



ASX RELEASE

30 November 2022

Carbonxt Group Limited – Chairman’s Address to AGM

This year saw a significant increase in revenue and earnings, as the economy recovered from the effects of the COVID-19 pandemic. Revenue was a new high of \$18.4m, and pleasingly we achieved an improvement in EBITDA of \$2.4m on the prior year.

We have focussed our attention this year on extending our existing contract tenors, increasing pricing wherever possible and lowering our per unit operating expenses. I thank our employees for the tremendous efforts in this regard.

Revenue in our Activated Carbon Pellet (“ACP”) segment was up 87% on the prior year and we continue to develop new applications in this segment. Our Arden Hills facility is at or near capacity and so our attention for some time has been on expanding our ACP capacity given the tremendous opportunities available to us as the only US manufacturer of industrial ACPs.

For most of the last year, we have been working with our proposed business partner in Kentucky to meet this untapped demand. Whilst there have been some unexpected permitting delays, all requisite construction and operating permits have been obtained.

In August 2022, we announced a joint venture in Kentucky that sees our business partner, Kentucky Coal Processing, LLC (“KCP”), build a 20,000 tons per annum manufacturing facility. KCP will undertake the operations of the manufacturing facility, whilst Carbonxt will be responsible for technology and sales.

The Kentucky joint venture gives the opportunity for the Company to significantly increase the scale of our operations based on the large demand for industrial pellets both within our existing customer base and in the opportunity to service new customers.

The Kentucky plant solves the high surface area requirement for our higher quality products and eliminates the future need for third party carbons in our pellet formulations.

The plant will be powered by renewable energy from an adjacent waste-to-energy facility and will achieve a significant reduction in operating costs compared to our current facility.

The Kentucky plant also allows the Company to enter the Granular Activated Carbon (“GAC”) market, which is a new addressable market for Carbonxt. The North American GAC market is around USD 400m in size and growing at more than 10% per annum. The primary driver for this growth is the market to remove Perfluoroalkyl and Polyfluoroalkyl Substances (“PFAS” or “forever chemicals”). Indeed, the US Environment Protection Agency (E.P.A.) has recently publicized its intentions to regulate two such substances. Under the proposed rule, the E.P.A. would designate the two compounds as hazardous under the Superfund law, which enables the agency to require polluting companies to clean up environmental hazards. Carbonxt believes that GAC will be the likely best solution for the clean-up of such substances and therefore believes entering this market is a high priority for the Company.

In addition, the ACP market can also be expected to grow from these regulatory decisions as ACP is a good substitute for GAC in many applications.



Our investment in R&D continues to bring benefits with significant work expended on new ACP formulations both for domestic and export opportunities. The initiatives in nutrient recovery and in rice husk waste are ones we expect to see substantial progress in FY23.

We are excited about the opportunities ahead of us and the dramatic increase in scale once the Kentucky operation is in full scale operations. Bringing this Project on-line as smoothly as possible will be our prime priority for the next year.

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

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