

June 2025 Quarterly Activities Report

HIGHLIGHTS

- Ownership in Kentucky facility increased to 43.7% following a US\$1.0 million investment.
- Significant progress at Kentucky, with kiln electrical testing and control wiring complete. Kiln insulation is being finalised, with an expectation the kiln is formally completed and turned on in August.
- Convertible note raise of \$1.0 million completed with major shareholder to support working capital and growth initiatives.
- Revenue of \$4.3 million (Q3: \$4.6 million), with steady margin performance.
- Operating cash outflow reduced to \$266k (Q3: \$367k), reflecting ongoing improvements in cost control.
- EBITDA remained positive in each month across the second half of FY25.
- Activated Carbon Pellet (ACP) volumes steady after rebounding in the prior quarter as operating issues at a key customer's facility were resolved.
- PAC sales remain strong, supported by deliveries under the ReWorld contract.
- Strong alignment with tightening US EPA regulations, which have reaffirmed PFAS maximum contaminant levels.
- As a vertically integrated US domestic producer, Carbonxt is well-positioned to supply utilities and industrial clients seeking tariff-free, reliable supply chains
- Cost reductions and improved product mix position the Company for stronger financial performance in FY26.

Carbonxt Group Ltd (ASX:CG1) (Carbonxt or the Company), a United States-focused Cleantech company, is pleased to provide its June 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:

"Carbonxt ended FY25 with clear progress across multiple fronts — improved operating cash flow, stable product volumes, and a significant step forward at our Kentucky facility. The completion of kiln control systems and imminent commissioning marks a key inflection point in our strategy to enter the high-value liquid-phase carbon market.

At the same time, tightening US EPA regulations on PFAS contamination are bringing renewed urgency to water treatment infrastructure, and we're seeing that reflected in increased commercial engagement with our products. With three production facilities in the US, a simplified cost base, and supportive market dynamics, Carbonxt is well-placed to deliver operational and financial growth in FY26 and beyond."



Kentucky Facility Update

The Company's flagship activated carbon facility in Kentucky, developed in partnership with NewCarbon Processing, LLC, remains in the commissioning phase. [During the quarter](#), the payment of an additional US\$1 million to NewCarbon increased Carbonxt's ownership to 43.7% and represents the first of the three remaining investment tranches totalling US\$3.25 million.

Two additional investment tranches totalling US\$2.25 million remain for Carbonxt to reach 50% ownership. These are exercisable at Carbonxt's sole discretion and are expected to be funded out of cash flow.

Mechanical Completion of the plant has been achieved. As noted in the [27 March 2025 update](#), the recent focus has been on a full-scale operational launch. The electrical and control works have now been completed, with the installation of kiln insulation expected to be finalised in August. Upon completion of the kiln, the Facility will move towards the commencement of carbon production. Other material works, including back-end storage and handling, have been largely completed.

While the extended commissioning process has understandably been frustrating for investors, the Board remains confident in the strategic value of the asset. Notably, a peer operator is constructing a similar-capacity activated carbon plant with costs reportedly exceeding US\$80 million. Upon completion, the Kentucky facility is expected to yield meaningful revenue and margin expansion for Carbonxt in FY26.

Financial Review

Revenue & Earnings

- Total revenue for the quarter: \$4.3 million (8% decrease from the prior quarter)
- PAC sales contributed 46.8% of total revenue
- Gross Margins remained at 47% in Q4 FY25
- Positive EBITDA in each of the months of 2HFY25

Balance Sheet & Cash Position

At 30 June 2025, Carbonxt held \$484k in cash. During the quarter:

- \$1.0 million in convertible notes were raised via Phelbe Pty Ltd.
- The terms included a conversion price of \$0.08, 9.5% interest, and 1-for-1 unlisted options (subject to shareholder approval).

Convertible Notes

To assist in funding the payment and for working capital, Carbonxt 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.

Operational Review

Activated Carbon Pellet (ACP) sales decreased by 10.3% primarily due to a change in the mix of ACP sales for the quarter, with the total volume of product in tons sold remaining essentially the same as in the prior quarter (0.8%). The Company forecasts that ACP sales are expected to revert to the prior quarter's level, as the WPS power station customer has recovered from prior operating issues and the gas price remains elevated. Powdered Activated Carbon (PAC) sales were nearly identical in both volumes and dollar terms compared to the prior quarter.

The Company guided in the prior Quarterly Update that it forecast delivering \$7.2 million in contracted revenue from WPS and ReWorld during the second half of FY25, and this forecast was achieved.

Carbonxt continues to maintain momentum across its core product lines:

Powdered Activated Carbon (PAC):

PAC sales remained robust, 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 2029 and affect over 130 million Americans.

Activated Carbon Pellets (ACP):

ACP volumes remained consistent with Q3 levels, following the recovery of a major customer's operations. Demand is expected to remain stable in the near term, supported by high gas prices and increased power station activity.

Strategic Outlook

Carbonxt enters the first quarter of FY26 with:

- A restructured cost base and leaner operations
- Strong PAC sales momentum supported by regulatory tailwinds
- Normalised ACP customer activity
- 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 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 expansions of tariffs 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 positioning 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

The announcement also coincides with a significant regulatory development: the US Environmental Protection Agency (**EPA**) recently confirmed it will retain strict Maximum Contaminant Levels (**MCLs**) for Perfluorooctanoic Acid (**PFOA**) and Perfluorooctane Sulfonic Acid (**PFOS**) — two of the most persistent and hazardous PFAS (**forever chemicals**) commonly found in drinking water. These substances have been linked to serious health issues, including cancer, immune system disruption, and developmental problems. The EPA's rule mandates that public water systems must monitor for these chemicals by 2027 and achieve full compliance with the new standards by 2031 (www.epa.gov/newsreleases/). The EPA has also announced its intent to rescind MCLs for other PFAS compounds (PFHxS, PFNA, GenX, and PFBS) pending further review.

While the extended timeline offers utilities more flexibility, the regulatory certainty is accelerating planning and procurement activities across the sector. Carbonxt is already seeing increased engagement from water utilities and distributors seeking reliable domestic sources of high-performance activated carbon. In this market segment, the Kentucky facility is expected to play a central role. With three US production facilities now operational or nearing commissioning, Carbonxt is well-positioned to scale its presence across both industrial and water treatment markets. Demand tailwinds remain strong, driven by environmental regulation, a shift to domestic supply chains, and growing customer interest in sustainable and high-performance activated carbon products.

Corporate

- Change of Address and Contact Details - The Company's registered office address and principal place of business address have changed to Level 37, 180 George Street, Sydney NSW 2000. Its contact number has also changed to 02 8072 8271.
- Change in Company Secretary - Ms Olga Smejkalova resigned as Company Secretary, effective 23 June 2025. Ms Laura Newell has been appointed Company Secretary, effective 23 June 2025. Ms Newell has extensive experience advising ASX-listed, multinational and private companies on effective corporate governance. She brings deep expertise in compliance with ASX Listing Rules, the Corporations Act, and broader regulatory obligations. Importantly, Ms. Newell is familiar with Carbonxt as a previous Company Secretary for over 4 years.
- Resignation of Non-Executive Director – Post end of quarter, Carbonxt advised that Mr. Imtiaz Kathawalla resigned from the Board as a Non-Executive Director, effective immediately. Mr. Kathawalla provided valuable guidance during a period of significant strategic and operational progress for the Company, including the advancement of the Kentucky activated carbon facility.
- 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.

- ENDS -

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

All amounts are in AUD unless otherwise stated.

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.

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")

30 June 2025

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
1	Cash flows from operating activities		
1.1	Receipts from customers	3,639	11,569
1.2	Payments for		
	(a) research and development	(31)	(97)
	(b) product manufacturing and operating costs	(1,924)	(6,715)
	(c) advertising and marketing	(59)	(325)
	(d) leased assets		
	(e) staff costs	(1,339)	(5,925)
	(f) administration and corporate costs	(552)	(2,223)
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		184
	Other (provide details if material)		
1.8	(a) Significant raw material prepayment		
	(b) Inventory build		
1.9	Net cash from / (used in) operating activities	(266)	(3,532)

2	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	(1,699)	(3,596)
	(b) businesses	-	-
	(c) property, plant and equipment	(58)	(134)
	(d) investments	-	-
	(e) intellectual property	(33)	(83)
	(d) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	14
	(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	(1,789)	(3,799)

3	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	2,374	8,009
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	(137)	(265)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(527)	(2,619)
3.7	Transaction costs related to loans and borrowings	-	(356)

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

3.8	Dividends paid	-	-
3.9	Interest paid / received	-	(1,052)
3.10	Net cash from / (used in) financing activities	1,710	3,717

4	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	884	4,108
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(266)	(3,532)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,789)	(3,799)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,710	3,717
4.5	Effect of movement in exchange rates on cash held	(55)	(10)
4.6	Cash and cash equivalents at end of period	484	484

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	484	884
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)	484	884

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	328
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.

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)	(266)
8.2	Cash and cash equivalents at quarter end (item 4.6)	484
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	484
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	1.83
	<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: We expect the net operating cash flows to continue to improve as the prior cost saving initiatives are fully realised.	
	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: Yes, the Company is in continuous discussions with its major shareholders and brokers and is highly confident of their continuing support.	
	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: Yes, we do not expect to need to invest further into the Kentucky investment for another 6 months and the operating cash flows of the existing business are now expected to be above cash breakeven.

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 July 2025

Authorised by: Board of Directors - 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.