Carbonxt Group Limited –Chairman's Address to AGM

Dear Shareholders

FY25 has been a year of significant progress for Carbonxt. It has been a year in which we strengthened our operational base, advanced a transformational growth project, and positioned the Company to take advantage of powerful regulatory and market tailwinds that are now shaping the future of the activated carbon industry.

Group revenue increased 7.1% to $16.2 million, supported by stronger Powdered Activated Carbon sales and a recovery in Activated Carbon Pellet volumes in the second half of the year. Gross margins improved substantially to 52%, up from 38% last year. This reflects improved pricing, a better product mix, and ongoing cost optimisation across our operations.

Our underlying EBITDA loss reduced by 85% to $0.46 million, and importantly, we delivered positive EBITDA in every month of the second half. This marks a significant operational turnaround from the first half and from FY24. We also narrowed our net loss before tax to $6.7 million, a 17% improvement on the prior year.

Cost control remained a major focus. The restructuring of the Black Birch PAC facility lease and improved operational efficiency at Arden Hills both contributed to a leaner cost base. Cash outflows decreased quarter-on-quarter, and we ended the year with creditor levels at the low end of historical ranges.

Capital management was also strengthened through a $1 million convertible note raise in June and a fully underwritten Loyalty Option entitlement offer launched shortly after year-end and completed in September, issuing 69.8 million Loyalty Options and raising $0.70 million before costs.

Operationally, our PAC business remained the backbone of the Company, supported by long-term contracts with ReWorld Waste and other key customers. PAC accounted for a higher share of revenue, buoyed by regulatory momentum in PFAS removal across the United States.

Our ACP business stabilised in the second half, following the resolution of operating issues at a major customer's facility. With volumes returning to historical levels and contractual discussions well advanced, ACP volumes then increased a further 11% in the September quarter, and we expect ACP sales to increase by approximately 25% in FY26.

Across the board, our U.S. manufacturing assets performed reliably and efficiently, enabling us to maintain supply, deliver strong customer service, and support our gross margin uplift.

The centrepiece of our growth strategy is the Kentucky activated carbon facility, developed through our joint venture, NewCarbon Processing. During FY25, we increased our ownership stake to 43.7% through an additional US$2.25 million investment and post 30 June with an additional US$750,000 investment lifted us to 45.9% ownership progressing toward our stated 50% target. Mechanical completion has been achieved, all major electrical and control systems have been finalised, and the facility is approaching readiness for commissioning. The kiln – a 30-metre-long, 3-metre-diameter unit – required more extensive insulation work than originally expected. While more complex and time-consuming, this work is expected to be completed shortly, with the final refractory lining having been applied and heat treatment completed.

Importantly, all kiln heating systems have been tested successfully, as have both the main and standby power systems. Back-end handling systems, including extra silos and conveyors, have also been completed with bagging facilities now in final installation.

Once commissioned, the facility will expand our production capacity by approximately 200% and mark our entry into the liquid-phase activated carbon market, a market several times larger than the air-phase segment we currently serve. This represents the most significant step forward in Carbonxt's history and a major value inflection point for shareholders.

The regulatory landscape in the U.S. is shifting decisively in our favour. This year, the U.S. Environmental Protection Agency reaffirmed strict Maximum Contaminant Levels for PFOA and PFOS – two of the most hazardous PFAS chemicals. Water systems must be monitored by 2027 and achieve full compliance by 2031. This regulatory certainty is accelerating planning and procurement activity across the water sector. We are already seeing increased engagement from utilities and distributors seeking reliable, tariff-free, U.S.-made activated carbon solutions. Domestic sourcing has become a priority for many customers given ongoing supply chain pressures and rising trade barriers.

The global activated carbon market is projected to grow at 5–9% annually through 2030, and Carbonxt is strategically positioned to benefit from this sustained demand, with an estimated 70,000-80,000 tons of US demand currently supplied through imports, highlighting a clear opportunity for domestic producers.

Our PAC products, made from renewable U.S. sawmill by-product, continue to resonate strongly with customers who increasingly prioritise ESG performance alongside regulatory compliance.

At the end of FY25, the Company held $484,000 in cash, with net current liabilities of $11.5 million - an improvement on FY24 levels and by 30 September 2025, cash increased to $0.823 million following the entitlement offer and placement. We are supporting this with disciplined capital management, including the convertible note raisings completed in June and September, and the recent loyalty option offer and placement. These initiatives ensure the Company remains appropriately funded as we move toward commissioning the Kentucky facility.

FY26 is shaping up to be a defining year for Carbonxt. Our priorities are clear:

- **Commission the Kentucky facility** and successfully enter the liquid-phase market.
- **Leverage regulatory momentum** to capture a larger share of the accelerating PFAS treatment segment.
- **Sustain operational discipline,** building on the positive EBITDA achieved in the second half of FY25 and continued in Q1 FY26.
- **Grow ACP volumes** by approximately 25% and expand PAC sales under our long-term customer relationships.

With three U.S. facilities either operational or nearing commissioning, we have a solid platform for material growth in the years ahead.

I want to take this opportunity to thank:

- Our shareholders, for your continued support and patience as we advance a transformational growth agenda.
- Pure Asset Management, for their partnership and commitment.
- Our employees, whose expertise, resilience, and dedication underpin every achievement we celebrate today.

FY25 has laid a strong foundation. FY26 will be about delivery, commissioning Kentucky, expanding our market position, and capitalising on the regulatory and commercial forces reshaping our industry.

This announcement has been authorised for release by the Board of Directors.

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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.