

## March 2025 Quarterly Activities Report

### HIGHLIGHTS

- Kentucky activated carbon facility remains in commissioning phase with final electrical and insulation works underway ahead of commercial production
- Share Purchase Plan (SPP) completed, raising \$1 million
- Additional \$1.5 million raised via convertible notes and placement to support Kentucky investment
- Lease restructuring at Black Birch delivers >50% reduction in fixed lease costs and improves cash preservation
- Activated Carbon Pellet (ACP) volumes rebounded during the quarter as customers' operating issues were resolved
- PAC sales remain strong, supported by deliveries under the ReWorld contract
- Cost reductions and improved product mix position the Company for stronger financial performance in FY26

Carbonxt Group Ltd (ASX:CG1) (Carbonxt or the Company), a United States-focused Cleantech company, is pleased to provide its March 2025 Quarterly Activities Report.

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.

Carbonxt Managing Director, Warren Murphy, commented:

"This quarter reflects a period of disciplined execution as we position the Company for stronger growth in FY26. While Kentucky commissioning is still underway, our progress across the board — from lease optimisation to robust PAC demand — shows we are taking the right steps. We're grateful for the continued support of our shareholders through the SPP, placement and the convertible note raise, which will help accelerate our investment in Kentucky and expand our presence in the growing US water treatment market."

#### Kentucky Facility Update

The Company's flagship activated carbon facility in Kentucky, developed via the investment in NewCarbon Processing, LLC, remains in the commissioning phase. While production has not yet commenced, progress continues toward commercial operations. Carbonxt currently holds a 40.3% interest and retains the right to increase this to 50% through three additional investment tranches. Once operational, the facility is expected to deliver a significant contribution to revenue and margin expansion.

## Product Performance

**Powdered Activated Carbon (PAC):** PAC sales remained solid through the quarter, with deliveries under the long-term ReWorld contract continuing as expected. Regulatory tailwinds, particularly those related to PFAS contamination, continue to support the growing demand for PAC solutions.

Demand is partly driven by the rollout of new US EPA regulations targeting PFAS (forever chemicals) in drinking water. Granular Activated Carbon (GAC) – and increasingly PAC – is among the most effective treatment options recommended under the National Primary Drinking Water Regulations (NPDWR). These standards mandate full compliance by 2029 and impact utilities serving over 130 million Americans. Carbonxt's PAC and upcoming GAC production (via the Kentucky facility) are well-positioned to support utilities navigating these new mandates.

**Activated Carbon Pellets (ACP):** ACP sales recovered in the March quarter following temporary disruptions at the Company's largest pellet customer in the first half of FY25. Shipment volumes have returned to anticipated levels, reflecting the resumption of operational activity at the customer's facility.

## Black Birch Lease Restructure

Carbonxt restructured the lease for its Black Birch PAC facility in Georgia during the quarter. Under the revised terms, the lessor agreed to offset payment in the form of 7.9 million CG1 shares issued at a 37% premium to the 15-day VWAP. The newly agreed lease arrangements reduced monthly lease payments by more than 50%, delivering a meaningful improvement in cost structure and cash flow without compromising operational control.

## Operational Review

Customer cash receipts for the quarter were \$4.1 million, marking an 87% increase from the prior quarter. In line with the ASX announcement of 27 November 2024, deliveries to Wisconsin Public Service (WPS) significantly ramped up in Q3 FY25.

Activated Carbon Pellet (ACP) sales were up 133% in the prior quarter and 23% higher than in the same period last year due to WPS. ACP sales are expected to be similar in the foreseeable future as the WPS power station customer recovers from prior operating issues and the gas price remains elevated. Powdered Activated Carbon (PAC) sales rose 23% compared to the prior year, driven by new waste-to-energy deliveries beginning in 2Q FY25.

The Company is delivering on the secured additional purchase orders from WPS valued at \$3.6 million for H2FY25. Additionally, the \$24 million, 4-year contract with ReWorld, which commenced on 1 October 2024, is expected to contribute \$3.6 million to H2FY25 revenues. Carbonxt remains on track to deliver \$7.2 million in contracted revenue from WPS and ReWorld during the second half of FY25.

## Financial Review

### Revenue & Earnings

- Total revenue for the quarter: \$4.6 million (49.8% increase on the prior quarter)
- PAC sales contributed 52% of total revenue
- Gross Margins improved to 47% in Q3 FY25, up from 40% in the prior quarter
- Positive EBITDA in each of the three months of the quarter
- The \$1.5 million per annum in operating cost savings implemented in the December quarter are now being realised, contributing to the positive EBITDA outcome in each of the three months of the March quarter

### Balance Sheet & Cash Position

- Cost reductions of \$1.5 million per annum achieved in the December quarter. These savings are now being seen in the much-improved EBITDA performance.
- As noted above, supply began for the increased ReWorld contract in [October 2024](#). Although it contributed revenue in 1H25, the working capital cycle meant this initial volume was not immediately cash flow positive. The contract has 60-day payment terms, the outcome being that most of these cash receipts were not collected in the period. We are now in a steady state, and revenue and cash receipts will be aligned in the future.
- Creditors overall have been reduced by \$1.0m in the current quarter and are now at the low end of historical levels.

### Investment in NewCarbon & Kentucky Facility

- Carbonxt invested US\$1.25 million in NewCarbon, increasing its ownership to 40.3%.
- Three additional investment tranches totalling US\$3.25 million remain, exercisable at Carbonxt's sole discretion, to reach 50% ownership.
- Mechanical Completion of the plant has been achieved. As noted in the [27 March 2025 update](#), the recent focus has been on full-scale operational launch, new coal processing plant nearing completion and finalising high-temperature heating circuits. The latter has required final third-party verification, resulting in an amendment to the design to accommodate increased insulation of the critical installation of control wiring. This change is now being implemented, and we expect this to be completed over the coming weeks, which will finalise the kiln infrastructure and enable the plant to commence production.
- While the extended commissioning process has understandably been frustrating for investors, the Board remains confident in the strategic value of the asset. Notably, a peer operator is constructing a similar-capacity activated carbon plant with costs reportedly exceeding US\$80 million — more than 70% over budget.

### Strategic Outlook

Carbonxt enters the final quarter of FY25 with:

- A restructured cost base and leaner operations
- Strong PAC sales momentum supported by regulatory tailwinds
- Normalised ACP customer activity
- A fully commissioned Kentucky facility nearing production readiness
- Significant opportunity in PFAS treatment markets, supported by newly implemented federal EPA standards and individual state-level mandates. Carbonxt's PAC and GAC technologies are well-positioned to capture share in this rapidly growing segment.

Carbonxt's U.S.-based manufacturing operations position the Company to benefit from potential changes in trade policy, including proposed expansions of tariffs on imported activated carbon products. As a domestic producer, Carbonxt is well-placed to supply utilities and industrial clients seeking tariff-free, reliable supply chains, enhancing the Company's competitive positioning as demand accelerates across water treatment and industrial markets.

Accurate data on imports for activated carbon for industrial use are challenging, but it is estimated that 20–25% of annual U.S. demand, equating to approximately 70,000 to 80,000 tonnes, is met through imports. China, India, and Sri Lanka are the largest foreign suppliers. A shift toward expanded tariffs or a strengthened “Buy American” agenda would be highly favourable for domestic producers like Carbonxt.

Meanwhile, the broader activated carbon market continues to exhibit strong fundamentals, with operators and industry analysts estimating a 5–9% compound annual growth rate (CAGR) in demand through to 2030. The commissioning of the NewCarbon facility will increase Carbonxt’s production capacity by approximately 200%, enabling entry into the liquid-phase market — a sector several times larger than the air-phase market that the Company currently supplies

The Company remains focused on bringing the Kentucky facility online and scaling participation in the high-demand U.S. activated carbon market for both air and water purification. With new capital secured and commercial production approaching, Carbonxt is well-positioned for material growth in FY26.

#### Corporate

- **Additional Capital Raised** – On [10 April 2025](#), Carbonxt raised a further A\$1.5 million via a \$339,000 share placement and an increase in its convertible note facility to A\$1.665 million. The raise was supported by Phelbe Pty Ltd and Nanjia Capital Limited. Proceeds will fund the first tranche of the Kentucky expansion (US\$1 million / A\$1.6 million equivalent) and strengthen working capital.
- **Successful Share Purchase Plan (SPP)** - On [3 April 2025](#), Carbonxt completed a Share Purchase Plan, raising \$739,000 from eligible shareholders. The offer was underwritten to \$1 million by cornerstone investors Phelbe Pty Ltd and Chaleyer Holdings Pty Ltd, who took up the \$261,000 shortfall. A total of 16.67 million shares were issued at \$0.06 per share. Proceeds from the SPP are being used to fund the first of three tranches to increase the Company’s ownership in the Kentucky facility.
- **Investor Engagement** - Carbonxt Managing Director Warren Murphy presented at the [Ignite Investment Summit in Hong Kong in late March](#), where he highlighted Carbonxt’s specialised cleantech product suite and the strategic importance of the Kentucky project in positioning the Company for long-term growth across industrial and water treatment markets.
- **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.

- ENDS -

Authorised for release to ASX by the Board of Directors of Carbonxt Group Limited.

All amounts are in AUD unless otherwise stated.

#### Enquiries

Warren Murphy  
Managing Director | Carbonxt Limited  
P +61 413 841 216  
E [w.murphy@carbonxt.com](mailto:w.murphy@carbonxt.com)

Mark Flynn  
Investor Relations | irX Advisors  
P +61 416 068 733  
E [mark.flynn@irxadvisors.com](mailto:mark.flynn@irxadvisors.com)

### 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.

For personal use only

## Appendix 4C

### Quarterly cash flow report for entities subject to Listing Rule 4.7B

**Name of entity**

CARBONXT GROUP LIMITED

**ABN**

59 097 247 464

**Quarter ended ("current quarter")**

31 March 2025

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>1</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers	4,110	7,985
1.2	Payments for		
	(a) research and development	(37)	(66)
	(b) product manufacturing and operating costs	(2,174)	(4,820)
	(c) advertising and marketing	(123)	(266)
	(d) leased assets		
	(e) staff costs	(1,578)	(4,606)
	(f) administration and corporate costs	(629)	(1,675)
1.3	Dividends received (see note 3)		
1.4	Interest received		
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Government grants and tax incentives	64	184
	Other (provide details if material)		
1.8	(a) Significant raw material prepayment		
	(b) Inventory build		
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>(367)</b>	<b>(3,265)</b>

<b>2</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire or for:		
	(a) entities	-	(1,921)
	(b) businesses	-	-
	(c) property, plant and equipment	(62)	(77)
	(d) investments	-	-
	(e) intellectual property	(53)	(51)
	(d) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	14	14
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(100)</b>	<b>(2,035)</b>

  

<b>3</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	1,600	5,635
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(128)	(128)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(1,055)	(2,100)
3.7	Transaction costs related to loans and borrowings	-	(356)

## Quarterly cash flow report for entities subject to Listing Rule 4.7B

3.8	Dividends paid	-	-
3.9	Interest paid / received	-	(1,052)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>417</b>	<b>1,999</b>

<b>4</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	944	4,108
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(367)	(3,265)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(100)	(2,035)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	417	1,999
4.5	Effect of movement in exchange rates on cash held	(8)	77
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>884</b>	<b>884</b>

<b>5</b>	<b>Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts</b>	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	884	944
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>884</b>	<b>944</b>

<b>6</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current Quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1 (Comprising Non-Executive Directors' fees and Executive Directors' salaries)	328
6.2	Aggregate amount of payments to related parties and their associates included in item 2	

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.



<b>7</b>	<b>Financing facilities</b> Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1	Loan facilities	15,000	15,000
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	<b>Total financing facilities</b>	15,000	15,000
7.5	<b>Unused financing facilities available at quarter end</b>		
7.6	<p>Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.</p> <p>The \$15M facility is secured and has a 9.5% interest rate with a maturity date of 31 May 2027. The lender is Pure Asset Management.</p>		

<b>8</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	(367)
8.2	Cash and cash equivalents at quarter end (item 4.6)	884
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	884
<b>8.5</b>	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	<b>2</b>
	<p><i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i></p>	
8.6	<p>If item 8.5 is less than 2 quarters, please provide answers to the following questions:</p> <p>8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?</p> <p>Answer: N/A</p> <p>8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?</p> <p>Answer: N/A</p> <p>8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?</p>	

Answer: N/A

*Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.*

## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 30 April 2025

Authorised by: The Board of CG1

(Name of body or officer authorising release – see note 4)

## Notes

- 1 This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

- 2 If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.

- 3 Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

- 4 If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

- 5 If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.