

CARBON REVOLUTION (ASX:CBR)

PRELIMINARY FY23 FINANCIAL RESULTS (UNAUDITED)

31 AUGUST 2023



Disclaimer

This presentation is provided by Carbon Revolution Limited ("Carbon Revolution" or the "Company") and comprises written materials/slides for a presentation concerning the Company and its operations and is for general information purposes only.

The FY23 financial information in this presentation is unaudited and final audited FY23 financial information may vary. This presentation is not a disclosure document and should not be considered as investment advice or an offer or invitation to subscribe for, or purchase any securities in Carbon Revolution, or an inducement to make an offer or invitation with respect to such securities. This presentation does not purport to cover all relevant information about any potential investment in Carbon Revolution. Accordingly, potential investors are advised to seek appropriate independent advice, if necessary, to determine the suitability of any investment. This presentation must not be relied on to make an investment or other financial decision and recipients should conduct their own investigations, enquiries and analysis and place no reliance on this presentation in evaluating any potential investment.

This presentation contains certain forward-looking statements which are based on Carbon Revolution's current expectations (as at the date of the presentation) about future events and on a number of assumptions which are subject to significant uncertainties and contingencies, many of which are outside the control of Carbon Revolution and its directors, officers and advisors. The words "expect", "anticipate", "estimate", "intend", "believe", "guidance", "should", "could", "may", "will", "predict", "plan" and other similar expressions are intended to identify forward-looking statements. Carbon Revolution undertakes no obligation to update these forward-looking statements for events or circumstances that occur subsequent to such statements or to keep current any of the information provided. Any estimates or projections as to events that may occur in the future (including projections of revenue, expense, net income and performance) are based upon the best judgment of Carbon Revolution and there is no guarantee that any of these estimates or projections will be achieved. Actual results will vary from the projections and such variations may be material. Carbon Revolution has no obligation to tell recipients if it becomes aware of any inaccuracy in or omission from the information in this presentation.

No representation, warranty or assurance (express or implied) is given or made by Carbon Revolution that the forward-looking statements contained in this presentation are accurate, complete, reliable or adequate or that they will be achieved or prove to be correct. Accordingly, to the maximum extent permitted by applicable laws, none of Carbon Revolution or its respective officers, employees and advisers take any responsibility or assumes liability (including in negligence) for the authenticity, validity, accuracy, suitability or completeness of, or any errors in or omissions from, any information, statement or opinion contained in this presentation. All liability whatsoever (including in negligence) for any direct or indirect loss or damage which may be suffered by any person as a consequence of any information in this presentation or any error or omission therefore, is excluded.

Investors should be aware that certain financial measures included in this presentation are 'non-IFRS financial information' under ASIC Regulatory Guide 230: 'Disclosing non-IFRS financial information' published by ASIC and 'non-GAAP financial measures' within the meaning of Regulation G under the U.S. Securities Exchange Act of 1934, as amended, and are not recognised under AAS and IFRS. Non-IFRS financial information in this presentation includes direct costs, contribution margin, EBITDA and Backlog which have not been subject to audit. Such non-IFRS financial information does not have a standardised meaning prescribed by AAS or IFRS. Therefore, the non-IFRS financial information may not be comparable to similarly titled measures presented by other entities, and should not be construed as an alternative to other financial measures determined in accordance with AAS or IFRS. Although Carbon Revolution believes these non-IFRS financial measures provide useful information to investors in measuring the financial performance and condition of its business, investors are cautioned not to place undue reliance on any non-IFRS financial information included in this presentation. Investors should also note the Preliminary FY23 (Unaudited) Financial Results are unaudited and should be read in conjunction with the accompanying Appendix 4E and Preliminary FY23 (Unaudited) Financial Statements.

Other than for the pictures of the Carbon Revolution facilities and machinery, the assets featured in the pictures in this presentation are not assets of the Company. By accepting this presentation, you acknowledge and agree to be bound by each of the foregoing statements.

Authorised for lodgment to ASX by the Board of Directors of Carbon Revolution Limited.



Purpose and Vision

Purpose

To transform the performance and sustainability of the world's vehicles

Vision

To be the world leader in light weight wheels



Range Rover Sport SV

Ford Mustang Dark Horse

Carbon Revolution Opportunity



Large addressable market for this new disruptive technology and enabler to range extension and regulatory compliance of electric vehicles (EVs)



Unique and protected technology – Carbon Revolution is years ahead of the competition



Strong and diverse customer relationships with major global car makers



Revenue base from contracted wheel programs with blue-chip OEM customers provides substantial visibility



Projected revenue backlog with global OEMs embeds Carbon Revolution in their business and delivers clear path to growth



New production technology drives capacity growth and reduction in cost per wheel

\$38Bn
Automotive Wheel Market ⁽¹⁾

103
Patents ⁽²⁾

18
Awarded OEM Programs to Date

A\$970M
Company Backlog With Global OEMs ⁽³⁾

(1) Verified Market Research, Global Automotive Wheel Market Size by Rim October 2022.

(2) 80 granted (including 2 pending national validations on a granted EU patent), 23 pending patents (including two patent cooperation treaty (PCT) applications and one provisional application)

(3) Backlog as of 5/29/2023, Backlog (remaining lifetime gross program projected revenue) is based on awarded programs and excludes programs that are contracted for engineering. See Projection Methodologies for important details.



Transformative Progress in FY23

Carbon Revolution has made **material progress across new business awards, operations and funding**



Awarded a further 5 programs since August 2022 – including the first 2 for Electric Vehicles - taking total awarded now to 18 programs⁽¹⁾ with six global OEMs



Backlog has more than doubled⁽²⁾ to A\$970m, due primarily to new program awards
Almost 50% of backlog is now for Electric Vehicles



Jaguar Land Rover revealed the 2024 **Range Rover Sport SV, the first premium SUV** featuring Carbon Revolution's carbon fiber wheels. Ford revealed the 2024 **Mustang Dark Horse**, our first core vehicle program with Ford



Phase 1 Mega-line construction and commissioning made strong progress with production wheels now being supplied



Progressing access to international capital markets

- **Merger announced and progressing**
- **US\$60m debt facility secured**



(1) Lifetime awards, of which 6 are in production, 7 are in development and 5 are in aftersales

(2) Backlog as of 5/29/2023, Backlog (remaining lifetime gross program projected revenue) is based on awarded programs and excludes programs that are contracted for engineering. See Projection Methodologies for important details.

New Program Awards Drive Backlog Growth in FY23

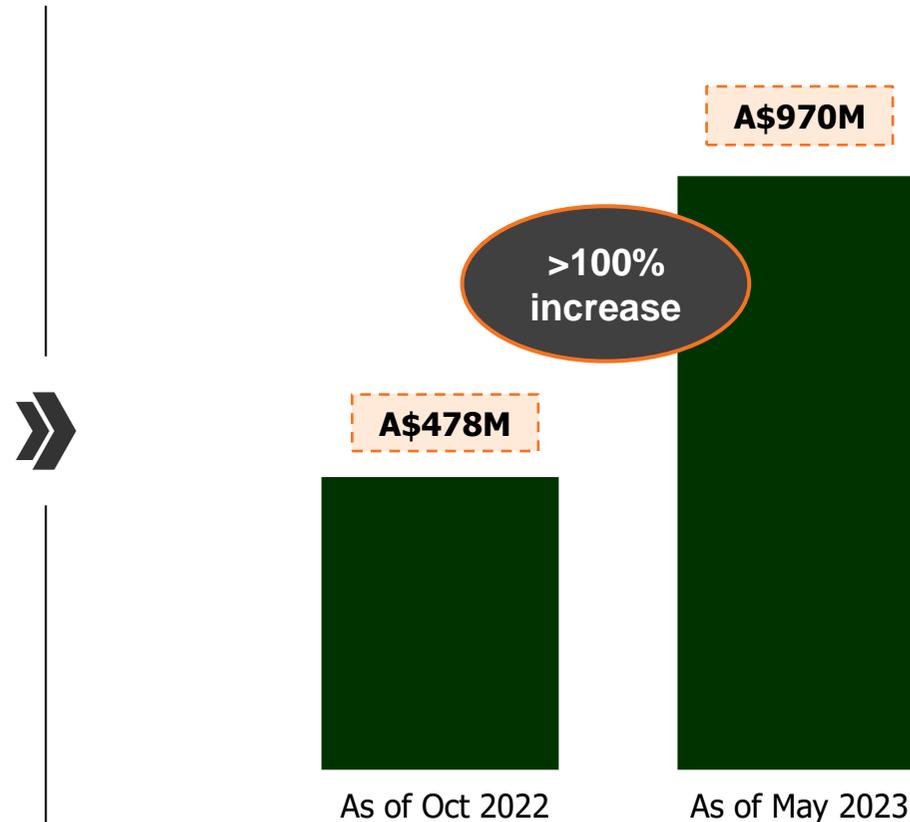
Highly Positive Program Update

- Company has been awarded 5 programs in the past year (4 in FY23), including two large North American EV SUV programs
- 18 awarded programs to date

Stage of Awarded Program Lifecycle		Current (1)	Last Year (2)
Programs in Production		6	6
Awarded Programs in Development	Electric Vehicles	2	0
	ICE (3) Premium Vehicles	5	4
Total Active Programs		13	10
Programs in Aftersales		5	3
Total Lifetime Programs		18	13

Substantial and Increasing Backlog of Awarded Volumes (4)

- Backlog has more than doubled since October 2022
- Almost 50% of backlog from Electric Vehicle programs



(1) As of 31 August, 2023. (2) As of 29 August, 2022.

(3) ICE represents Internal Combustion Engine vehicles (including hybrids).

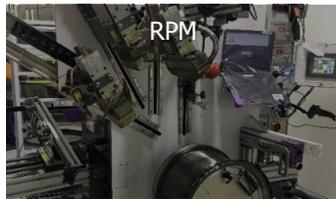
(4) Backlog as of 31/10/2022 and 29/5/2023, Backlog (remaining lifetime gross program projected revenue) is based on awarded programs and excludes programs that are contracted for engineering. Please see Disclaimer, Risk Factors and Projection Methodologies for important details.

Mega-line Commissioning Tracking Well

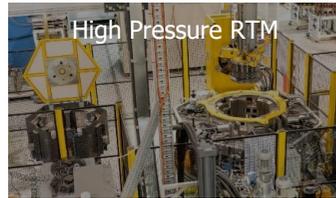
Cutting



Rim layup



Inj. and moulding



Process Evolution



Industrialised and highly automated advanced manufacturing cells which are expected to deliver high volumes with dramatically reduced labour inputs



Utilising state of the art technology developed by Carbon Revolution and its partners in Australia



Commissioning of the first phase of the Mega-line is progressing well. Customer wheels are in production. Additional capacity expected to be added through to 2025



Securing larger programs is consistent with Carbon Revolution's industrialisation strategy and is underpinned by the Company's strong record of supplying this technology



Future expansion likely to be in markets close to customers and at lower cost

Sales Mix and Operational Progress Drives Contribution Margin Growth

Strong safety record

6.2 lost-time-injury frequency rate (LTIFR) is below industry average⁽²⁾

Strong year end sales momentum

- FY23 revenue down 5% down on FY22 driven by the delay in the Corvette between August 2022 and January 2023
- Exited the financial year with strong sales momentum with production increasing for both the Corvette program and the newly launched Range Rover Sport SV program
- Average price per wheel increased by 5.7% compared to PCP driven by product mix

Improved Contribution and Flat Adjusted EBITDA

- Positive contribution margin of \$2.5m was up 33% compared to PCP
- Improved pricing due to mix and a strong focus on improving production processes drove enhanced contribution margin
- EBITDA (adjusted for capital raising transaction costs) flat with tight cost control
- Adjusted operating cashflow improved with tight cost control and customer and supply liquidity initiatives

Metrics ⁽¹⁾	FY23	FY22	Change %
Safety – LTIFR ⁽²⁾	6.2	0	-
Number of Wheels Sold	13,163	14,205	(7.3%)
Revenue (\$m)	38.3	40.3	(5.1%)
Contribution Margin ⁽³⁾ (\$m)	2.5	1.9	33%
EBITDA – adjusted (\$m)	(38.4) ⁽⁴⁾	(37.5)	(2.6%)

1) Financials are unaudited

2) LTIFR Lost Time Injury Frequency Rate, per million hours worked. Safe Work Australia manufacturing industry average = 11.1

3) Contribution margin is Wheel Revenue less Direct Costs. Direct costs include: Raw materials and consumables, direct labour, freight and other direct costs

4) Excludes \$24.7m capital raising transaction costs. Refer to Appendix 1 for additional information

Earnings Impacted by One-off Transaction and Capital Raising Costs

FY23 revenue down 5% on FY22 driven by the delay in the Corvette between August 2022 and January 2023

Exited the financial year with strong sales momentum with production increasing for both the Corvette program and the newly launched Range Rover Sport SV program

Contribution margin of \$2.5m increased by 33% driven by favourable product mix, a price increase and improved labour efficiencies

Effective cost control delivers stable expenses

- R&D costs flat despite growth in underlying activity in new launches and development projects
- SG&A also remained relatively flat, despite cost inflationary environment

Non-recurring transaction costs related to the announced merger of \$24.7m

Net interest expense increased to \$5.5m due to increased borrowings and one-off refinancing costs

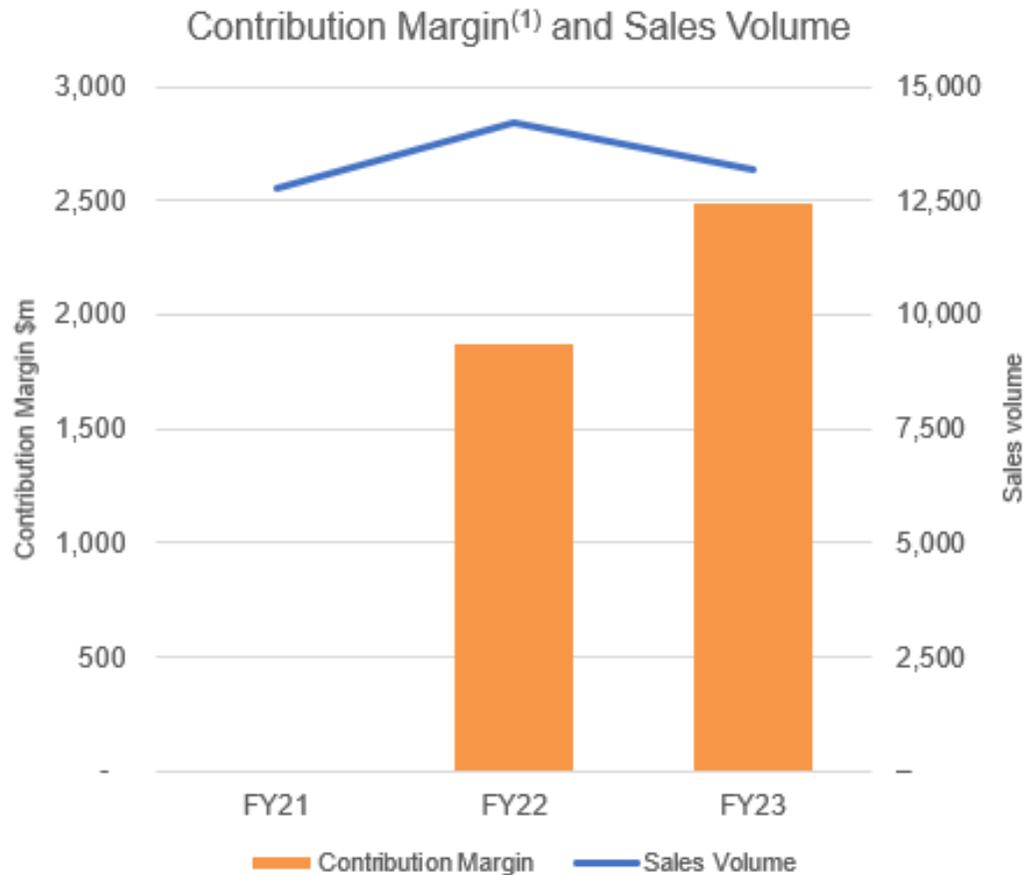
Consolidated Statement of Comprehensive Income	FY23 \$m	FY22 \$m	Change %
Total revenue	38.3	40.3	-5.1%
Direct costs	35.8	38.5	-7.0%
Contribution margin	2.5	1.9	33%
Manufacturing overheads & non cash absorbed costs	19.3	19.0	1.8%
Gross loss	(16.8)	(17.1)	1.6%
<i>% of total revenue</i>	-44%	-42%	
Research and development	16.2	16.9	-4.4%
Selling, General & Admin (excl. one offs)	19.1	16.7	14.1%
Capital raising transaction costs	24.7	-	
Total expenses	60.0	33.6	78%
Other income	3.1	4.3	-28%
EBIT	(73.7)	(46.4)	-59%
Net interest expense	5.5	1.4	296%
Loss after tax	(79.2)	(47.8)	-66%
Add back Capital raising transaction costs	24.7	-	
EBIT - Adjusted	(49.0)	(46.4)	-5.5%

Unaudited financials

Contribution margin is Wheel Revenue less Direct Costs. Direct costs include: Raw materials and consumables, direct labour, freight and other direct costs

Refer to Appendix 1 for additional information for additional information on transaction costs

Contribution Margin Growth Achieved Despite Lower Volumes



Higher average wheel price and continued focus on production efficiency offset cost pressures

Production mix of wheels more strongly weighted to higher cost low pressure moulding than FY22. Year-end mix reverted to high pressure moulding with increasing production volumes of both the Corvette Z06 and Range Rover Sport SV wheels

Mix of wheels more weighted to older technology resulted in higher price and cost per wheel, but with higher margin. Contribution margin improvements in future periods are expected to arise from efficiency and scale benefits

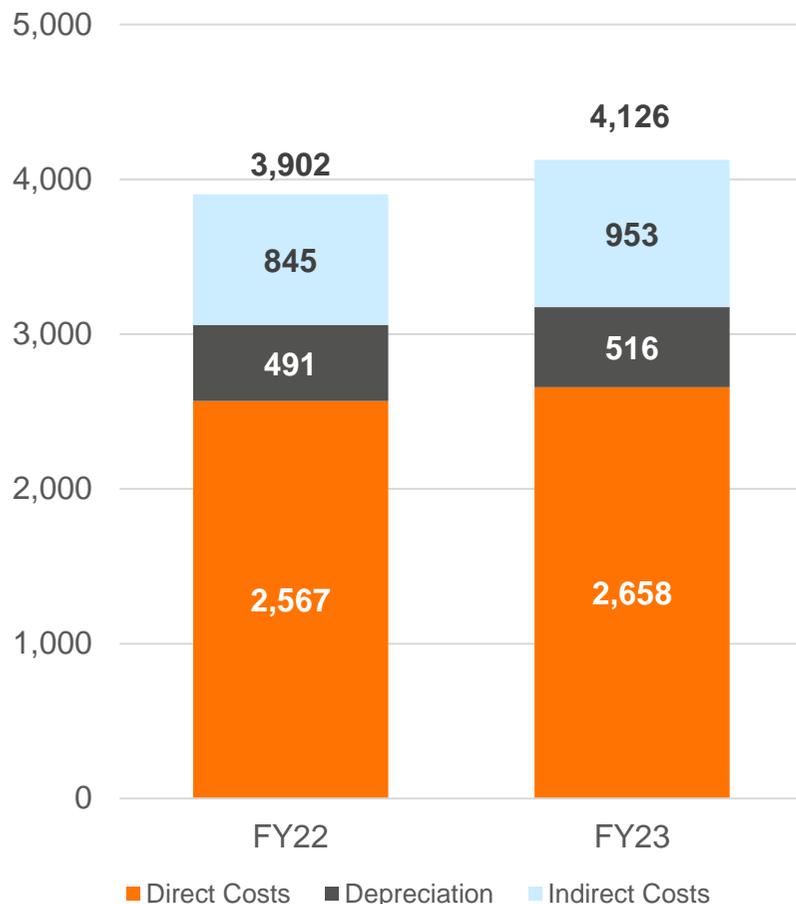
In process of negotiating cost recovery of raw material cost increases with customers

Contribution Margin per Wheel	\$ -	\$131	\$189
Avg. Price per Wheel	\$2,526	\$2,695	\$2,847

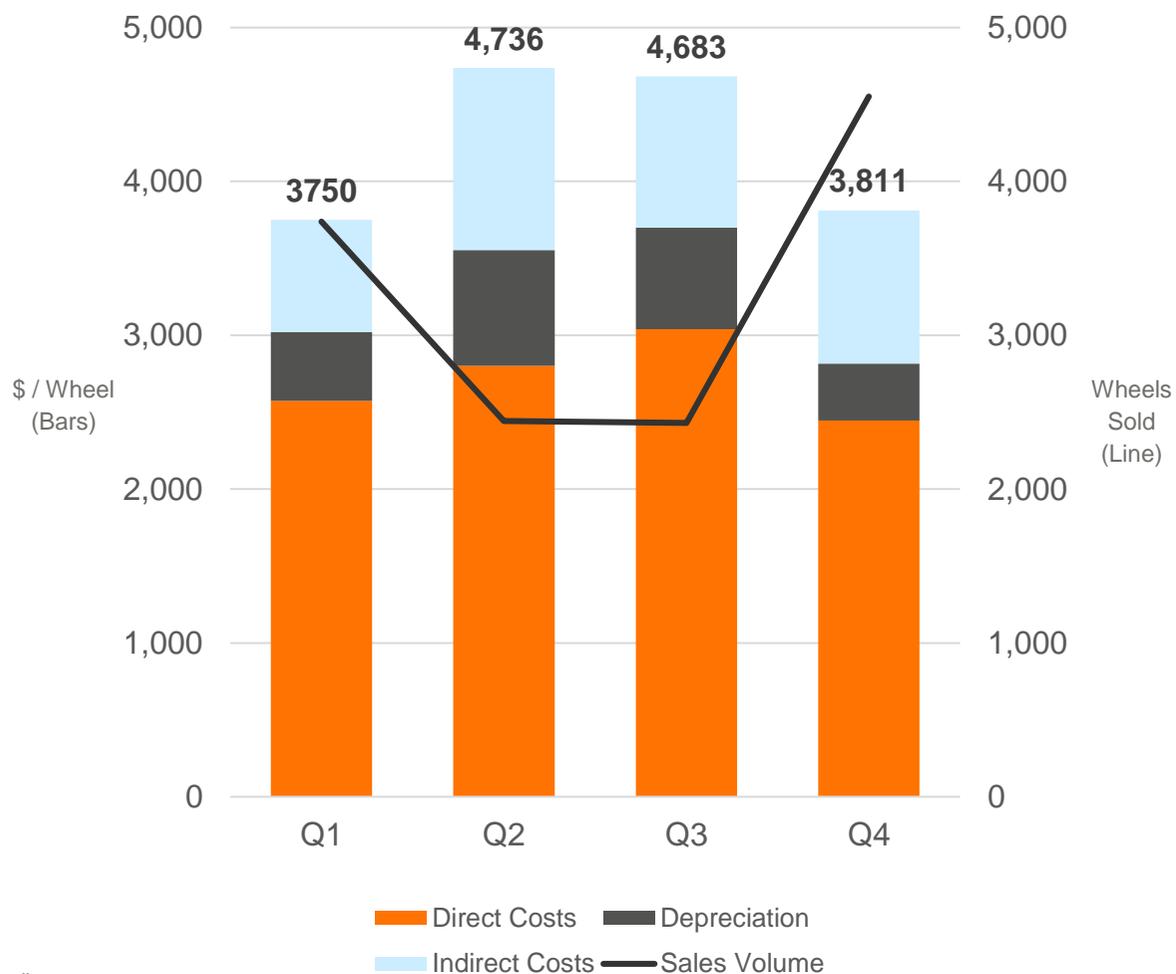
1: Contribution margin is Wheel Revenue less Direct Costs. Direct costs include: Raw materials and consumables, direct labour, freight and other direct costs

Exited the Year with Strong COGS Improvement Following Mega-line Commissioning and Increased Volumes

Cost of Goods Sold per Wheel



Cost of Goods Sold per Wheel and Sales Volume by Quarter - FY23



Direct costs include: Raw materials and consumables, direct labour, freight and other direct costs
 Indirect costs include: Allocated manufacturing overheads, scrap and other allocated indirect costs



New Debt Program & Liquidity Initiatives Drive Cashflow Improvements

Net cash used in operating activities adjusted for borrowing and transaction reduced by \$23.2m

- Customer receipts growth of \$12.1m primarily reflects customer liquidity initiatives through temporary advanced payments
- MMI grant and other grant advances assist short-term liquidity
- Continued strong cost control focus
- \$20.7m costs associated with the US\$60m new debt program classified as operating costs and \$9m of capital raising transaction costs⁽¹⁾

Investing cashflows for growth

- Investing cash for growth at \$18m, \$3.6m lower than FY22 following peak investment in the Mega-line through FY22 and small reduction in capitalised R&D

US\$60m new debt program completed

- \$66.5m net financing cash inflow primarily from US\$60m new debt program

	FY23	FY22	Change
	\$m	\$m	\$m
Cashflow summary			
Net cash from operating activities	(52.5)	(46.0)	(6.5)
Net cash used in investing activities	(18.0)	(21.6)	3.6
Net cash from financing activities	66.5	3.3	63.2
Net cash inflow / (outflow)	(4.0)	(64.3)	60.3

	FY23	FY22	Change
	\$m	\$m	\$m
Operating Cashflows			
Receipts from customers	45.7	33.6	12.1
Receipt of grants and R&D incentives	15.4	3.8	11.7
Payments to suppliers and employees	(80.2)	(81.0)	0.8
Borrowing costs	(20.7)	0.0	(20.7)
Capital raising transaction costs	(9.0)	0.0	(9.0)
Interest received	0.1	0.1	(0.0)
Finance costs	(3.8)	(2.5)	(1.3)
Net cash used in operating activities	(52.5)	(46.0)	(6.5)
Less Borrowing and Capital raising costs	29.7	0.0	29.7
Net cash used in operating activities adjusted for borrowing and transaction costs	(22.8)	(46.0)	23.2

Refer to Appendix 1 for additional information on New Debt Program
Other one-off items have not been adjusted in the operating cashflow adjustment above

Working Capital Reduction through Liquidity Initiatives & Efficiency

Net debt position increased

\$66.5m net financing cash inflow primarily from US\$60m new debt program⁽¹⁾ increased net debt position to \$50.4m

Working capital reduced by \$9m with tight cost control and liquidity initiatives

- Customer liquidity initiatives drove receivables reduction by \$8.1m compared to prior year
- Net contract asset reflects growth in logistics pipeline associated with the relevant customer programs
- Increased sales rate at year end with inventories increasing by \$3m, more than offset by payables (\$6m) increase
- Receivables financing refinanced in FY23 with the US\$60m new debt program

	FY23	FY22	Change
	\$m	\$m	\$m
Net Debt Position			
Total loans and borrowings	84.7	23.0	61.7
Less: Cash and cash equivalents	(19.6)	(22.7)	3.1
Less: Restricted cash	(14.7)	-	(14.7)
Net debt/(cash)	50.4	0.3	50.1

	FY23	FY22	Change
	\$m	\$m	\$m
Working Capital			
Receivables	6.4	14.5	(8.1)
Net Contract Asset/ (Liability)	7.5	5.5	2.0
Inventories	22.2	20.2	3.0
Less: Payables	(15.5)	(9.5)	(6.0)
Working Capital	20.6	30.6	9.0
Receivables financing	-	(6.5)	(6.5)
Working Capital adjusted	20.6	24.1	(3.5)

Transaction Update

Transaction Update

- The proposed merger (“Transaction”⁽¹⁾) with Twin Ridge Capital Acquisition Corp. (NYSE:TRCA) announced on 30 November 2022 continues to progress. The Transaction requires approval by shareholders of both CBR and TRCA
- On implementation of the Transaction, CBR will be acquired by Carbon Revolution plc, an Irish company, expected to list on NYSE American. CBR will delist from ASX
- Form F-4 Registration statement has progressed through a number amendments and is currently under review by SEC. The Company expects the Registration Statement to become effective during September or October
- TRCA Shareholder vote expected to occur in October and redemption level will be known 2 days prior to the TRCA Shareholder vote

Liquidity and Future Growth Funding

- To ensure the Company remains a going concern, liquidity continues to be managed tightly, including support from both customers and suppliers
- TRCA merger facilitates the Company’s access to international capital markets with significant potential new sources of capital for future growth

(1) For more information on the Transaction, please see the Company’s announcement on ASX on 30 November 2022 titled ‘Signing of merger agreement documents’ (“Merger Announcement”).

Summary and Focus for 1H FY24



1

Delivering sales growth from programs in production

- Continue to capitalise on sales momentum on Corvette Z06 & Range Rover Sport SV programs
- Production ramp of the Ford Mustang Dark Horse



2

Progress development activities of awarded programs

- 7 awarded programs under development drives significant development and launch activities



3

Utilising the Mega-line to produce wheels more efficiently

- Complete commissioning of the current phase of the Mega-line
- Continue ramp up production through the Mega-line
- Increased efficiencies to drive contribution margin growth



4

Complete merger and growth funding

- Customer, supplier and other near-term liquidity and funding initiatives
- Progress merger and growth financing
- US exchange will enable access to US capital markets and funding for business growth



Appendix 1- Costs Related to Transaction



Appendix 1 – Transaction Costs

Transaction Costs	FY23 \$m	FY22 \$m	Comment
Transaction costs recognised in the profit and loss statement	24.7	-	As of 30 June 2023 all costs relating to the successful closure of the transaction have been provided for and expensed through the consolidate statement of profit or loss. Of the total costs recognised, \$12.9 million relate to costs only due and payable on transaction closure and \$2.9 million are due for payment before closure. Transaction costs described here do not include all costs expected to be paid by the merged entity.
Transaction costs recognised in trade payables	5.4	-	
Transaction costs recognised in accruals	5.7	-	The Group recognised \$24.7 million of transaction costs in the current year. In recognising the transaction costs, management considered the requirements under IAS 37 Provisions,
Transaction costs recognised in provisions	9.5	-	contingent liabilities and contingent assets. As management determined that it is probable that the transaction will close, success fees for services incurred that are payable upon transaction
Transaction costs recognised in the operating cash flow	9.0	-	closure have been provided for. This is considered a key judgement.

Refer to Preliminary (Unaudited) Financial Statements for additional information related to these items.



Projection Methodologies

Projection Methodologies

Basis of preparation

Pages 4,5 and 6 of this presentation contain the Company's estimates of **Backlog**. Backlog is the remaining lifetime gross program projected revenue and is based on awarded programs (both in production and development) and excludes programs that are contracted for engineering. Backlog projections should not be relied upon as being necessarily indicative of future results.

Backlog has been prepared by the Company as part of its internal long-range planning process and are included in this document to provide current and potential investors with information to assist them in understanding the Company's forecast financial performance.

The Directors of the Company are responsible for the preparation of Backlog. The Directors of the Company consider that Backlog provides a reasonable basis for current and potential investors to assess the Company's forecast financial performance, in the context of the Assumptions and Risks outlined below. Backlog does not factor in any general contingency to allow for changes in OEM production schedules (e.g. to reflect supply chain disruption, as has been observed over the last 2-3 years). Inclusion of Backlog should not be regarded as a representation by any person that the results contained in the Financial Projections will be achieved.

Assumptions

Backlog has been prepared on a detailed, bottom-up basis. Backlog utilizes contracted pricing multiplied by wheel volumes determined as set out below. The assumptions applied in relation to **Backlog** are:

- **Volumes:** The Company has undertaken a detailed assessment of expected wheel volumes on a program-by-program basis, taking into account contractual arrangements and correspondence with respective OEMs for awarded projects together with management's expectations. Whilst the Company's contracts with OEMs do not provide contractual or minimum volume guarantees, the Company is in regular dialogue with OEMs in relation to OEMs' production forecasts, which provides a degree of visibility over future volumes (particularly in the short-term). This correspondence with OEMs forms the primary basis of the volume projections for awarded projects, supplemented (where relevant) by other sources of information (e.g. market data, production capacity requests from OEMs, take rate indications, management expectations of volumes based on experience and market knowledge)
- **Pricing:** Pricing is projected on a program-by-program basis, taking into account contracted amounts for awarded programs, expected price increases and tendered amounts for pipeline programs. The Company is currently in discussions with all customers in relation to potential price increases in light of input cost inflation and has included in its forecast expected price increases where applicable. Currently contracted prices are used for backlog calculations.

Key Risks (Backlog)

The following items represent the key risks contained within Backlog. This list is not considered exhaustive and should be considered in the context of the Risks outlined in the Risk Factors section of this presentation.

- **Volumes:** Awarded wheel programs may experience delays in development or production, or wheel production volume increases may not be as expected, or programs may be cancelled.
- **Pricing:** The price received by the Company for its wheels may be different from expectations. Similarly, the Company may not recover engineering and development or tooling costs from its customers to the extent expected.
- **FX:** Foreign exchange rates could adversely impact the Company's financial performance (notably a weaker Australian Dollar than assumed in Backlog).



Risk Factors

Risk Factors

Business Risks

- If completion of the Business Combination is delayed materially beyond October or November 2023, Carbon Revolution may need additional funding to continue operating. If completion of the Business Combination is delayed beyond August 31, 2023, Carbon Revolution would also breach a covenant under its US\$60 million New Debt Program. Carbon Revolution would have 60 days to cure any such breach by completing the transaction by October 30, 2023. If Carbon Revolution was unable to do so, absent a waiver from the Servicer, the Servicer would be entitled to accelerate repayment of the principal and interest owing under the New Debt Program and exercise its security over Carbon Revolution's assets.
- Under the New Debt Program, Carbon Revolution is subject to financial covenants relating to revenue thresholds, EBITDA, capital expenditure limits and liquidity ratios. If Carbon Revolution breaches these covenants, and Carbon Revolution is unable to cure the breach within the available cure period (where a cure right exists), the Servicer could accelerate repayment of the principal and interest owing under the New Debt Program and enforce its security as noted above.
- If Carbon Revolution does not have sufficient funds to make the required repayments of principal, interest and any additional amounts due to the Servicer under the New Debt Program, or another event of default arises, and the foregoing is or are not waived, the Servicer may also accelerate repayment of the principal and interest and enforce its security as noted above.
- Carbon Revolution has an obligation under the New Debt Program to raise further new equity or subordinated debt by December 31, 2023. Carbon Revolution will be required to pay a further US\$3 million over the remaining life of the loan if it fails to raise \$60 million new equity or subordinated debt by December 31, 2023, and will be required to pay an additional US\$3 million over the remaining life of the loan if it fails to raise \$45 million new equity or subordinated debt by December 31, 2023.
- Carbon Revolution is not yet profitable or cash flow positive and it may take longer for Carbon Revolution to reach profitability or become cash flow breakeven than anticipated (or it may never occur), and Carbon Revolution may not be able to obtain financing to fund its operations on acceptable terms, or at all, which may result in Carbon Revolution being unable to meet its future capital needs, limiting its ability to grow and jeopardizing its ability to continue operating.
- If the Business Combination does not complete, Carbon Revolution will not gain access to any additional funding from the SPAC Trust or the Committed Equity Facility that would otherwise be available to it.
- Carbon Revolution's customer contracts contain no take or pay provisions or other minimum purchase requirements and its customers may not order wheels as expected.
- Wheel programs may not be awarded or may not be awarded in the expected timeframe or for the expected volumes. Carbon Revolution's view of expected volumes may not be achieved or may not be achieved within expected timeframes.
- Carbon Revolution may not be able to execute its plans to increase its capacity to the extent expected within the timeframes as expected and/or at the expected cost.
- Carbon Revolution's relationships with suppliers and technical partners may deteriorate or there may be other issues with goods, services or equipment received from suppliers.
- As a manufacturer of a highly complex and innovative product (which is continuing to evolve), and which requires bespoke equipment to be designed and produced for numerous steps of the production process, Carbon Revolution is subject to inherent risks in the development and use of new technology, including equipment not performing to the level expected, product quality not being to the level desired, and manual labour required to finish wheels being greater than expected.

Risk Factors (cont.)

Business Risks (Cont.)

- Carbon Revolution may be unable to retain and increase its workforce as required, or the cost of doing so may be higher than expected. Workforce engagement issues and industrial action may impact Carbon Revolution's operations and growth. Further, loss of or failure to replace or hire key persons may impact Carbon Revolution's operations and growth.
- Carbon Revolution is exposed to price increases from suppliers and may not be able to pass those increases on to customers in full or at all.
- Carbon Revolution's competitive position or market share may deteriorate including as a result of actions by it or its competitors.
- Carbon Revolution is a recipient of grant funding under various grants that include obligations to repay grant funding received in certain circumstances, including where Carbon Revolution is in breach of certain obligations under the relevant agreements.

Transaction Risks

- Twin Ridge Capital Sponsor LLC (the "Sponsor") and each of the SPAC's officers and directors agreed to vote in favour of the business combination, including the Business Combination in particular, as applicable, regardless of how the public shareholders vote.
- Since the Sponsor and the SPAC's directors and executive officers have interests that are different or in addition to (and which may conflict with), the interests of the SPAC's other shareholders, a conflict of interest may exist in determining whether the business combination with Carbon Revolution is appropriate as the SPAC's business combination. Such interests include that the Sponsor and the SPAC's directors and executive officers may lose their entire investment if the business combination is not completed, and that the Sponsor will benefit from the completion of the business combination and may be incentivized to complete the business combination, even if it is with a less favourable target company or on less favourable terms to shareholders, rather than liquidate the SPAC.
- The process of taking a company public by means of a business combination with a special purpose acquisition company is different from taking a company public through an underwritten offering and may create risks for our unaffiliated investors.
- Twin Ridge and Carbon Revolution will incur significant transaction and transition costs in connection with the Business Combination.
- The ability to successfully effect the Business Combination and to be successful thereafter will be dependent upon the efforts of our key personnel, some of whom may be from Twin Ridge and Carbon Revolution, and some of whom may join Carbon Revolution Public Limited Company, a public company incorporated in Ireland with registered number 607450 ("MergeCo") following the Closing. The loss of key personnel or the hiring of ineffective personnel after the Business Combination could negatively impact the operations and profitability of MergeCo's business following the Closing.
- If the conditions to the Business Combination Agreement and the Scheme Implementation Deed are not met, the Business Combination may not occur.
- MergeCo will be a holding company with no business operations of its own and will depend on cash flow from Carbon Revolution to meet its obligations.
- The price of the MergeCo Ordinary Shares and MergeCo Public Warrants may be volatile.

Risk Factors (cont.)

Transaction Risks (cont.)

- A significant portion of the SPAC's total outstanding shares are restricted from immediate resale but may be sold into the market in the near future. This could cause the market price of MergeCo Ordinary Shares to drop significantly, even if MergeCo's business is doing well.
- A market for MergeCo's securities may not develop, which would adversely affect the liquidity and price of MergeCo's securities.
- MergeCo may lose its foreign private issuer status in the future, which could result in significant additional costs and expenses. This would subject MergeCo to GAAP reporting requirements which may be difficult for it to comply with. If Twin Ridge fails to consummate the Committed Equity Financing, it is possible that the Business Combination may not be completed.
- MergeCo is incorporated in Ireland; Irish law differs from the laws in effect in the United States and accordingly the rights afforded to shareholders under Irish law may be different to those afforded to shareholders under United States law.
- As an Irish public limited company, certain decisions to change the capital structure of MergeCo will require the approval of MergeCo shareholders, which may limit MergeCo's flexibility with respect to managing its capital structure.
- Investors may face difficulties in protecting their interests, and their ability to protect their rights through the U.S. federal courts may be limited, because MergeCo is formed under Irish law.

Redemption Risks

- Public shareholders who wish to redeem their public shares for a pro rata portion of the trust account must comply with specific requirements for redemption that may make it more difficult for them to exercise their redemption right prior to the deadline. If shareholders fail to comply with the redemption requirements specified, they will not be entitled to redeem their public shares for a pro rata portion of the funds held in the trust account.

CARBON REVOLUTION (ASX:CBR)

FY23 FINANCIAL RESULTS

