

## March 2026 Quarterly Activities Report

### HIGHLIGHTS

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- Customer receipts of \$3.3 million, down 13% on the prior quarter, primarily due to a February sales slowdown from the Company's largest PAC customer. Volumes have since recovered.
- Operating cash of \$(368)k (Q2FY26: \$204k), reflecting the lower PAC production noted above.
- Activated Carbon Pellet (ACP) sales were largely in line with the prior quarter, falling short of expectations as the Black Birch outage in the prior quarter constrained inventory needed to scale production to meet deferred orders. To address increased demand, ACP production moved to a 24-hour shift pattern in April 2026.
- The Company received a new Purchase Order (PO) in April for a new ACP product entering a new market segment, equivalent to approximately one month of deliveries for this customer. A longer-term supply arrangement is being documented, with an announcement expected in the near term. This is expected to increase ACP revenues materially.
- Forecast PAC sales remain strong, supported by deliveries under the ReWorld contract.
- Carbonxt secured \$1.25 million in additional funding during and after the quarter through convertible note facilities with major shareholder Phelbe Pty Ltd. Proceeds support working capital, Minnesota pellet plant expansion and further investment in New Carbon Processing, LLC.
- Carbonxt's ownership interest in New Carbon Processing, LLC increased to 47.4% following the February 2026 funding package and increased further to 48.1% following the April 2026 post-quarter funding package.
- The Kentucky activated carbon facility is awaiting replacement kiln parts from the kiln contractor. Once installed, commissioning will recommence to support reliable production.
- US EPA regulatory momentum continues to strengthen demand fundamentals for Carbonxt's activated carbon products:
  - PFOA and PFOS Maximum Contaminant Levels confirmed at 4 parts per trillion with compliance deadline extended to 2031, providing a sustained long-term procurement runway across the US water utility sector; and
  - EPA's newly launched PFAS OUT initiative to proactively engage approximately 3,000 affected water systems from mid-2026, supported by \$945 million in federal funding. This is expected to accelerate the procurement of treatment solutions across Carbonxt's addressable market.

**Carbonxt Group Ltd (ASX:CG1) (Carbonxt or the Company)**, a United States-focused Cleantech company, is pleased to provide its March 2026 Quarterly Activities Report. Carbonxt develops and manufactures technologies used to support compliance with air and water emission requirements and remove harmful pollutants, with primary operations in the United States across powdered activated carbon and activated carbon pellet manufacturing.

**Carbonxt Managing Director, Warren Murphy, commented:**

*“The new pellet Purchase Order is a significant step for the Company. It reflects the manufacturing and commercialisation expertise we have built in the ACP sector, particularly through our employees. We expect to finalise the long-term supply arrangement in the near term. Kentucky has progressed more slowly than expected this quarter, but the manufacturer remains supportive, and we expect the kiln issue to be resolved in the coming weeks.”*

**Kentucky Facility Update**

Carbonxt continued to advance its strategic investment in New Carbon Processing, LLC and move the Kentucky activated carbon facility closer to commissioning and commercial operations. Following the most recent convertible note issuance of \$750,000 on 16 April 2026, Carbonxt’s ownership interest has increased to 48.1%, consistent with the Company’s stated objective of securing a 50% interest in the facility as a cornerstone of its North American growth strategy.

Construction of the kiln was reported as being completed in the last quarterly update, but as the facility progressed into early commissioning, certain remediation and additional works were identified. Further inspection identified further remediation requirements. The kiln manufacturer has agreed to replace the affected equipment at cost and facilitate repairs. The plant is awaiting delivery of the required parts, after which kiln installation will be completed and commissioning restarted. KCP, the plant’s constructor, expects this to be the final step before kiln start-up commences.

During the quarter, further work was undertaken on the back-end infrastructure, including the construction of a new building to house the bagging station and an additional storage silo.

The Kentucky facility remains a transformational asset for Carbonxt. Once fully operational, it is forecast to increase group sales by approximately 200% and provide entry into the liquid-phase activated carbon market, which is several times larger than the Company’s traditional air-phase segment. The plant has been designed to manufacture premium-grade activated carbon for PFAS filtration, wastewater treatment and industrial emission control, markets underpinned by tightening U.S. EPA regulations and growing demand for a secure domestic supply.

**Financial Review****Revenue & Earnings**

- Total revenue for the quarter: \$3.3 million
- ACP sales contributed 47.6% of total revenue
- Gross margin of 46.7% in Q3 FY26 (HY26: 51.6%), reflecting product mix and Black Birch outage absorption
- Positive EBITDA and operating cash flows year-to-date FY26 based on management accounts (unaudited)

## Balance Sheet & Cash Position

On 31 March 2026, Carbonxt held \$0.3 million in cash and cash equivalents. This has since increased as a result of the recovery of the working capital recovery and the \$750,000 convertible note completed on 16 April 2026.

## Funding to Advance New Carbon Processing Investment

Carbonxt continued to secure targeted funding to support working capital, its strategic investment in New Carbon Processing, LLC, and expansion initiatives across its existing manufacturing base.

In [February 2026](#), the Company announced that it had secured \$500,000 in additional funding support from major shareholder Phelbe Pty Ltd through the issue of up to 500,000 convertible notes. Each note has a face value of \$1.00, converts at \$0.10 per share, and expires three years from the date of issue. The notes convert into a total of 5,000,000 fully paid ordinary shares. Noteholders will also receive one free-attaching option for every three convertible notes held, exercisable at \$0.10 with a three-year term. Proceeds were earmarked for working capital and a further US\$250,000 investment in New Carbon Processing, LLC. The notes bear interest at 9.5%.

Subsequent to quarter end, on [16 April 2026](#), Carbonxt announced a further \$750,000 convertible note funding package with Phelbe Pty Ltd. The new notes bear interest at 9.5%, convert at \$0.10 per share, expire three years from issue, and convert into 7,500,000 fully paid ordinary shares. One free-attaching option is also issued for every three notes held, exercisable at \$0.10 with a three-year term. Proceeds are to be applied toward capital expenditure associated with the expansion of the Company's pellet manufacturing facility in Minnesota, a further US\$250,000 investment in New Carbon Processing, LLC, and working capital requirements.

These funding measures build on prior capital support disclosed in the [December 2025 quarter](#), including the October 2025 convertible notes and placement. They are consistent with management's strategy of supporting Kentucky commissioning while preserving operational flexibility.

## Operational Review

Activated Carbon Pellet (ACP) sales were broadly flat in dollar terms but approximately 8% higher in volume than the prior quarter, reflecting a slightly different product mix. ACP sales did not increase as expected this quarter due to a lack of PAC inventory buildup, resulting from constrained inventory build following the prior quarter's maintenance outage at the Black Birch plant.

Powdered Activated Carbon (PAC) sales were down 23%, driven by lower February volumes from the Company's largest PAC customer. Those volumes have since returned to prior levels.

Carbonxt continues to increase momentum across its core product lines:

### Powdered Activated Carbon (PAC):

PAC annual sales are supported by long-term contracts, including with ReWorld. Regulatory momentum in PFAS contamination control is driving demand. PAC remains a preferred treatment option under new US EPA standards, which mandate compliance by 2031 and affect over 130 million Americans.

### Activated Carbon Pellets (ACP):

ACP sales are expected to be materially higher over the remainder of 2026 due to the expected onboarding of a new customer, increased volumes from our primary manufacturing customer and deferred sales for our largest customer, WPS.

## Strategic Outlook

Carbonxt completes the third quarter of FY26 with:

- Disciplined cost base, with continued focus on operating leverage as Kentucky comes online
- Increasing ACP sales and highly contracted PAC sales supported by regulatory tailwinds
- The 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 market 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 tariff expansions on imported activated carbon products. As a domestic producer, Carbonxt is well-positioned to supply utilities and industrial clients seeking tariff-free, reliable supply chains, thereby enhancing the company's competitive position as demand accelerates across the water treatment and industrial markets.

Accurate data on imports of activated carbon for industrial use are challenging, but it is estimated that 20–25% of the annual U.S. demand, equivalent to approximately 70,000-80,000 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 is 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. Once commissioned, the Kentucky facility is forecast to 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 on the horizon, Carbonxt is well-positioned for material growth in FY26.

## Market Insights

### Federal PFAS Momentum Strengthens Market Fundamentals

The United States regulatory environment for per- and polyfluoroalkyl substances (PFAS) has continued to evolve materially since the December 2025 quarter, with a series of EPA actions reinforcing the long-term demand outlook for high-performance activated carbon while also reflecting a degree of recalibration in the scope of federal drinking water standards under the current Administration.

The [most significant regulatory development for Carbonxt's core market](#) remains the EPA's firm commitment to its drinking water standards for perfluorooctanoic acid (PFOA) and perfluorooctane sulfonic acid (PFOS), the two most prevalent and widely studied PFAS compounds. The EPA has confirmed it will maintain the Maximum Contaminant Levels (MCLs) for PFOA and PFOS at 4 parts per trillion (ppt) and announced its intent to extend the compliance deadline for public water systems from 2029 to 2031. This seven-year implementation window from the date of standard-setting is designed to give utilities the time required to plan, fund, and deploy treatment infrastructure, a dynamic that sustains a long and visible procurement runway directly relevant to Carbonxt's powdered and granular activated carbon products.

Alongside this, the EPA has announced [its intent to rescind the MCLs for four additional PFAS compounds](#) regulated under the prior Administration's 2024 rule, PFHxS, PFNA, HFPO-DA (GenX), and the associated Hazard Index mixture standard for combinations of these compounds and PFBS. The EPA has indicated that this move is intended to ensure that the relevant regulatory determinations adhere to the legal framework of the Safe Drinking Water Act (SDWA), and that a formal proposed rulemaking to implement these changes was flagged for completion in Spring 2026. **While this represents a partial narrowing of the 2024 PFAS rule, it does not affect the PFOA and PFOS standards that underpin the majority of water utility planning and procurement activity in Carbonxt's addressable market. Activated carbon, and powdered activated carbon in particular, remains the most widely adopted treatment technology for PFOA and PFOS removal at scale.**

The pace of EPA engagement with the water sector has accelerated meaningfully during the March quarter. [In February 2026](#), Administrator Lee Zeldin released a comprehensive summary of the EPA's first-year PFAS actions under the current Administration, encompassing testing and detection, direct community support, enforcement, public education, and common-sense regulation, and framed PFAS remediation as a central and ongoing pillar of the Administration's public health agenda. Among the concrete measures highlighted was the release of \$945 million to reduce PFAS exposure in drinking water, capital that flows directly to water utilities and directly stimulates demand for treatment solutions.

Most recently, [on 14 April 2026](#), the EPA formally launched the PFAS OUTreach initiative, known as PFAS OUT, a proactive program designed to engage directly with communities and drinking water systems to accelerate reductions in PFOA and PFOS exposure ahead of the 2031 compliance deadline. EPA expects to begin contacting the approximately 3,000 water systems with known PFOA or PFOS challenges in summer 2026, with supporting national and regional webinars to follow throughout the year. The initiative is specifically targeted at small, rural and disadvantaged water systems, those with the greatest need for external guidance and funding support. It is expected to translate into tangible procurement activity as systems begin to assess and implement treatment solutions.

[On 2 April 2026](#), the EPA also released the draft Sixth Contaminant Candidate List (CCL 6) for public comment, which includes PFAS as one of four designated priority contaminant groups - alongside microplastics, pharmaceuticals and disinfection byproducts. While inclusion on the CCL does not, in itself, create enforceable standards, it signals the federal government's continued intent to monitor and potentially regulate a broader range of PFAS compounds over time, reinforcing the long-term structural demand outlook for activated carbon treatment technologies.

**Taken together, the regulatory picture entering the second half of FY26 is one of a focused and durable federal commitment to PFOA and PFOS remediation, the compounds most directly relevant to Carbonxt's products and markets**, supported by growing federal funding, accelerating utility engagement, and a proactive outreach framework that is expected to convert regulatory obligation into active procurement. Carbonxt continues to observe increased enquiry from utilities and distributors seeking reliable domestic supply, and the Company's PAC and GAC technologies remain well-positioned to capture growing market share in this expanding segment. The Kentucky facility, once operational, will materially enhance Carbonxt's capacity to meet this demand at scale.

## Corporate

Included within staff costs (item 1.2 (e) of Cash Flow from Operating Activities and item 6.1 of Payments to related parties of the entity and their associates 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.

Forward-looking statements in this report are subject to risks and uncertainties. Actual results may differ materially from expectations.

### Enquiries

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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.

## 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 2026

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>1 Cash flows from operating activities</b>		
1.1 Receipts from customers	3,310	12,497
1.2 Payments for		
(a) research and development	(7)	(51)
(b) product manufacturing and operating costs	(1,763)	(5,758)
(c) advertising and marketing	(75)	(312)
(d) leased assets		
(e) staff costs	(1,264)	(4,044)
(f) administration and corporate costs	(569)	(2,022)
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		72
Other (provide details if material)		
1.8 (a) Significant raw material prepayment		
(b) Inventory build		
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(368)</b>	<b>383</b>

<b>2</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire or for:		
	(a) entities	(719)	(1,870)
	(b) businesses	-	-
	(c) property, plant and equipment	(138)	(181)
	(d) investments	-	-
	(e) intellectual property	-	-
	(d) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(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>(857)</b>	<b>(2,051)</b>

<b>3</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	144	1,872
3.2	Proceeds from issue of convertible debt securities	500	900
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(367)	(1,186)
3.7	Transaction costs related to loans and borrowings	-	(69)

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

3.8	Dividends paid	-	-
3.9	Interest paid / received	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>277</b>	<b>1,517</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	1,272	481
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(368)	383
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(857)	(2,051)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	277	1,517
4.5	Effect of movement in exchange rates on cash held	(48)	(54)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>276</b>	<b>276</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	276	1,272
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>276</b>	<b>1,272</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	293
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>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</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.		
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	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.		
	The \$15M facility is secured and has a 9.5% interest rate with a maturity date of 31 May 2027. Default interest rate is 14.5% The lender is Pure Asset Management. Interest was capitalised in 3QFY26.		

<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)	(368)
8.2	Cash and cash equivalents at quarter end (item 4.6)	276
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	276
<b>8.5</b>	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	<b>1</b>
	<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>	
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
	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?	
	Answer: Operating cash flows are expected to revert to positive levels in the upcoming quarters as the effects of our plant outage have been remedied.	
	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?	
	Answer: The Company raised a convertible note of \$750,000 in April 2026.	
	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?	

Answer: A return to cash flow positive operations as our plants return to full operations, as well as the effect of growing sales.

*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 2026  
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Authorised by: The Board of Carbonxt Group Limited  
.....  
(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.