

Carbonxt Increases Stake in Kentucky Facility

HIGHLIGHTS

- Additional US\$1m paid to increase ownership in the Kentucky activated carbon plant toward its 50% ownership target
- Kentucky facility remains on track for commercial production in mid-2025, with kiln high temperature and control wiring complete
- Additional A\$1.0 million raised via convertible note with major shareholder
- Recent capital raised via SPP, convertible notes, and placement used to fund Kentucky investment

Carbonxt Group Ltd (ASX: CG1) (Carbonxt or the Company) is pleased to confirm the payment of an additional US\$1 million to NewCarbon Processing LLC, the joint venture entity established to develop and operate the Company's flagship activated carbon production facility in Kentucky, USA.

This payment increases Carbonxt's ownership to 43.7% and represents the first of the three remaining investment tranches totalling US\$3.25 million.

Commissioning of the facility continues to advance, with final kiln high temperature and control wiring complete. The kiln insulation work is being finalised and the kiln is expected to commence producing activated carbon in the coming weeks, positioning Carbonxt for meaningful revenue and margin expansion in FY26.

Carbonxt Managing Director Warren Murphy commented:

"This latest payment marks a key step in our strategic roadmap. The Kentucky plant is central to our expansion into the liquid-phase activated carbon market, significantly larger than our current segments, and supports rising demand from the U.S. water treatment and environmental compliance sectors. We're on the cusp of production and appreciate the strong backing of our shareholders through this important transition."

Strategic and Financial Outlook

The Kentucky facility is designed to produce premium grade activated carbon for applications including PFAS filtration, industrial emissions control, and wastewater treatment. The facility complements Carbonxt's existing Black Birch PAC operation in Georgia and enables access to the higher-value U.S. liquid-phase market.

Convertible Notes

To assist in funding the payment and for working capital, Carbonxt has successfully raised A\$1.0 million through the issuance of convertible notes to substantial shareholder Phelbe Pty Ltd, under the same terms previously disclosed in the Company's Half-Year Report (28 February 2025) and its 10 April 2025 capital raising announcement. The only variation is the incentive structure, which has been amended to provide 1 unlisted option per 1 share issued upon conversion (previously 1-for-2), exercisable at \$0.10. The issue of these options will be subject to shareholder approval.

Convertible Note Terms – Summary

- Issue Size: A\$1.0 million (new tranche)
- Conversion Price: A\$0.08 per share
- Interest Rate: 9.5% p.a.
- Term: 2 years
- Security: Pari-passu with existing senior debt (Pure Asset Management)
- Incentive: 1 unlisted option for each share issued upon conversion (strike price: A\$0.10) (issue of options subject to shareholder approval)

The issue of the convertible notes was made under the Company's existing placement capacity under Listing Rule 7.1 and does not require shareholder approval. Phelbe Pty Ltd is not considered a related party under Chapter 10 of the ASX Listing Rules.

This announcement has been authorised for release by the Board of Directors.

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Enquiries

Warren Murphy

Managing Director | Carbonxt Limited

P +61 413 841 216

E w.murphy@carbonxt.com

Mark Flynn

Investor Relations | irX Advisors

P +61 416 068 733

E 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.