



ASX RELEASE

12 October 2023

Trading and Operations Update

- Receipts from Customers expected to be \$5.3m for the September quarter, up 124% on the prior quarter and 5% on the comparable period in FY23
- Projected quarterly increase reflects strong demand for Carbonxt's Powdered Activated Carbon (PAC) products during the northern summer months from client utilities, along with the recovery of deferred revenue from the June quarter – in line with the Company's forecasts in the previous quarterly trading update
- Construction of the flagship Activated Carbon production facility in Kentucky, USA continue to progress on schedule
- Final delivery of production equipment is expected to be completed later this month

United States focused Cleantech company **Carbonxt Group Ltd (ASX:CG1)** ("Carbonxt" or "the Company") is pleased to present this trading update for sales of its Activated Carbon products during the northern summer period, along with a construction update with respect to the development of its state-of-the-art activated carbon production facility in Kentucky, USA.

The Company advises that it expects to report receipts from customers for the three-month period ended September 30 of US\$5.3m, marking a 124% increase on the previous quarter and a 5% increase on the prior year comparative period.

This figure is in line with previous guidance (refer ASX Announcement 31 August 2023), whereby the Company took receipt of revenues that had been deferred by its largest customer in the previous quarter.

Sales momentum during the period was also buffered by strong demand for PAC products from the Company's client base of power generation companies, who increased their inventory quotas during the northern summer months.

Along with a projected quarterly increase in sales, the Company also expects to demonstrate cost savings following its decision to streamline operations at its existing ACP facility in preparation for the ramp up of construction and development for its state-of-the-art ACP facility, NewCarbon LLC, in Kentucky – an intended 50%-owned operations with US-based partner, Kentucky Carbon Processing (KCP).

Works programs at the site continue to advance on-schedule and are being overseen by Dr. David Mazyck who recently moved to fully focus on the NewCarbon, LLC business following the appointment of Dr. Regina Rodriguez as Chief Executive Officer of the group's US subsidiary, Carbonxt Inc (refer ASX Announcement 21 September 2023).

The delivery of construction equipment has been progressing consistently over recent weeks, and all equipment is expected to be confirmed as delivered to site before the end of October. This milestone will activate the next US\$500,000 payment from Carbonxt to NewCarbon, LLC in accordance with the terms of the agreement with KCP and NewCarbon, LLC.

Located in eastern Kentucky, the proposed plant is expected to produce initially 10,000 tons per annum of high-grade activated carbon products.



As part of the targeted removal of PFAS in US water supplies, activated carbon products will play a key role in water treatment and air purification processes for multiple sectors. The new production facility is expected to expand and consolidate Carbonxt's position in this fast-growing market.

Comment

Managing Director Warren Murphy said: *"The rebound in quarterly sales receipts was in line with our previously stated guidance and was a pleasing outcome. Construction activity continues to ramp up for the Kentucky facility. The procurement of necessary equipment has been a multi-month process and has been well-managed by KCP and our on-site team. We look forward to providing detailed updates on the plant's development during the December quarter."*

This announcement has been authorised for release to ASX by the Board of Directors of Carbonxt Group Limited.

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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.