



ASX RELEASE
31 October 2024

Carbonxt Group Limited – September 2024 Quarterly Update

Carbonxt Group Ltd (ASX:CG1) (“Carbonxt” or “the Company”) has released its Appendix 4C Report for the September 2024 Quarter and provides the following update on the key areas of activity for the period -- all numbers are in A\$.

Highlights

- **4-year, \$24m contract extension for the ongoing supply of premium PAC products to Reworld – an existing Carbonxt customer. Post quarter-end, Carbonxt commenced full-scale delivery of additional PAC volumes to Reworld from its Black Birch facility, in accordance with the contract terms.**
- **Quarterly revenue of \$4.3m, with Powdered Activated Carbon (PAC) sales up 31% and Activated Carbon Pellets (ACP) sales up 27%, driven by increased demand from the power generation sector.**
- **Successful completion of a \$3.02m capital raise, via the placement of 46.4m fully paid ordinary shares at \$0.065 per share which was strongly supported by a network of sophisticated and high net-worth investors and family offices.**
- **Carbonxt made a further \$0.625m investment in NewCarbon Processing, LLC (“NewCarbon”), the investment vehicle for the new state-of-the-art AC production facility in Kentucky jointly held with Kentucky Carbon Processing, LLC (“KCP”), with a further \$0.625m to be completed in this quarter.**
- **Key construction works at the flagship Activated Carbon production facility in Kentucky were completed in the quarter; commissioning of the plant is now imminent with business development and operating processes being ramped-up.**

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.

Managing Director Warren Murphy commented:

“The September quarter was highlighted by continued momentum across all our key growth drivers, with increased sales from existing operations complemented by the forthcoming commissioning of our state-of-the-art production facility in Kentucky.”

“With commissioning of the Kentucky facility now imminent, Carbonxt continues to execute on its strategy to deliver a step-change in growth and earnings, significantly scaling up its production capacity to meet the growing demand for premium Activated Carbon production in the US market.”



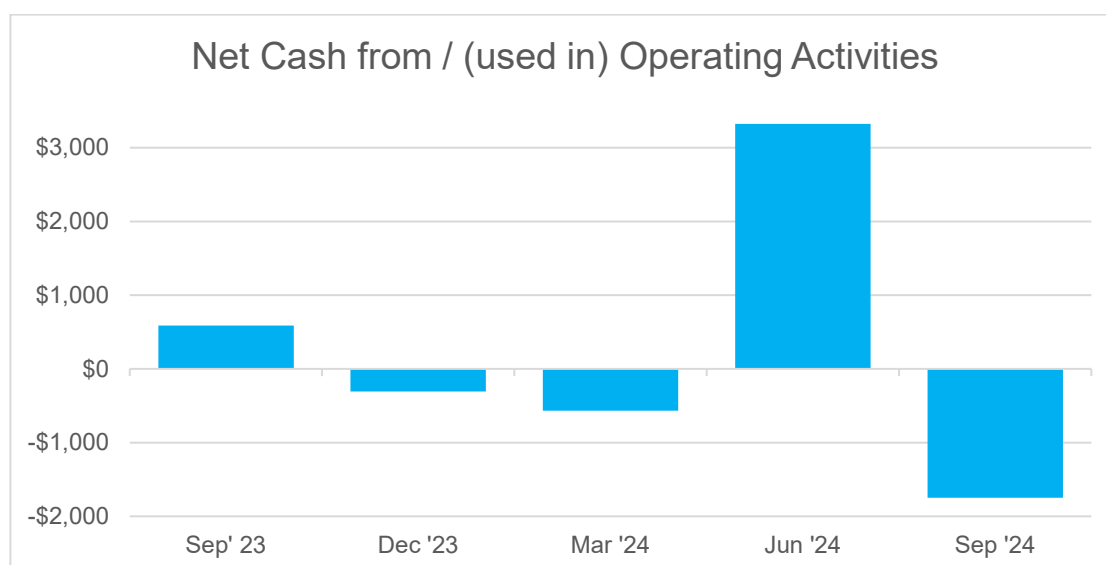
Overview

- Customer receipts for the quarter were \$1.8m. As noted in the ASX announcement of 28 May 2024, Wisconsin Public Service (“WPS”) pre-paid for the volume delivered in this quarter. The pre-payment amount was received in the previous quarter and associated volumes have now been delivered in full. New business in the waste to energy market (see announcement of 17 October 2024) commenced on 1 October 2024 and these increased revenues will be seen the next quarter.
- **Activated Carbon Pellet (ACP)** primary sales during this period were higher by 27% for the quarter compared to last quarter as the WPS pre-paid volumes were delivered.
- **Powdered Activated Carbon (PAC)** revenue was 31% higher this quarter as compared to the prior quarter due to seasonally higher PAC usage in the summer by electricity utility customers.

Revenue and Operating Cash Flow

- Total revenue for the quarter was \$4.3m with PAC sales contributing to 42% of this revenue. To mitigate the impact of seasonal fluctuations, which are a feature of the power generation sector, the Company continues to diversify its product offerings and expand into other markets, particularly in the water and wastewater sectors.
- As noted earlier, the Net Operating Cash for the quarter reflects the prepayment for 1,200 tons of ACP products from WPS in the prior quarter, with production and revenue recognition largely in this quarter.
- Revenue and cash receipts from the \$6m p.a. contract extension with Reworld will be recognised in the December quarter, following the completion of first deliveries in October.

Figure 1 – Quarterly Net Operating Cashflows (Item 1.9 of Appendix 4C)



Further Investment in NewCarbon

Carbonxt utilised part of its recent fundraising (see below) to meet the next instalment of its investment in NewCarbon. The total instalment is US\$1.25m, with US\$0.625m made in the



quarter, with the remaining balance expected to be made by 15 November 2024. Carbonxt's ownership stake in NewCarbon at the end of this September quarter is 38%.

Update on Kentucky Construction and Operations

Energising of the plant is the near-term focus. The Kentucky facility has completed several major construction events over the past quarter:

- **Cooler Installation:** The new water jacket and cooler assembly have been installed, putting in place the necessary cooling processes needed for carbon production compared to the prior use of waste-to-energy generation
- **Kiln Infrastructure:** Roofing construction over the kiln being completed and heating elements are being tested.
- **Coal Preparation Plant:** The load-out section of the coal preparation plant has been finalised by the mine owners, with full operational capability now available to service the NewCarbon facility.
- **Equipment Installations:** Generator capacity for the plant has been refurbished and installed.

Kiln startup is expected shortly. The production of continuous, saleable GAC is anticipated early in Q3FY25.

Sales Momentum and Market Outlook

NewCarbon has also made strides in expanding its market presence through discussions with carbon manufacturers and intermediaries, with more than a dozen potential sales transactions in progress. As global demand for activated carbon is expected to increase substantially over the next six to eight months, the company is strategically positioning itself to capitalise on growth opportunities, particularly in the water utility sector.

The new facility in Kentucky is focused on delivering high-quality, bituminous coal-based activated carbon. The plant location in Kentucky provides direct access to bituminous coal resources, allowing Carbonxt to produce a superior grade of activated carbon. The natural characteristics of bituminous coal-based activated carbon, such as its high adsorption capacity and durability, make it an ideal solution for utilities.

As utilities across the United States increasingly detect elevated PFAS levels in their water supplies, the need for reliable, high-performance solutions has never been greater. PFAS, often referred to as "forever chemicals," pose a significant risk to public health and the environment due to their persistence in water sources.

The start-up of the Kentucky plant comes at a critical time, as new regulations from the U.S. Environmental Protection Agency (EPA) require utilities to address PFAS contamination more aggressively.

Share Issue Completed

The Company completed a \$3.02m share placement in the quarter, with shares being issued at 6.5 cents per ordinary share, with an accompanying 1:2 issue of unlisted options with an exercise price of 10 cents per ordinary share. These options were approved for issue at the AGM held on 30 October 2024.



The placement received strong support from a network of sophisticated and high net-worth investors and family offices with a total of 46.4 million shares being issued.

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. The rates of payment to the continuing directors are unchanged from the remuneration as set out in the last Annual Report.

Launch of Investor Hub for Investor Engagement

The Company would also like to announce the formal launch of our Investor Hub, a dedicated platform for investors to learn more about the Company and our latest activities during this period of rapid growth.

In line with our commitment to deliver transparency to all investors, Carbonxt will be regularly uploading new content to the hub, including videos accompanying select announcements, education material, interviews and corporate research.

We encourage shareholders and interested investors to connect and post questions and feedback through the Q&A function accompanying each piece of content. The Carbonxt management team will endeavour to respond in a timely manner.


Visit the Carbonxt Investor Hub here: <https://investorhub.cglimited.com.au/welcome>

Warren Murphy, Managing Director said: *“We look forward to updating investors in a more engaging environment through the new Investor Hub, which allows Carbonxt to interact with our shareholders and investors in a more direct, transparent and frequent way and facilitates an open dialogue with the Carbonxt shareholders and interested parties.”*

How to join the Carbonxt Investor Hub:

1. Head to <https://investorhub.cglimited.com.au/auth/signup>
2. Follow the prompts to sign up for an Investor Hub account
3. Complete your account profile

From time to time, investors with complete accounts on the Investor Hub may be invited to exclusive company events and corporate opportunities. We appreciate our shareholders' support and we look forward to updating investors on our progress via the Investor Hub.

 A square QR code with a black background and white dots. In the center of the QR code is the Carbonxt logo, which consists of a blue 'C' in a square followed by the text 'Carbonxt' in blue.	<p>JOIN CARBONXT INTERACTIVE INVESTOR HUB</p> <p>Visit https://investorhub.cglimited.com.au/welcome for Carbonxt Limited's Investor Hub</p>
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Summary and Financial Outlook

Our pending new activated carbon plant in Kentucky is nearing its first production of GAC and bringing this plant successfully online is the key focus of the Group at this time.

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

ENDS

Enquiries

Warren Murphy

Managing Director

+61 413841216

w.murphy@carbonxt.com

Ben Jarvis, Six Degrees Investor Relations: 0413 150 448

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.