



# CARBON REVOLUTION

Business Update

December 12, 2023

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# The 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



Company backlog with global OEMs ingrains Carbon Revolution in their business and delivers clear path to growth



New production technology drives capacity growth and cost per wheel reduction

**\$38Bn**

Automotive Wheel Market <sup>(1)</sup>

**103**

Patents <sup>(2)</sup>

**18**

Awarded OEM Programs to Date

**100%**

Projected Revenue Under Contract <sup>(3)</sup> '23 & '24

**\$730M**

Company Backlog With Global OEMs <sup>(4)</sup>

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

(2) 82 granted and 21 pending patents (including two patent cooperation treaty (PCT) applications and one provisional application)

(3) Projected Revenue Under Contract defined as projected revenue from programs that are Awarded and predominantly based on OEM volume forecasts. See Disclaimer, Risk Factors and Projection Methodologies for important details.

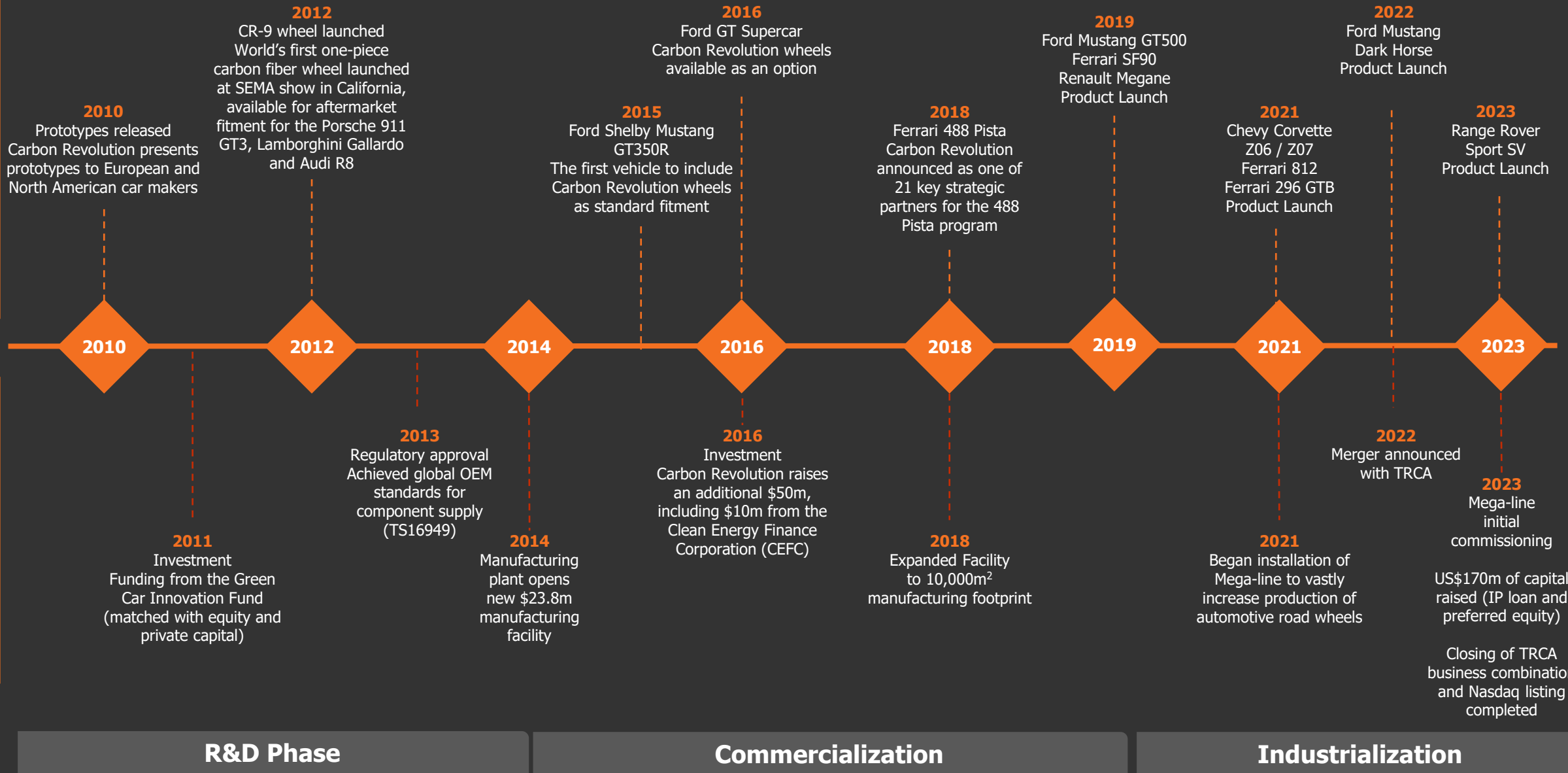
(4) Backlog as of 9/30/2023, Backlog (remaining lifetime gross program projected revenue) is based on awarded programs and excludes programs that are contracted for engineering. See Projection Methodologies for important details.

# A Compelling History of Successful Expansion...



Product releases

Company evolution



R&D Phase

Commercialization

Industrialization

# Transformative Progress in 2023



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



**Awarded a further 5 programs** – including its first **2 for Electric Vehicles** and one with a premium brand of **a major German OEM** - taking total awarded now to **18 programs<sup>(1)</sup>** with six global OEMs



**Backlog has more than doubled<sup>(2)</sup> to \$730m**, 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

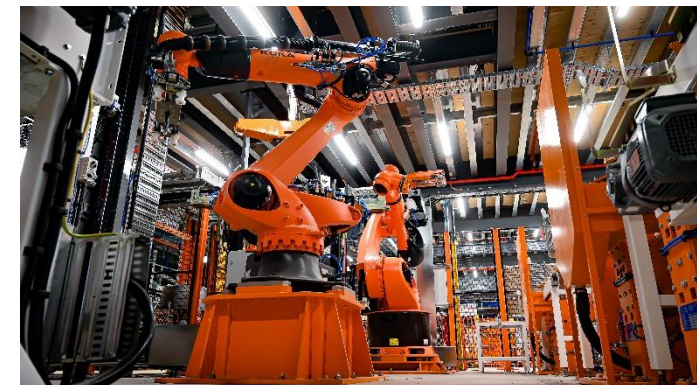


**Mega-line construction and commissioning made strong progress** with production wheels now being supplied



**Listing on Nasdaq completed**  
**US\$170m of financing has been secured**

- **US\$60m IP-backed loan**
- **US\$110m Preferred Equity Facility**



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

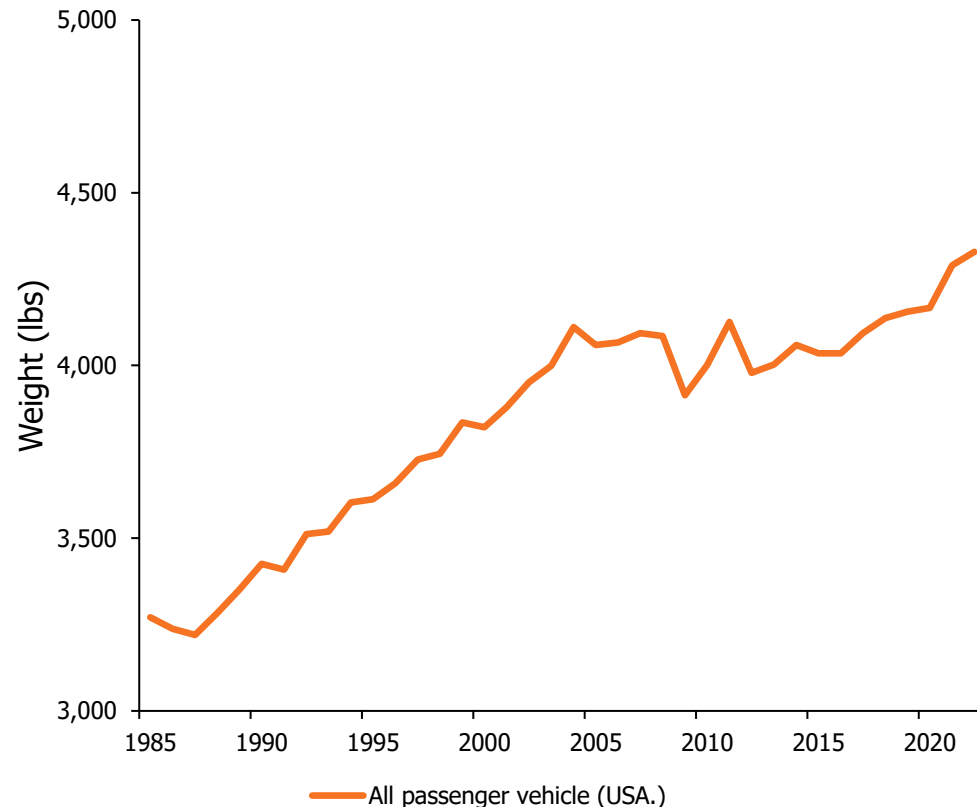
(2) Backlog as of 9/30/2023, Backlog (remaining lifetime gross program projected revenue) is based on awarded programs and excludes programs that are contracted for engineering. See Projection Methodologies for important details.

# Carbon Revolution Provides a Material Contribution to the Vehicle Weight Problem



## Vehicle Weight Over Time (1)

Vehicles have consistently become heavier, posing regulatory and range challenges once combined with EV battery weight



- **The trend towards SUVs and trucks has added significant weight** to vehicles, necessitating larger and heavier wheels, suspension systems and axles to support the increased weight
- **EV adoption is compounding the problem** with EVs typically weighing ~33% more compared to internal combustion vehicles (2)
- **Carbon Revolution is solving this problem** delivering wheel weight savings of up to **40%-50%** compared to aluminum, which can **deliver up to 5%-10% increase to vehicle range** (3)
- In a world where **OEMs are challenged to reduce vehicle weights** and achieve increasingly difficult EPA mileage requirements, **Carbon Revolution is delivering a step change level of improvement in vehicle weight with a bolt-on solution**

(1) EPA.gov, United States only, All passenger (light duty) vehicles

(2) Globalnews.ca

(3) If associated weight reduction were to be reinvested in battery mass. Top end of range assumes further benefits derived from additional aerodynamic, NVH, and structural enhancements.

# Lightweight Technologies are Key Enablers in Electric Vehicle Transition



## Challenges the Automotive Sector is Facing...



Range is the new currency for OEMs as the market transitions to electric vehicles. **Solutions to reducing vehicle mass and increasing range are challenging**



Structural challenges now evident – **weight of large aluminum wheels combined with batteries becoming impractical**



Structural demands are competing with aesthetic requirements – **consumers and studios are demanding large wheels**



Large wheel sizes on luxury vehicles and SUVs **increase the strain on vehicle suspension and challenge performance**



Battery **weight is compromising OEMs' ability to navigate CAFE standards** and light passenger vehicle mass limits



## ...How Carbon Revolution Can Provide a Solution



Developed and commercialized a step-change weight saving technology; delivering a **wheel weight savings of up to 40%-50% compared to aluminum**, which can deliver **up to 5%-10% increase to vehicle range<sup>(1)</sup>**



Carbon Revolution wheels **eliminate up to 100lbs of weight in high impact area of vehicle (rotating, unsprung mass)**



**Benefits of carbon fiber wheels increase as wheel size increases**– particularly in SUVs which have larger wheels



Substantial reduction in vehicle unsprung mass results in **less strain on suspension, improved traction and driver control**



**10+ year history of testing with OEMs has resulted in platform wins with Ford, GM, Ferrari, Jaguar Land Rover and Renault**

**Carbon Revolution's technology provides a solution to OEM electrification growing pains – a path to widespread adoption evidenced by exclusive production wins with leading global OEMs**

(1) If associated weight reduction were to be reinvested in battery mass. Top end of range assumes further benefits derived from additional aerodynamic, NVH, and structural enhancements.

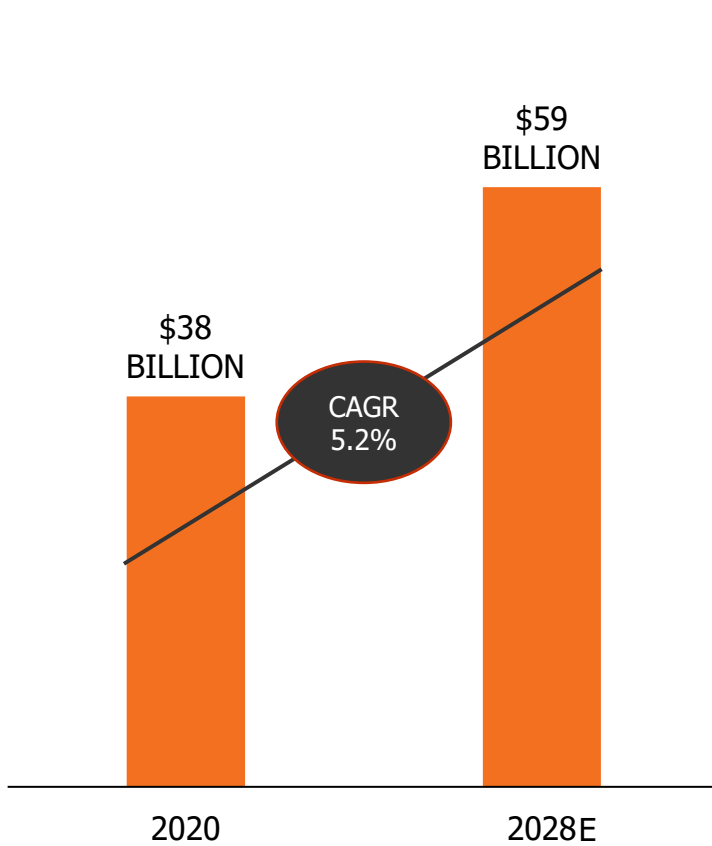


# Carbon Revolution Positioned to Capitalize on Automotive Trends



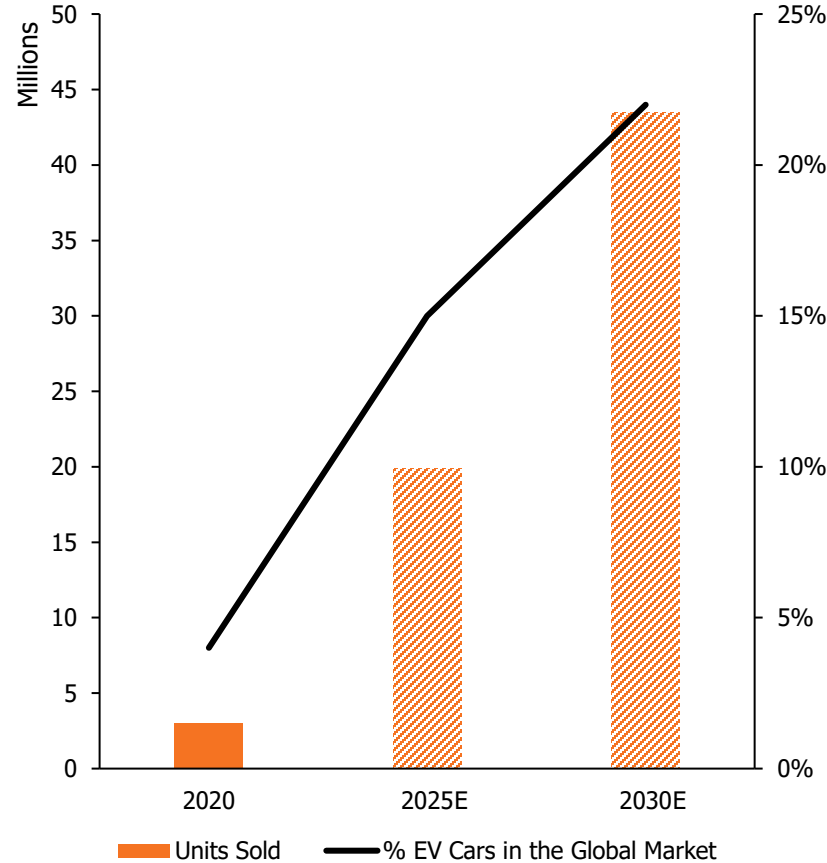
## Global Automotive Wheel Market (1)

Global automotive wheel market is massive and growing



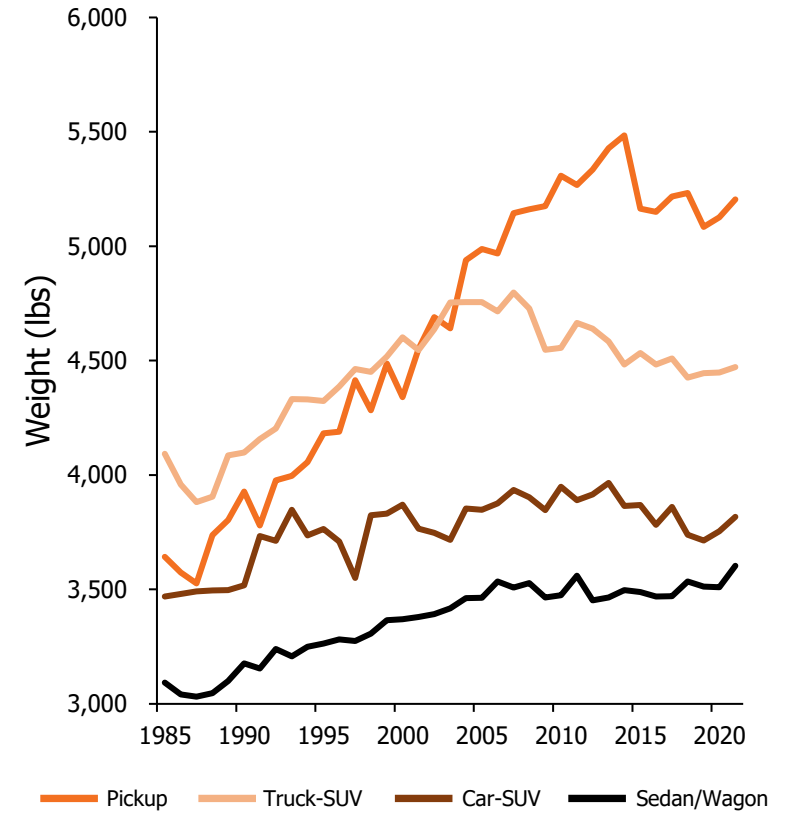
## Global EV Market Penetration (2)

Electric Vehicles are gaining market share rapidly and driving innovation in the automotive industry



## Vehicle Weight Over Time (3)

Vehicles have consistently become heavier, posing regulatory and range challenges once combined with EV battery weight



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

(2) IEA.org, Global EV Data Explorer as of 11/18/2022.

(3) EPA.gov, United States only.

# Capitalizing on Electric SUV/Truck Opportunity Across Multiple OEMs



## Next-Generation Lightweight Solution for Electrification



Trucks and SUVs are now the heart of the global market, representing the key profit pool for OEMs



Automotive industry focused on electrifying SUV platforms



EVs, and especially EV SUV/Trucks, are inherently heavy due to battery weight



Reduce road noise transmission to enable reduction of sound deadeners (further cost and weight reduction)

Opportunity for greater wheel robustness and durability than aluminum

Compelling styling unique from aluminum

## Highly Positive Program Update

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

Stage of Awarded Program Lifecycle		Current <sup>(1)</sup>
Programs in Production		6
Awarded Programs in Development	Electric Vehicles	2
	ICE <sup>(2)</sup> Premium Vehicles	5
<b>Total Active Programs</b>		<b>13</b>
Programs in Aftersales		5
<b>Total Lifetime Programs</b>		<b>18</b>

(1) As of September 30, 2023.

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

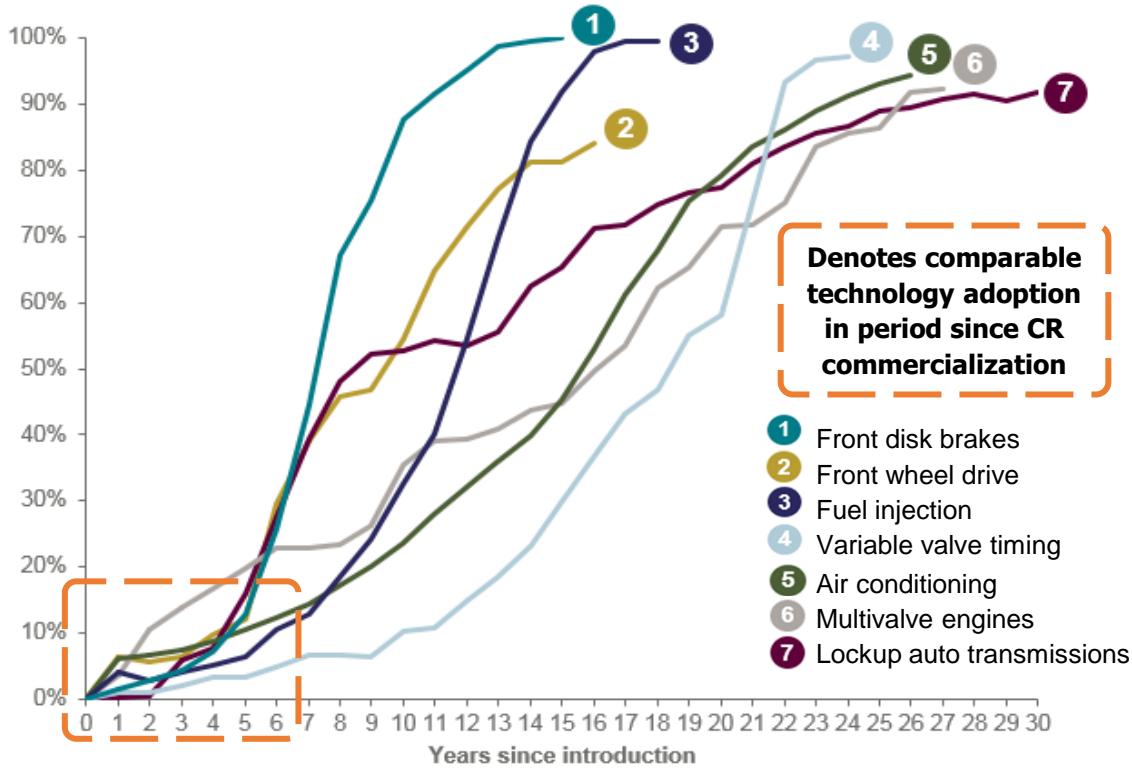
# Carbon Fiber Wheels **Positioned for Rapid Adoption**



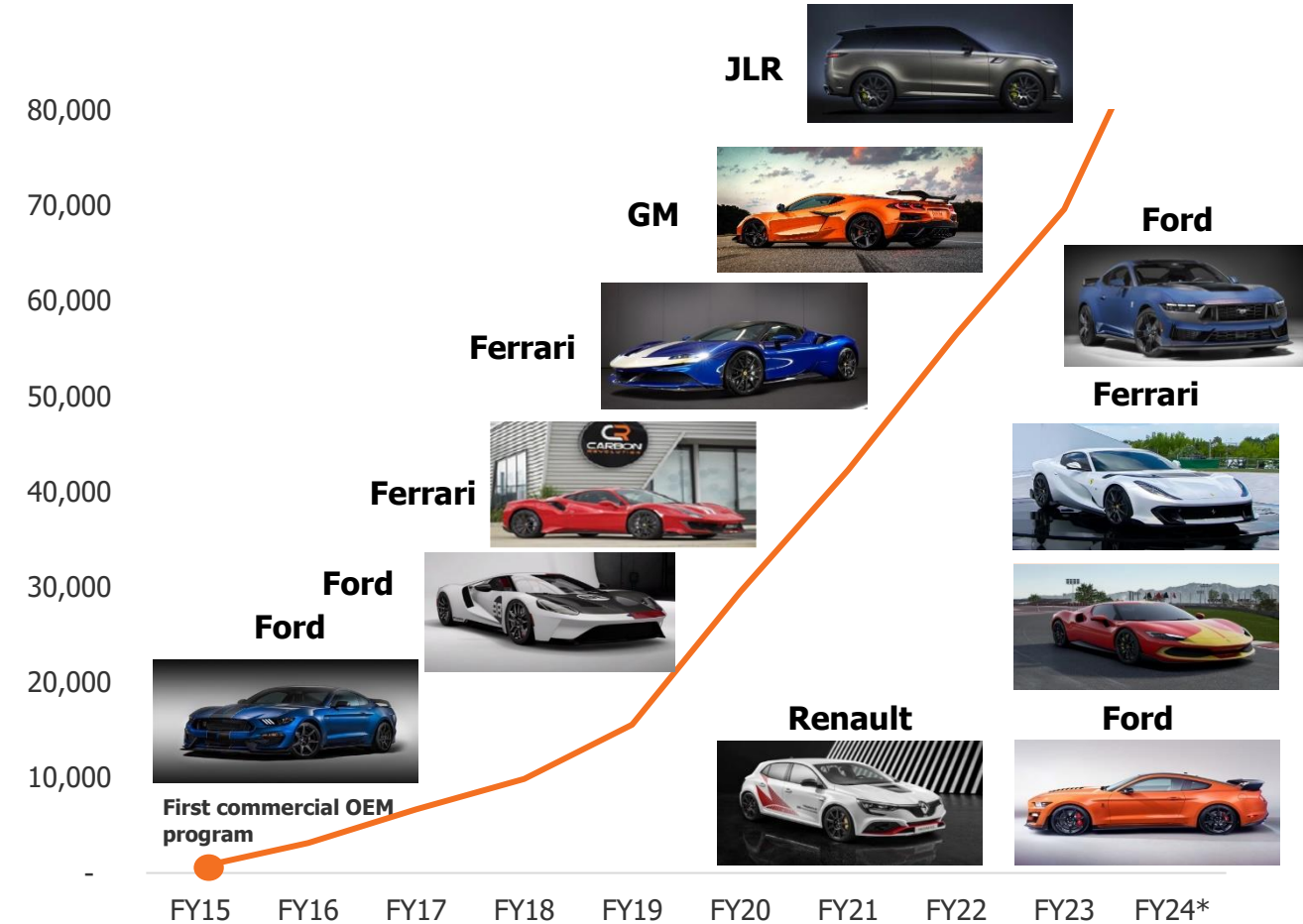
Carbon Revolution has captured first-mover advantage in next-generation auto-tech

## Well established adoption curve in automotive for next generation technologies

When new automotive technologies are introduced, penetration typically begins at the luxury or performance end of the market before transitioning to a point of full adoption as a mass market product



## Almost 80,000 cumulative wheel sales volume <sup>(1)</sup> from 11 programs announced by OEMs and in the market



Source: Leading consulting firm market study.

(1) Cumulative wheel sales from FY13 to August 31, 2023. Financial years ending June 30.

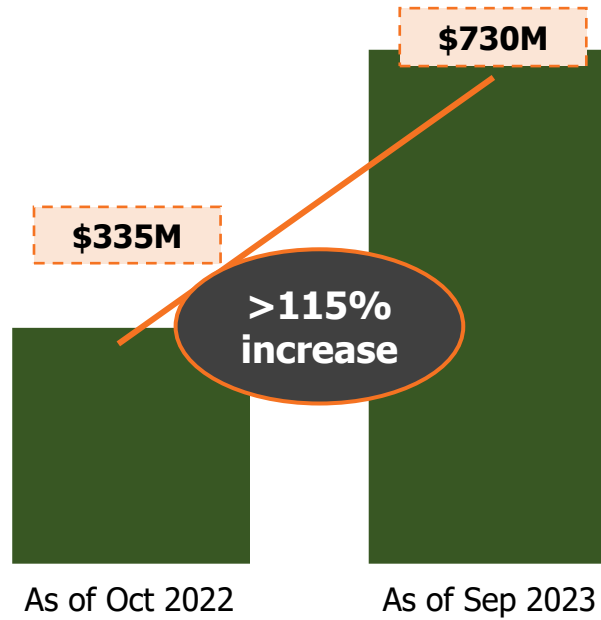
# Track Record of Beating OEM Forecasts



## Substantial and Increasing Backlog of Awarded Volumes <sup>(1)</sup>

\$ in USD

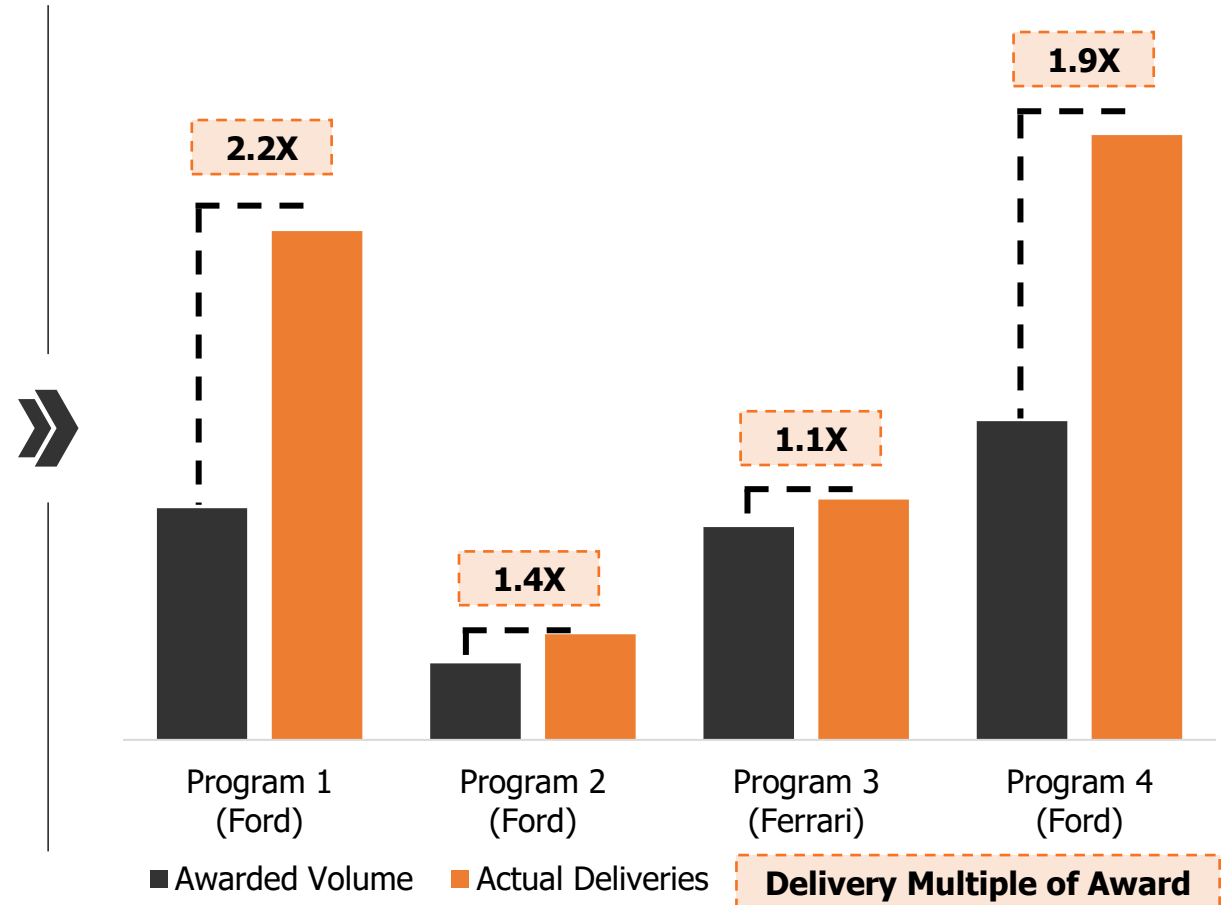
- The Company has projected remaining lifetime gross program wheel revenue on awarded programs, **resulting in backlog >\$730M which has more than doubled** since October 2022
- Almost **50% of backlog from Electric Vehicle** programs



## History of Outperforming on OEM Awards <sup>(2)</sup>

\$ in USD

- OEMs have **historically ordered more wheels than forecasted in their initial (non-binding) program award documentation**



Please see Disclaimer, Risk Factors and Projection Methodologies for important details.

(1) Backlog as of 10/31/2022 & 9/30/2023, Backlog (remaining lifetime gross program projected revenue) is based on awarded programs and excludes programs that are contracted for engineering.

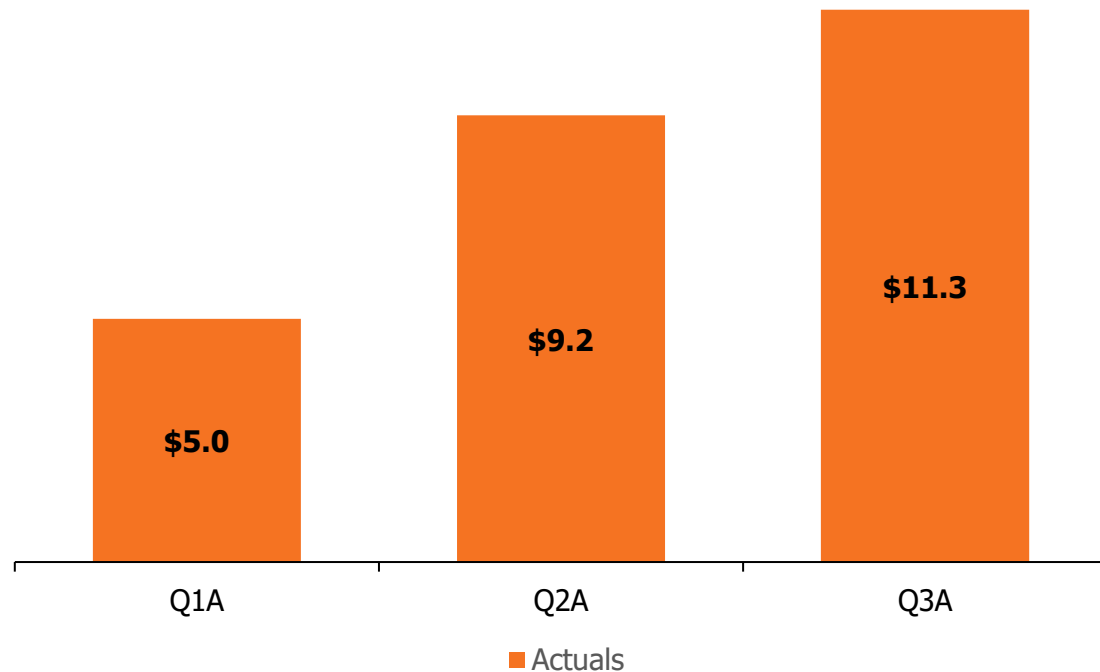
(2) Reflects the four longest tenured completed OEM programs.



# Significant quarterly revenue growth through CY2023 ytd



## 2023 Quarterly Revenue (\$ in USD<sup>(1)</sup>, millions)



- **Quarterly revenue has built consistently through the year with**
  - **consistent run rates being achieved for existing programs – in particular the Corvette Z06/E-ray**
  - **introduction and ramp up of the JLR Range Rover Sport SV and Ford Mustang Dark Horse programs**
- **Production throughput has increased progressively with commissioning of the first phase of the Mega-line**

# Capitalization Summary



## Pro Forma Valuation

(\$ in Millions, except per share values)

Fully Diluted Shares Outstanding <sup>(1)</sup>	2.4
(*) Share Price as of 11/10/2023	\$41.00
<b>Equity Value</b>	<b>\$97.2</b>
(-) Cash Balance as of Transaction Close <sup>(2)</sup>	(79)
(+) Debt & Preferred Equity Balance as of Transaction Close <sup>(3)</sup>	142
<b>Enterprise Value</b>	<b>\$160</b>
<b><i>Enterprise Value / CY2023E Revenue</i></b>	<b><i>3.9x</i></b>
<b><i>Enterprise Value / CY2024E Revenue</i></b>	<b><i>2.0x</i></b>

Note: Trading Price as of 11/10/2023. AUD to USD Exchange Rate of 0.64. Please see Disclaimer, Risk Factors and Projection Methodologies for important details.

(1) Includes 0.5M share penny warrants held by Orion Infrastructure Capital as part of the deSPAC transaction.

(2) Includes \$35M of restricted cash that is subject to release per the terms of the Orion Infrastructure Capital preferred equity financing and \$9.9 million of restricted cash under PIUS term loan.

(3) Gross debt

# Capital structure<sup>(1)</sup>



## **\$60m Term Loan (PIUS)**

- Entered in May 2023 with \$60m borrowed on a 4 year term
- Interest only period of 18 months with monthly principal payments of \$2 million and interest to be paid over 30-month period from Dec 2024
- Secured by present and after-acquired property, including intellectual property but excluding certain excluded property and intellectual property. Customary financial covenants relating to revenue, profitability, capital expenditure and cash balance

## **Up to \$110m OIC Structured (Preferred) Equity Facility**

- Initial gross proceeds of \$35 million received in Nov 2023. Further \$35m in escrow expected to be released
  - \$5m subject to additional \$10m third-party equity
  - \$30m by Dec 2024 subject to achievement of growth milestones and term loan refinancing
- \$40m by Nov 2025 for future in market manufacturing facility (or material upgrade to Australian facility) subject to approval of OIC investment committee
- Preferred shares issued subject to minimum return requirements. Warrants issued to up to 19.99%, vesting in tranches with top-ups to 19.99% if required

## **Completed Business Combination with TRCA**

- There are 12,210,732 Public Warrants outstanding, each entitling the holder to purchase one-tenth of an Ordinary Share at an exercise price of \$11.50 per one-tenth of an Ordinary Share (\$115.00 per whole Ordinary Share)
- The public warrants will expire in five years or earlier upon redemption or liquidation in accordance with their term.

## **Up to \$60m Committed Equity Facility**

- Equity purchase agreement with Yorkville Advisors for up to \$60m for a period of up to 3 years from Nov 2023
- Each advance up to the greater of (i) \$10 million or (ii) the aggregate trading volume subject to 9.99% cap. Two purchase price options

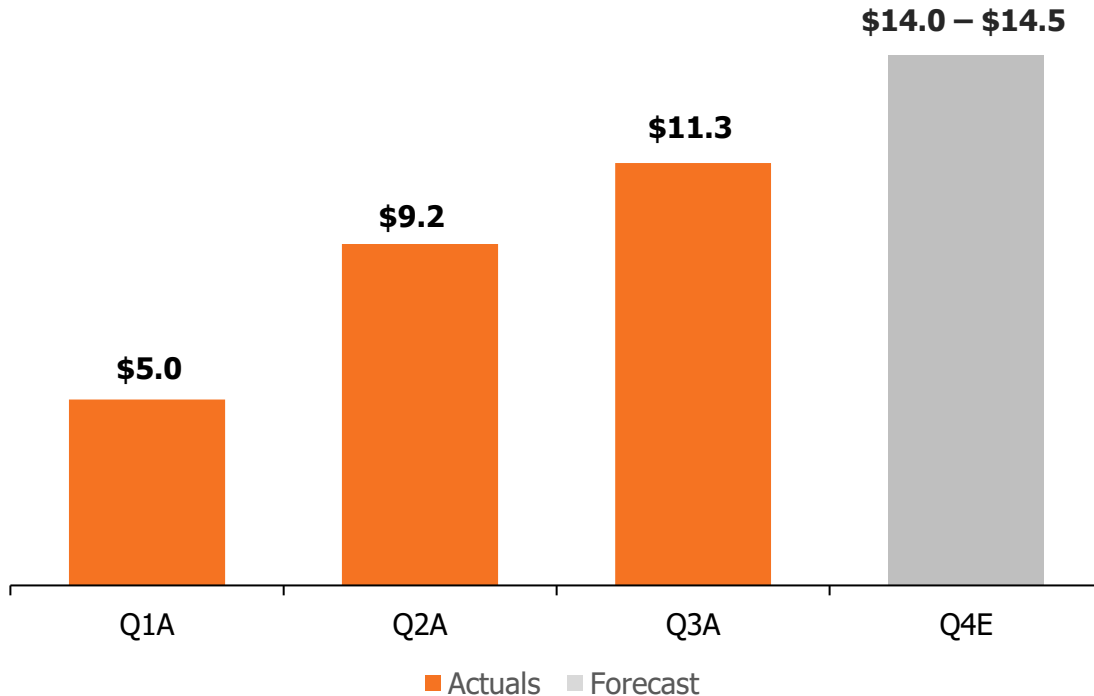
(1) Refer to Carbon Revolution PLC form 20-F filed with SEC on Nov 13, 2023 for further details, risks and discussion related to these facilities.

# Significant quarterly revenue growth through CY2023E



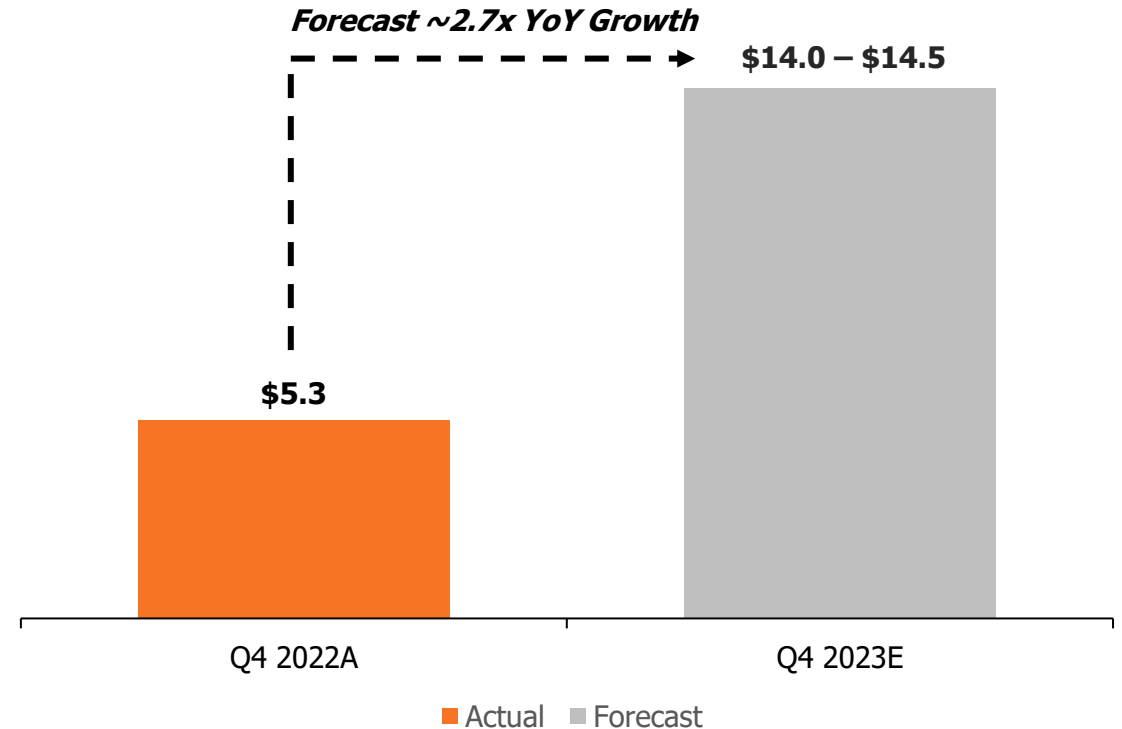
## CY2023 Quarterly Revenue (\$ in USD<sup>(1)</sup>, millions)

Q4 expected to be a record quarter of \$14.0m - \$14.5m delivering a forecast CY2023 of \$39.5m - \$40.0m



## Quarterly Revenue Growth (\$ in USD<sup>(1)</sup>, millions)

Substantial growth during 2023E driven by introduction and / or ramp of new multi-year programs (e.g. Corvette Z06, Range Rover Sport SV, Mustang Dark Horse)



**Production has increased progressively with commissioning of the first phase of the Mega-line and is anticipated to increase progressively through CY2024E and CY2025E as awarded program wins come online**

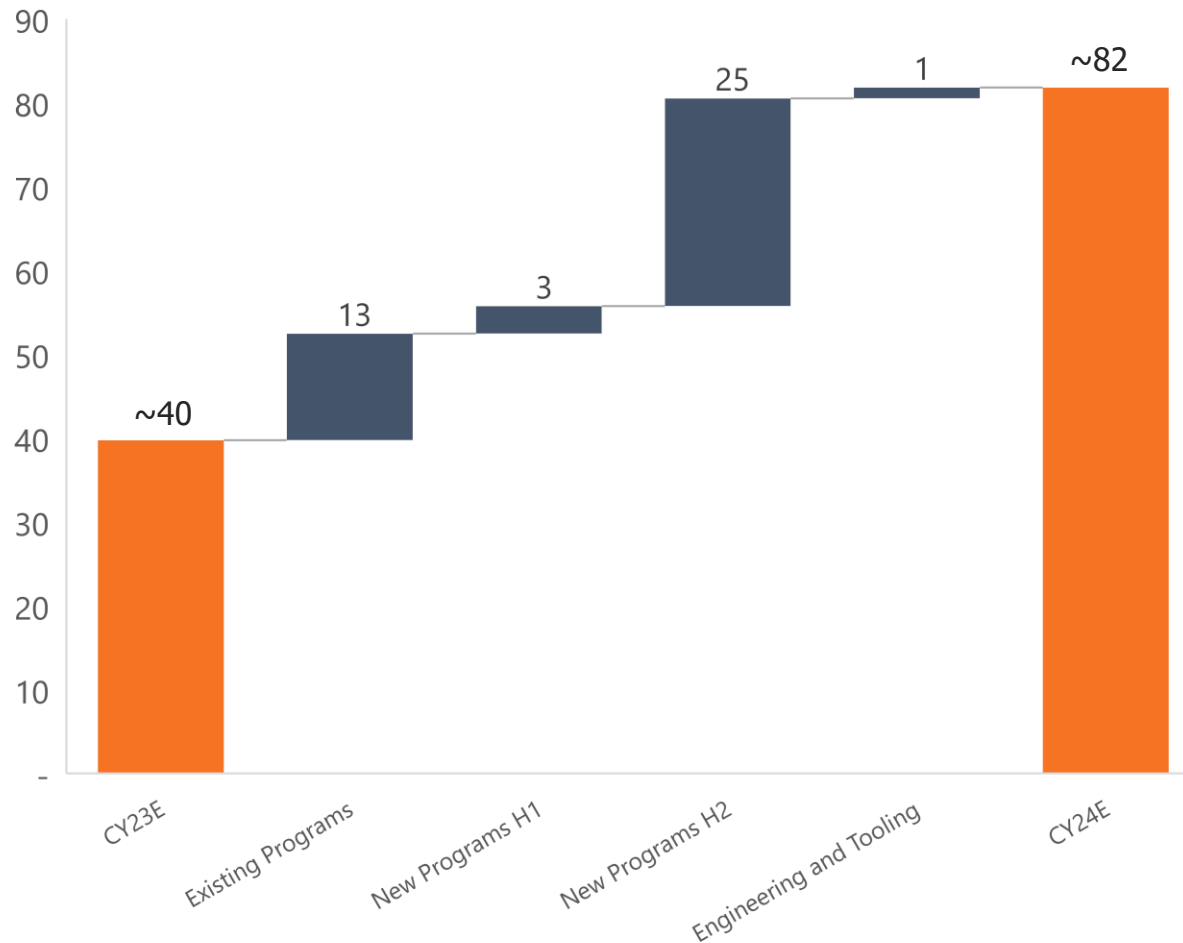
(1) All converted to USD at 0.7 for convenience; Unaudited



# Revenue growth from CY2023E to CY2024E driven by awarded programs



Revenue CY23E – CY24E <sup>(3)</sup> (\$ in USD, millions)



- Revenue growth of ~\$42m between CY23E and CY24E is projected to arise from
  - **Growth in revenue from existing programs in production (~\$13m)** – due primarily to contributions from programs that have recently entered production contributing a full year at run-rate
  - **Launch and ramp of new awarded programs (\$28m)**
  - Engineering and Tooling revenue (**\$1m**)
- **The majority of CY24E revenue growth** is expected to arise in the **second half from the introduction of new programs**
- **Timing and ramp rate of new program introduction therefore key to revenue outcomes** and largely within control of OEM customers
  - Where the introduction of new programs has previously been delayed this has typically **not impacted overall program lifetime revenue** for completed programs
- We expect to provide a **quarterly revenue outlook going forward**

Note: AUD to USD Exchange Rate of 0.70. Please see Disclaimer, Risk Factors and Projection Methodologies for important details.

(1) Projected Revenue Under Contract from programs that are Awarded and predominantly based on OEM volume forecasts. See Disclaimer, Risk Factors and Projection Methodologies for important details.

# Improving Margin Through **Optimizing Cost Inputs**

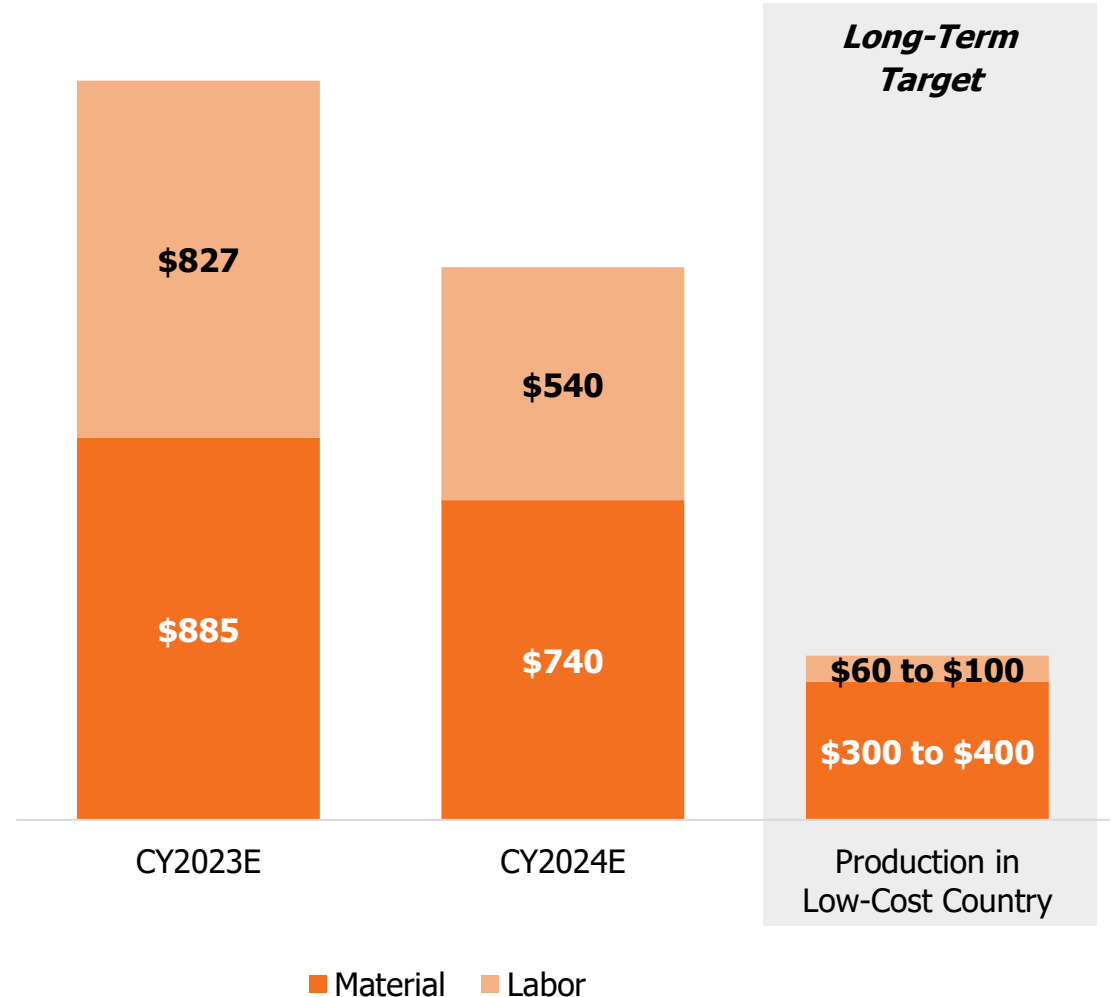


## Expected Benefits from Labor and Material Improvements

<b>Labor</b>	<ul style="list-style-type: none"> <li>▪ Fixed labor <b>operating leverage</b> drives efficiency</li> <li>▪ <b>Mega-line automates processes</b></li> <li>▪ Further labor efficiencies with cycle time and <b>lean process improvement</b></li> </ul>
<b>Material</b>	<ul style="list-style-type: none"> <li>▪ <b>Reuse and reduction in cut carbon fiber waste</b></li> <li>▪ Negotiations to <b>improve prices with volume</b></li> <li>▪ Shift <b>contracting strategy</b> for key materials</li> <li>▪ <b>Consolidation of consumables purchases</b></li> </ul>
<b>Long Term Target</b>	<ul style="list-style-type: none"> <li>▪ Shifting production to a low-cost country, such as Mexico, <b>reduces hourly labor cost</b></li> <li>▪ Producing closer to supply and customer base <b>substantially reduces shipping costs</b></li> </ul>

## Improving Costs Per Wheel

\$ in USD



# Longer Term Strategic Investment: **Additional Capacity** **Adjacent to Customer Demand**



**Significant acceleration in demand** is emerging from the global automotive market and is a catalyst for Carbon Revolution to establish a larger scale manufacturing facility in a strategically located low-cost country (LCC)



## Closer proximity to carbon fiber suppliers

Expanded and competitive stable of suppliers

New ability to use volume-based leverage against existing suppliers, form partnerships, and lock in volume-based discounts



## Closer proximity to global OEM customers

Lower and more accessible wheel prices to customers through lower labor and shipping costs

Lower costs enable lower pricing that will allow customers to expand applications and increase overall volumes



## Capacity expansion and cost reduction

Lower cost labor paired with an efficient supply chain is expected to significantly reduce production costs

Ability to implement multiple Mega-lines to address adjacent acceleration in demand

# Carbon Revolution Summary



Carbon Revolution provides a compelling solution to the significant mass-related issues faced by the global automotive industry as it moves towards electrification



Automotive wheel market is massive, with the premium vehicle and electric vehicle ("EV") segments experiencing strong growth



Adoption curve of new technologies is well established in the automotive industry



The Company has a strong track record with leading automotive OEMs (exemplified by 18 awarded programs with 6 global OEMs)



Carbon Revolution's technology is highly valuable for EVs given the substantial range increase and the Company is experiencing substantial traction (4 EV programs in development of which 2 now awarded)



The Company benefits from strong visibility and a clear path to growth (100% of CY2023E and CY2024E Projected Revenue Under Awarded Contract <sup>(1)</sup>)



Automation investments driving margin expansion, with substantial opportunity to further optimize through investment in lower-cost geographies

(1) Projected Revenue Under Awarded Contract defined as revenue from programs that are Awarded and predominantly based on OEM volume forecasts. See Disclaimer, Risk Factors and Projection Methodologies for important details.



# Projection **Methodologies**



# Projection Methodologies



## Basis of preparation

Pages 4, 12, 16, 17 and 18 of this presentation contains the Company's estimates of Revenue and direct costs for the calendar years 2023 and 2024 and Backlog (the "**Financial Projections**"). The Company's independent auditors have not audited, reviewed, compiled or performed any procedures with respect to the Financial Projections for the purpose of their inclusion in this presentation, and accordingly, they did not express an opinion or provide any other form of assurance with respect thereto for the purpose of this presentation. These Financial Projections should not be relied upon as being necessarily indicative of future results.

The Financial Projections have 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, for their use in evaluating the transaction described in this presentation.

The Directors of the Company are responsible for the preparation and presentation of the Financial Projections. The Directors of the Company consider that the Financial Projections provide a reasonable basis for current and potential investors to assess the Company's forecast financial performance, in the context of the Assumptions, Risks and Sensitivities outlined below. The Financial Projections do 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), however a volume sensitivity has been provided on page 25. Inclusion of the Financial Projections should not be regarded as a representation by any person that the results contained in the Financial Projections will be achieved.

The Financial Projections are presented in an abbreviated form and do not include all of the statements, disclosures or comparative information required by US Generally Accepted Accounting Principles, International Financial Reporting Standards or Australian Accounting Standards.

## Assumptions

The Financial Projections have been prepared on a detailed, bottom-up basis. The assumptions applied in relation to each key component of the Financial Projections are as follows:

- **Program overview:** The revenue projections have been prepared on a program-by-program basis. The Company has a number of programs at various stages of production and development however the Company has only included wheels sales from Awarded Programs in the CY23E and CY24E projections. The Company currently has 13 active awarded programs with 5 global OEMs (6 of which are currently in production and 7 of which are under development). Overall, the Financial Projections assume an increase in the number of programs in production, to 9 programs by Dec-24.
- **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 programs, 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). Overall wheel volumes are projected to increase from 13,883 in CY22 to 42,578 in CY24 driven by the ramp-up in production on awarded and pipeline programs, with 9 programs assumed to be in production by Dec-24.
- **Backlog:** Backlog (remaining lifetime gross program projected revenue) is based on awarded programs (both in production and development) and excludes programs that are contracted for engineering. Backlog utilizes contracted pricing multiplied by wheel volumes determined as set out above.

The Financial Projections also assume that production schedules received from OEMs are accurate, assuming no unforeseen delays (e.g. from COVID-19, semi-conductor shortages or other supply chain challenges).

# Projection Methodologies (cont.)



- **Pricing:** Pricing is projected on a program-by-program basis, taking into account contracted amounts for awarded programs and expected price increases. The Company is currently in discussions with 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.
- **Raw materials, freight and other direct manufacturing costs:** The Company has projected raw material costs for each wheel program. In doing so, it has considered expected product designs and material composition, production process usage, scrap and waste, raw material pricing and inflation, expected volume-based negotiation benefits, productivity-based improvements and expected inbound and outbound freight and logistics costs. Overall, the Financial Projections assume a reduction in direct material and freight costs per wheel of 14% between CY22 and CY24. The Company has not incorporated any further cost inflation (e.g. as a result of the current Ukraine/Russia war) in its projected raw material or supply chain costs as it is assumed this can be passed through to customers.
- **Direct labour:** Direct labour is projected based on the Company's detailed process-by-process operational model. The Financial Projections assume significant improvements in direct labour productivity, with direct labour per wheel decreasing by approximately 44% between CY22 and CY24. This is based on a range of factors including targeted improvement to product and process quality, expected scale-based volume efficiencies, reduced wastage, manufacturing technology and operational improvements and the introduction and commissioning of significant plant automation (including the Mega-line, which is being progressively commissioned in H1-CY23 and onwards).
- **FX:** The Financial Projections have been prepared in Australian Dollars (being the Company's functional currency) and converted to US Dollars at a rate of 0.70:1 (USD:AUD). The Company does not undertake any hedging activities.

## Key Risks (Financial Projections)

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

- **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.
- **Materials:** Direct Materials costs may be higher than assumed in the Financial Projections, e.g. if the projected operational improvements or procurement savings do not materialise in the timeframe anticipated, or if underlying input cost inflation is greater than projected.
- **Labour:** Direct Labour costs may be higher than assumed in the Financial Projections, e.g. if the projected operational improvements (including Mega-line) do not materialise in the timeframe anticipated.
- **FX:** Foreign exchange rates could adversely impact the Company's financial performance (notably a weaker Australian Dollar than assumed in the Financial Projections).

# Projection Methodologies (cont.)



## Sensitivities

The Financial Projections are based on a number of estimates and assumptions, as described above. These estimates and assumptions are inherently uncertain and are subject to business, economic and competitive uncertainties and contingencies, many of which are beyond the control of the Company, and on assumptions with respect to future business decisions which are subject to change. Accordingly, there can be no assurance that the Financial Projections are indicative of the future performance of the Company or that actual results will not differ materially from those presented in the Financial Projections. The Financial Projections are also subject to a number of risks including those outlined above. Investors should be aware that future events cannot be predicted with certainty and as a result, deviations from the amounts projected are to be expected. To assist investors in assessing the impact of these assumptions on the Financial Projections, the sensitivity of the projected revenue (US\$81.8 million) in CY24 is set out below. The changes in key variables set out in the sensitivity analysis are not intended to be indicative of the complete range of variations that may be experienced.

Care should be taken in interpreting these sensitivities. In order to illustrate the likely impact on the Financial Projections, the estimated impact of changes in each of the assumptions has been calculated in isolation from changes in other assumptions. In practice, changes in assumptions may offset each other or be additive, and it is likely that the Company would respond to any changes in one item to seek to minimise the net effect on the Company's earnings and cash flow.

The sensitivity analysis set out below is intended to provide a guide only and variations in actual performance could exceed the ranges shown, and these variances may be substantial. For example, the Financial Projections are premised on a significant increase in sales volume, particularly driven by the commencement of new programs and it is possible that the rate of increase in sales volumes from new programs does not increase at the rate projected in the financial year.

### 1. Change in FX rate – translation (USD:AUD)

The Financial Projections are reported in AUD and have been translated to USD at a USD:AUD rate of 0.70:1. A \$0.01 increase in the USD:AUD rate (i.e. a rate of 0.71:1) results in an increase of CY24 revenue of US\$1.2 million. If the actual USD:AUD rate were to be 0.65:1 (being the rate as at 31 May 2023), this would decrease CY24 revenue by US\$5.6 million.

### 2. Change in FX rate - transaction (USD:AUD, EUR:AUD)

The Financial Projections are based on a USD:AUD rate of 0.70:1 and EUR:AUD rate of 0.64:1. A \$0.01 increase in the USD:AUD rate (i.e. a rate of 0.71:1) and EUR:AUD rate (i.e. a rate of 0.65:1) results in a decrease of CY24 revenue of US\$0.3 million and US\$0.05 million, respectively. If the actual USD:AUD rate were to be 0.65:1 and the actual EUR:AUD rate were to be 0.61:1 (both being the rates as at 31 May 2023), this would increase CY24 revenue by US\$1.6 million (netting off against the translation sensitivity referred to above).

### 3. Sales volumes

If CY24 wheel volumes were 10% greater than / lower than projected, this would impact revenue by +/- US\$7.8 million.

### 4. Timing delays / volume slippage

As discussed above, the Financial Projections reflect management's estimate of volumes, taking into account OEM's production forecasts and assuming no delays in commencing production. In the event of a 1-month timing delay on all new programs which have not yet entered production, this would reduce CY24 revenue by US\$2.5 million.

### 5. Average price per wheel

If sales prices were 2% greater than / lower than projected, this would increase / reduce CY24 revenue by US\$1.6 million.



A close-up, angled view of a Ferrari wheel. The wheel is dark grey with a multi-spoke design. The center cap features the Ferrari prancing horse logo. The brake caliper is yellow. The tire is a Michelin Pilot Sport 4S. The car body is white with a yellow Ferrari logo on the fender.

# Risk Factors

Capitalized terms used but not defined below have the meanings ascribed thereto in the Company's Shell Company Report on Form 20-F filed with the SEC on November 9, 2023.

## Risks Related to Our Financial Condition and Liquidity

- The Company may be unable to obtain sufficient financing to pay its expenses.
- The Company is not yet profitable or cash flow positive and it may take longer for the Company to reach profitability or become cash flow breakeven than anticipated (or it may never occur), and the Company may not be able to obtain financing to fund its operations on acceptable terms, or at all.
- The Company could fail to meet the financial covenants under the New Debt Program entered into on May 23, 2023.
- The Company could fail to make payments when due or otherwise comply with other requirements under the New Debt Program, resulting in an event of default thereunder and acceleration thereof.
- There are no assurances as to when the closing conditions for the additional tranches of funding under the OIC Financing, the Reserve Release Closings or Subsequent Closings, will be satisfied.
- The terms of the OIC Financing impose obligations on us or restrict our ability to engage in some business activities, which could materially adversely affect our business, results of operations and financial condition.
- In the event of certain triggers under the Company's Amended and Restated Memorandum and Articles of Association, holders of Preferred Shares will gain certain governance and control rights.
- Our ability to raise capital is partially subject to receipt of the consent of the holders of the OIC Warrant; if we do not receive such consent from such holders and/or are unable to raise the requisite amount of capital, our financial condition business, operations and growth plans will be adversely affected.
- The Company will need to raise additional funds by equity, debt, or convertible debt financings, to support its growth, and those funds may be unavailable on acceptable terms, or at all. As a result, the Company may be unable to meet its future capital needs, which may limit its ability to grow and jeopardize its ability to continue its business.

## Risks Related to Our Business and Operations

- The Company'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. The Company's view of expected volumes may not be achieved or may not be achieved within expected timeframes.
- Wheel programs may commence later than expected due to the design development and engineering phase taking longer than expected.
- The margin received by the Company for its wheels may be lower than expected. Similarly, the Company may not recover engineering and development or tooling costs from its customers to the extent expected.
- The Company may not be able to achieve the manufacturing quality required or expected by its customers.
- The Company 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.
- Due to industry standard contractual provisions which are favorable to the Company's customers, the Company may be exposed to volatility in demand and changes to customer forecasts on short notice, resulting in disruption to the Company's operations and supply chain and increased costs and lower margins. The Company may not be able to adjust its raw material supply orders on short notice to meet such demand, which may adversely affect the Company's profitability, cash flow and operations.
- The Company is exposed to claims against it by its customers for late delivery or delivery of products which do not meet desired specification. However, the Company does not have the same ability to make claims against all of its raw materials suppliers for late delivery or delivery of materials which do not meet our specification.
- The Company is exposed to price increases from suppliers and may not be able to pass those increases on to customers in full or at all.

# Risk Factors (cont.)



- Because the Company's wheel designs go through a validation process with customers, the Company may lack flexibility in sourcing validated materials from multiple suppliers, and therefore may be more exposed to price increases and supply shortages, than would otherwise be the case if it had flexibility to source from multiple suppliers (and swapping a validated material for an altered or different material may require some form of revalidation (partial or full)).
- The Company's relationships with suppliers and technical partners may deteriorate or there may be other issues with goods, services or equipment received from suppliers.
- Loss or failure of key manufacturing infrastructure or equipment may impact the Company's operations and lead to loss of revenue and/or increased costs.
- Due to the bespoke nature of much of the Company's manufacturing equipment, the business may potentially have a higher risk as compared to off-the-shelf equipment, that new commissioning of such equipment is delayed and/or the equipment supplier claims additional costs for modifications during the commissioning phase, that the equipment does not perform to the level expected or meet the process requirements or that the equipment breaks down or requires repair or refurbishment.
- 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, the Company 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 labor required to finish wheels being greater than expected.
- New wheel designs for new customers or other changes to product and process may take longer to achieve customer validation than expected, may be more difficult to manufacture than expected, may cost more to manufacture than expected, or may result in more quality issues than expected resulting in lower returns than anticipated.
- Failure to have systems and processes in place, or failure to adhere to such systems and processes, that ensure robust compliance with contractual requirements, product specifications, and quality systems, resulting in increased cost, scrap or quality issues, or shipping of wheels not according to specification.
- Customer return and warranty claims may be higher than expected.
- The Company may suffer reputational damage or incur liability due to poor product performance or failures, product recalls or other issues with its wheels.
- As a supplier in the automotive industry, the Company may be exposed to severe product liability claims, including claims for bodily injury and/or death.
- The Company 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 the Company's operations and growth. Further, loss of or failure to replace or hire key persons may impact the Company's operations and growth.
- Labor strikes in the U.S. automotive industry may have an adverse effect on the demand for the Company's products and the financial condition of its customers.
- Force majeure events may have an adverse effect on the demand for the Company's products and on its supply chain and ability to manufacture according to customer demand, resulting in lower revenue and/or increased costs.
- Risks associated with COVID-19, other pandemics, and other macroeconomic factors may impact the Company's operations and financial performance.
- The Russian-Ukrainian and Israel-Hamas conflicts or other similar disputes may have an impact on global supply chains, materials availability, materials costs and transport and logistics costs.
- The Company's business may be impacted by climate change, existing or new environmental regulations, and related risks.
- The Company may be legally required, or may face increased pressure from stakeholders, to find a recycle and re-use solution for scrap and end-of life wheels; doing so may take longer than expected, cost more than expected, or not be feasible.
- The Company may be unable to meet government, stock exchange, investor, customer or consumer standards, requirements and expectations, particularly in relation to environmental, social and governance matters, or may incur substantial costs in doing so.
- Workplace incidents or accidents may occur that may damage the Company's reputation and/or expose the Company to claims and litigation, increased insurance premiums or otherwise adversely impact operations.

# Risk Factors (cont.)



## Risks Related to Our Intellectual Property

- The Company manufactures and supplies a complex product incorporating many technologies, components and materials. If a court upheld a third-party intellectual property infringement claim against the Company, the Company may be subject to adverse court rulings or orders, including in relation to injunctions, declarations and/or the payment of damages.
- There are geographical and other limitations to the Company's patent and trademark portfolio, including because it is not economically feasible to register all such intellectual property in all jurisdictions around the world.
- The Company's confidential wheel process know-how and trade secrets have been developed over many years, and any unauthorized access to use or disclosure of relevant materials and information could materially and adversely impair the Company's prospects.
- The Company may not be able to protect, register and maintain its intellectual property rights.
- The Company's business and prospects depend on our ability to build our brand. We may not succeed in continuing to establish, maintain, and strengthen our brand, and our brand and reputation could be harmed by negative publicity regarding our company or products.
- The Company may be unable to enforce its intellectual property and may be involved in disputes regarding intellectual property or contractual obligations.
- The Company may face the risk of being restricted in the use of intellectual property developed jointly with another party coupled with restrictive exclusive supply of goods arrangements if the Company has been unable to reach an agreement to the contrary in advance with the relevant party.

## Cybersecurity Risks

- The Company's or a third party's information technology systems or processes may fail, become materially inoperable or be subject to attack and the Company's business may be adversely impacted.
- The Company's customer contracts impose IT and cybersecurity compliance requirements and allow for the customer to audit the Company's systems.
- Any confidential information held by the Company could be accessed by third parties via IT security breaches, attacks, ransomware, hacking and similar actions or occurrences, potentially exposing the Company to liability.
- An attack, ransomware or the like on or to the Company's IT systems may expose any third-party IT systems integrated or linked to the Company's IT systems depending on their level of vulnerability and this could expose the Company to liability.

## Other Business and Industry Risks

- The Company's competitive position or market share may deteriorate including as a result of actions by it or its competitors.
- The concentration of the Company's wheel programs and customers may adversely affect demand for the Company's wheels if its relationships with customers deteriorate.
- The Company's OEM customer relationships may deteriorate due to financial stress from general business conditions. If the Company requests non-standard terms, proposes changes to terms already agreed, or requests advanced payment from OEM customers, this may cause such customers to designate the Company a "distressed supplier," which may have short and long term impact on continued business with the OEMs, the terms upon which the OEMs are willing to continue engaging the Company, and the OEMs' motivation to encourage competitors to the Company.
- The Company's estimates of the size of the addressable market may be incorrect.
- The Company may forego business or lose certain customer relationships as a result of not having the production capacity to meet customer demand, or not having the funds to expand production capacity to meet customer demand. the Company may be liable to its customers if it cannot meet minimum capacity obligations.

# Risk Factors (cont.)



- The timing of the Company's recognition of revenue and any working capital financing requirements depend upon the terms of its agreements with its customers and may be adversely affected if the Company is required to recognize revenue upon the delivery to its customers rather than on shipment (given normal delivery timelines can be up to or greater than several months), unless the Company can negotiate more favorable terms (which may not be possible).
- The Company's forecasts are based upon certain assumptions with respect to the determination of backlog and other metrics, including assumptions with respect to the timing and quantity of orders under awarded programs, conversion of programs in development to awarded status, the timing of new program commencement, and recognition of revenue, which assumptions may not be realized.
- The Company may fail to meet forecasts.
- The Company may not be able to reduce supply chain costs or production costs as quickly as expected or to the same extent as expected, resulting in higher cost per wheel and lower margins than expected.
- The Company is subject to fluctuations in financial markets and exchange rates.
- Compliance costs associated with changes in regulations and policies may negatively impact the Company.
- Working capital financing may not be available, or may cost more, to fund the expected growth in working capital requirements of the Company's business.
- Non-compliance with applicable laws, regulations and OEM standards, including environmental laws and regulations or the cost of compliance therewith may adversely affect the Company.
- We face additional business, political, regulatory, operational, financial and economic risks as part of our operation in international markets, which could increase our costs or otherwise limit our growth.
- Economic developments such as inflation or raising interest rates may adversely affect the Company's operations and profitability.
- Research and development work may cost more than expected or take longer than expected or not deliver the expected results.
- The Company may be unable to obtain tax incentives or realize the benefit of accumulated tax losses in the future.
- The Company may be or become a PFIC, which could result in adverse U.S. federal income tax consequences to U.S. Holders.
- The Company has received government grant payments that may be subject to clawback, and expects to receive future government grant payments which may not materialize.
- Known and unknown legal proceedings, regulatory proceedings, investigations or claims against the Company may be costly and time-consuming to defend and may harm its reputation and damage its business regardless of the outcome.
- The Company has identified material weaknesses in its internal control over financial reporting. If the Company is unable to remediate these material weaknesses, or if the Company identifies additional material weaknesses in the future or otherwise fails to maintain an effective system of internal control over financial reporting, this may result in material misstatements of the Company's consolidated financial statements or cause the Company to fail to meet its periodic reporting obligations.
- The Company's business activities may be subject to the Foreign Corrupt Practices Act of 1977 ("FCPA") and similar anti-bribery and anti-corruption laws.
- The Company's international operations are subject to laws and regulations relating to export controls and economic sanctions that could impair its ability to compete in international markets. Non-compliance could also have an adverse effect on its business.
- Failure to comply with laws, regulations, requirements, or expectations relating to privacy or the protection or transfer of data relating to individuals could adversely affect our business.

## Risks Related to Irish Law

- The Company 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.

# Risk Factors (cont.)



- As an Irish public limited company, certain decisions to change the capital structure of the Company will require the approval of the Company shareholders, which may limit the Company's flexibility with respect to managing its capital structure.
- Any attempted takeover of the Company will be subject to the Irish Takeover Rules and will be under the jurisdiction of the Irish Takeover Panel.
- Under the Irish Takeover Rules, a person, or persons acting in concert, who acquire(s), or consolidate(s), control of the Company may be required to make a mandatory cash offer for the remaining shares of the Company.
- The Company's staggered board will limit shareholders' ability to influence matters of corporate governance and may deter others from pursuing change of control transactions.
- Provisions in the Company Amended and Restated Memorandum and Articles of Association (including anti-takeover provisions) and under Irish law could make an acquisition of the Company more difficult, may limit attempts by the Company shareholders to replace or remove the Company directors, may limit shareholders' ability to obtain a favorable judicial forum for disputes with the Company or the Company directors, officers, or employees, and may impact the market price of the Ordinary Shares and/or the Company warrants.
- Irish law requires the Company to have available "distributable profits" to pay dividends to shareholders and generally to make share repurchases and redemptions.
- In certain limited circumstances, dividends paid by the Company may be subject to Irish dividend withholding tax.
- Dividends received by Irish residents and certain other shareholders may be subject to Irish income tax.
- The Ordinary Shares or warrants issued by the Company received by means of a gift or inheritance could be subject to Irish capital acquisitions tax.
- Certain transfers of Ordinary Shares and warrants issued by the Company may be subject to Irish stamp duty.
- 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 the Company is formed under Irish law.

## Risks Related to Ownership of Our Securities

- The market price of securities may be volatile and may fluctuate due to factors beyond our control.
- The Public Warrants may never be in the money and may expire worthless.
- Warrant holders will have no rights as ordinary shareholders until they acquire our Ordinary Shares.
- Our operating results may fluctuate significantly or may fall below the expectations of investors or securities analysts, each of which may cause the price of our securities to fluctuate or decline.
- If securities or industry analysts do not continue to publish research, or publish inaccurate or unfavorable research, about our business, the price of our securities and our trading volume could decline.
- The issuance of Ordinary Shares in connection with the exercise of the Public Warrants will dilute the ownership interest of the holders of our Ordinary Shares and may materially affect the trading price of our Ordinary Shares.
- We have never paid dividends and do not expect to pay any dividends in the foreseeable future.
- We are a foreign private issuer, and, as a result, we are not subject to certain rules and obligations that are applicable to a U.S. domestic public company and are not subject to certain Nasdaq corporate governance listing standards that are applicable to a Nasdaq-listed U.S. domestic public company.
- We may lose our foreign private issuer status, which would then require us to comply with the Exchange Act's domestic reporting regime and cause us to incur significant legal, accounting and other expenses.
- We are an emerging growth company, and we cannot be certain if the reduced reporting requirements applicable to emerging growth companies make our Ordinary Shares less attractive to investors.