



## Carbon Revolution Limited

Geelong Technology Precinct

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Australia

ABN: 96 128 274 653



## Carbon Revolution (ASX code: CBR)

### Transaction Update and Cashflow Projections

**Geelong, Australia, Friday 28<sup>th</sup> July 2023:** Geelong-based advanced manufacturer Carbon Revolution Limited (the “Company” or “Carbon Revolution”) (ASX:CBR), whose lightweight carbon fibre wheels are used on some of the world’s best cars, provides a transaction update and information relating to near-term cashflow projections.

The proposed merger (“Transaction”) with Twin Ridge Capital Acquisition Corp. (NYSE:TRCA) announced on 30 November 2022 is progressing well. The Company now expects completion of the Transaction to occur in October 2023. In connection with the Transaction, on 28 February 2023 CBR announced the initial filing by Carbon Revolution plc (previously known as Poppetell Limited) (“MergeCo”) of a registration statement on Form F-4 (“Registration Statement”) with the U.S. Securities and Exchange Commission (“SEC”), which pertains to the proposed public offering of shares by MergeCo in connection with the Transaction and TRCA’s proxy solicitation with respect to approval of the Transaction by its shareholders.

A next, and expected final, version of the Registration Statement is expected to be lodged this Friday or Monday morning (US-time). This Registration Statement will contain the following disclosure relating to the Company’s cashflow projections.

The Company will lodge its Q4 FY23 Quarterly Activity Report & Appendix 4C (unaudited) on Monday 31<sup>st</sup> July (Australia-time) and a webinar notice to that effect will be lodged separately.

#### Cashflow Projections

Carbon Revolution has prepared a detailed cash flow projection for the 12 month period from August 1, 2023 (“Cash Flow Projection”) in connection with its assessment of its current and estimated liquidity, including its financing needs and ability to continue as a going concern (which applies to Carbon Revolution through to Implementation of the Transaction, and MergeCo and its subsidiaries, including Carbon Revolution (the “Combined Group”) post completion of the Transaction).

Carbon Revolution projects:

- Transaction costs (inclusive of the SPAC’s costs) of approximately A\$35.8 million (of which \$5.2 million is expected to be payable prior to Implementation, A\$22.9 million on Implementation and A\$7.7 million after Implementation); and
- net cash outflows in the 12 month period unrelated to the Transaction of approximately A\$79.1 million, being cash inflows from customers (and grants), less operating costs, research and development costs, working capital needs and capital expenditure.

Along with expected cash on hand at completion of the Transaction and assuming there is A\$15 million remaining in the SPAC Trust Account following redemptions,<sup>1</sup> the Group is seeking to raise US\$60 million (A\$90.3 million)<sup>2</sup> of additional capital by December 2023 to maintain sufficient cash on hand to comply with the liquidity covenants under the New Debt Program<sup>3</sup>, and to cover the above net cash outflows and to allow the Combined Group to continue as a going concern.

The Cash Flow Projection assumes that completion of the Transaction will occur in October 2023 and that the Company will be funded to completion of the Transaction and comply with the liquidity covenants under the New Debt Program, including with the ongoing support from one customer in the form of prepayment for shipped wheels and careful management of capital expenditures.

In relation to the expected A\$22.9 million transaction costs otherwise payable on completion of the Transaction, the Cash Flow Projection assumes that if MergeCo is unable to raise sufficient additional equity funding prior to or at completion, a significant majority of these costs will be deferred by agreement between Carbon Revolution and the SPAC and various transaction advisers for the amount and time period necessary to ensure sufficient liquidity is available and no covenants under the New Debt Program are breached (“Transaction Cost Deferrals”). The Combined Group must work with the relevant advisers to obtain these deferrals. While no agreements have been reached, the significant majority (approximately 90% in amount) of the relevant advisers have indicated in writing they are willing to work with Carbon Revolution and the SPAC to agree terms on which payments can be deferred if sufficient funding is not obtained before such payments become due.

The Cash Flow Projection assumes that US\$60 million (A\$90.3 million) of additional capital will be sourced prior to or following completion of the Transaction. As of the date of this announcement:

- a third party adviser has been engaged by the SPAC to act as placement agent and capital markets adviser to support the Combined Group in raising new capital. The adviser has in particular been engaged to identify and contact potential investors, formulate a strategy, coordinate due diligence and assist in preparing any offering documents;
- separately, Carbon Revolution is seeking to obtain a structured equity facility, which would involve the issue of preference shares and Warrants by MergeCo in exchange for up to US\$100 million which, if available at all, is likely to be conditional and available in tranches; and
- in addition, the CEF<sup>4</sup> is in place under which Yorkville has agreed to purchase up to US\$60 million in MergeCo Shares, subject to the terms of the CEF, including a restriction on MergeCo issuing shares which would result in Yorkville’s ownership in MergeCo exceeding 9.99% at any point in time. Given the CEF Ownership Restriction in

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<sup>1</sup> Reflects Carbon Revolution’s expectation of an aggregate redemption rate of approximately 95% of the Class A SPAC Shares on issue following the SPAC’s IPO, based on Carbon Revolution’s analysis of redemption data for other similar transactions.

<sup>2</sup> Where an amount is converted from AUD to USD or vice versa in this announcement, an AUD:USD exchange rate of 0.6646 has been used, being the rate published by the Reserve Bank of Australia on 28 June 2023.

<sup>3</sup> For further information on the New Debt Program, see the Company’s announcement on ASX on 24 May 2023 titled “Carbon Revolution Secures US\$60m Loan” (“Debt Program Announcement”).

<sup>4</sup> For more information on the CEF, please see the Company’s announcement on ASX on 30 November 2022 titled ‘Signing of merger agreement documents’ (“Merger Announcement”).

particular, MergeCo is planning to use the CEF in combination with other funding sources.

Notwithstanding the fact that it is assumed MergeCo will undertake a complying capital raising of US\$60 million by 31 December 2023, the Cash Flow Projection assumes that the additional 10% premium on the total principal payments under the New Debt Program<sup>5</sup> will be payable from January 2024.

The Cash Flow Projection projects that subject to the successful raising of an additional US\$60 million of capital which is not guaranteed and is subject to risks including those set out below, the Combined Group will have sufficient funds to meet its commitments and continue to comply with the financial covenants under the New Debt Program over the 12 months commencing 1 August 2023. The Carbon Revolution Board considers it has reasonable grounds to believe that the Combined Group will be successful in obtaining sufficient liquidity through the above funding initiatives. For these reasons, Carbon Revolution Directors believe that Carbon Revolution (and the Combined Group) is a going concern.

There are risks associated with the Cash Flow Projection including but not limited to:

- the Company may not receive the customer support it may require, or management of capital expenditure may not be possible without impacting supply obligations to customers and its ability to meet the financial projections of Carbon Revolution for CY23 and CY24 as last set out in the announcement by Carbon Revolution dated 6 June 2023 titled “Revised CY23 Financial Projections & Investor Presentation” (“**Financial Projections**”).;
- the Transaction may not be completed, or may be materially delayed;
- there may be less than A\$15.0 million cash remaining in the SPAC Trust Account at completion of the Transaction if redemptions of Class A SPAC Shares are higher than expected;
- there may be a delay in the availability of the CEF (the CEF will not be available until after completion and the filing by MergeCo with the SEC of a registration statement for the resale of the MergeCo shares, and such registration statement being declared effective by the SEC);
- as the terms of the CEF will not require Yorkville to purchase additional shares under the CEF beyond an overall ownership of 9.99% the Combined Group may have access to materially less than the US\$60 million headline figure of the CEF;
- the Combined Group may not be able to raise further equity funds from sources other than the CEF in the amounts and within the timeframes necessary for the Combined Group to remain solvent and to comply with its liquidity covenants, on satisfactory terms, or at all;
- the relevant advisers may not agree to the Transaction Cost Deferrals; and
- the Cash Flow Projection is subject to achievement of the Financial Projections of Carbon Revolution for CY23 and CY24 (as relevant) and the accompanying assumptions and risks applicable to the Financial Projections.

Should there be a material delay in the timing of completion of the Transaction or should completion not occur at all (including if Carbon Revolution ceases to be funded before completion or breaches its liquidity covenant and the servicer of the New Debt Program exercises its rights), this would have adverse implications for Carbon Revolution, Carbon Revolution

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<sup>5</sup> For further information on these payments, see the Debt Program Announcement.

Shareholders and creditors of Carbon Revolution. As Carbon Revolution is not yet profitable and does not yet derive positive net operating cash flows (and does not expect to be profitable or be able to derive positive net operating cash flows in the 12 month period of the Cash Flow Projection), if completion of the Transaction is materially delayed beyond October 2023 or does not occur, in order to remain viable, Carbon Revolution will need to seek other funding and liquidity options which may not be available.

Further, in the context of the New Debt Program, if the Transaction is delayed and Carbon Revolution does not raise additional funds through other sources, Carbon Revolution is likely to breach the liquidity covenants in the New Debt Program documentation and therefore be reliant on the servicer waiving such default in order to avoid the consequences of a default. Furthermore, subject to the length of the delay, Carbon Revolution could fail to cure, within the provided 60 day time period, the breach of the covenant in the New Debt Program documents to complete the Transaction by 31 August 2023.

Should the Transaction be completed but sufficient liquidity not be secured through the above funding initiatives, or should there be a delay in the timing of securing funds through these funding initiatives, this would have adverse implications for the Combined Group, MergeCo shareholders and its creditors. In these scenarios, the Combined Group will need to seek other options, including seeking further liquidity support from customers and suppliers, delaying or reducing operating and capital expenditure, seeking waivers in respect of potential covenant breaches, the possibility of an alternative transaction or fundraising, and in the event that none of these are available, liquidation or examinership (the Irish equivalent of voluntary administration).

Based on the factors above, a material uncertainty exists which may cast significant doubt as to whether Carbon Revolution, MergeCo and the Combined Group will continue as a going concern and therefore whether they will realize their assets and discharge their liabilities in the normal course of business and at the amounts stated in the financial statements.

Any additional equity funding is likely to be substantially dilutive to Carbon Revolution shareholders. Furthermore, any agreements for additional equity funding by MergeCo entered into prior to completion of the Transaction will require the consent of the SPAC, and such consent may be provided subject to conditions. If a condition of the consent is that the additional equity funding is not dilutive to SPAC shareholders, this will impact the number of MergeCo Shares to be received by Carbon Revolution shareholders under the Transaction for each of their Carbon Revolution Shares (which is currently expected to be 0.0877 MergeCo Shares for each Carbon Revolution Share.<sup>6</sup> Further, funding other than a “Qualified Equity Raising” or “Permitted Indebtedness” in each case as defined under the New Debt Program will require the consent of the servicer under the New Debt Program, and such consent may be provided subject to conditions.

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<sup>6</sup> As detailed in the Merger Announcement and the attached scheme implementation deed, the equity value ascribed to Carbon Revolution’s shares by the Transaction is calculated under the Transaction documents as US\$200 million less debt plus cash (subject to adjustments) of CBR as at 31 March 2023. The equity value has now been determined at US\$186.7m (AUD\$278.2m based on an AUD:USD exchange rate of 0.6646). This value will also change should Carbon Revolution issue additional equity.

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

For further information, please contact:

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## **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 lightweight wheels for cars and SUVs in the high performance, premium and luxury segments, for the world's most prestigious automotive brands. 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)

### **Information about Proposed Business Combination**

As previously announced, Carbon Revolution Limited ("CBR", "Carbon Revolution" or the "Company") (ASX: CBR) and Twin Ridge Capital Acquisition Corp. ("Twin Ridge" or "TRCA") (NYSE: TRCA) have entered into a definitive business combination agreement and accompanying scheme implementation deed ("SID") that is expected to result in Carbon Revolution becoming publicly listed in the U.S. via a series of transactions, including a scheme of arrangement. Upon closing of the transactions, the ordinary shares and warrants of the merged company, Carbon Revolution plc. (formerly known as Poppetell Limited), a public company incorporated in Ireland with registered number 607450 ("MergeCo"), that will become the parent company of the Company and Twin Ridge, are expected to trade on the Nasdaq in the United States, and Carbon Revolution's shares shall be delisted from the ASX.

### **Additional Information about the Proposed Business Combination and Where to Find It**

This communication relates to the proposed business combination involving CBR, TRCA, MergeCo, and Poppetell Merger Sub, a Cayman Islands exempted company and wholly-owned subsidiary of MergeCo ("Merger Sub"). In connection with the proposed business combination, MergeCo has filed with the U.S. Securities and Exchange Commission (the "SEC") a Registration Statement on Form F-4 (the "Registration Statement") and Amendment No. 1 thereto, including a preliminary proxy statement of TRCA and a preliminary prospectus of MergeCo relating to the MergeCo Shares to be issued in connection with the proposed business combination. The Registration Statement, as amended, is subject to SEC review and further revision and is not yet effective. This communication is not a substitute for the Registration Statement, the definitive proxy statement/final prospectus, when available, or any other document that MergeCo or TRCA has filed or will file with the SEC or send to its shareholders in connection with the proposed

business combination. This communication does not contain all the information that should be considered concerning the proposed business combination and other matters and is not intended to form the basis for any investment decision or any other decision in respect of such matters.

**BEFORE MAKING ANY VOTING OR INVESTMENT DECISION, TRCA'S SHAREHOLDERS AND OTHER INTERESTED PARTIES ARE URGED TO READ THE PRELIMINARY PROXY STATEMENT/PROSPECTUS AND THE DEFINITIVE PROXY STATEMENT/ PROSPECTUS, WHEN IT BECOMES AVAILABLE, AND ANY AMENDMENTS THERETO AND ANY OTHER DOCUMENTS FILED BY TRCA OR MERGECO WITH THE SEC IN CONNECTION WITH THE PROPOSED BUSINESS COMBINATION OR INCORPORATED BY REFERENCE THEREIN IN THEIR ENTIRETY BEFORE MAKING ANY VOTING OR INVESTMENT DECISION WITH RESPECT TO THE PROPOSED BUSINESS COMBINATION BECAUSE THEY CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED BUSINESS COMBINATION AND THE PARTIES TO THE PROPOSED BUSINESS COMBINATION.**

After the Registration Statement, as amended, is declared effective, the definitive proxy statement will be mailed to shareholders of TRCA as of a record date to be established for voting on the proposed business combination. Additionally, TRCA and MergeCo will file other relevant materials with the SEC in connection with the proposed business combination. Copies of the Registration Statement, as amended, the definitive proxy statement/ prospectus and all other relevant materials for the proposed business combination filed or that will be filed with the SEC may be obtained, when available, free of charge at the SEC's website at [www.sec.gov](http://www.sec.gov). In addition, the documents filed by TRCA or MergeCo may be obtained, when available, free of charge from TRCA at [www.twinridgecapitalac.com](http://www.twinridgecapitalac.com). TRCA's shareholders may also obtain copies of the definitive proxy statement/prospectus, when available, without charge, by directing a request to Twin Ridge Capital Acquisition Corp., 999 Vanderbilt Beach Road, Suite 200, Naples, Florida 60654.

#### **No Offer or Solicitation**

This communication is for information purposes only and is not intended to and does not constitute, or form part of, an offer, invitation or the solicitation of an offer or invitation to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of any securities, or the solicitation of any vote or approval in any jurisdiction, pursuant to the proposed business combination or otherwise, nor shall there be any sale, issuance or transfer of securities in any jurisdiction in contravention of applicable law. The proposed business combination will be implemented solely pursuant to the Business Combination Agreement and Scheme Implementation Deed, in each case, filed as exhibits to the Current Report on Form 8-K filed by TRCA with the SEC on November 30, 2022, which contains the full terms and conditions of the proposed business combination. No offer of securities shall be made except by means of a prospectus meeting the requirements of the Securities Act.

#### **Participants in the Solicitation of Proxies**

This communication may be deemed solicitation material in respect of the proposed business combination. TRCA, CBR, MergeCo, Merger Sub and their respective directors and executive officers, under SEC rules, may be deemed to be participants in the solicitation of proxies from TRCA's shareholders in connection with the proposed business combination. Investors and security holders may obtain more detailed information regarding the names and interests in the proposed business combination of TRCA's directors and officers in the Registration Statement, TRCA's filings with the SEC, including TRCA's initial public offering prospectus, which was filed with the SEC on March 5, 2021, TRCA's subsequent annual reports on Form 10-K and quarterly reports on Form 10-Q. To the extent that holdings of TRCA's securities by insiders have changed from the amounts reported therein, any such changes have been or will be reflected on Statements of Change in Ownership on Form 4 filed with the SEC. Information regarding the persons who may, under SEC rules, be deemed participants in the solicitation of proxies to

TRCA's shareholders in connection with the business combination will be included in the definitive proxy statement/prospectus relating to the proposed business combination, when it becomes available. You may obtain free copies of these documents, when available, as described in the preceding paragraphs.

## **Forward-Looking Statements**

All statements other than statements of historical facts contained in this communication are forward-looking statements. Forward-looking statements may generally be identified by the use of words such as "believe," "may," "will," "estimate," "continue," "anticipate," "intend," "expect," "should," "would," "plan," "project," "forecast," "predict," "potential," "seem," "seek," "future," "outlook," "target" or other similar expressions (or the negative versions of such words or expressions) that predict or indicate future events or trends or that are not statements of historical matters. These forward-looking statements include, but are not limited to, statements regarding the financial position, business strategy and the plans and objectives of management for future operations including as they relate to the proposed business combination and related transactions, pricing and market opportunity, the satisfaction of closing conditions to the proposed business combination and related transactions, the level of redemptions by TRCA's public shareholders and the timing of the completion of the proposed business combination, including the anticipated closing date of the proposed business combination and the use of the cash proceeds therefrom. These statements are based on various assumptions, whether or not identified in this communication, and on the current expectations of CBR's and TRCA's management and are not predictions of actual performance. These forward-looking statements are provided for illustrative purposes only and are not intended to serve as, and must not be relied on by any investor as a guarantee, an assurance, a prediction or a definitive statement of fact or probability. Actual events and circumstances are difficult or impossible to predict and may differ from such assumptions, and such differences may be material. Many actual events and circumstances are beyond the control of CBR and TRCA.

These forward-looking statements are subject to a number of risks and uncertainties, including (i) changes in domestic and foreign business, market, financial, political and legal conditions; (ii) the inability of the parties to successfully or timely consummate the proposed business combination, including the risks that we will not secure sufficient funding to proceed through to completion of the Transaction, any required regulatory approvals are not obtained, are delayed or are subject to unanticipated conditions that could adversely affect the combined company or the expected benefits of the proposed business combination, or that the approval of the shareholders of TRCA or CBR is not obtained; (iii) the ability to maintain the listing of MergeCo's securities on the stock exchange; (iv) the inability to complete any private placement financing, the amount of any private placement financing or the completion of any private placement financing on favorable terms; (v) the risk that the proposed business combination disrupts current plans and operations CBR or TRCA as a result of the announcement and consummation of the proposed business combination and related transactions; (vi) the risk that any of the conditions to closing of the business combination are not satisfied in the anticipated manner or on the anticipated timeline or are waived by any of the parties thereto; (vii) the failure to realize the anticipated benefits of the proposed business combination and related transactions; (viii) risks relating to the uncertainty of the costs related to the proposed business combination; (ix) risks related to the rollout of CBR's business strategy and the timing of expected business milestones; (x) the effects of competition on CBR's future business and the ability of the combined company to grow and manage growth, establish and maintain relationships with customers and healthcare professionals and retain its management and key employees; (xi) risks related to domestic and international political and macroeconomic uncertainty, including the Russia-Ukraine conflict; (xii) the outcome of any legal proceedings that may be instituted against TRCA, CBR or any of their respective directors or officers; (xiii) the amount of redemption requests made by TRCA's public shareholders; (xiv) the ability of TRCA to issue equity, if any, in connection with the proposed business combination or to otherwise obtain financing in the future; (xv) the impact of the global COVID-19 pandemic and governmental responses on any of the foregoing risks; (xvi) risks related to CBR's industry; (xvii) changes in laws and regulations; and (xviii) those factors discussed in

TRCA's Annual Report on Form 10-K for the year ended December 31, 2022 under the heading "Risk Factors," and other documents of TRCA or MergeCo to be filed with the SEC, including the proxy statement / prospectus. If any of these risks materialize or TRCA's or CBR's assumptions prove incorrect, actual results could differ materially from the results implied by these forward-looking statements. There may be additional risks that neither TRCA nor CBR presently know or that TRCA and CBR currently believe are immaterial that could also cause actual results to differ from those contained in the forward-looking statements. In addition, forward-looking statements reflect TRCA's and CBR's expectations, plans or forecasts of future events and views as of the date of this communication. TRCA and CBR anticipate that subsequent events and developments will cause TRCA's and CBR's assessments to change. However, while TRCA and CBR may elect to update these forward-looking statements at some point in the future, each of TRCA, CBR, MergeCo and Merger Sub specifically disclaim any obligation to do so, unless required by applicable law. These forward-looking statements should not be relied upon as representing TRCA's and CBR's assessments as of any date subsequent to the date of this communication. Accordingly, undue reliance should not be placed upon the forward-looking statements.