



Capital Raising Presentation

June 2020





- 1 US developer, producer, and manufacturer of proprietary powdered and pelletised Activated Carbons for use in industrial pollution and emission control
- 2 Grew revenue from \$3.8m in FY17 to \$18.3m in FY19 – customers are typically large and sticky (3-5 year contract duration)
- 3 Excess manufacturing capacity to service expected revenue growth – increased plant utilisation and efficiency will drive further margin expansion
- 4 Anticipated FY20 growth was delayed due to contract delays and COVID-19 impact
- 5 40%+ revenue growth expected in FY21 – driven by: recent new contract wins; customer activities returning to normal; new Pellet product release in Q2FY21
- 6 Significant margin expansion expected in FY21 – driven by: increased plant utilisation; reduced reliance on third-party suppliers, and in-house manufacturing
- 7 Continuing transition from customer acquisition and establishment in new markets – becoming a recognised, profitable, and high growth player in US industry experiencing strong tail winds

Carbonxt produces patented, non-brominated, Activated Carbons used to eliminate mercury and other toxic pollutants from industrial flue gas and wastewater streams.

Our US-based manufacturing plants produce both powdered and pelletised products which are used by customers predominantly operating coal-fired power stations, cement plants, and other industrial processes.

Industry leading R&D capability enables us to be a solutions-based company, developing customised products for specific industrial needs.



COMPANY SUMMARY

Share Price (\$)¹	\$0.185
Shares on Issue (m)	107.69
Market Cap. (\$m)¹	\$19.92
Cash (\$m) (31 Mar 20)	\$1.19
Debt (\$m) (31 Dec 19)	\$4.36
Enterprise Value (\$m)¹	\$23.09
Options/Warrants (m)	14.14

1. As at 30 June 2020



BOARD OF DIRECTORS

Name	Position	Shares (m)
Matthew Driscoll	Chairman	0.66
Warren Murphy¹	MD	0.41
David Mazyck²	Director	0.43

1. Warren Murphy holds 1,500,000 options exercisable at \$0.50
2. David Mazyck holds 1,000,000 options exercisable at \$0.50

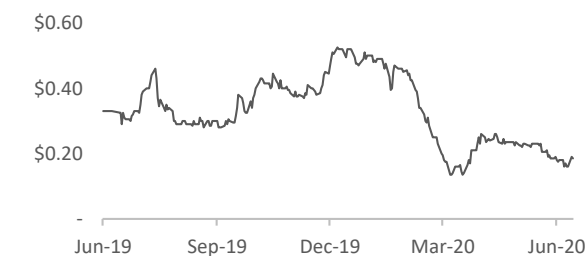


SHARE REGISTER

Pie Funds Management	8.91%
Beville Investments	4.82%
Washington H Soul Pattinson	4.37%
Capital H Management	3.75%



PRICE CHART



- Carbonxt develops, manufactures, and markets specialised Activated Carbon (“AC”) products
- Unique capability in market to develop products tailored to a particular customer or individual requirements
 - Key differentiator from commoditised competitor products
 - Allows realisation of premium pricing due to superior capability
- Our products are single-use consumables, creating reoccurring revenue with contracts typically several years in duration
- Unlike industry peers, our products are non-brominated, which means they do not corrode capital equipment



POWDERED ACTIVATED CARBON

- Powdered Activated Carbon (“PAC”) products are used by coal-fired power plants to achieve emissions compliance – injected into a plant’s flue gas to adsorb mercury emissions
- Generated FY19 revenue of A\$9.04m (+47% vs FY18) on sales of 4,940t to 8 customers (avg price of A\$1,830/t)
- Realised improving economics of scale and manufacturing efficiencies during FY19, and expect future gross margins to increase to in the range of 28% - 38%



PELLETISED ACTIVATED CARBON

- Only manufacturer of pelletised Activated Carbon in the US
- Our Activated Carbon Pellet (“ACP”) products have a wide range of industrial applications in removal of pollutants, particularly in wastewater and other fluids
 - Mostly competes against imported products (typically from China) which suffer from supply side challenges and tariffs
- Generated FY19 revenue of A\$9.28m on sales to 2 customers
- Started producing ACP products from our own facilities during FY19, and expect future gross margins in the range of 30% - 40%

- Foundation of our business
- Developed revolutionary proprietary Powdered Activated Carbon (PAC) for capture of mercury
 - Mercury capturing PAC that doesn't contain bromine
 - Doesn't corrode capital equipment
- Long sales lead time and competitive market
- Once obtained, customers are typically large (utilities) and sticky, long term contracts (typically 3 – 5 years in duration)
- Carbonxt manufacturing facility in Black Birch (Georgia, USA)
 - 10,000t p.a. capacity
 - Currently around 50% utilisation (8 – 10 customers)
- Will continue to add new customers or additional business from existing customers
 - Sales lead times expected to shorten as we move into scale and profitability



Our Activated Carbon Pellet business – key features

- Developed proprietary Activated Carbon Pellet (ACP) technology
- Carbonxt is the only North American manufacturer of Pellet (ACP) products, in a fast growing and largely underpenetrated market
- Entered US market in FY18 – achieved \$9m+ revenue in first full year of sales
 - Inbound enquiries continue to increase as awareness of our Pellet capabilities grows
- Manufacturing facility in Arden Hills (Minnesota)
 - 7,000t p.a. capacity
 - Currently 50 - 70% utilisation
 - As volumes increase, we expect to expand production capacity at our Arden Hills manufacturing facility by 1,500t - 2,000t p.a. (expected expansion costs of ~A\$2m)
- Opportunities for Pellet use are increasing across a range of industrial applications
- The development of new solutions continues to expand our addressable market into industries not previously serviced by Carbonxt; strong and immediate growth opportunities
 - Multiple applications
 - Multiple industries
 - Multiple potential customers

TARGET INDUSTRIES



BENEFITS



- Shorter sales cycle
- Customers are typically large and sticky - long term contracts
- Higher margin opportunity longer term
- Broadens and diversifies the customer base across multiple industries
- Significantly increases the company's addressable market

CARBONXT'S NEW PELLET PRODUCT

- Carbonxt will soon commercialise a new Pellet (ACP) product aimed at removing phosphate from liquid streams
 - Leveraged existing patent-pending Pellet formulation to develop a range of novel Pellet solutions
 - New Pellet product has a competitive advantage: compact vessel design that is scalable, has better aesthetics, and is easier to use
- Carbonxt is in early stage discussions with potential customers to advance the commercialisation of its new Pellet product
 - Have sold to one wastewater utility already
 - A further commercial test with a Florida municipality will occur shortly
 - Expect that grant opportunities will accelerate commercialisation

PHOSPHATE AND NUTRIENT CONTAMINATION MARKET

- Phosphate (and nutrient contaminants in general) are receiving significant attention across the US due to their negative economic impacts on industry, tourism, and local communities
 - Florida passed a bill in March 2020 (SB12) aimed at curbing nutrient runoff into waterways and groundwater
- Carbonxt is at the forefront of this growing phosphate and nutrient contamination market:
 - Market includes wastewater treatment, agriculture, hotel, and beverage production industries
 - Competitive environment includes biological solutions

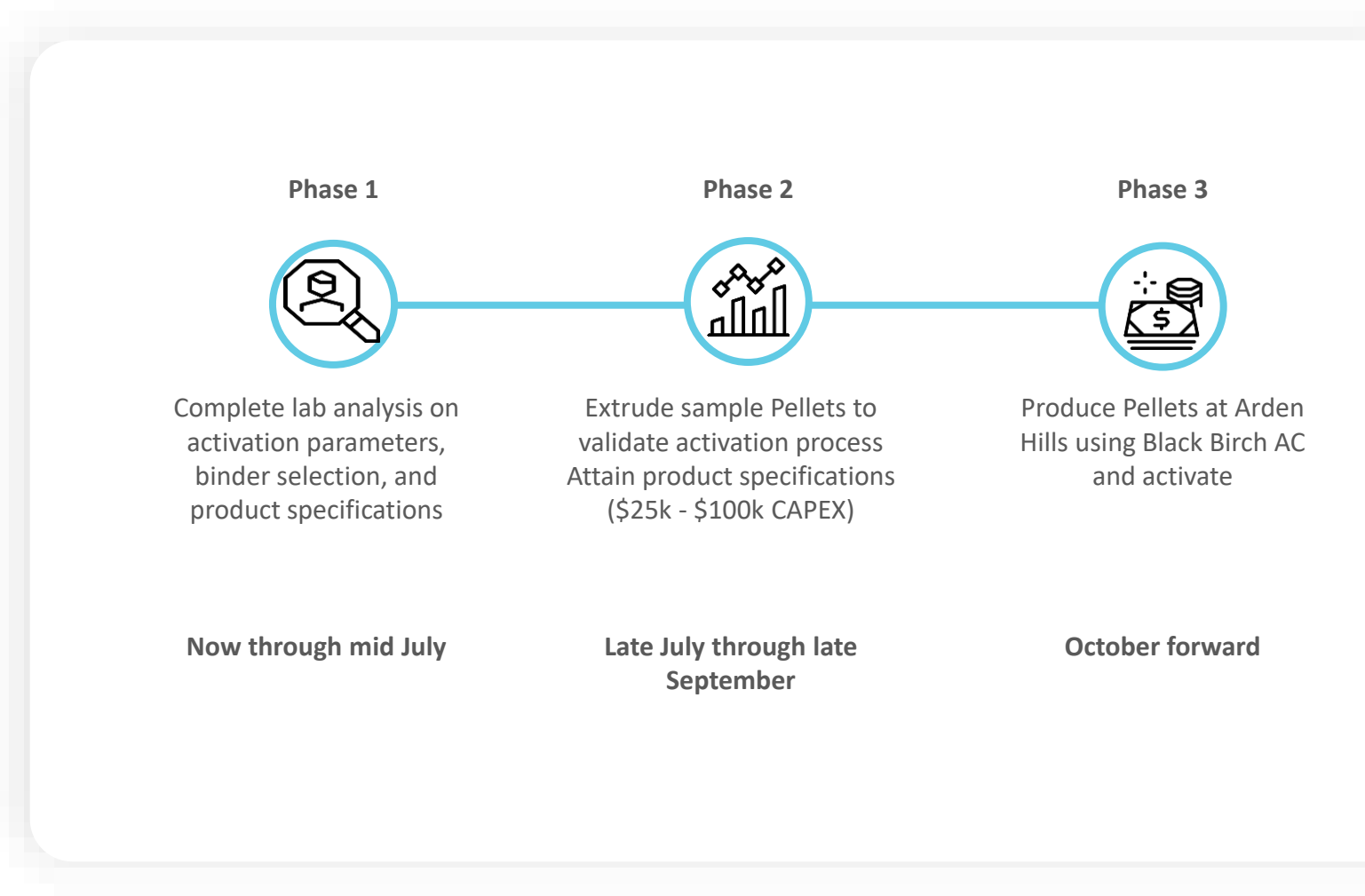
According to the EPA...

“Nutrient pollution is one of America's most widespread, costly and challenging environmental problems, and is caused by excess nitrogen and phosphorus in the air and water”.

“When too much nitrogen and phosphorus enter the environment - usually from a wide range of human activities - the air and water can become polluted. Nutrient pollution has impacted many streams, rivers, lakes, bays and coastal waters for the past several decades, resulting in serious environmental and human health issues, and impacting the economy”.



- Development of Kiln-Activated Pellets (“**KAP**”) has been accelerated since onset of COVID-19
 - Testing underway with initial promising results
 - KAP would meet CTC requirements and be suitable for use in high humidity environments
- KAP would eliminate any reliance on third-party and foreign-sourced input materials – Carbonxt’s Black Birch facility can produce required input materials
 - Reduces supply chain risk; and
 - Significantly reduces product costs
- Currently arranging pilot activation which is targeted to commence in the next 1 - 2 months



- Delivered strong revenue growth FY17 – FY19 (\$3.8m to \$18.3m), with increasing margins
- Anticipated FY20 growth did not eventuate
 - **Revised FY20 guidance:**
 - **Revenue: \$16m**
 - **Gross profit: \$5.2m**
 - **EBITDA: (\$1.2m)**
 - Revenue growth delayed due to:
 - Some delay in new customer contracts – customer site access and product testing restricted
 - Prudent conservatism in reducing supply to some Pellet customers seeking longer payment terms during COVID-19
 - As demand for electricity decreased significantly during COVID-19 lockdown, many power plants brought forward maintenance outage plans and/or reduced operating hours (and therefore used less Activated Carbon)
- Continued responsible balance sheet and cash flow management despite lower revenues - net cash used only \$0.5m



- **FY21 guidance:**
 - **40%+ revenue growth**
 - **35%+ gross profit margin**
- FY21 growth expected to be driven by:
 - Power plant activity returning to pre COVID-19 lockdown levels
 - New Pellet business lines:
 - Pelletising for other major AC players
 - **Two new Pellet contracts signed in June are expected to contribute materially to FY21 revenue**
 - Launch of new Pellet products for removal of phosphate and other nutrient contaminants from water
- Strong margin expansion expected in FY21, driven by:
 - Higher margin new Pellet business line (gross margin increase to 40%)
 - Higher plant utilization
 - Elimination of reliance on third party input materials
- **Expecting to be profitable and cashflow positive from 2QFY21**



A close-up photograph of numerous dark grey, irregularly shaped carbon particles, likely activated carbon, filling the left side of the image.

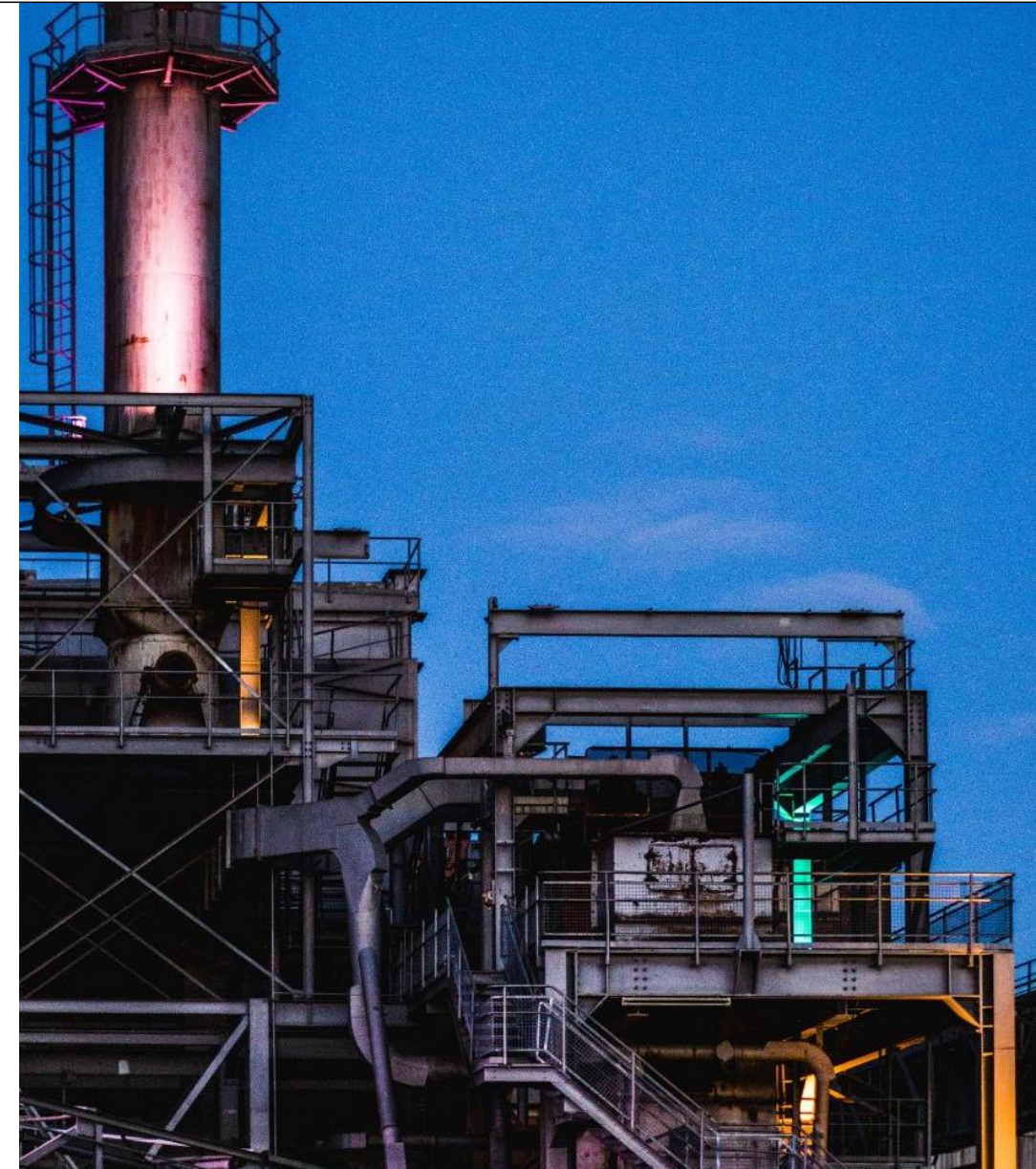
CAPITAL RAISING

Structure	Carbonxt is undertaking a placement to raise approximately \$2.0 million comprising the issue of up to 12.5 million new fully paid ordinary shares in the Company (“New Shares”) (the “Placement”) <ul style="list-style-type: none"> • The Placement will fall within the Company’s available placement capacity under ASX Listing Rule 7.1
Issue Price	Issue Price of A\$0.160 represents: <ul style="list-style-type: none"> • 13.5% discount to last closing price of \$0.185¹ • 6.8% discount to 10 day VWAP of \$0.172¹ • 17.0% discount to 30 day VWAP of \$0.193¹
Ranking	Ranking pari-passu with existing capital
Use of Proceeds	General working capital requirements
Lead Manager	Canaccord Genuity (Australia) Limited

1. As at 30 June 2020

Transaction Timetable	Timing
Trading Halt	Wednesday, 1 July 2020
ASX Announcement / Resume Trading	Tuesday, 7 July 2020
Settlement of Placement	Friday, 10 July 2020
Expected date of ASX quotation of New Shares	Monday, 13 July 2020

Note: Timetable above is indicative only and subject to change





MANAGING DIRECTOR

Warren Murphy

Warren was Co-Head of the Australian Infrastructure & Project Finance Group and Head of Energy at Babcock & Brown. Warren led the development of Babcock & Brown's energy sector capability in Australia and New Zealand, including the founding of Infigen Energy. He was also a director of the ASX listed Alinta Limited and Sydney Gas Limited, and development of over 2,000MW of Greenfields power stations and the acquisition of over 3,000MW of generation.



INDEPENDENT CHAIRMAN

Matthew Driscoll

Matthew has significant experience across several industries, including online technologies, financial services, fintech, property and resources. He has more than 30 years' experience in capital markets and the financial services industry and is an accomplished company director in roles across listed and private companies. He has significant experience in international business growth, mergers and acquisitions, equity and debt raisings and building strategic alliances, and remains committed to ethical, commercial and consumer-based outcomes. Matthew is NED Energy Technologies Limited (EGY), NED Blina Minerals (BDI), NED buyMyplace.com.au (BMP), NED Smoke Alarms Holdings.



EXECUTIVE DIRECTOR

Dr. David Mazyck

David is a world-leading expert on activated carbon (AC) and its applications including mercury capture. He has developed AC products for the major multinationals. Dr. Mazyck is the former Chairman of the Activated Carbon Standards Committee for the American Waterworks Association and has developed products for NASA. He is a member of the World Coal Association and an appointee to the United Nations.

Regulatory Risk	Carbonxt is heavily reliant on US environmental policies and regulation, in particular the EPA's MATS regulations that came into force in April 2016 to tightly regulate the emission of mercury released through the burning of coal, and the Effluent Limitation Guidelines (ELGS) which progressively come into effect from December 2018. Any change to or reversal of current legislation would have a significant negative effect on the Company's business model and financial performance. It should be noted that the current President has mooted substantially changes in the operation of the EPA and regulation, including MATS, may be affected. At this stage, the utilities that Carbonxt conducts business with have indicated no change to their future planned operating procedures and planning.
Expected Financial Impact	Carbonxt has undertaken an analysis of the expected financial impact that the new production facility will have on the financial performance of the Company. Any guidance referred to in this presentation is the Company's best estimate of anticipated financial results based on the information available at the date that guidance was given. However, there is a risk that unforeseen issues or factors outside of the control of the Company may cause the actual results achieved to differ or be weaker than anticipated, and such differences may be material to the Company's financial performance.
Competition Risk	The Company operates in a dynamic AC market primarily driven by the US EPA's regulations. There is a possibility that existing or new competitors may increase competitive pressure through technological advancements, volume increases or pricing and other strategies. Any significant advancements in technology for producing AC have the potential to change the competitive environment in which the Company operates.
Ability to retain existing clients or attract new clients	The Company's business depends on its ability to retain contracts with existing customers and to attract further business from existing customers or attract new customers. The loss of existing customers or the inability to attract new customers would have an adverse impact on the financial position of the Company.
Intellectual Property Risk	The Company relies on its intellectual property (including technology, know how, trademarks, designs and patents) and there can be no assurance that competitors or other parties will not imitate or develop technology and know how that challenges or competes with the Company or supersedes the Company's intellectual property. In addition, any unauthorised use or disclosure of Carbonxt's intellectual property may also have an adverse effect on the Company's financial performance.
Reliance on Key Personnel	Carbonxt employs, or engages as consultants, a number of key management and scientific personnel. The inability of the Company to retain and attract highly qualified and experienced personnel could have a material adverse impact on the Company's business and financial performance.
Safety and Industrial Accidents	The manufacture and supply of the Company's products are subject to safety related risks, which are managed carefully by the Company. Despite the relevant safety guards there is no guarantee a serious accident will not occur in the future, which may negatively affect the financial performance of the Company.

Brand Establishment and Maintenance	Establishing and maintaining its brand in the industry is critical to growing the Company's customer base and product acceptance. Prior to entering into supply agreements, the Company is required to undertake vigorous testing of its Activated Carbon solutions. While the Company has so far been successful in tests undertaken to support the effectiveness of its products and processes, any future unsuccessful tests for potential customers could adversely affect the Company's brand, and its business and operating results could be adversely affected. The Company must also maintain and support its existing customer relationships to maintain its brand and attract further customers.
Offshore Operations	While the Company's corporate management is in Australia, its operations are based in the United States. The global nature of the coal fired generation business and the United Nations initiatives in respect of mercury capture, may result in the Company's activities extending to other countries in the future. Geographic diversity adds risk to the ability of the Company to manage its operations and employees, and introduces additional risks relating to the general economic, regulatory, legal, social and political environment in the jurisdictions in which it intends to operate, which may in turn adversely affect the Company's business and financial condition.
Exchange Rate Risk	The Company is exposed to movements in exchange rates as the vast majority of the Company's revenue and expenses are denominated in USD. Adverse movements in the AUD/USD exchange rate may have an adverse effect on the reported financial performance and/or financial position of the Company.
Product liability and uninsured risks	The Company is exposed to potential product liability risks, which are inherent in the research and development, manufacturing, marketing and use of its products or products that are developed in the future. Whilst the Company has liability insurance to help manage such risks, the Company may not be able to maintain insurance for product or service liability on reasonable terms in the future and/or the Company's insurance may not be sufficient to cover large claims, or the insurer could disclaim coverage on any such claims.
General Market Risks	General economic factors such as interest rates, exchange rates, inflation, business and consumer confidence and general market factors may have an adverse impact on Carbonxt's performance, prospects or value of its assets. The market price of the Company's shares will fluctuate due to various factors, many of which are not specific to Carbonxt, including domestic and international general economic conditions, inflation rates, interest rates, exchange rates, changes in government, fiscal and monetary policies, regulatory changes, global investment markets, geo-political events and hostilities and other factors that may affect the Company's financial performance and position. In the future, these factors may cause Carbonxt shares to trade at or below their issue price.
Litigation	In the ordinary course of business, Carbonxt may be involved in litigation disputes from time to time. Litigation disputes may adversely impact the operational and financial performance of and industry standing of the Company. In the case where the impact of legal proceedings is greater than or outside the scope of the Company's insurance, such litigation could negatively affect Carbonxt's financial position.
Other Risks	The above risks should not be taken as a complete list of the risks associated with an investment in Carbonxt. The risks outlined above and other risks not specifically referred to may in the future materially adversely affect the Company, or the value of the Shares and their performance. Accordingly, no assurance or guarantee of future performance or profitability is given by Carbonxt in respect of the Company or the Shares.

This presentation has been prepared by Carbonxt Group Limited ACN 097 247 464 (“**Carbonxt**”) in relation to its completed institutional placement (“**Placement**”) of new shares in Carbonxt (“**New Shares**”) to raise approximately \$2.0 million.

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