

**Carbon Revolution Limited**

Geelong Technology Precinct
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Australia

ABN: 96 128 274 653



Automotive
TS 16949



Quality
ISO 9001



Environment
ISO 14001



Carbon Revolution (ASX code: CBR) ASX announcement

Geelong, Australia, Friday 29 October 2021:

The Chair and CEO's addresses to the Carbon Revolution Limited 2021 Annual General Meeting on 29 October 2021 are attached, as required by Listing Rule 3.13.3.

Authorised for release by the Company Secretary of Carbon Revolution Limited

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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

CARBON REVOLUTION LIMITED - 2021 ANNUAL GENERAL MEETING

Friday 29 October 2021

Address by the Chair, James Douglas

Good morning shareholders and guests. My name is James Douglas and I am the Chair of Carbon Revolution. On behalf of the Board and management of Carbon Revolution, I extend a warm welcome to you all to the Company's second Annual General Meeting after our listing.

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

I am disappointed that we cannot be together in person, but in response to Government restrictions and the potential health risks arising from the COVID-19 pandemic, the Board determined to hold this year's Annual General Meeting virtually. We very much appreciate your understanding at this time and we thank you for joining our virtual meeting.

We have published on our website and on the ASX an online AGM guide. This is also available to download at the bottom your screen. I will go through the technical and procedural matters for the AGM shortly.

Before proceeding with the formal parts of the meeting, I would like to acknowledge the many traditional owners of the lands which we are joining the meeting from today. For those of us here at Coventry Street, Southbank, we acknowledge the Traditional Owners of the land on which we are meeting, the Wurundjeri People and we also acknowledge the Wadawurrung People, the Traditional Owners of the land where our Geelong facility is located. 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 would like to start by introducing our Board of Directors, who are all present with me today.

- Jake Dingle, CEO and Managing Director
- Lucia Cade
- Dale McKee
- Mark Bernhard

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 his attendance today.

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

Firstly, in relation to shareholder questions. We are only taking questions from shareholders today, or their representatives. You can submit questions at any time, you do not need to wait until the relevant item of business. We encourage you to submit your questions as soon as possible. We will then seek to address your questions during the discussion on the appropriate item of business. We will endeavour to answer as many questions from shareholders as we can.

To ask a question please click on the "Ask a Question" button, type your question and click "Submit". You will need to provide your details (including Shareholder Reference Number (SRN) or Holder Identification Number (HIN)) to be verified as a shareholder or proxy holder.

Questions sent via the online meeting platform will be moderated to avoid repetition, and if questions are particularly lengthy we may need to summarise them in the interests of time. David Nock, our Company Secretary is the Moderator. I ask that all questions be directed to me as Chair.

Secondly, voting today will be conducted by way of a poll on all items of business. In order to provide you with enough time to vote, polling on all items is open now.

Shareholders attending the meeting via this online platform will be able to cast their vote using the electronic voting card received after clicking the 'Get a Voting Card' button. Please refer to the Online Portal Guide or use the help line specified. You will need to provide your details (including Shareholder Reference Number (SRN) or Holder Identification Number (HIN)) to be verified as a security holder or proxy holder.

You can change your vote up until the time I declare the voting closed. I will give you a warning before I close voting towards the end of the meeting.

Any appointed proxy who has been given discretion on how to vote should vote in the same manner. Any appointed proxy that has been directed to vote in a certain manner and has no discretionary votes to cast, does not need to vote as those votes will automatically be counted in accordance with those directions.

If you experience any difficulties with the online platform, the help line number is displayed at the top of the page and is 1800 990 363.

If we do experience technical difficulties during the meeting, we will assess the next steps based on the nature of the problem. In the event of a complete failure of technology, our share registrar Link Market Services will contact shareholders directly via email and text to advise of a recess or adjournment and we will also provide an update on the ASX.

I will now give you a short overview of the past year, after which Jake will provide a more detailed presentation on the business and its performance and expectations for 2022.

Carbon Revolution is a proud Australian technology company with a strong heritage in Geelong.

Our vision is to be the world leader in light weight wheels. We plan to build a business that disrupts the existing global wheel market, and ultimately to produce millions of wheels a year. We are delivering on this vision with a growing track of record of production and sales as the innovator and first to market for single piece carbon fibre wheels.

Our carbon fibre wheels are better than aluminium and steel wheels in every important element. They are materially lighter, reduce road noise, deliver significant efficiency gains and look incredible....just take a look at the wheels on the new Corvette Z06 released this week.

Ultimately our wheels are an efficiency technology that delivers enhanced range for Electric Vehicles (EVs), increased fuel economy for internal combustion engine (ICE) vehicles and better performance for any car. We originally commercialised them on high performance sports cars like the Ford GT, GT350R Mustang, Ferrari Pista and Corvette Z06, but the major applications in the future will be on electric vehicles where the efficiency gains, range enhancement and road noise reduction potentially have the greatest impact.

For designers we have made wheels much cooler. We are just starting to work with our design partners at the OEM's on a whole new design language made possible by carbon fibre's characteristics. Larger sizes, different shapes, and aerodynamic structures that are not viable in

metal can be done in carbon. Designers are beginning to understand this and incorporate it in future designs. We believe this will drive further demand for our wheels in the future.

Our wheels are on cars made by Ford, Ferrari, Renault and GM and we have contracts to supply wheels to existing and new customers for future programs.

We are confident that our long-term growth prospects continue to be very strong.

During the past year Ferrari launched two new cars that feature our carbon fibre wheels, the 296 GTB and the 812 Competizione. These new wheels are now in production.

Carbon Revolution was recognised as a partner of Ferrari at the 812 Competizione launch. At the launch of the 296 GTB later in June, Ferrari highlighted the potential of our technology when it said that “the carbon-fibre wheel option ... sets a whole new performance benchmark”.

And for those who might not have seen the news earlier this week, I am pleased to announce that on Tuesday night, General Motors released their new Corvette Z06 with our carbon fibre wheels. GM will be a key partner for us in the future and this is our first program with them on a critically important halo car.

Our wheels are a disruptive technology and you will see this more as we announce new programs in the future. We are seeing strong demand for much more than high performance sports cars, particularly in the emerging EV and EV truck/SUV segments. We believe that this will drive very strong growth in new programs and sales over the next 5 years.

And we are just getting started. There are broader applications beyond automotive. For example, we are 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.

There is no escaping that this past year has been a challenging one for the Company. We were heavily impacted by issues related to the COVID-19 pandemic. We saw factory closures by our key customers as a result of the pandemic and consequential impacts such as the ongoing supply chain issues, particularly for computer chips.

As a result our FY21 revenue of \$34.9m was 10% below the previous year.

While the operational issues were disappointing and difficult to manage, we are confident that our long-term growth prospects are very strong.

During the financial year we were successful in securing formal agreements to initiate detailed design and engineering for four new wheel programs. The expected volumes for these four new programs are significant and underpinned our decision to invest in the development of the Mega-line.

In April, we raised \$95m in new equity primarily to fund the Mega-line expansion. I want to thank all our investors for supporting us in this important capital raising. The Mega-line is expected to provide a step change in production scale and economics that will enable the Company to deliver larger volume programs to a broader cross-section of the market.

On behalf of the Board, we would like to thank each and every member of the Carbon Revolution team for their considerable efforts and achievements throughout the financial year, particularly in the face of the continued challenges of COVID-19.

During the year Bruce Griffiths and Peter Lewinsky stepped down from the Board.

Bruce Griffiths retired in November 2020. I want to thank Bruce for his eight years of leadership, guidance and mentoring as we moved from start up to commercialisation and completed our IPO. He was a partner to me and the Founders for almost a decade, helping guide us through early commercialisation of our technology.

Peter Lewinsky also stepped down from the Board in July this year. I thank Peter for the insight and guidance he provided, especially in respect to capital markets and in managing complex financial and operational issues from before our IPO and through our first 19 months as a listed company.

We now have a board that is the right size for us, is efficient, capable and focused on maximising the opportunities before us.

I would also like to thank our other Non-Executive Directors. Lucia, Dale and Mark, our customers, suppliers, partners, financiers and advisers for their contribution and collaboration through the year.

Finally, thank you to our Carbon Revolution shareholders who have recognised the strategic growth opportunities ahead for the Company and invested to help us execute on our plans.

This past year was a challenging one, and there remains significant uncertainty in relation to the ongoing impacts of the COVID-19 pandemic on the global economy and automotive supply chains. However, we are excited about the year ahead and confident about the long-term potential of our technology and our business. We look forward to keeping you updated on our progress.

I now hand over to our CEO and Managing Director Jake Dingle.

--ENDS--

CARBON REVOLUTION LIMITED - 2021 ANNUAL GENERAL MEETING

Friday 29 October 2021

Address by the Managing Director & CEO, Jake Dingle

Thank you James and good morning everyone.

Before I recap on FY21 I want to re-emphasise why we believe Carbon Revolution has such an exciting and high growth future. Our customers are incredibly excited about carbon fibre wheels.

It's clear that carbon fibre wheels are now already seen as the performance technology of choice for making cars perform at the highest levels. The Ferrari SF90 Stradale recently broke new and significant records including fastest lap at the Indianapolis track. This was done on our wheels, as was their 0-100 time of 2 seconds flat. This adds to the records that have already fallen to vehicles like the Ferrari Pista and Renault Megane. This has been done with our wheels on tracks like Nürburgring and Hockenheim over the past couple of years.

In exciting recent news, at 3am Wednesday our time the Z06 Corvette was launched in Detroit by General Motors, sporting wheels developed and supplied by Carbon Revolution. GM is quoted as saying the wheels provide a 1 – 1.5 second advantage on a 2 minute lap in back to back trials, which is an enormous number. Even more importantly for us, they talked about how incredibly strong the wheels are and how they outperform aluminium wheels in some of the harshest durability testing that is performed on all of their wheels.

What we offer is really very much more than just a performance technology. Our wheels are an efficiency technology. Efficiency can be delivered as enhanced performance and it can be delivered as better economy. Our wheels deliver both at once, while at the same time offering something that can be stronger than a conventional wheel and with incredible aesthetics that are truly desirable to end customers across many different vehicle applications.

What's becoming more and more clearly understood by our customers as the EV replacement cycle takes hold globally are the range extension and noise reduction benefits that come from our technology. When we combine our significant mass and inertia benefits with the ability to create aerodynamically efficient shapes without weight or durability tradeoffs, the value equation is huge. Vehicles are getting heavier due to battery mass and range anxiety is a key driver of the major OEM's development programs and decision making. We are therefore very well positioned for this transition in the global automotive space.

To add to this, the size of wheels has been increasing for at least the past 25-30 years, and this trend is continuing. We are well progressed with launching 23" wheels for our first SUV program, and have 24" wheels coming down the pipeline as part of our first Mega-line suite of programs. To do this in aluminium is prohibitively heavy. As wheels get bigger and as they need to take these heavier vehicle loads, our technology extends its lead even further. 50% weight savings are certainly feasible, and for these bigger wheels that can mean remarkable weight reductions across the vehicle of well over 50kg and more like 70kg in cases where 5 wheels are offered. That's a really enormous and exciting amount of weight reduction for any vehicle design and engineering team. It is very hard to find anything that can deliver that much weight reduction. It's unheard of for it to also provide knock-on benefits such as NVH, aerodynamics, enhanced durability and the amazing styling opportunities that our customers' design studios love.

Momentum is certainly building in terms of demand, both with existing and new customers. Just in the past week we have signed another formal agreement to kick off the design and engineering work for a new and exciting SUV program. This agreement is similar to the four that underpinned our decision to kick off the Mega-line earlier this year.

Hopefully you will now better appreciate why our customers are very excited about our carbon fibre wheels. As James stated earlier, Carbon Revolution's vision is to be the global leader in lightweight wheels and to establish our technology as a true disruptor in the global automotive market. We intend to be disruptive for all the right reasons. What we can provide is a range extension 'leg up' for all of the global OEMs that are now transitioning with increasing rapidity to an all electric future. Range is the currency that everyone is now dealing in. To quote one of our customers "Range is the currency of the realm".

Despite the enormous progress that has been made with our customers and our technology since we listed the company, the past year has been a very challenging one. Along with the majority of the global automotive industry we have been heavily impacted by issues related to the COVID-19 pandemic.

In FY21 Carbon Revolution reported a loss after tax of \$32.0m. Our FY21 revenue of \$34.9m was 10% below the previous year.

The Company's sales were negatively impacted in the first half of the year when one key customer was significantly impacted by COVID-19. It closed parts of its manufacturing operation and cancelled forecast purchases for approximately six months.

We were further impacted in the second half when another key customer's forecast orders were cancelled due to an extended plant shutdown driven by the global semi-conductor chip shortage. Whilst there is ongoing uncertainty in global automotive supply chains, each of these customers have resumed production. A change in product sales mix, reduced production volumes and costs associated with finishing work in progress had a negative impact on gross margins during FY21.

As expected, we also took significant steps forward on key industrialisation activities throughout FY21. The early part of the year included the commissioning of new industrialised equipment, delivering new capacity required for awarded but not yet announced programs. Key items included:

- Additional high-pressure moulding capacity, taking the total number of high-pressure moulding stations to four
- A new automated face layup conveyor line, which introduces new process automation and eliminates the manual movement of work in progress
- An additional multi-head tailored fibre placement machine, additional machining centre and a second thermal barrier coating cell
- The first of our 3rd generation automated rim layup machine (ARL3) was installed. This brings further automation and cycle time improvements to this key production step.

These automated manufacturing processes are the key building blocks of the Mega-line technology. Phase 1 Mega-line orders for long lead time items have now been placed and our principal construction partner has been contracted. We expect assets to be constructed off site during the remainder of this calendar year and installation for the first phase to commence from early CY2022.

We have enhanced the Mega-line design to incorporate an early inclusion of the existing high pressure moulding equipment, and certain other existing equipment. This is scheduled to occur during CY22. This will enable the existing high pressure moulding equipment to benefit from the increased operational efficiencies of the Mega-line production technology, and enables an earlier validation of new program parts on the Mega-line technology. This approach allows for timely installation of new capacity in line with new program capacity requirements and accordingly better utilisation of all high-pressure moulding capacity as volumes grow.

We are confident that this enhancement to the plan will provide multiple benefits including improved economics of existing programs and a smoother launch of the new programs that underpinned the Mega-line investment. These are expected to come into production from CY23, as we have previously stated.

We strengthened our Company's technology platform during the year by completing the development and roll out of a key foundational technology called Diamond Weave Technology (previously known as "fascia").

This technology dramatically improves the first-time aesthetic quality of the wheels and, in turn, drives a significant improvement in part flow and a reduction in labour cost per wheel. We have applied for a patent for this technology which will add to the valuable intellectual property portfolio developed and owned by the Company. Research and development will continue to be a focus for us and is critical to the success of the Company.

As James highlighted, through FY21 we were successful in securing formal agreements to initiate detailed design and engineering relating to four new wheel programs. These programs, once through the engineering and design phases, are expected to enter production in calendar year 2023 (CY2023) and CY2024. Since the end of FY22 we have secured an additional 2 such formal agreements.

Importantly a significant proportion of these new programs involve higher volume vehicle platforms and are for electric vehicles with large wheel formats. They represent the next phase of the market's adoption of our wheel technology. As I mentioned earlier, the most recent of these was just this week for another SUV program, which just emphasises how exciting the future is for Carbon Revolution.

As a team, we are certainly very excited to have embarked on this next phase in our development as a company, at a time of transition by major global car makers towards an EV future.

We significantly strengthened our leadership capabilities to support our growth strategy – with a focus on operational delivery and enhancement of our OEM relationships. We welcomed Ron Collins as Vice President North America, Jo Markham as Director of Customer Excellence and Andrew Higginbotham as Director of Operations. They all join us after long careers with leading global OEMs.

We also enhanced our foundation business systems through implementation of a new enterprise resource planning system, payroll, time in attendance and an integrated human resource management system during the year. These transformational activities enable the support, management and reporting functions to efficiently scale as production volumes are expected to increase over the coming years.

As we look forward in the short term the Company's key focus areas for the coming year are to deliver production ramp of recently launched programs, deliver operational efficiencies in our current processes to lower our wheel cost, progress the programs underpinning the Mega-line development through engineering and design phases, and progress the Phase 1 Mega-line project through detailed design, equipment procurement and commencement of commissioning activities.

We plan to take the increasing opportunities that our customers are now presenting us to drive our technology onto the large scale and exciting electric vehicle programs that now dominate their planning horizons. We are increasingly confident in the major disruptive role that we can now play in the automotive wheel industry. To again echo James' comments, we really are only just getting started.

I would like to thank you as fellow shareholders for your support and for investing in Carbon Revolution to be part of our exciting future.

Finally, I want to acknowledge and thank the remarkable team of people that make up Carbon Revolution. The passion and tenacity shown by this team continues to be quite incredible. In the face of a very challenging global and domestic environment, the progress that has been made in key areas of building the future of this business has been truly impressive. I look forward to you all being able to see and share in the outcomes of this team's efforts and achievements over the coming months and years as we push ahead with our plan of disrupting the global automotive wheel industry.

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

--ENDS--