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Carbon Revolution (ASX: CBR) delivers strong increases in revenue and active programs for FY22 as demand for carbon fibre wheels strengthens

Geelong, Australia, 29 AUGUST 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, today released its FY22 Financial Results.

Commenting on the FY22 results the Company's CEO and MD, Jake Dingle said: "These results highlight the increasing customer demand for our wheels, as evidenced by the record number of active programs and revenue above \$40 million for the first time. With the Mega-line development progressing towards production the Company is in its strongest position to deliver on its potential and purpose."

FY22 Result Highlights

- Revenue of \$40.3 million, up 15.5% from FY21, driven by strong wheel sales from new programs (1x Corvette, 2x Ferrari)
- Average price per wheel increased 6.7% to \$2,695
- New record level of output in June 2022 as annualised run rate for boxed wheels was c.25,000
- Positive contribution margin of \$402 per wheel recorded in Q4, which demonstrates the profit improvement the company can deliver with volume growth
- 15% growth in active programs with 15 programs across production and development
- Strong safety performance, finishing the quarter with a 12-month rolling LTIFR of zero

Revenue growth and program growth

In FY22, revenue increased by 15.5% to \$40.3m as demand for the new C8 Corvette Z06/Z07 and the Ferrari 296GTB and 812 Competizione programs drove wheel sales to 14,205 wheels. The average price per wheel increased 6.7% to \$2,695 due to favourable changes in the sales mix. The Company's track record continues to improve – almost 60,000 wheels have been produced and sold on a cumulative life-to-date count.

The long-term sales outlook and pipeline for new programs continue to be very strong, with 15 active programs, a growth of 15% over the pcp. The Company continues to experience an increase in program quoting and detailed customer enquiries, particularly relating to electric vehicles.

During the year, the first of the four programs that underpin Phase 1 of the Mega-line project was awarded, with production expected to begin in H2 FY23 and ramp up over the next twelve months.

Operations and production costs

The Company was pleased with the factory's production momentum in late FY22. The annualised run rate for boxed wheels in June 2022 was c.25,000, setting a new high for the company. The improved production momentum follows resolution of the Thermal Barrier Coating (TBC) process and resin quality issues and showed that the Company is managing the ongoing challenges caused by labour absenteeism and global supply chain disruptions.

The Company recorded a positive contribution margin of \$1.9m in Q4, resulting from both improved cost of production and the stronger average price. The Company has a robust plan for lowering production cost and improving contribution margin.

Mega-line is on track, progressing towards first production

The Company is pleased with the progress of the Mega-line, with Phase 1 progressing into the first of 3 commissioning stages before first production which is now expected in Q3 FY23.

Mega-line commissioning activities have been progressing to plan, with the face layup line and the wheel face assembly section commissioned in July and August. The first rim layup machine is now planned to be brought into the Mega-line over the Christmas break. There is a minor delay in the construction of the two new high pressure moulding units due to parts supply, they are now planned to be introduced to the line in Q3 FY23. The relocation of existing high pressure moulding units is planned to occur during CY23 and will be timed to enable production to meet forecast customer demand.

At the start of FY23 there were commitments for a further \$6.5m for Phase 1. Consistent with recent Company updates – the development of the Mega-line is being managed to match forecast customer demand. This results in capital spend being moved into FY24 and FY25.

Financing and cash position

As of 30th June, the Company's cash balance was \$22.7m. In addition to cash and facilities in place, the Company currently has potential funding sources of \$33.5m and securing \$20m of this in FY23 is a major focus for management. In May 2022, Carbon Revolution welcomed the announcement of a Commonwealth Modern Manufacturing Initiative (MMI) grant of \$12 million for the Mega-line project. Confirmation has now been received from the Federal Government that the grant will proceed as previously announced and the Company is awaiting formal documentation. The Company is also running a process to find an appropriate working capital and equipment finance provider as requirements increase.

We have growing demand for our wheels and a clear pathway to profitability. Balance sheet constraints affect our ability to address the growth demands. We are actively pursuing a range of strategic opportunities including engagement with potential strategic partners that have investment capability and complementary strengths in manufacturing. These activities are at an early stage and remain confidential. We will provide information as our plans develop.

Outlook

There is increasing customer demand for Carbon Revolution's wheels, as evidenced by the record number of active programs particularly within the rapidly emerging EV segment, and with Mega-line development progressing towards production, the Company is in a strong position to deliver on its potential and purpose.

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 and suppliers to it.

Carbon Revolution's key focus areas for FY23 include:

- Capturing demand for carbon fibre wheels from current programs, including the Corvette Z06/Z07 program
- Successful launches of the Premium SUV program and the first Mega-line program
- Development activities for contracted programs and award of the remaining Mega-line programs
- Working collaboratively with existing and new customers to apply our technology to the emerging generation of electric vehicles
- Delivering production cost improvements with the objective of materially improving contribution margin
- Ongoing construction of Phase 1 of the Mega-line with successful commissioning ahead of first production in Q3 FY23
- Reducing cash burn by minimising operating and capital spend
- Securing appropriate short and long-term funding

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

INVESTOR CONTACT

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INVESTOR BRIEFING

The accompanying investor and analyst briefing will be at 9.30am (AEST) on Monday 29th August 2022. To pre-register for this event please use the following link:

https://carbonrev.zoom.us/webinar/register/WN_Dm-fyKtaTgK9FVWaTJb82w

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

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