

## December 2024 Quarterly Activities Report

### HIGHLIGHTS

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- Kentucky facility reached mechanical completion as of 18 December 2024
- Carbonxt successfully raised \$1.03 million through a share placement
- Operating expenses were reduced by \$1.5 million annually, ensuring positive cash flow in upcoming quarters
- PAC sales increased by 14% due to new contracts, contributing 68% of total revenue
- Kentucky facility positioned to capitalise on growing demand for activated carbon, including entry into the water treatment market

**Carbonxt Group Ltd (ASX:CG1) (Carbonxt or the Company)**, a United States-focused Cleantech company, is pleased to provide its December 2024 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 profitable industrial applications

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

*"The December quarter marks a major milestone for Carbonxt, with the mechanical completion of our Kentucky facility and a focus on ramping up production. Our disciplined cost management and strategic market positioning ensure we are well-placed for stronger revenue growth in 2025. With increasing demand for activated carbon solutions, we remain committed to delivering value for our shareholders."*

#### **Operational Review**

Customer cash receipts for the quarter were \$2.2 million, marking a 20% increase from the prior quarter. As noted in the [ASX announcement 28 May 2024](#), Wisconsin Public Service (WPS) pre-paid in the June 2024 quarter for the volume delivered. There was a small amount delivered under this arrangement in the December quarter, but otherwise deliveries to WPS will significantly ramp up in Q3 FY25 in line with the announcement of [27 November 2024](#).

Powdered Activated Carbon (**PAC**) sales rose by 14% compared to the prior year, driven by new waste-to-energy deliveries beginning in December 2024. Activated Carbon Pellet (**ACP**) sales were down 32% for the quarter compared to the same period last year, due to the prior period WPS pre-paid volumes. However, sales are expected to recover considerably in the coming quarters.

The Company has 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. The Kentucky facility is also anticipated to contribute to revenue, positioning Carbonxt for significant growth in the coming quarters.

## **Financial Review**

### **Revenue & Earnings**

- Total revenue for the quarter: \$3.1 million
- PAC sales contributed 68% of total revenue
- Carbonxt increased FY25 revenue guidance by 40% for H2FY25

### **Balance Sheet & Cash Position**

- Cost reductions of \$1.5 million per annum achieved in the December quarter
- Lease restructuring expected to bring additional cost efficiencies in the March 2025 quarter

### **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.
- Kentucky facility mechanical completion achieved; third-party verification finalised.



Figure 1: Front view of the Kentucky Plant, highlighting its conversion to a high-capacity Activate Carbon production facility

## Strategic Outlook

The immediate priority remains bringing the Kentucky activated carbon plant online for full-scale operations. Efforts are focused on optimising coal processing and finalising high-temperature wiring installations.

With PAC demand increasing and key cost reductions in place, Carbonxt is positioned for stronger financial performance in the coming quarters. The company will continue to expand its market presence in waste-to-energy and water purification sectors, leveraging regulatory trends around mercury and PFAS contamination.

## Corporate

- The company issued 17,146,667 ordinary shares at 6.0 cents per share, with an associated 1:2 issue of unlisted options which have a 2 year expiry and an exercise price of 10 cents per share (See [ASX Announcement 20 December 2024](#)).
- 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.
- Dr. Regina Rodriguez resigned to take up an R&D role at another company. We wish her well in that new role and thank her for her service in the development of the Company.

- ENDS -

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

All amounts are in AUD unless otherwise stated.

## 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 December 2024

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>1</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers	2,193	3,954
1.2	Payments for		
	(a) research and development	(18)	(30)
	(b) product manufacturing and operating costs	(1,305)	(2,677)
	(c) advertising and marketing	(105)	(143)
	(d) leased assets	-	-
	(e) staff costs	(1,363)	(3,032)
	(f) administration and corporate costs	(497)	(1,046)
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	-	121
	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>(1,097)</b>	<b>(2,854)</b>

<b>2</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire or for:		
	(a) entities	(956)	(1,888)
	(b) businesses	-	(9)
	(c) property, plant and equipment	(8)	(8)
	(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>(964)</b>	<b>(1,905)</b>

<b>3</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	1,019	4,035
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	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(323)	(1,064)

3.7	Transaction costs related to loans and borrowings	(275)	(356)
3.8	Dividends paid	-	-
3.9	Interest paid / received	(356)	(1,052)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>65</b>	<b>1,563</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	2,878	4,108
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,097)	(2,854)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(964)	(1,905)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	65	1,563
4.5	Effect of movement in exchange rates on cash held	61	31
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>944</b>	<b>944</b>

<b>5</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	944	2,878
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>944</b>	<b>2,878</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	
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*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>	<b>15,000</b>	<b>15,000</b>
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. The lender is Pure Asset Management.		

<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)	(1,097)
8.2	Cash and cash equivalents at quarter end (item 4.6)	944
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	944
<b>8.5</b>	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	<b>0.86</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: The entity expects to have positive net operating cash flows due to an increase in contracted revenue from our two largest customers, as well as over \$0.15m of expense reductions achieved per month.	
	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 entity raised \$1.03m in January 2025 and has successfully raised capital previously as and when needed.	

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: As noted in 8.6.1 the Group expects positive operations cash flow in the next quarter. The facility in Kentucky is expected to be operational shortly and this investment is expected to materially increase operational cash flows of the Group. The Group has the option to increase its stake in NewCarbon Processing, LLC to 50%, which is expected to occur after the facility is operational.

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: 31 January 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.