



ASX RELEASE

31 January 2020

## **December 2019 Quarterly Update**

Carbonxt Group Ltd (ASX:CG1) has released its Appendix 4C Report for the December 2019 quarter and provides the following update for the period. All numbers are in A\$ and unaudited.

### **Highlights**

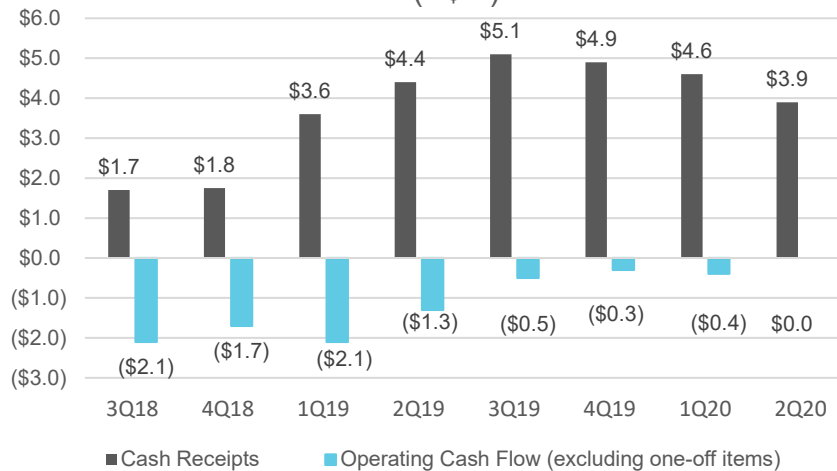
- Underlying Operating Cash Flow achieved breakeven in the December quarter.
- The Company continued to expand engagement with new customers across various product solutions.
- The Company re-affirms FY20 revenue guidance of \$24m - \$29m.

### **Revenue and Operating Cash Flow**

- Underlying Operating Cash Flow continued to improve quarter on quarter, with the company reaching the point of breakeven in 2Q20. While a temporary customer deferral led to lower Cash Receipts than recent quarters, costs were well contained and underscore the strong operating leverage appearing in the business.
- Cash Receipts of \$3.9m were recorded in 2Q20, equating to an 11% decline compared with the same quarter last year. During the quarter, our largest customer reduced their purchases for operating reasons. We anticipate sales to this customer, as well as group sales, to be materially higher in 3Q20.
- One-off items of \$1.9m were present in the quarter, primarily driven by a finished goods pellet inventory build of product for our largest customer. This allows the Company to transition our plant to different pellet products for new and pending customers in the next two quarters. In addition, we prepaid for raw materials that will be used for these new pellet products. Both actions support our growth strategy of focusing on the activated carbon pellet market.



Cash Receipts and Operating Cash Flow Trend  
(A\$m)



## Corporate Activities

The Company executed the successful completion of an oversubscribed institutional placement and SPP in 2Q20. We were pleased with the support of existing investors and welcomed multiple new institutions to the register.

## Summary and Financial Outlook

The Company continues to develop its customer pipeline, particularly within the higher margin activated carbon pellet segment. We expect continued conversion of these opportunities to revenue producing customers in the coming months.

In-line with the anticipated growth profile, the Board is assessing options to expand the production capacity of the Company. The economics such expansion projects are compelling and can be funded from existing resources.

The Company re-affirms the FY20 revenue guidance of \$A24m - \$A29m previously provided to market.

Carbonxt Managing Director, Warren Murphy, commented:

“We are delighted with the support received in last quarter’s capital raising as we welcomed new shareholders to our register and thank all of our investors for the demonstrated support. With the recent financial infusion, we are supporting the working capital needs of our growing customer base especially in the pellet market. We will continue to focus on improving our gross margins through implementation of innovative processes and formulations along with further operational experience at our manufacturing facilities. We are also very excited about various new opportunities we are discussing with several potential pellet customers and hope to make announcements on these over the next month.”

**ENDS**

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**About Carbonxt**

Carbonxt (ASX:CG1) is a cleantech company that develops and markets specialised Activated Carbon (AC) products, primarily focused on the capture of mercury and sulphur in industrial processes that emit substantial amounts of harmful air pollutants. The Company produces and manufactures Powdered Activated Carbon and Activated Carbon pellets for use in industrial air purification, waste water treatment and other liquid and gas phase markets.