

Carbonxt Group Limited (ASX:CG1)**40% Upgrade to FY25 revenue guidance ahead of Kentucky plant commissioning**

- **Additional Purchase Orders from Wisconsin Public Services, valued at \$3.6m, for the supply of Activated Carbon product in H2FY2025.**
- **\$24m, 4-year contract with Reworld commenced in October and is expected to generate H2FY25 revenues of \$3.6m.**
- **Carbonxt has updated its revenue guidance to \$10.0m for H2FY25, up 40% on the comparable period in FY24 (this excludes any revenue from the Kentucky plant).**
- **CG1 recently hosted an investor site visit at Kentucky. Final cabling and mechanical works scheduled for imminent completion.**
- **The plant is expected to ramp-up production in early CY2025; discussions are ongoing with several counterparties in anticipation of first sales**

All amounts are in AUD unless otherwise stated.

United States focused Cleantech company **Carbonxt Group Ltd (ASX:CG1)** (“**Carbonxt**” or “**the Company**”) is pleased to provide an update on its current operations and guidance for revenue in 2HFY25.

Activated Carbon Pellets (ACP)

The Company’s largest and longstanding customer, Wisconsin Public Service (WPS) has provided forward guidance for purchase orders in H2FY25 of A\$3.6m, including a binding purchase order for Activated Carbon Pellets (AC Pellets) valued at \$1.8m which will be recognised in Q3FY25.

Sales to WPS in the second half of the financial year follow on from a \$4.3m sales contract in May 2024 for a six-month supply of AC products, which was complete on up-front payment terms (*refer ASX Announcement 28 May 2024*).

The agreement with WPS, a major US utilities provider, 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.

Powered Activated Carbon (PAC)

The recently announced new contract with ReWorld commenced on 1 October 2024, first revenues have been received and the contract is estimated to produce revenue of approximately \$3.6m in 2HFY25 (*refer ASX Announcement 17 October 2024*).

The PAC will be used in the majority of Reworld’s US thermomechanical treatment facilities (TTFs) that utilize an activated carbon technology to remove mercury, dioxins and furans. The PAC will be manufactured and supplied from Carbonxt’s Black Birch facility in Georgia, which utilizes recovered wood-based material to produce its carbon products.

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The Company is also pleased to advise that it has achieved price increases of 7.1% and renewal of contracts for its municipal client base. These contract awards reinforce our commitment to growing partnerships with municipal clients and underscores the value of Carbonxt products in the activated carbon solutions sector.

Summary

Factoring in the extension to sales contracts with major customers and associated price increases, the Company is now expecting revenue in H2FY25 of \$10m at a gross margin of approximately 40%.

Revenues from the flagship Kentucky facility, a joint venture investment with New Carbon Processing, LLC, would be in addition to these amounts.

Update on Kentucky Plant Construction

The Company recently had the pleasure to host our major capital providers, PURE Asset Management (PAM) on site to update them on the current state of construction.

We are delighted to note that Carbonxt is now in the final stage of completion for the kiln capital works. Representatives from PAM were able to witness the completion of the innovative cooling works and the final works program for the heating elements of the kiln. The final cabling between the kiln and the control room (which itself is finished) is underway.

Below are some photos from the site visit:

Images 1 and 2: Conveyor belts and Silos ready for product (L) feedstock conveyor belt and boiler/turbine generator



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Image 3: Front of Plant showing full conversion to AC production facility

With the pending completion of final cabling and mechanical works at the site, Carbonxt anticipates the Kentucky plant will be ready for first production. The Company expects to carry out initial test runs in December. Discussions with potential customers are ongoing with some now well advanced, and upon completion of testing and distribution of product samples the Company expects the NewCarbon joint venture to contribute to group revenues in H2FY25.

Market Outlook following the Change of Administration in the USA

President-elect Trump has announced the appointment of former Rep. Lee Zeldin (R-N.Y.) as the new EPA Administrator. In a statement announcing that appointment, President-elect Trump declared that he wanted the US to have “the cleanest air and water on the planet”.

Mr. Zeldin has previously voted in favour of legislation to limit PFAS concentrations. In our view, the toxic nature of PFAS chemicals leads to it being unlikely that there is significant roll-back of the legislation. The industry is certainly acting that way with engineering consultancy groups, manufacturers and distributors still actively looking at solutions for the water utilities to meet their PFAS obligations. In addition, more than a dozen states have already passed State-based legislation to limit PFAS chemicals.

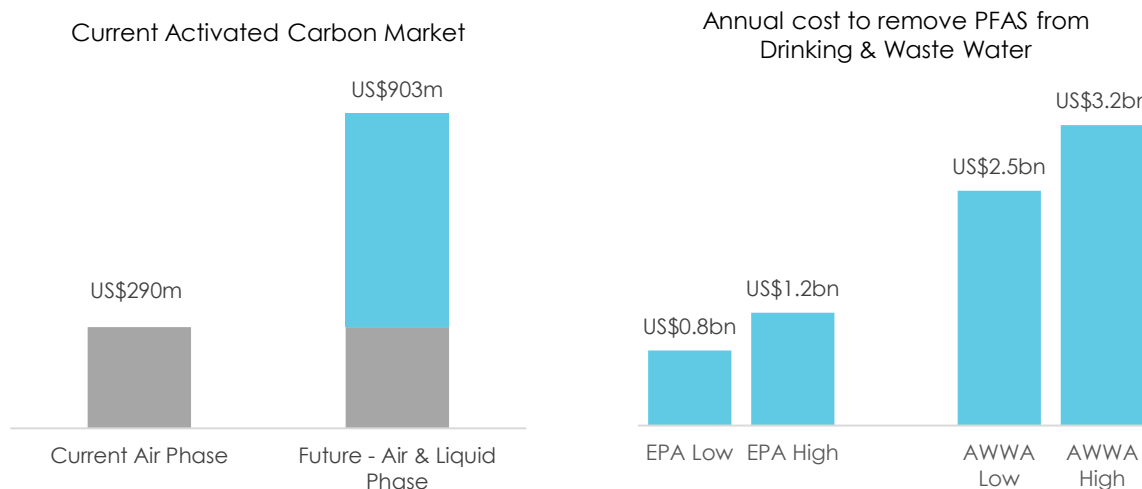
The promulgated PFAS rules from the EPA regulate the removal of PFAS (or per and polyfluoroalkyl substances), commonly known as “forever chemicals”, such that municipal water authorities need to achieve a four parts per trillion level. The use of Granular Activated Carbon (‘GAC’) is considered best available technology by the EPA for the removal of these harmful chemicals.



The imminent, initial supply from Kentucky of 10,000 tons is only around 5% of the current market for GAC, which itself is expected by independent consultants including Black & Veach, a global engineering consultancy firm, to grow nearly 5-fold in the medium term.

Carbonxt's investment in the Kentucky facility was commissioned on the basis of existing demand trends for premium Activated Carbon products in the US market and has not been predicated on the introduction of PFAS rules.

We believe that the Kentucky facility will produce the highest quality activated carbon in the North American market. The new plant enables Carbonxt's entry into the liquid phase of the market and capitalizes on our position as the only U.S. domestic manufacturer of activated carbon pellets for the industrial markets.



*AWWA – American Water Works Association

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, 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.

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