

December 2025 Quarterly Activities Report

HIGHLIGHTS

- Customer receipts of \$3.8 million (FY25Q2: \$2.2 million), a 72% increase in revenue on the same quarter of FY25.
- Operating cash of \$(177)k (Q1FY26: \$583k), was lower than the prior quarter, primarily due to Activated Carbon Pellet (ACP) sales of \$900k being deferred into Q3FY26. As such, FY26 expected revenues and EBITDA remain on track, with full year profitability expected.
- Activated Carbon Pellet (ACP) down by 29.4% on the prior quarter, reflecting the aforementioned deferred revenue. This is due to a maintenance outage at our Black Birch plant taking slightly longer than expected due to the unavailability of third-party service delivery counterparties. All of the deferred contracted sales will be caught up in the current quarter.
- PAC sales remain strong, supported by deliveries under the ReWorld contract.
- Alignment with tightening US EPA regulations, which have reaffirmed PFAS maximum contaminant levels, remain strong.
- Increased ownership in New Carbon Processing, LLC to 46.7% following October 2025 US\$750,000 funding and January 2026 \$600,000 placement, progressing toward a 50% interest.
 - Kiln construction completed with insulation, refractory lining and initial heat treatment, with remediation works underway to support reliable commissioning.
- Back-end infrastructure installed and onsite power station commissioned, supporting start-up and commissioning activities.
 - Kentucky facility expected to transform Carbonxt's growth profile, with potential to increase group sales by approximately 200% and expand into the liquid-phase activated carbon market.
 - Commissioning, sample qualification and progression toward initial commercial production and first revenues targeted for early 2026.
- Regulatory momentum from the US EPA PFAS standards continues to drive sector demand. More evidence of water utilities actively seeking market solutions. 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
- Stronger product mix and leaner cost structure position the Company for margin expansion in FY26.

Carbonxt Group Ltd (ASX:CG1) (Carbonxt or the Company), a United States-focused Cleantech company, is pleased to provide its December 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 powdered-activated carbon. Carbonxt continues to expand its pellet product portfolio to address numerous industrial applications.

Carbonxt Managing Director, Warren Murphy, commented:

“Another solid and consistent quarter reflected the much improved cost base and contracted sales position of the Company compared to FY25. The Company and its joint venture partners are looking forward to the start-up of the state-of-the-art Kentucky facility. The overall Activated Carbon market remains strong with significant industry tailwinds in place.”

Kentucky Facility Update

Carbonxt continued to advance its strategic investment in New Carbon Processing, LLC and move the Kentucky activated carbon facility closer to sustained commissioning and commercial operations. Following the [October 2025](#) funding of US\$750,000 via a convertible note and the [January 2026](#) share placement of \$600,000, Carbonxt’s ownership interest has increased to 46.7%, 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 has been completed, including the installation of additional insulation to enhance thermal efficiency and maintain external operating temperatures below 100°F. The kiln manufacturer has finalised the refractory lining and undertaken heat treatment activities. As the facility progressed into early commissioning and start-up campaigns, certain remediation and additional works were identified, these are being addressed to support reliable commissioning campaigns and introduce redundancy across key systems. These works are intended to optimise operating stability ahead of sustained production runs.

In parallel, back-end infrastructure including bagging lines, conveyors and additional storage silos has been installed, with final integration and testing underway. The onsite power station has also been brought online to support commissioning activities and initial operations. Additional steam capacity is now being installed to provide additional operating flexibility.

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 secure domestic supply.

Over the coming months, the focus will remain on completing remediation works, advancing commissioning campaigns, producing qualification samples for customer testing, and progressing toward initial commercial output. These activities are expected to support Carbonxt’s transition to first revenues from the Kentucky facility in early 2026, positioning the Company for material growth in the U.S. activated carbon market.

Financial Review

Revenue & Earnings

- Total revenue for the quarter: \$3.83 million
- ACP sales contributed 39.4% of total revenue
- Gross Margins improved to 58.8% in 2QFY26
- Positive EBITDA in each of the months of 2QFY26 based on management accounts (unaudited)

Balance Sheet & Cash Position

On 31 December 2025, Carbonxt held \$1.27m in cash and cash equivalents.

Funding to Advance New Carbon Processing Investment

Carbonxt has continued to secure targeted funding to support its strategic investment in New Carbon Processing, LLC and provide additional working capital as the Kentucky facility advances toward commercial operations.

Post quarter end, the Company completed a further placement of fully paid ordinary shares to major shareholder Phelbe Pty Ltd and several high net-worth investors, raising \$600,000 at \$0.09 per share. Proceeds from this placement will be applied to working capital and a further investment of US\$250,000 in New Carbon Processing, LLC, increasing Carbonxt's ownership interest to 46.7%. The placement price represented a 10.0% discount to the last closing price of \$0.10, a 7.9% discount to the 5-day VWAP of \$0.098 and a 6.8% discount to the 10-day VWAP of \$0.097, calculated to 2 January 2026, the last trading day prior to announcement. The shares were issued under the Company's ASX Listing Rule 7.1 capacity.

This funding follows the October 2025 capital raising, under which Carbonxt secured additional support from Phelbe Pty Ltd through a combination of Convertible Notes and a share placement. The Company issued 400,000 Convertible Notes with a face value of \$1.00 each, convertible at \$0.08 and maturing two years from issue. On conversion, the notes would result in the issue of 5,000,000 fully paid ordinary shares under Listing Rule 7.1. Each note includes one free-attaching option exercisable at \$0.10 with a three-year term, subject to shareholder approval at the AGM. That resolution was approved at the AGM.

In conjunction with the notes, the Company completed a placement of up to 8,000,000 fully paid ordinary shares at \$0.075 per share, raising \$600,000 under Listing Rule 7.1A. The issue price represented a 10.4% discount to the 5-day VWAP prior to announcement. Proceeds from the October placement and Convertible Notes were applied to working capital and the US\$750,000 investment in New Carbon Processing, LLC, increasing Carbonxt's ownership interest to 45.9%.

Collectively, these funding initiatives further strengthen Carbonxt's balance sheet, support continued progress at the Kentucky facility, and advance the Company toward its objective of securing a 50% ownership interest in New Carbon Processing as a key platform for growth in the North American activated carbon market.

Operational Review

Activated Carbon Pellet (ACP) sales decreased by 29.4% from the prior quarter, and tons sold decreased by 21.2%. This volume decrease was primarily due to a maintenance outage at the Black Birch plant which supplies inputs to our pellet operations. That outage took approximately three weeks due to the unavailability of specialised third-party suppliers. The outage has been resolved and output has been ramped up to deliver on the contracted and deferred sales. This is expected to be fully caught up in the current quarter. Demand from our long-term partners have greatly improved visibility and we expect this operation to generate profitable revenues in 2026 and beyond.

Powdered Activated Carbon (PAC) revenue was stable on prior period, and as the operation has long-term contracts this operation will continue to make a positive contribution for the foreseeable future.

Carbonxt continues to maintain momentum across its core product lines:

Powdered Activated Carbon (PAC):

PAC sales remained steady, supported by long-term contracts including 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 volumes will be elevated in the current quarter as the deferred sales mentioned above are delivered. Overall, ACP demand is expected to remain stable for the remainder of calendar 2026, supported by high gas prices and increased power station activity.

Strategic Outlook

Carbonxt completes the second quarter of FY26 with:

- A restructured cost base and leaner operations
- Normalised contracted ACP and 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. The commissioning of the Kentucky 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 on the horizon, Carbonxt is well-positioned for material growth in FY26.

Market Insights

Regulatory Tailwinds from EPA PFAS Standards

Regulatory developments in the United States continue to underpin demand for high-performance activated carbon in water treatment applications addressing per- and polyfluoroalkyl substances (PFAS). In May 2025, the U.S. Environmental Protection Agency (EPA) confirmed it will retain strict Maximum Contaminant Levels (MCLs) for perfluorooctanoic acid (PFOA) and perfluorooctane sulfonic acid (PFOS), the two most studied PFAS compounds linked to adverse health impacts including cancer and immune disruption, reflecting ongoing federal focus on protecting drinking water quality. These standards remain at 4 parts per trillion (ppt) for both PFOA and PFOS. To provide public water systems with additional time to comply, the EPA also proposed a compliance deadline extension for PFOA and PFOS MCLs from 2029 to 2031, with a proposed rulemaking scheduled for late 2025 and finalisation anticipated in 2026. (www.epa.gov/newsreleases/)

These regulatory actions have reinforced planning and procurement activity across the U.S. water sector, underpinning sustained demand for high-performance activated carbon solutions. Carbonxt continues to observe increased engagement from utilities and distributors seeking reliable domestic supply, with the Kentucky facility positioned to support future growth across water treatment and industrial markets.

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 December 2025

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
1	Cash flows from operating activities		
1.1	Receipts from customers	3,786	9,247
1.2	Payments for		
	(a) research and development	(21)	(44)
	(b) product manufacturing and operating costs	(1,559)	(4,008)
	(c) advertising and marketing	(125)	(238)
	(d) leased assets		
	(e) staff costs	(1,170)	(2,787)
	(f) administration and corporate costs	(1,088)	(1,837)
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		73
	Other (provide details if material)		
1.8	(a) Significant raw material prepayment		
	(b) Inventory build		
1.9	Net cash from / (used in) operating activities	(177)	407

2	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	(152)	(764)
	(b) businesses	-	-
	(c) property, plant and equipment	-	(38)
	(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)	-	-
2.6	Net cash from / (used in) investing activities	(152)	(802)

3	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	1,140	2,128
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	(303)	(822)
3.7	Transaction costs related to loans and borrowings	(27)	(69)

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

3.8	Dividends paid	-	-
3.9	Interest paid / received	-	-
3.10	Net cash from / (used in) financing activities	810	1,237

4	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	823	481
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(177)	407
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(152)	(802)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	810	1,237
4.5	Effect of movement in exchange rates on cash held	(31)	(52)
4.6	Cash and cash equivalents at end of period	1,272	1,272

5	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	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,272	823
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,272	823

6	Payments to related parties of the entity and their associates	Current Quarter \$A'000
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.

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

7	Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
	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	Total financing facilities	15,000	15,000
7.5	Unused financing facilities available at quarter end		
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.		

8	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(177)
8.2	Cash and cash equivalents at quarter end (item 4.6)	1,272
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	1,272
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	7
	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.	
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: N/A	
	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: N/A	
	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: 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 January 2026

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.