



**Carbon Revolution Limited**

Geelong Technology Precinct  
75 Pigdons Road  
Waurin Ponds, 3216  
Australia

ABN: 96 128 274 653



Automotive  
IATF 16949



Quality  
ISO 9001



Environment  
ISO 14001



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

**ASX announcement**

**Geelong, Australia, Wednesday 30 November 2022:**

The Chair and CEO's addresses to the Carbon Revolution Limited 2022 Annual General Meeting on 30 November 2022 are attached, as required by Listing Rule 3.13.3.

**Authorised for release by the Company Secretary of Carbon Revolution Limited**

**Investor contact:**

Investor relations contact

Andrew Keys

[andrew.keys@carbonrev.com](mailto:andrew.keys@carbonrev.com)

+61 (0)400 400 380

**ABOUT CARBON REVOLUTION**

Carbon Revolution is an Australian company, which has successfully innovated, commercialised and industrialised the supply of carbon fibre wheels to 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 continues to innovate and supply its lightweight wheel technology to automotive manufacturers around the world.

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

## **CARBON REVOLUTION LIMITED - 2022 ANNUAL GENERAL MEETING**

**Wednesday 30 November 2022**

### **Address by the Chair, James Douglas**

Good morning shareholders and guests.

My name is James Douglas, and I am the Chair of Carbon Revolution. I am pleased to have this opportunity to greet some of you in person for the first time since 2019.

On behalf of the Board and the management of Carbon Revolution, I welcome you all to our 2022 Annual General Meeting.

I am informed that we have a quorum present and accordingly I declare this meeting open.

Before proceeding with the formal parts of the meeting, I would like to acknowledge the traditional owners of the lands which we are joining the meeting from today. For those of us here at Waurrn Ponds we acknowledge the Wadawurrung People. We also pay our respects to Elders past, present and emerging of all the traditional owners of the many lands we are joining the meeting from today.

I'd like to begin by introducing our Board of Directors, who are present today.

- Jake Dingle, CEO and Managing Director
- Lucia Cade, non-executive Director and Chair of the Remuneration and Nomination Committee;
- Dale McKee, non-executive Director and Chair of the Audit and Risk Committee; and
- Mark Bernhard, non-executive Director, who is joining us on line

Also joining us by phone today is Stephen Roche from our external auditor, Deloitte Touche Tohmatsu, he is available to answer questions shareholders might have concerning the conduct of the audit, preparation and content of the auditor's report, the Company's accounting policies and the auditor's independence. We welcome and thank Stephen for joining us today.

I will now talk through the procedural matters for this meeting.

We are running an audio webcast today for the benefit of shareholders who are not able to join in person. However, as noted in the Notice of Meeting, the webcast listeners are not formally participating in the meeting and cannot ask questions during the meeting via the webcast, or participate in the poll.

All shareholders have had the opportunity to lodge proxies and submit questions prior to the meeting. General questions on the business will be at the end of the CEO's address. Questions relating to a specific item of business on the Notice of Meeting will be answered when we come to the relevant item of business.

Secondly, voting today will be conducted by way of a poll on all items of business. I declare the poll open so that those of you who need to leave early can complete your voting card and place it in one of the ballot boxes near the exit doors.

The results of the poll can be obtained later today by visiting the Company's website and they will also be lodged with the ASX.

I would like to give you a brief overview of the past year and then update you on the transformative merger proposal that we have announced today and which will be put to shareholders for approval next year. Jake will then provide a more detailed presentation on the company's FY22 performance.

Since 2007, Carbon Revolution has been a proud Australian technology company designing and manufacturing advanced carbon fibre wheels.

Our carbon fibre wheels are increasingly in demand by auto-makers due to their significant efficiency advantages over steel and aluminium wheels.

Our lightweight wheels provide design flexibility in terms of size, aesthetics, and aerodynamics and are proven to reduce road noise and deliver significant efficiency gains. These benefits result in improved performance, increased fuel efficiency or range enhancement for electric vehicles.

We have now sold more than 60,000 wheels and our wheels are used on some of the world's best and most sought-after cars. We are also working with the Australian Defence Force on the design of wheels for the CH-47 (Chinook) Helicopter as part of our expansion into the aerospace sector.

From this time last year, the Company increased total programs (development and production) by 15%. We currently have 15 active programs, including 5 awarded programs in production, 4 awarded and in development, and 6 programs in development under design and engineering agreement. We anticipate new program launches in the coming year.

We had some tough challenges in the past year, largely as a result of the ongoing COVID 19 pandemic as well as other local and global economic challenges. Despite this we delivered solid growth in FY22. Our revenue of \$40.3 million was 15% higher than the previous financial year.

We finished the year with a record manufacturing run-rate of approximately 25,000 completed wheels (based on annualization of our June production) and we delivered a strong positive contribution margin of over \$400 per wheel and \$1.9m in total for the final quarter.

This progress demonstrates the profit potential of the Company as volumes increase and our manufacturing efficiency program delivers the results we expect.

Pleasingly we maintained a positive contribution margin per wheel in the first quarter of FY23 despite General Motors temporarily stalling sales of the Corvette Z06.

Overall for FY22 we reported a loss after tax of \$43.1m (FY21: \$31.8m).

The COVID-19 pandemic continued to have a significant impact on the business during FY22, with the challenge of managing absenteeism during the middle quarters of the year and disruptions to automotive semiconductor chip supply as well as broader supply chain issues – including those associated with production of GM's Corvette program.

As global supply chain constraints persisted, we were also faced with raw material shortages and increased freight prices.

Further, two operational issues - the thermal barrier coating machine performance and diamond weave resin quality had a significant impact on efficient factory production from the middle of the second quarter to early in the fourth quarter. Both issues were resolved during the fourth quarter.

While the operational issues were difficult and disappointing, we are pleased to see signs of recovery within our business and across the automotive industry.

Our customer engagement has been strong. At the end of FY21, Ferrari released 2 new vehicles, the 296 GTB and the 812 Competizione, each of them feature Carbon Revolution wheels. These new wheels are currently in production and reflect our strong partnership with Ferrari.

In FY22 we launched our first program with General Motors, the new Chevrolet C8 Corvette Z06 & Z07. This is a significant milestone for us. In terms of annual wheel sales, this is expected to be our largest program to date once sales resume following the recommencement of production by GM.

Increasing customer demand and emerging use cases, particularly larger wheels for EV's and EV SUVs point to material long term increases in demand for our wheels and, ultimately, the potential disruption of the aluminium wheel market.

In May 2022, we welcomed the announcement of a Commonwealth Modern Manufacturing Initiative (MMI) grant of \$12 million for the Mega-line project. This grant will also help Carbon Revolution in expanding its capacity to meet future demand for our carbon fiber wheels. Jake will share the details, and we put an announcement out last night, but in summary the Company will receive a much larger first payment than originally expected of \$9m. This will be received in December 2022.

The construction of Phase 1 of the Mega-line project progressed well in FY22, in line with our plans. The completed elements have now entered the commissioning phase.

The Mega-line will be commissioned in stages, with the entire system expected to be operational by early calendar year 2023. First production wheels are expected to roll off the Mega-line in Q3 of FY23.

Times remain challenging and unpredictable. The Company continues to face a number of near-term liquidity and balance sheet pressures, with previously expected sources of near-term liquidity from working capital funding much lower than originally expected.

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.

However, with the increasing demand for our wheels as shown by the record number of active programs, and Mega-line development advancing towards production, we believe the Company remains well placed to fulfill its potential and purpose.

Today we announced a proposed merger transaction with Twin Ridge Capital Acquisition Corp., a special-purpose acquisition company or SPAC listed on the New York Stock Exchange.

This is an important transaction for our company. When completed it is expected to provide material new capital and should allow us to deliver on the potential of our technology and the demand for our wheels.

This merger announcement is the completion of a lengthy process commenced by the company earlier this year to identify the best strategic path for us. As part of this process we reviewed a range of alternatives for the company with advisors here and internationally.

To implement the merger we entered into a scheme implementation deed and business combination agreement. Under this, a newly-formed company Poppetell Limited which is to be renamed Carbon Revolution PLC (“MergeCo”) will acquire both Carbon Revolution and the SPAC (“Transaction”). Upon closing of the Transaction, the ordinary shares and warrants of MergeCo will begin trading on a US exchange (either NYSE or Nasdaq).

We are very excited about this transaction and believe that our Company and shareholders will greatly benefit from it. Most importantly:

It represents an implied pre-money enterprise valuation of US\$200 million for Carbon Revolution, (~A\$312.5 million), implying a notional share price of approximately [A\$1.41] per share for each share and represents a premium of 593% to our share price of A\$0.215 as at 30 October 2022. This valuation and notional share price are based on a range of assumptions, as are set out in the ASX announcement released this morning.

The transaction has the potential to provide critical investment capital to support commercialization and speed up our path to expected profitability. In this context there are a number of potential funding sources being sought for MergeCo pre and post-closing. Enhancing our capital position is anticipated to demonstrate increased balance sheet strength to customers, which is crucial to achieving large programs in the future.

The full detail of the merger is included in our announcement earlier today and I encourage you to review that in detail

The Board of Directors of Carbon Revolution will vote their shares in favour of the Scheme and unanimously recommend that shareholders vote their shares in favour of the Scheme, in the absence of a superior proposal and subject to an independent expert concluding in the independent expert’s report (and continuing to conclude) that the Scheme is in the best interests of its shareholders.

The transaction is expected to complete in the second quarter of CY2023. It is subject to satisfaction of a range of conditions, including approvals from our shareholders and the SPAC shareholders as well as:

- Receipt of required regulatory approvals;
- No prescribed events in respect of Carbon Revolution, the SPAC or MergeCo occurring, and no material breaches of representations and warranties by any of them;
- Extension of the deadline for the SPAC to undertake a business combination, currently March 8, 2023, to allow for sufficient time for the transaction to be finalized;
- Certain agreed ancillary documents, including lock-up agreements and registration rights agreements being entered into by our directors and the sponsors of the SPAC;
- Carbon Revolution obtaining the consent of key contractual counterparties (being certain customers, grant providers and debt financiers); and
- Other customary conditions to a scheme of arrangement, such as Australian court approval and an independent expert confirming that the transaction is in the best interests of our shareholders.

Carbon Revolution and MergeCo's current cash positions are expected to be impacted by the Transaction. In particular, as is common for SPACs, its ordinary shares held by the public, include a redemption feature that permits redemption in the event of a shareholder vote in connection with both the extension of the SPAC's business combination deadline and a business combination itself, which the Transaction will amount to. This means that the amount of cash available for the benefit of MergeCo from the trust account will only be known following the closing of the transaction. The amount is expected to be significantly less than the US\$214.3 million currently in the SPAC trust account.

Given that the Transaction is not expected to be completed until Q2 CY23 at the earliest, and considering the Company's current cash and liquidity position, we will need to arrange short-term bridge funding to meet cash flow requirements until the Transaction closes.

We may require up to A\$30m of bridge financing to fund near-term Transaction costs and ongoing business needs. Discussions are currently underway to source this capital. If bridge financing cannot be secured, the Transaction is unlikely to go forward, which will have adverse implications for Carbon Revolution and our shareholders. If the transaction were not to proceed and bridge financing cannot be secured, the Company would need to consider a range of other options available to it, including the possibility of an alternative transaction or fundraising, and in the event that none of these are available, voluntary administration.

On behalf of the Board, we would like to thank each and every member of the Carbon Revolution team for their significant efforts and accomplishments throughout the financial year, especially in light of the ongoing challenges of COVID-19 and global supply chain disruption.

We are also grateful to our customers for their support.

Finally, we are most grateful to you, our shareholders for your continued support. The journey and ambition of Carbon Revolution would not be possible without you.

I will now turn the floor over to our CEO and Managing Director Jake Dingle.

## **CARBON REVOLUTION LIMITED - 2022 ANNUAL GENERAL MEETING**

**Wednesday 30 November 2022**

### **Address by the Managing Director & CEO, Jake Dingle**

Thank you, James.

Good morning everyone and thank you for coming to our 2022 AGM. I am very pleased to be able to see and greet some of you in person.

I'm going to quickly recap the 2022 financial year.

It was another eventful year – dominated by the ongoing pandemic, geopolitical tensions, and other economic concerns. I am proud that, despite these challenges, our company has remained strong, and we are doing an excellent job of driving the business forward.

Our FY22 results highlight the increasing customer demand for our wheels. For the first time, we exceeded \$40 million in revenue, delivering a 15% increase from the previous year. This was driven by strong wheel sales of 14,205 wheels from the new C8 Corvette Z06/Z07 and the Ferrari 296GTB and 812 Competizione programs during Q4. The average price per wheel rose by 6.7% to \$2,695, helping to offset input price increases.

As mentioned by James, we ended the year with a new record level of output in June 2022, as annualised run-rate for boxed wheels reached c.25,000 and nearly 60,000 cumulative wheels have been produced and sold on a life-to-date count demonstrating a continued improvement in our track record. The improved production momentum came after of the resolution of Thermal Barrier Coating (TBC) process and resin quality issues. This also proved that the Company is doing well in managing the ongoing challenges caused by labour absenteeism and global supply chain interruptions.

Also in Q4, the company recorded a \$1.9m (\$402 per wheel) positive contribution margin resulting from both improved cost of production and the higher average price. This demonstrates the profit improvement the company can deliver with volume growth. As James has already indicated, we carried this positive contribution margin per wheel into the current financial year, despite weaker than originally anticipated sales volumes due to production issues at GM.

Our long-term sales outlook and pipeline for new programs continue to be very promising, with 15 active programs (5 in production, a further 4 awarded and in development, and a further 6 under design and engineering agreement), a growth of 15% over the pcp. The Company continues to see an increase in program quoting and detailed customer inquiries, mostly relating to electric vehicles.

The Company was proud to achieve a zero Lost Time Injury Frequency Rate (LTIFR) for the year. We are very pleased with the result as it shows our sustained commitment to providing a safe work environment for everyone.

The first of four programs that will underpin Phase 1 of the Mega-line project was awarded during FY22, with production set to begin in H2 FY23 and ramp up over the next 12 months. While the other three programs with start production in H1 FY24.

During the financial year we also strengthened our management team and leadership capabilities to support the Company's growth strategy with the appointment of Dave French as Operational Strategy Lead.

Very sadly and unexpectedly Adrian Smith, our former Director of Sales and Business Development passed away after a brief illness in April of this year.

In July we appointed Jesse Kalkman, formerly of Nextsteer, to fill this executive role.

Pleasingly positive operating momentum has continued into FY23.

The Company announced in September 2022 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.

As James has outlined, today is an exciting day for Carbon Revolution – the announced merger with Twin Ridge Capital Acquisition Corp in the US provides many important benefits for the business. The transaction will unlock critical investment capital to support commercialization and accelerate the expected path to profitability. It is also anticipated to enhance our ability to demonstrate balance sheet strength to customers, which is an enabler to winning large programs in the future, and will convert the Company into a US listed business with access to much deeper sources of capital.

The Company's cash balance was \$22.7m as of 30<sup>th</sup> June and at the end of October that balance was \$11.3m. We are focused on securing bridging funding to stabilize the Company's financial position ahead of the proposed merger James has detailed.

An initial payment of \$9m is expected to be made to the Company in the next fortnight via the Federal Government's Modern Manufacturing Initiative. In the Company's 4C announcement of 31st October 2022, the Company discussed its engagement with Government to improve its short-term liquidity by bringing forward grant payments. As a result of those discussions, this initial tranche is \$4.2m higher than the \$4.8m initial tranche that was then expected. The overall grant remains at \$12m.

As James has already stated, we are extremely focused on securing the required bridge funding to ensure a successful transition of the business via the merger that we have announced today.

I would like to express my heartfelt appreciation and gratitude to our stakeholders for their ongoing support and trust. Despite the continued challenges, you have helped us to move forward and achieve better results.

Finally I'd like to recognize and thank our passionate and tenacious team and everyone who makes up Carbon Revolution. Your incredible commitment and dedication through the challenges of the last 3 years are greatly appreciated and respected. Every day this team does things that no-one else in the world can do.

I will now hand back to James for any Q&A and the formal items of business.