



ASX RELEASE
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Carbonxt Group Limited – September 2023 Quarterly Update

Highlights

- Revenue of \$5.3m for the September quarter and customer receipts of A\$4.6m – the latter being an increase of 93% compared to prior quarter - primarily reflecting a timing difference in orders from the group’s largest pellet customer.
- Sales of Powdered Activated Carbon (PAC) increased 31% from a year ago which reflected higher demand from utility plants. Compared to prior quarter, PAC sales increased by 36% as the summer period continues and demand remained steady.
- Several existing relationships extended their PAC contracts with higher pricing across the power generation, water filtration and industrial applications. One PAC contract has been increased by over \$1.5m per annum.
- Sales of Activated Carbon Pellets (ACP) increased by 26% from a year ago. The Finished Goods inventory decreased by \$0.9m as ACP inventory for our largest customer was sold. Revenue of \$1.2m was booked in the last two weeks of the quarter and cash received in mid-October 2023.
- Construction of the flagship Activated Carbon production facility in Kentucky, USA continues to progress on schedule, with operations expected to commence in 1H of calendar 2024.

Carbonxt Group Ltd (ASX:CG1) (“Carbonxt” or “the Company”) has released its Appendix 4C Report for the September 2023 Quarter and provides the following update on the key areas of activity for the period. All numbers are in A\$ unless otherwise stated.

Principal Activities

Carbonxt is a cleantech company that develops and manufactures environmental technologies to maintain compliance with air and water emission requirements and to remove harmful pollutants. The Company’s primary operations are in the US and include a significant R&D focus as well as manufacturing plants for activated carbon pellets and powder activated carbon. Carbonxt continues to expand its pellet product portfolio to address numerous industrial applications.

Overview

- Customer receipts were \$4.6m, an increase of 93% compared with the prior quarter receipts. As noted above, the increase in customer receipts was primarily driven by timing of orders from our largest customer (*refer ASX Announcement 12 October 2023*).
- **Activated Carbon Pellet (ACP)** primary sales during this period were made to the group’s two largest customers. Sales were made primarily from inventory that was produced in previous quarters, as an initiative to reduce per-unit production cost and strengthen the balance sheet.



- **Powdered Activated Carbon (PAC)** revenue was higher on a q/q basis, due to higher demand during the northern summer period where both cement production facilities and power plants operate more consistently and therefore need more product.

Revenue and Operating Cash Flow

- The Company reported positive Operating Cash Flow for the quarter of ~\$600,000. The inflow of cash reflects primarily the sale of built-up inventory for the main ACP customer.
- High demand for PAC has continued in this quarter reflecting the warmer weather and higher demand from coal fired power plants.

Payments to Related Parties

- Included within staff costs (item 1.2 (e) of Cash Flow from Operating Activities in the Appendix 4C) are payments to the Directors. These rates of payment to directors are unchanged from the remuneration as set out in the last Annual Report.

Investments

- The new Activated Carbon facility in Kentucky continues to progress well, with the delivery of construction equipment now confirmed as delivered to site thereby triggering a milestone payment of US\$500,000 from Carbonxt to NewCarbon, LLC in accordance with the terms of the agreement with KCP and NewCarbon, LLC. A further update on construction progress will be provided to the market in the coming week.

New Board Appointments and new CEO, Carbonxt Inc.

- This quarter Carbonxt appointed two new board members, Imtiaz Kathawalla and Nicholas Andrews, who bring on a wealth of technical and commercial knowledge to assist the Company in this exciting growth phase.
- The Company also appointed Dr. Regina Rodriguez as Chief Executive Officer of the group's US subsidiary, Carbonxt Inc, to help with the improvements and management of the operations and cash flows for our business while the Kentucky plant comes online. Thus allowing Dr. David Mazyck to focus exclusively on the commencement of the Company's largest ever investment, the new AC plant in Kentucky.

Managing Director Warren Murphy commented:

"We are pleased to present our results for the September quarter, which were highlighted by strong momentum across our existing operations as well as the construction of our flagship activated carbon production facility in Kentucky. As previously stated to the market, group trading results reflected the timing of cash payments from our largest pellet customer, which underpinned a strong quarter of revenue and cash receipts which in turn flowed through to positive net operating cash flows. Progress at our Kentucky facility is proceeding on schedule. With the next tranche payment now scheduled following the delivery of key equipment, we look forward to providing more updates in the December quarter around on-site construction works. The Kentucky facility continues to represent a major addressable market opportunity for Carbonxt, and we are working with our investment partners, KCP, to advance the project towards production as quickly as possible."



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

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About Carbonxt

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