(2,299)
	(b) product manufacturing and operating costs	(7,528)	(7,528)
	(c) advertising and marketing	(28)	(28)
	(d) leased assets	(73)	(73)
	(e) staff costs	(5,862)	(5,862)
	(f) administration and corporate costs	(1,899)	(1,899)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	19	19
1.5	Interest and other costs of finance paid	(317)	(317)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	605	605
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**(488)**	**(488)**

Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 months) $A'000
2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) businesses (see item 10)	-	-
	(c) property, plant and equipment	(4,534)	(4,534)
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	(3,912)	(3,912)
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)	-	-
2.6	**Net cash from / (used in) investing activities**	**(8,446)**	**(8,446)**

3.	**Cash flows from financing activities**		
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	-	-
3.5	Proceeds from borrowings	4,545	4,545
3.6	Repayment of borrowings	(7,565)	(7,565)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-

Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 months) $A'000
3.9	Other (provide details if material)	(143)	(143)
3.10	**Net cash from / (used in) financing activities**	**(3,163)**	**(3,163)**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**	**(12,097)**	**(12,097)**
4.1	Cash and cash equivalents at beginning of period	22,693	22,693
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(488)	(488)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(8,446)	(8,446)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(3,163)	(3,163)
4.5	Effect of movement in exchange rates on cash held	90	90
4.6	**Cash and cash equivalents at end of period**	**10,686**	**10,686**

5.	**Reconciliation of cash and cash equivalents** at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	**Current quarter $A'000**	**Previous quarter $A'000**
5.1	Bank balances	10,686	22,693
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**10,686**	**22,693**

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	251
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.

7.	**Financing facilities available** *Add notes as necessary for an understanding of the position*	**Total Facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	6,500	6,500
7.2	Credit standby arrangements	0	0
7.3	Other	12,000	8,545
7.4	Total financing facilities	18,500	15,045
7.5	Unused financing facilities available at quarter end	3,455	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 $18.0m comprise:

- Secured loan with Export Finance Australia of $6.5m (initially $13m) at an interest rate 6.15% per annum, payable quarterly. Principal repayable over 4 years quarterly. The loan balance is $6.5m as at 30 September 2022 after repayment of $0.7m during Q1
- The Company has a $8.0m working capital financing facility in place. This facility is secured over the applicable trade receivables. As of 30 September 2022, the Company had drawn down upon $4.5m of this facility. The Company is unable to access the unutilised portion of $3.5m at present, as the balance of working capital is lower than anticipated due to the temporary reduction in Corvette Z06 production and sales. Assuming Corvette Z06 production and sales resume in the second half of FY23, working capital is expected to increase and the Company will be able to increase the use of this facility.
- The Company has entered a line of credit facility of $8m with Export Finance Australia. As of 30 September 2022 $4m was drawn down. Drawdown of the remaining $4m is conditional upon agreed milestones.

There is also one lease agreement in place, being:

- Monthly rental of the production facility in Waurn Ponds (10-year lease with current monthly lease payments of $71,848).

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from/(used in) operating activities (item 1.9)	(488)
8.2	Cash and cash equivalents at quarter end (item 4.6)	10,686
8.3	Unused finance facilities available at quarter end	0
8.4	Total available funding (item 8.2 + item 8.3)	10,686
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	21.9
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: 31 October 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.