



ASX RELEASE

27 May 2021

Clean Tech Conference Presentation

Carbonxt Group Limited (ASX:CG1) (Carbonxt or the Company) is presenting today at the Stocks Down Under / Baker & McKenzie Clean Tech Conference.

A copy of the presentation is attached to this announcement.

This announcement has been authorised for release to ASX by the Board of Directors of Carbonxt Group Limited.

ENDS



Stocks Down Under / Baker & McKenzie Clean Tech Investment Conference

May 2021



- 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	\$0.15
Shares on Issue (m)	150.82
Market Cap. (\$m)¹	\$22.62
Cash (\$m) (20 May 21)	\$2.10
Debt (\$m) (30 June 20)	\$4.58
Enterprise Value (\$m)¹	\$25.20
Options/Warrants (m)	16.08

1. As at 26 May, 2021



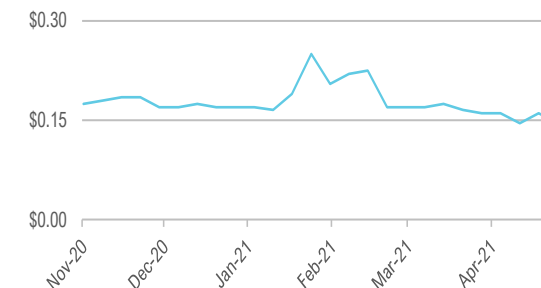
SHARE REGISTER

Pie Funds Management	9.48%
Washington H Soul Pattinson	4.12%
L A Andrews Investments	4.67%
Beville Executive Investments	3.46%




BOARD OF DIRECTORS

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





- 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 FY20 revenue of \$15.8m - growth was delayed due to contract delays and COVID-19 impact
- 4 FY21 impacted by increase in third party input cost (raw material) for AC Pellets
- 5 Company innovated and eliminated the need for the raw material in question
- 6 Completion of a new 5,000 ton per annum pellet facility in Kentucky expected in 2QFY22. The facility will be 100% funded by the counterparty and improve gross margins and eliminate working capital requirements of the Company for industrial pellets
- 7 Significant expansion expected in FY22 – driven by: increased plant utilisation; reduced reliance on third-party suppliers, and increased in-house manufacturing capacity
- 8 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

A close-up photograph of numerous dark grey, irregularly shaped granules of powdered activated carbon, filling the left side of the slide.

Key features of our Powdered Activated Carbon business

- Revolutionary proprietary Powdered Activated Carbon (“**PAC**”) for capture of mercury
 - Mercury capturing PAC that doesn’t contain bromine
 - Does not 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)
- Sales lead times expected to shorten as we move into scale and profitability
- Carbonxt manufacturing facility in Black Birch (Georgia, USA)
 - 10,000t p.a. capacity (avg. price A\$1,668 /t)
 - Around 50% utilisation
 - Gross margin expected to increase with scale to ~30% from ~24% today

Key features of our Activated Carbon Pellet (ACP) business



- 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 and in FY20, despite our largest customer being affected by COVID-19
 - Inbound enquiries continues to increase as awareness of our Pellet capabilities grows
 - >10 customers with 8 added in the last 12 months
- The benefits for Carbonxt are:
 - Shorter sales cycle
 - Customers are typically large and sticky - long term contracts
 - Higher margin opportunity at scale
 - Broadens and diversifies the customer base
 - Significantly increases addressable market
- Existing Manufacturing facility in Arden Hills (Minnesota)
 - 6-7,000t p.a. capacity depending on product produced
- New 5,000 t p.a. facility to be built in Kentucky
 - Commercial contract has been executed
 - Facility is obtaining its final development approvals prior to construction commencement
 - Operations commencement expected in 2QFY22

TARGET INDUSTRIES



- 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

CARBONXT'S NEW SORBENT PRODUCT – PHOSPHATE CONTAMINATION MARKET

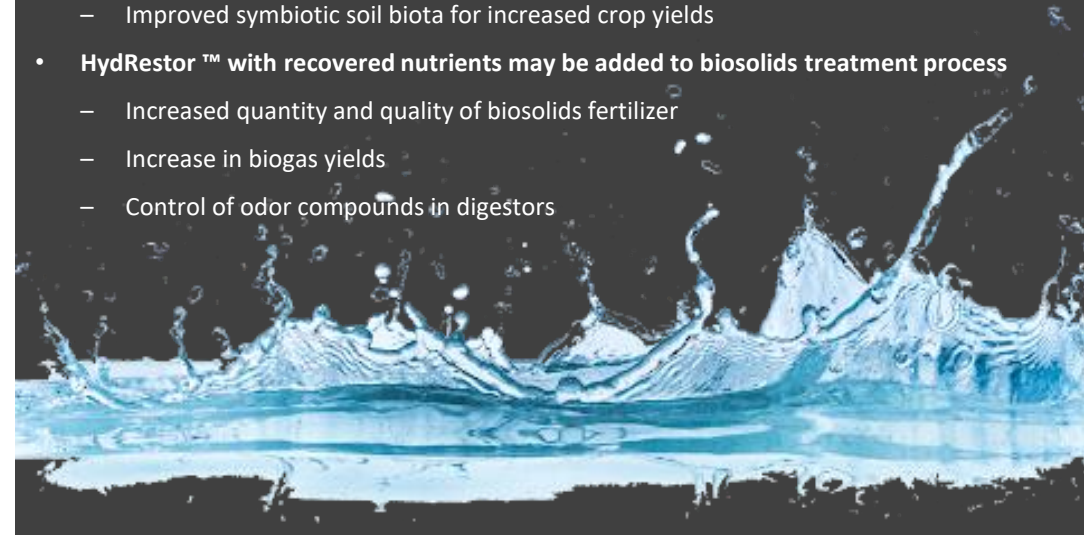
- Carbonxt has successfully commercialised a new product aimed at removing phosphate from liquid streams
 - Leveraged existing patent-pending formulation to develop a range of novel sorbents
 - New sorbent has a competitive advantage: compact vessel design that is scalable, has better aesthetics, and is easier to use
- **Three Pilot** opportunities underway
 - Pilots supported by grant funds commenced in early July and continuing with water treatment facilities and secondary treatment stations
 - Herox – Department of Energy Prize recipient

CONTINUED INNOVATION

- Carbonxt and Mote Marine Laboratory were awarded a grant to further develop an activated carbon-based technology through the Florida Red Tide Mitigation and Technology Development Initiative
 - Caused by algal blooms releasing toxins into the air and water, red tide events can devastate aquatic life, tourism, and residents sensitive to airborne irritants
 - The award recognizes promising aspects of the current technology as well as increasing need for a solution to the damage already caused by such algal blooms



- **Use HydRestor™ for phosphorus recovery from wastewater**
 - Low capital investment and operating costs
 - Value-added revenue streams from spent media
- **Beneficial reuse of spent media as soil amendment**
 - Slow release phosphate source
 - Soil moisture control for crops
 - Reduce runoff of nutrients and pesticides
 - No negative impact on soil salinity or pH
 - Improved symbiotic soil biota for increased crop yields
- **HydRestor™ with recovered nutrients may be added to biosolids treatment process**
 - Increased quantity and quality of biosolids fertilizer
 - Increase in biogas yields
 - Control of odor compounds in digestors



Carbonxt is a cleantech company with an unrivalled team in the development of new intellectual property in the Activated Carbon sector. Our team consists of four Phd's with the remainder of the team being graduates and post-graduates in environmental engineering, chemistry and mechanical engineering.

The Company's patent portfolio comprises seven current United States granted Patents and eleven patent applications pending, two in Australia and four in Canada.

The Company has significant internal R&D capability given its track record of multiple first-of-a-kind developments and commercialisations including two recent public grants, being the Helix Award and Florida Red Tide Mitigation and Technology Development Initiative.

In April 2021, Carbonxt celebrated its most recent success with recognition from the University of Florida (UF). Each year the University of Florida recognises the Top 100 companies that include at least one alumni from UF. Carbonxt has 13 graduates from UF.

Making the Top 100 is a proud accomplishment. For example, these 100 companies had a combined revenue of over USD **\$6 B**.

Carbonxt was picked at #10 in that list.



Delivered strong revenue growth FY17 – FY19 (\$3.8m to \$18.3m), with increasing margins

FY20 COVID-19 IMPACT

- Lower revenue - \$15.8m (due to restricted customer site access and overall reduced electricity demand)
- Improved gross margins (\$3.0m EBITDA improvement)

FY21 Transition to a New Pellet Formula

- Deferment of certain pellet sales until the commencement of operations at our new Kentucky facility (see slide 6)
- Revenue will be lower in FY21 than FY20 due to the above strategic decision to limit cash burn from the impact of escalating third party input costs. The new facility will not utilise these third party inputs as the base material has a higher surface area.
- Implemented a USD 1m per annum cost reduction program.

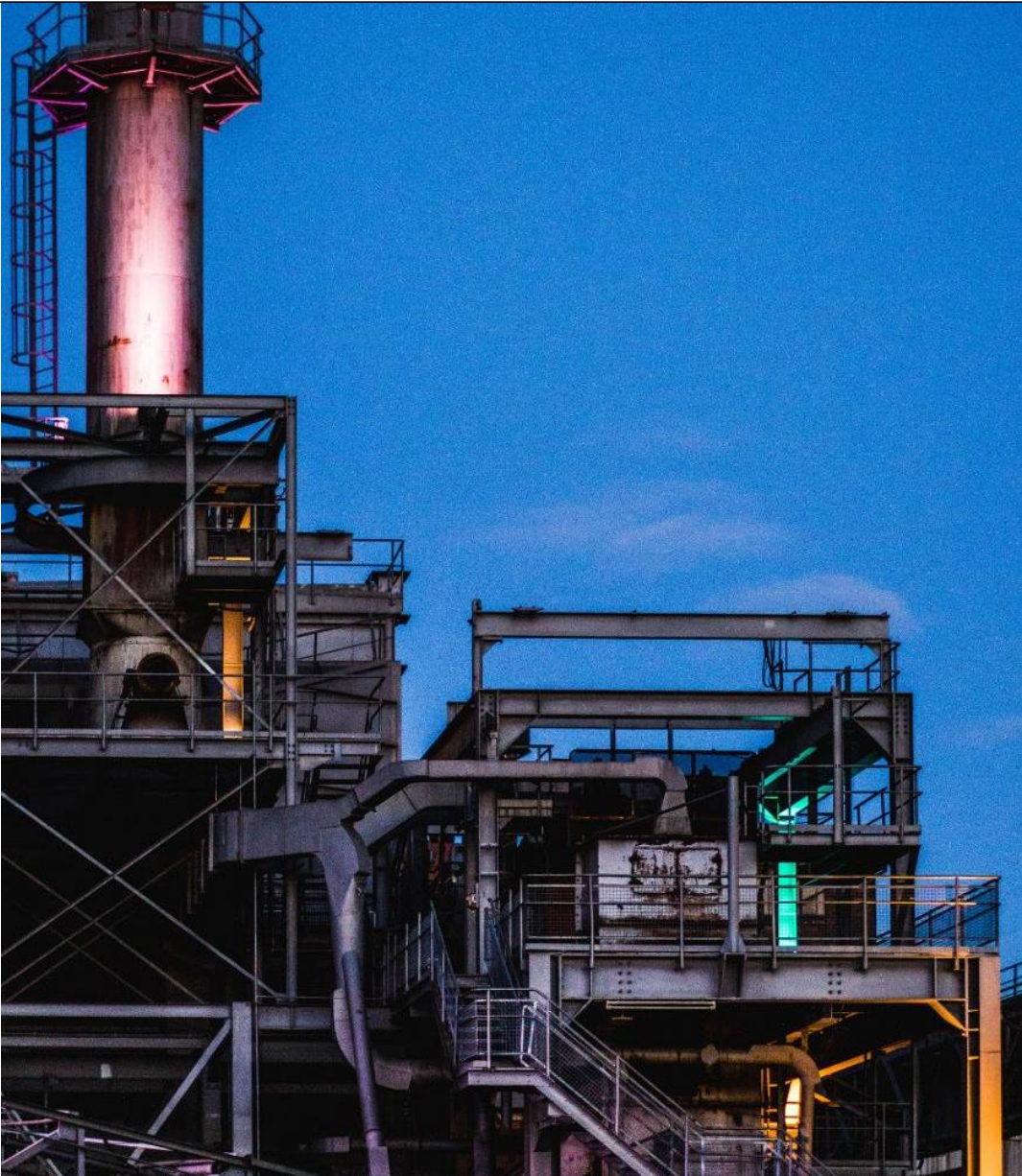
Savings Category	Amount
Health Insurance	\$240k
Reduction in positions	\$240k
Salary Reductions	\$250k
Commercial Insurance	\$50k
IP Legals & Sundry Items	\$250k
Total Savings	USD 1m / a



Recent Capital Placement Completed and Rights Issue Opened



Offer Structure and Size	<p>Carbonxt undertook a placement in early May 2021 which raised \$2.1 million via the issue of 14.0 million new fully paid ordinary shares in the Company at A\$0.15 per share plus one option on a 1:2 basis with a strike price of \$0.24 per share and a two year term.</p> <p>On 21 May 2021, Carbonxt announced a Rights Issue on the same terms as the Placement above. Under the Offer, eligible shareholders can apply for one new fully paid ordinary share for every 11 existing ordinary shares held on 26 May 2021 (at 7.00 pm -Sydney Time) at an offer price of \$0.15 per share. The Company will issue one free attaching option exercisable at A\$0.24 on or before 21 June 2023 for every two new shares issued.</p> <p>The offer is partially underwritten to \$1 million.</p> <p>In addition, Carbonxt management has committed to a minimum of \$0.4m on the same terms as the Placement, subject to approval at an upcoming EGM.</p>
Offer Price	<p>Offer Price of A\$0.150 represented:</p> <ul style="list-style-type: none">• 3.4% discount to last closing price of \$0.145¹• 2.5% discount to 10 day VWAP
Co-Managers to the Placement	<p>Sanlam Private Wealth and Sixty-Two Capital</p>



1. As at April 30, 2021



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 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.

CONTACT

Warren Murphy

Managing Director



+61 (0) 413 841 216



w.murphy@carbonxt.com