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CARBON REVOLUTION DELIVERS FIRST HALF-YEAR RESULTS AND CONFIRMS THAT IT EXPECTS AWARD OF NEW WHEEL PROGRAMS AND EXTENSIONS OF EXISTING PROGRAMS IN THE SECOND HALF OF FY21

Geelong-based global technology company and advanced manufacturer Carbon Revolution Limited (ASX:CBR) today delivered FY21 first half year results in line with the Company's expectations.

The company confirmed that demand from its existing and new global OEM customers means that it expects awards in the first half of this calendar year for both conventional and EV wheel programs. Pleasingly, the expected demand from the EV segment of the global automotive market is confirmation that customers see Carbon Revolution's technology as a strong fit for this important and rapidly growing market.

The company's first half results were impacted by customer issues related to COVID-19 on one program and seasonality on another program.

Revenue decreased by 14.1% (all growth rates are YoY, against H1 FY20) to \$17.2m, with the number of wheels sold reducing by 5.4%. Wheel sales growth on existing programs is expected to return in the second half of FY21. The company reported a first half FY21 EBITDA of -\$8.9m (-30%*).

The Company was pleased to deliver positive operating cash flows for the December quarter and complete most of the FY21 capex spend for the industrialisation program in the first half. Carbon Revolution finished the period with \$15.4m cash at bank.

Carbon Revolution CEO Jake Dingle said that despite the impact of COVID-19 the company has progressed key operational milestones during the first half year.

"The newly developed fascia technology has been commercialised which has dramatically simplified wheel production, driving a reduction in labour cost per wheel and increasing product quality.

"The industrialisation program has seen the addition of high-pressure moulding capacity, automated face lay-up conveyor line, multi head fibre placement machine and a second thermal barrier coating cell. These automated manufacturing processes combine advanced physical and digital technologies and are the key building blocks of the Mega-line program.

"The Company expects that new wheel programs will be secured in the second half of FY21, which together with extensions of existing programs, will underpin the decision to invest in the first Mega-line.

Carbon Revolution's Mega-Line technology has been developed using in-house expertise, equipment partners, and advanced 3D and simulation tools to reduce risk during design, construction, and commissioning.

"The Waurm Ponds facility has space to develop four Mega-lines each with an expected capacity of 150,000 wheels per year.

"The company is also pleased with its progress in the aerospace sector where helicopter wheel design is progressing. Modelling reveals substantial weight savings which is creating new interest from major aircraft manufacturers.

Carbon Revolution reaffirmed that although uncertainties remain from the ongoing impacts of COVID-19 and the automotive industry's response in the near term, the Company expects to deliver strong sales growth in FY21.

With the expectation of increased demand from existing wheel programs in H2 FY21 and strong progress on labour productivity with the new fascia technology introduction, the business expects to become gross profit positive during H2 FY21, and that net cashflow from operations (including grants and reduction in work in progress) will be positive in H2 FY21.

Having refinanced the Ronal AG debt with a \$13m three-year term debt facility with Export Finance Australia, and delivering interest cost savings, the Company is also finalising a working capital facility to support growth.

*Relative to H1 FY20 adjusted EBITDA which was earnings before interest, tax, depreciation, and amortisation and before losses from anti-dilution shares issued in connection with Carbon Revolution's Initial Public Offering and loss on conversion of financial instruments.

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ABOUT CARBON REVOLUTION

Carbon Revolution is a Geelong-based global technology 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.

Performance is everything. Efficiency is everything else. For more information, visit carbonrev.com

Approved for release by the Board of Carbon Revolution Limited