



ASX RELEASE

28 May 2024

\$4.3m forward sales contract with Wisconsin Public Service

- **Binding \$4.3m purchase order received for Activated Carbon (AC) products from US utility Wisconsin Public Service**
- **The parties have agreed to terms on a forward purchase contract which will facilitate the \$4.3m payment to Carbonxt up-front. The purchase order is for a 6-month supply of AC products**
- **Contract is expected to provide a material uplift to net cash in the June quarter, ahead of the planning commissioning and manufacturing launch of CG1's flagship Activated Carbon production facility in Kentucky in Q3 CY2024**
- **US market conditions for both pelletized and granular activated carbon products remain strong, with the Company engaged in ongoing commercial discussions for additional sales agreements**

United States focused Cleantech company **Carbonxt Group Ltd (ASX:CG1)** ("**Carbonxt**" or "**the Company**") is pleased to announce that its largest customer has agreed to a binding purchase order for Activated Carbon Pellets (AC Pellets) valued at \$4.3m.

The sale was made under a forward purchase agreement, with Carbonxt to take receipt of the full amount of the purchase order up front, with payment to be received within the next seven days from the date of this announcement. Delivery of the AC Pellets is to occur over the next 6 months.

The agreement with US utilities provider, Wisconsin Public Service (WPS), is for the supply of Carbonxt's proprietary AC Pellet product, which will be deployed as part of WPS' innovative ReACT (regenerative activated coke technology) emissions control systems.

ReACT is an integrated multipollutant control approach that removes Nitrogen Oxides (NOx), Sulfur Oxides (SOx) and mercury (Hg) from coal-fired plants by adsorption with activated coke, to reduce aggregate emission levels.

WPS recently publicly announced that the Weston Power Plant ('Weston'), which is supplied by AC Pellets from Carbonxt, will be in operation until at least 2032. Carbonxt has a long-term contract with WPS for the sole supply of AC Pellets for the life of the power station.

The structure of the forward purchase order by WPS provides Carbonxt with a material uplift in projected net cash for the June quarter. It also reflects the strong partnership that the Company has established with WPS as a long-term supplier, during which time WPS has become Carbonxt's largest customer to-date.

The Company is in advanced negotiations with clients for additional purchase orders for Powdered Activated Carbon (PAC) products from its Black Birch facility. Funds from the WPS sale will complement the ongoing construction and commissioning of the group's flagship Activated Carbon production facility in Kentucky – a 50/50 Joint Venture with Kentucky Carbon Processing.

The commissioning and manufacturing launch of the Kentucky plant is scheduled to commence in the September quarter (*refer ASX Announcement 21 May 2024*). The plant is expected to significantly expand

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Carbonxt's production capacity and addressable market for best-in-class activated carbon products, amid ongoing demand tailwinds for water-treatment (Liquid Phase) AC products in the US market.

The Company is advancing towards product testing at Kentucky and remains in negotiations with several large potential customers ahead of full commissioning.

Prices for AC products continue to remain well-supported above US\$4,000/ton in the US market, with the plant projected to generate gross profit margins of 45% at prices of US\$3,500/ton.

Comment

Managing Director Warren Murphy said: *"We are pleased to confirm this forward sales contract, which further consolidates the strong commercial partnership between CG1 and WPS – our largest US partner. The up-front payment terms of the deal are a reflection of the confidence WPS has in our product, along with the ongoing demand for best-in-class activated carbon products. The contract will provide Carbonxt with a material boost to net operating cashflows at an important juncture in our stated development strategy, with major growth upside through the forthcoming commissioning and manufacturing launch of the flagship AC production facility in Kentucky. With strong market conditions for AC products and ongoing commercial discussions for additional sales contracts from our existing operations, Carbonxt is well-placed to capitalise on its strong market position to generate a step-change in group revenues and EBITDA in the second half of calendar 2024."*

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, focused on the capture of 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.