



ASX RELEASE

1 June 2022

Operations update

- **Broad strength in US market conditions for Carbonxt's core range of Powdered Activated Carbon (PAC) products**
- **Supply constraints combined with inelastic demand contributing to price increases of ~40% compared to pre-COVID trading levels**
- **Similar tailwinds observed in Activated Carbon Pellets ('AC Pellets') markets ahead of new product launch in June, targeting industrial liquid applications where there is considerable untapped demand**
- **New AC Pellet facility in Kentucky on track for early 2023 completion, offering strong pipeline of new sales with materially lower operating costs**

United States focused Cleantech company **Carbonxt Group Ltd (ASX:CG1)** ("**Carbonxt**" or "**the Company**") is pleased to present the following update on trading conditions in the activated carbon products market.

Powdered activated carbon (PAC) products: Carbonxt has observed material tailwinds with the spot price for PAC yielding an average premium of around 40% compared to pre-COVID levels. Those market conditions are underpinning an improved outlook for contract renewals as well as several new customer contracts.

The higher prices reflect a combination of factors including: 1) higher costs for raw materials, shipping, utilities and labor; 2) increased prices or unavailability of carbon products sourced from outside North America; 3) higher demand with the economic rebound from Covid; and 4) industry consolidation and supply reduction.

From its vantage point as a market participant, Carbonxt expects the supply/demand factors contributing to the material uplift in PAC prices across US markets to remain in place over the short-to-medium term.

AC Pellets: Carbonxt also confirms it has completed the development of a range of new carbonised pellets for use in industrial liquid applications. The new activated pellets are in short supply due to sourcing constraints, giving the company attractive demand dynamics for what is currently an unmet need in the market.

Production of the new pellet range will commence in June from the Company's facility in Arden Hills, Minnesota.

Contract negotiations are also underway for carbonised pellets produced at the Company's new ACP facility in Kentucky, which is expected to come online early in 2023.

Market conditions for AC Pellets are also reflective of strong medium-term demand conditions in the Company's core verticals, with price increases for ACP products similar to the material and sustained uplift observed for PAC prices.

To meet near-term demand, Carbonxt will commence production for ACP products from its Arden Hills facility in June to provide its customer base with the products they need before the Kentucky facility becomes operational.

For personal use only



By executing a flexible supply strategy, the Company will be able to meet its initial orders with profitable per-unit economics, and margin growth is expected to improve substantially with commencement of production from the Kentucky facility.

Comment

Managing Director Warren Murphy said: *“It’s pleasing to continue the execution of our longer-term operational strategy amid these broader tailwinds for the sector, with a material uplift in the price point for established Cleantech solutions proving to be sticky into the second half of the year. Encouragingly, that shift has been accompanied other positive trends across our product suite, highlighted by the launch of our carbonised pellet range used in industrial liquid applications. With strong revenue momentum into the second half of the year, Carbonxt is well-placed to benefit from a step-change in growth once the new Kentucky facility is operational in early 2023.*

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

ENDS

Enquiries

Warren Murphy

Managing Director

+61 413841216

w.murphy@carbonxt.com

Ben Jarvis, Six Degrees Investor Relations: 0413 150 448

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.

For personal use only