Arq

Nasdaq: ARQ

Q1 2025 Earnings Call

May 7, 2025

Disclaimer

This presentation contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, which provides a “safe harbor” for such statements in certain circumstances. When used in this presentation, the words “can,” “will,” “may,” “intends,” “expects,” “anticipates.” “continuing,” “believes,” similar expressions and any other statements that are not historical facts are intended to identify those assertions as forward-looking statements. All statements that address activities, events or developments that Arq, Inc. (“we,” “us,” “our,” “Arq” or the “Company”) intends, expects or believes may occur in the future are forward-looking statements. These forward-looking statements include, but are not limited to, statements or expectations regarding: our ability to complete, and the anticipating timing of the completion of, commissioning of the GAC Facility, ramp-up to full nameplate capacity at our Red River Plant, and commercial production of our GAC products; the anticipated effects from fluctuations in the pricing of our AC products; expected supply and demand for our AC products and services, including our GAC products; the seasonal impact on our customers and their demand for our products; our ability to fund our business over the next twelve months; the anticipated timing for resuming operations at our Corbin Facility; our ability to access new markets for our GAC and other products; any future plant capacity expansions or site development projects and our ability to finance any such projects; the effectiveness of our technologies and products and the benefits they provide; the timing of awards of, and work and related testing under, our contracts and agreements and their value; our ability to contract remaining GAC product volumes once commercial production is achieved; future cash flows, profitability and other potential benefits expected from our GAC business; the future profitability and sustainability of our PAC business; the timing and amounts of or changes in future revenue, funding for our business and projects, margins, expenses, earnings, tax rates, cash flows, working capital, liquidity and other financial and accounting measures; the performance of obligations secured by our surety bonds; the amount and timing of future capital expenditures needed to fund our business plan; the impact of domestic and international tariffs on our business and the wider AC market; our ability to capitalize on potentially favorable market conditions; the adoption and scope of regulations to control certain chemicals in drinking water and other environmental concerns and the impact of such regulations on our customers' and our businesses, including any increase or decrease in demand and sales of our AC products resulting from such regulations; our near-term priorities and objectives and our long-term outlook regarding the growth of our business; and the impact of prices of competing power generation sources such as natural gas and renewable energy on demand for our products. These forward-looking statements involve risks and uncertainties. Actual events or results could differ materially from those discussed in the forward-looking statements as a result of various factors including, but not limited to, the timing and scope of new and pending regulations and any legal challenges to or extensions of compliance dates of them; the U.S. government’s failure to promulgate new regulations or enforce existing regulations that benefit our business; changes in laws and regulations, accounting rules, prices, economic conditions and market demand; availability, cost of and demand for alternative energy sources and other technologies and their impact on coal-fired power generation in the U.S.; technical, start up and operational difficulties; competition within the industries in which the Company operates; risks associated with our debt financing; our inability to effectively and efficiently commercialize new products, including our GAC products; our inability to effectively manage commissioning and startup of the GAC Facility at our Red River Plant; disruptions at any of our facilities, including by natural disasters or extreme weather; risks related to our information technology systems, including the risk of cyberattacks on our networks; failure to protect our intellectual property from infringement or claims that we have infringed on the intellectual property of others; our inability to obtain future financing or financing on terms that are favorable to us; our inability to ramp up our operations to effectively address recent and expected growth in our business; loss of key personnel; ongoing effects of the inflation and macroeconomic uncertainty, including from the new U.S. presidential administration, increased domestic and international tariffs, lingering effects of the pandemic and armed conflicts around the world, and such uncertainty's effect on market demand and input costs; availability of materials and equipment for our business; pending litigation; factors relating to our business strategy, goals and expectations concerning the acquisition of Arq Limited; our ability to maintain relationships with customers, suppliers and others with whom the Company does business and meet supply requirements; our results of operations and business generally; risks related to diverting management's attention from our ongoing business operations; costs related to the ongoing manufacturing of our products, including our GAC products; opportunities for additional sales of our AC products and end-market diversification; the rate of coal-fired power generation in the U.S.; the timing and cost of any future capital expenditures and the resultant impact to our liquidity and cash flows; and the other risk factors described in our filings with the SEC, including those described in Item 1A. Risk Factors of our Annual Report on Form 10-K for the year ended December 31, 2024. You are cautioned not to place undue reliance on the forward-looking statements and to consult filings we have made and will make with the SEC for additional discussion concerning risks and uncertainties that may apply to our business and the ownership of our securities. In addition to causing our actual results to differ, the factors listed above may cause our intentions to change from those statements of intention set forth in this presentation. Such changes in our intentions may also cause our results to differ. We may change our intentions, at any time and without notice, based upon changes in such factors, our assumptions, or otherwise. The forward-looking statements speak only as to the date of this presentation, and we disclaim any duty to update such statements unless required by law.

Non-GAAP Financial Measures

Included in this presentation are certain financial measures that are not calculated in accordance with U.S. generally accepted accounting principles ("GAAP") designed to supplement, and not substitute, the Company's financial information presented in accordance with GAAP. The non-GAAP measures as defined by the Company may not be comparable to similar non-GAAP measures presented by other companies. The presentation of such measures, which may include adjustments to exclude unusual or non-recurring items, should not be construed as an inference that the Company’s future results or leverage will be unaffected by other unusual or non-recurring items. Please see the attached appendix for how we define these non-GAAP measures, a discussion of why we believe they are useful to investors, and certain limitations and reconciliations thereof to the most directly comparable GAAP measures.

Notable Q1 2025 & Recent Achievements

Total Revenue
$27.2 million
25% growth YoY; driven by Average Selling Price ("ASP") improvement & end-market diversification

Gross Margin
36.4%
reflects sustainable improvement in PAC performance

Adjusted EBITDA[1]
$4.1 million
vs. ($0.4) million prior year period; 4 straight quarters of positive Adj. EBITDA

PAC Pricing Growth
8th straight
quarter of double-digit YoY growth in PAC ASP

PAC Contracts
100%
All contracts now net cash producers; negative margin contracts eliminated

PAC Contracts
2nd Largest Ever
New life-of-asset contract signed in April 2025, 2nd largest contract in Arq's history by value

(1) *Adjusted EBITDA is a non-GAAP measure. Please see "Financial Detail" slides for reconciliation information. As of Q1 2025, the Company began adjusting for stock-based compensation in EBITDA calculation; 2024 figures shown have been adjusted consistently.*

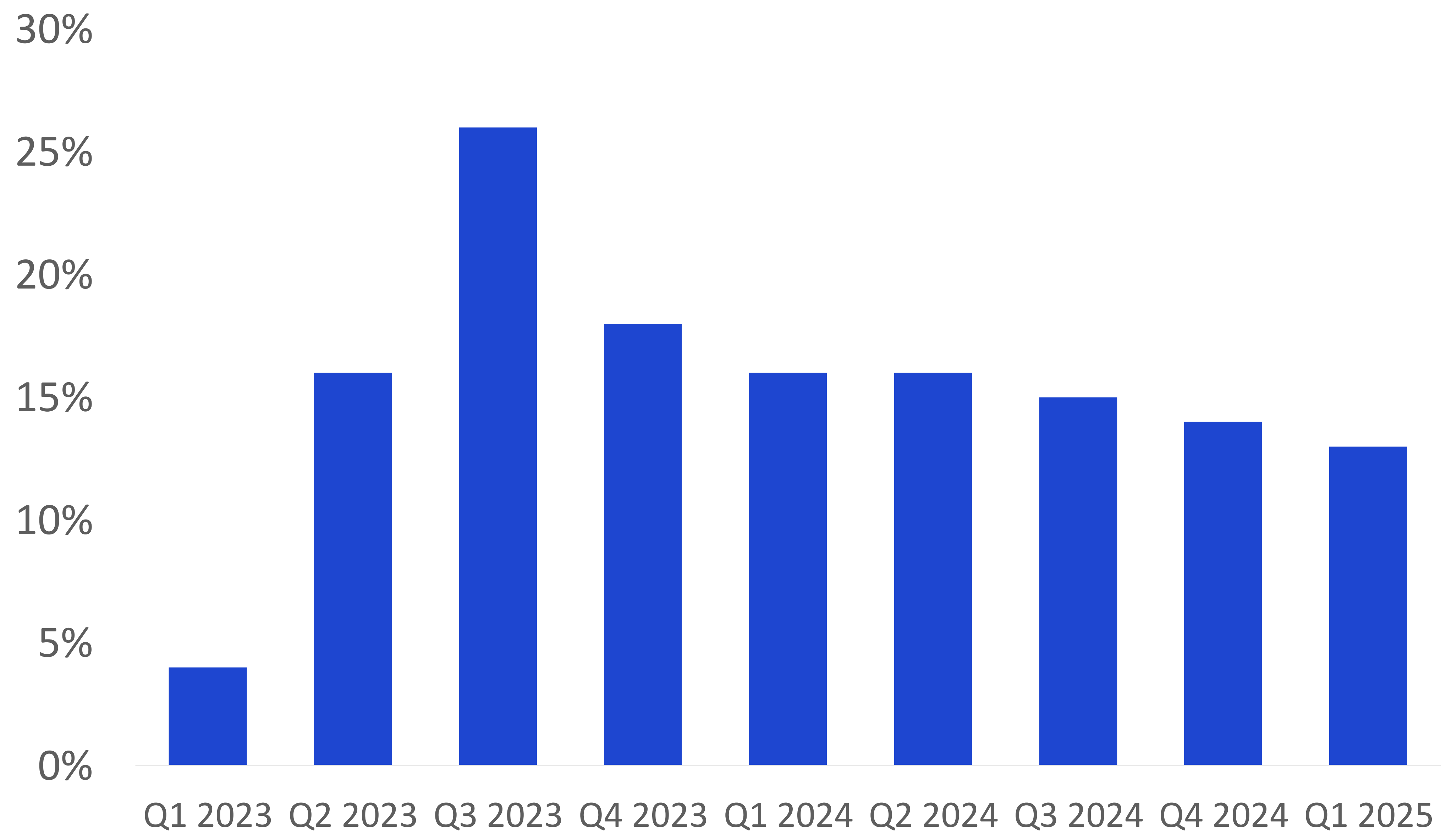
Q1 2025 Financial Highlights

$ millions unless noted	Q1 2025	Q1 2024
Revenue	**$27.2**	$21.7
Gross Margin	**36.4%**	36.9%
Adjusted EBITDA(1)	**$4.1**	($0.4)
Net Income / (loss)	**$0.2**	($3.4)
Cash & Restricted Cash	**$14.8**	$44.0

- ✓ Revenue increase of 25% driven by higher ASP, product mix and volumes
- ✓ ASP increased ~13% YoY, marking 8th consecutive quarter of double-digit YoY increase in ASP
- ✓ Achieved 4th straight quarter of positive Adjusted EBITDA; $4.1 million in Q1 2025[1]
- ✓ Achieved net profitability during Q1 2025

1) Adjusted EBITDA is a non-GAAP measure. Please see "Financial Detail" slides for reconciliation information. As of Q1 2025, the Company began adjusting for stock-based compensation in EBITDA calculation; 2024 figures shown have been adjusted consistently.

Steady Price Increases Underpin Sustainable PAC Business Performance



Q1 2025

- 8th consecutive quarter of double digit % ASP YoY increase
- 13% ASP increase YoY (15% avg. since Q1 2023)
- Successfully amended all loss-making PAC contracts; all contracts are net contributors in 2025

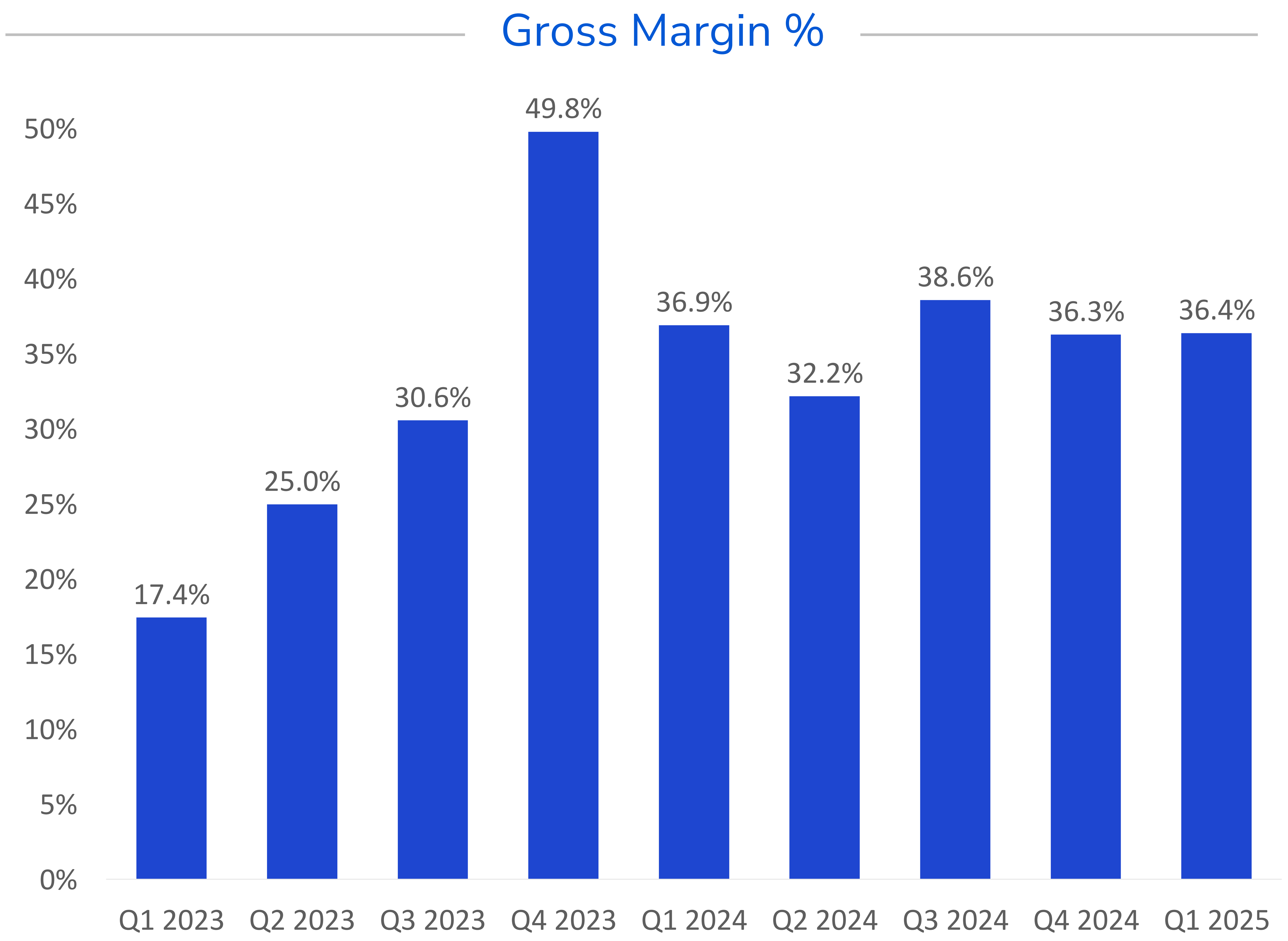
Outlook

- Long-term growth remains a focus
- Pace of pricing growth expected to continue, but naturally moderate
- Driving further improvements via strategic price increases
- Expanding into adjacent markets with enhanced pricing and developing new products

Strong visibility in PAC contract renewals extends runway and sustainability in 2025 and beyond

Attractive & Consistent Growth in Gross Margin

Material and consistent gross margin improvement due to ASP growth and focused cost cutting initiatives



- Gross margin remained strong at 36.4% in Q1 2025
- Actively optimizing gross margin with room for further efficiencies
- Gross margin mostly flat YoY due to improved pricing and favorable customer mix, offset by start up costs associated with GAC line and a one-time accounting adjustment in Q1 2024
- Excluding one-time accounting adjustment in Q1 2024, the Company believes Q1 2025 gross margin would have been +5% year over year
- Q2 2023 and Q2 2024 gross margin include impact of plant turnaround maintenance costs

Red River: Driving Arq's Corporate Transformation

What We're Doing

Red River Project

- **Adding production of GAC + expanding plant to deliver incremental 25mm pounds of GAC product**
- Entered into supply contracts for approximately 16 million pounds[1] of nameplate capacity at attractive pricing vs PAC products
- Contract negotiations for remaining capacity ongoing. Pilot tests underway, a required step before finalizing contracts, and in-line with expected ramp-up schedule
- Small non-commercial scale GAC volume produced; commercial production expected by end of Q2 or early Q3 2025
- Potential to increase Red River's 25 million pound nameplate capacity by 10-20% remains; additional detail to be provided later in 2025

Corbin Project

- **Utilizing bituminous coal waste from Corbin to serve as feedstock for Red River**
- Unique patent-protected process
- Stockpiled material to meet demand from Red River as ramp-up gathers pace
- Continuing to pursue the potential of utilizing Corbin feedstock as a source for production of rare earth materials, synthetic graphite and asphalt emulsion

What it Delivers

- ✓ Expanded products and solutions portfolio
- ✓ Expansion into rapidly growing markets
- ✓ Differentiated feedstock source with sustainability benefits
- ✓ Generate strong additional GAC cash flow on top of PAC foundation
- ✓ Continue transformation to environmental tech company

[1] When fully-ramped.

Red River GAC Development Update

- Mechanical completion of GAC Facility construction completed in January 2025
- Small non-commercial scale volumes of GAC recently produced, but not yet at consistency necessary for commercial scale production
- First commercial-scale production of on-specification product anticipated by the end of Q2 or early Q3 2025
- Updated timeline principally a result of fine-tuning additional processes to ensure hard, well-formed GAC
- Finalizing commissioning and operational changes, specifically regarding product binding and shaping
- Remain confident in quality and scalability of our technology
- Post commissioning, reiterate guidance for ramp-up phase of ~3-6 months to achieve nameplate capacity
- 25M pounds of GAC would remove PFOA from ~125B gallons of water – roughly equal to the annual water needs of Los Angeles Department of Water & Power[1,2]

GAC bagging station, with 12x40 screened bags sitting on the roller conveyors

Actual 12x40 screened Bituminous GAC bagged out on 5/1/25

1) https://infrastructurereportcard.org/cat-item/drinking-water-infrastructure/
2) https://content.pw.lacounty.gov/core-service-areas/water-resources/water-supply/

PFAS Regulations & Impact

EPA under new Administration remains committed to reducing and removing PFAS contamination

- **On April 28, 2025, EPA Administrator Lee Zeldin confirmed that *"we are tackling PFAS from all of EPA's program offices, advancing research and testing, stopping PFAS from getting into drinking water systems, holding polluters accountable, and providing certainty for passive receivers. This is just a start of the work we will do on PFAS to ensure Americans have the cleanest air, land, and water"* [1]**
- **This follows the April 2024 EPA announcement of new National Primary Drinking Water Regulations that requires municipal drinking water be below certain maximum PFAS levels in 5 years**
- **Arq estimates EPA's regulations potentially increases municipal water market demand by 3-5x vs. existing ~170 million pound per year**
- **Expected to serve as significant catalyst for greater demand of Arq products and potentially exacerbating shortages of supply**
- PFAS regulations set at a 4 parts per trillion ("ppt") Maximum Contaminant Level ("MCL"), for certain PFAS compounds, down from previous advisory limit of 70ppt [2]
- 4 ppt is approximately equivalent to 4 grains of sand in an Olympic-size swimming pool
- $1B available for public water utilities to meet new drinking water standards; $9B under the 2021 Bipartisan Infrastructure Law (BIL) for PFAS-impacted communities; an additional $12B in BIL for public water infrastructure improvements
- On January 15, 2025, American Water (the largest U.S. listed water utility) announced a 9-year GAC supply agreement to address PFAS, highlighting industry demand

1 – https://www.epa.gov/newsreleases/administrator-zeldin-announces-major-epa-actions-combat-pfas-contamination
2 - https://www.epa.gov/sdwa/questions-and-answers-drinking-water-health-advisories-pfoa-pfos-genx-chemicals-and-pfbs

Arq Benefiting from U.S. Tariffs

Unique position with fully integrated domestic supply chain

- Only domestic producer with fully integrated activated carbon supply chain - competitive advantage further amplified under tariffs
- Many competitors face headwinds due to imported feedstock dependencies
- Net beneficiary of current tariff environment - positioned to maximize operational and financial performance

Growth Beyond Activated Carbon

Multiple R&D programs focused on maximising the potential uses of our unique Arq Powder (highly purified, small particle hydrocarbon) and our mineral matter waste stream, both derived from coal waste

Potential applications:

- **Asphalt** – using our Arq Powder as a blending component to extend freeze-thaw durability, increase hardness, and provide recyclable input over traditional hydrocarbon feedstocks. Commercialization discussions underway; field trials anticipated to begin imminently (potential commercialization in 2026)
- **Synthetic graphite** – using our 99% pure organic material as a potential feedstock for synthetic graphite with potential to replace current acid leaching methods. U.S. reliance on Li-ion batteries highlights a major challenge as the industry seeks alternatives to Chinese-sourced materials
- **Rare Earth Elements** – REE recovery efforts have focused on coal mine drainage and Arq's mineral waste and wash water may offer a similar source
- **Biodegradable Agricultural Polyethylene Film** – using our mineral waste as a catalyst to accelerate film UV degradation; testing underway
- **Ferro-silicon and metallurgical coal** – using our core technology to remediate U.S. coal wash sites could offer a viable solution, particularly if metallurgical coal is designated a strategic material

Key Near-term Priorities & Objectives

1. Continue to optimize successful turnaround of foundational (now cash generative) PAC business and reduce overall costs
2. Commence and ramp production at Red River GAC facility as next phase of Arq's transformation
3. Successfully conclude negotiations to contract remaining GAC capacity to diversify industries and maximize near & long-term shareholder value
4. Fund highly attractive strategic investments utilizing current balance sheet
5. Strengthen position as leading and only pure-play public company in the activated carbon market

Focus on maximizing stakeholder value

Financial Detail

Consolidated Balance Sheet[1]

(in thousands, except share data)	As of March 31, 2025	As of December 31, 2024
ASSETS		
Current assets:		
Cash	$ 6,336	$ 13,516
Receivables, net	15,368	14,876
Inventories, net	21,749	19,314
Prepaid expenses and other current assets	4,781	4,650
Total current assets	48,234	52,356
Restricted cash, long-term	8,467	8,719
Property, plant and equipment, net of accumulated depreciation of $28,500 and $26,619, respectively	181,202	178,564
Other long-term assets, net	45,768	44,729
Total Assets	$ 283,671	$ 284,368
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	$ 17,482	$ 21,017
Revolving credit facility	16,184	13,828
Current portion of long-term debt obligations	1,570	1,624
Other current liabilities	7,738	8,184
Total current liabilities	42,974	44,653
Long-term debt obligations, net of current portion	9,086	9,370
Other long-term liabilities	13,438	13,069
Total Liabilities	65,498	67,092
Commitments and contingencies		
Stockholders' equity:		
Preferred stock: par value of $0.001 per share, 50,000,000 shares authorized, none issued or outstanding	—	—
Common stock: par value of $0.001 per share, 100,000,000 shares authorized, 46,782,399 and 46,639,930 shares issued, and 42,164,253 and 42,021,784 shares outstanding at March 31, 2025 and December 31, 2024, respectively	47	47
Treasury stock, at cost: 4,618,146 and 4,618,146 shares as of March 31, 2025 and December 31, 2024, respectively	(47,692)	(47,692)
Additional paid-in capital	199,181	198,487
Retained earnings	66,637	66,434
Total Stockholders' Equity	218,173	217,276
Total Liabilities and Stockholders' Equity	$ 283,671	$ 284,368

(1) See complete, Consolidated Financial Statements and Notes related thereto within the Annual Report on Form 10-K for the period ended December 31, 2024.

Consolidated Statements of Operations[1]

(in thousands, except per share data)	Three Months Ended March 31, 2025	2024
Revenue	$ 27,247	$ 21,740
Cost of revenue, exclusive of depreciation and amortization	17,332	13,713
Operating expenses:		
Selling, general and administrative	6,053	7,666
Research and development	874	1,625
Depreciation, amortization, depletion and accretion	2,181	1,716
Loss on sale of assets	145	—
Total operating expenses	9,253	11,007
Operating income (loss)	662	(2,980)
Other expense:		
Earnings from equity method investments	155	—
Interest expense	(724)	(791)
Other	110	352
Total other expense	(459)	(439)
Income (loss) before income taxes	203	(3,419)
Income tax expense	—	—
Net income (loss)	$ 203	$ (3,419)
Income (loss) per common share:		
Basic	$ —	$ (0.09)
Diluted	$ —	$ (0.09)
Weighted-average number of common shares outstanding:		
Basic	41,322	37,062
Diluted	42,530	37,062

(1) See complete, Consolidated Financial Statements and Notes related thereto within the Annual Report on Form 10-K for the period ended December 31, 2024.

Consolidated Statements of Cash Flows[1]

(in thousands)	Three Months Ended March 31, 2025	2024
Cash flows from operating activities		
Net income (loss)	$ 203	$ (3,419)
Adjustments to reconcile net income (loss) to net cash (used in) provided by operating activities:		
Depreciation, amortization, depletion and accretion	2,181	1,716
Stock-based compensation expense	736	782
Operating lease expense	541	596
Loss on sale of assets	145	—
Amortization of debt discount and debt issuance costs	6	149
Earnings from equity method investments	(155)	—
Other non-cash items, net	(2)	(19)
Changes in operating assets and liabilities:		
Receivables, net	(492)	5,264
Prepaid expenses and other assets	(113)	1,067
Inventories, net	(2,338)	(1,240)
Other long-term assets, net	(1,801)	(556)
Accounts payable and accrued expenses	(4,494)	(3,481)
Other current liabilities	(907)	1,190
Operating lease liabilities	826	(592)
Other long-term liabilities	(139)	(931)
Net cash (used in) provided by operating activities	(5,803)	526

(1) See complete, Consolidated Financial Statements and Notes related thereto within the Annual Report on Form 10-K for the period ended December 31, 2024.

Consolidated Statements of Cash Flows[1] - Cont.

(in thousands)	Three Months Ended March 31, 2025	Three Months Ended March 31, 2024
Cash flows from investing activities		
Acquisition of property, plant, equipment and intangible assets, net	$ (3,710)	$ (9,596)
Acquisition of mine development costs	(43)	(51)
Distributions from equity method investees in excess of cumulative earnings	155	—
Net cash used in investing activities	(3,598)	(9,647)
Cash flows from financing activities		
Borrowings on revolving credit facility	30,700	—
Repayments of revolving credit facility	(28,344)	—
Principal payments on finance lease obligations	(201)	(280)
Principal payments on notes payable	(144)	(134)
Repurchase of common stock to satisfy tax withholdings	(42)	(599)
Net cash provided by (used in) financing activities	1,969	(1,013)
Decrease in Cash and Restricted Cash	(7,432)	(10,134)
Cash and Restricted Cash, beginning of period	22,235	54,153
Cash and Restricted Cash, end of period	$ 14,803	$ 44,019
Supplemental disclosure of non-cash investing and financing activities:		
Change in accrued purchases for property and equipment	$ 959	$ 1,415

(1) See complete, Consolidated Financial Statements and Notes related thereto within the Annual Report on Form 10-K for the period ended December 31, 2024.

Adjusted EBITDA (Loss) Reconciliation to Net Loss

	Three Months Ended March 31,	
(in thousands)	2025	2024
Net income (loss)	$ 203	$ (3,419)
Depreciation, amortization, depletion and accretion	2,181	1,716
Amortization of Upfront Customer Consideration	127	127
Interest expense, net	671	432
EBITDA (loss)	3,182	(1,144)
Stock-based compensation expense (1)	736	782
Loss on sale of assets	145	—
Adjusted EBITDA (loss)	$ 4,063	$ (362)

Note on Non-GAAP Financial Measures

To supplement our financial information presented in accordance with U.S. Generally Accepted Accounting Principles ("U.S. GAAP"), we provide certain supplemental financial measures, including EBITDA and Adjusted EBITDA, which are measurements that are not calculated in accordance with U.S. GAAP. EBITDA is defined as earnings before interest, taxes, depreciation and amortization, and Adjusted EBITDA is defined as EBITDA reduced by non-cash gains, increased by share-based compensation expense, other non-cash losses and non-recurring costs and fees. EBITDA and Adjusted EBITDA should be considered in addition to, and not as a substitute for, net income (loss) in accordance with U.S. GAAP as a measure of performance. See below for a reconciliation from net income (loss), the nearest U.S. GAAP financial measure, to EBITDA and Adjusted EBITDA.

We believe that the EBITDA and Adjusted EBITDA measures are less susceptible to variances that affect our operating performance. We include these non-GAAP measures because management uses them in the evaluation of our operating performance, and believe they help to facilitate comparison of operating results between periods. We believe the non-GAAP measures provide useful information to both management and users of the financial statements by excluding certain expenses, gains, and losses which can vary widely across different industries or among companies within the same industry and may not be indicative of core operating results and business outlook.

EBITDA and Adjusted EBITDA:

The above table reconciles net income (loss), our most directly comparable as-reported financial measure calculated in accordance with U.S. GAAP, to EBITDA (loss) and Adjusted EBITDA (loss).

1) Represents non-cash stock-based compensation expenses that are included within "Cost of revenue, exclusive of depreciation and amortization" and "Selling, general and administrative" expenses. Adjusted EBITDA loss for the three months ended March 31, 2024 has been revised to include non-cash stock-based compensation expense as an adjustment to Adjusted EBITDA (loss).

Appendix

Arq Company Overview

- **Arq** is a diversified, environmental technology company producing ***activated carbon*** products which reduce or reverse environmental liabilities, including PFAS or “forever chemicals”. Our products enable a ***cleaner and safer planet***

- **Arq** has the ***only fully domestic*** vertically integrated supply chain, improving water and air quality, ***using coal waste*** as a feedstock to remediate other waste – contributing to ***America’s energy independence***

General Applications of Our Products

Note: PFAS: Per- or poly-fluorinated alkyl substances (PFAS) are a group of industrial chemicals used in everyday products and are often referred to as ‘Forever Chemicals’ because of their extreme persistence in the environment

What is Activated Carbon?

- Also known as activated charcoal
- Activated carbons are largely engineered sorbent materials which purify, filter and remove pollutants from air, water and soil
- When activated, able to “adsorb” a wide range of harmful compounds from air, gas & liquids
- “Activation” process makes product more porous (e.g. think kernel of corn and popcorn kernel)

2 Major Types of Activated Carbon

Powder Activated Carbon (PAC)	Granular Activated Carbon (GAC)

Products & Market Applications

GAC from bituminous coal best at remediating PFAS and forever chemicals

Applications

- Potable Water
- PFAS Remediation
- Wastewater Treatment
- Biogas
- Mercury Emissions
- Pharma
- Specialty
- Automotive
- Food & Beverage
- Soil & Groundwater Remediation

Market Focus

Growth Business	Granular Activated Carbon **(GAC)**	**Municipal water, PFAS remediation, soil & groundwater remediation, specialty gas purification**
Foundation Business	Powder Activated Carbon **(PAC)**	**Power generation, industrial and municipal water**

Our Key GAC Differentiators

Activated carbon is a technical sale – our unique products, process and supply chain are key differentiators

We will be the only GAC producer:

…with a vertically integrated domestic supply chain…

…using bituminous coal waste feedstock, enabling significant environmental benefits…

…and with estimated lower Scope 1 & 2 CO2e emissions (vs virgin coal-based GAC)

Financial advantages to our approach:

- ✓ ***Arq's own bituminous coal waste used as feedstock supply***
- ✓ ***Drives competitive sourcing vs. traditionally mined coal***
- ✓ ***Lowers operating costs by generating net positive power***
- ✓ ***Avoids negative import factors (freight, tariffs and duties)***

Growth Beyond Red River Phase I

Key Triggers Needed to Pursue Phase II

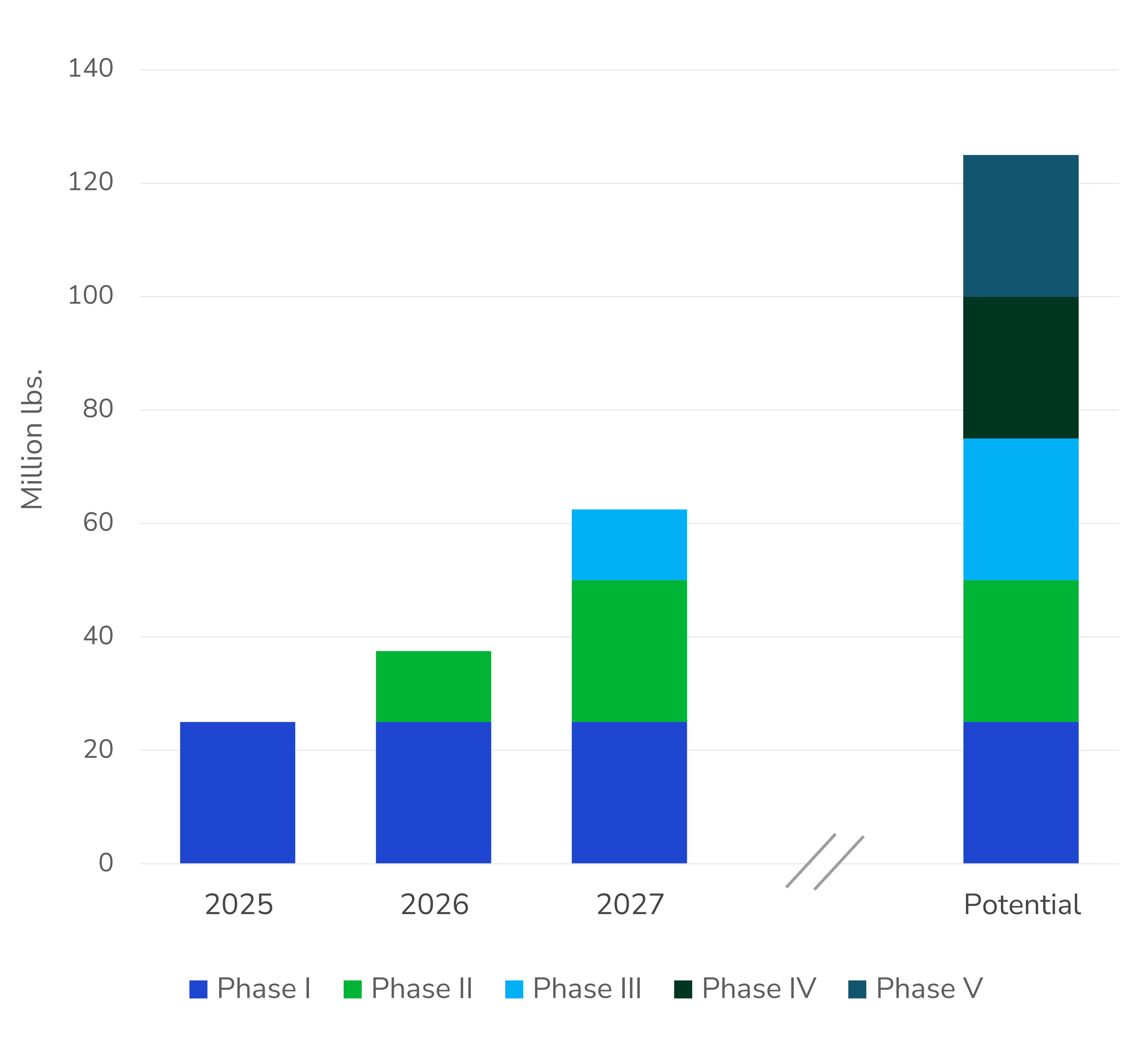
- Successful commissioning of Red River Phase I
- Achieving Phase I annual nameplate production levels of 25 million pounds (or better)
- Visibility on contract demand supporting investment return and evidencing continued competitive positioning

Other Notable Points

- Permitting already in place for Phase II
- Potential for additional phases to expand to 125 million lbs of GAC capacity at Red River
- Phase II construction timeline forecast of 9-12 months after groundbreaking
- Phase II capex expectations of ~$3/lb of annual production (assuming 25 million lbs. annual production)
- Separate asphalt product R&D remains underway and exciting – earliest potential commercialization in 2026 with strategic partner developments ongoing

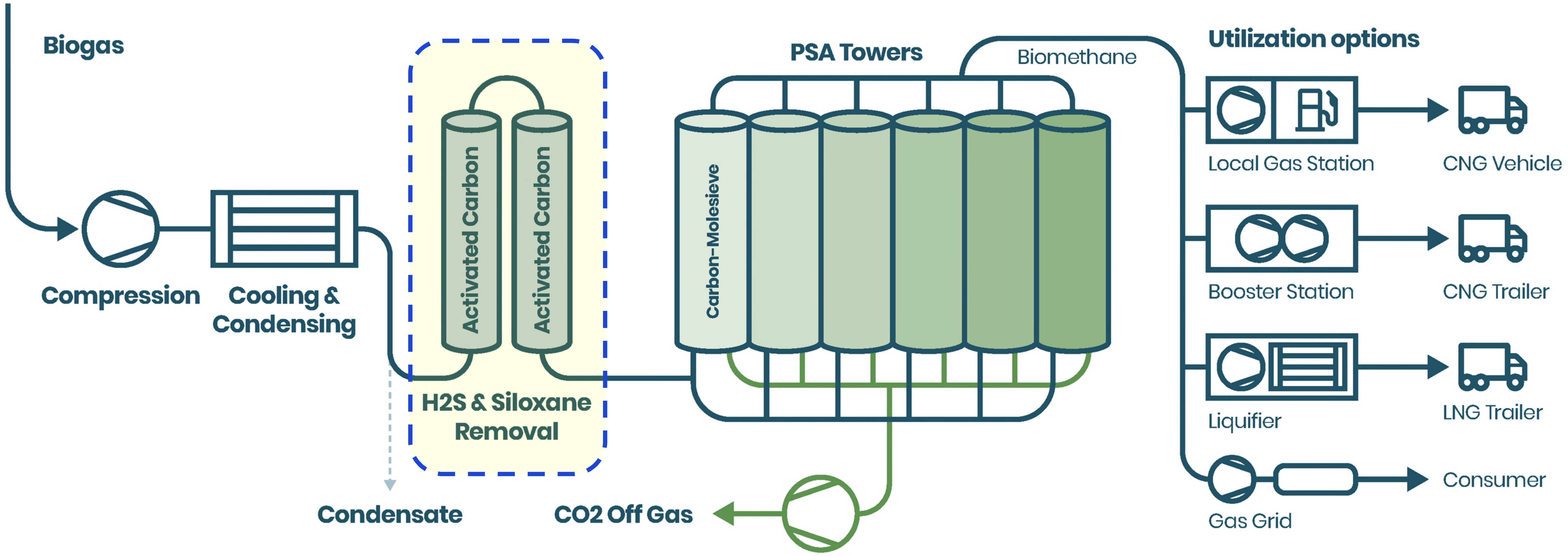
Illustrative Red River GAC Buildout

Assumes Phases I & II are built ~1-year apart; potential of 125 million lbs.



Biogas & Renewable Natural Gas Purification

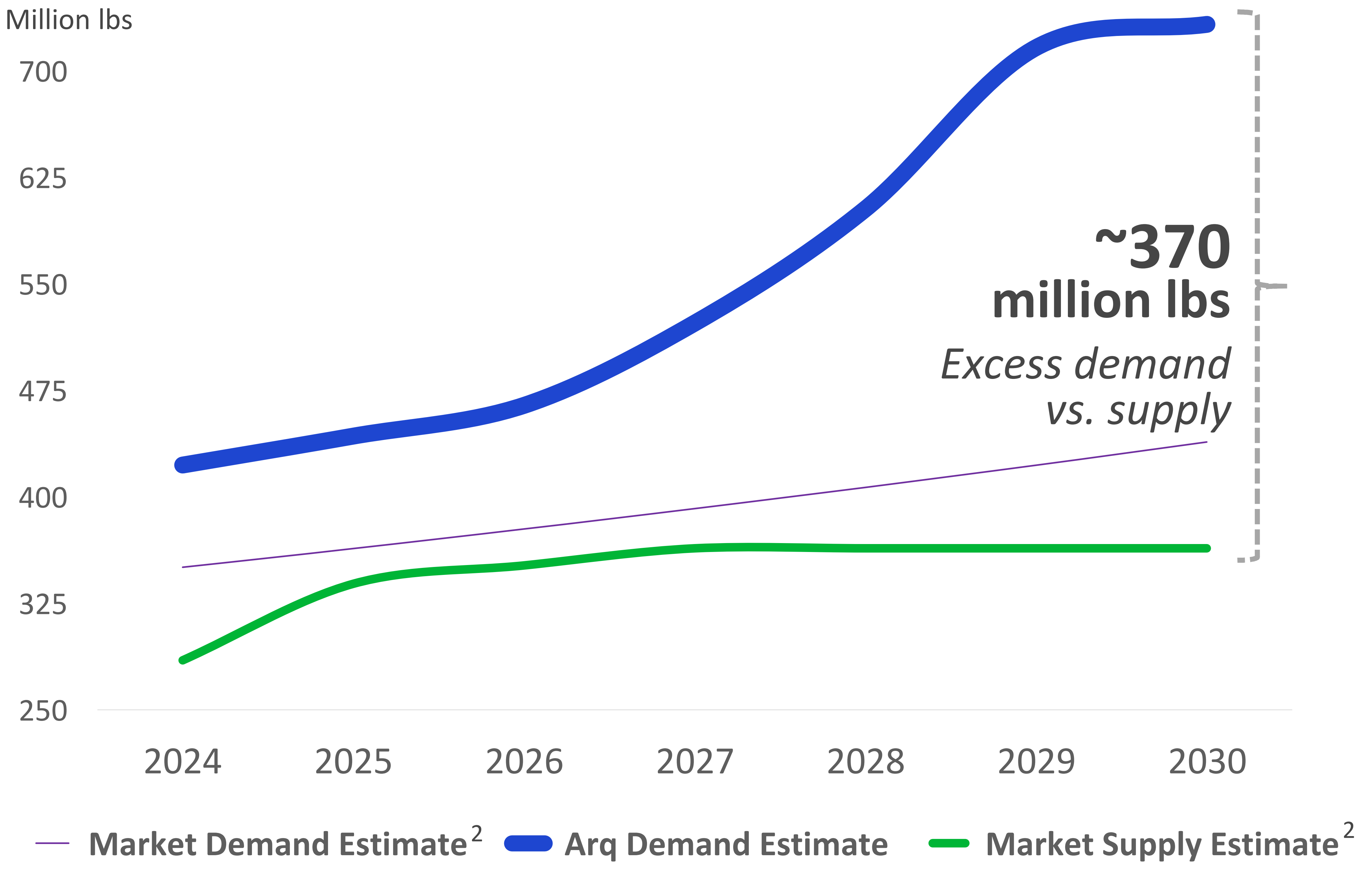
- Biogas is produced when organic material decomposes in anaerobic conditions. Biogas can be processed to remove impurities – such as CO_2, H_2S and Siloxane – to produce high-quality Renewable Natural Gas (RNG)
- Sources of biogas for potential RNG production include landfill wastes, animal manure, separated organic waste, and wastewater treatment sludge
- GAC's role is as part of a larger biogas treatment system for purifying RNG by removing carbon dioxide, hydrogen sulfide, nitrogen, VOC and moisture
- The RNG is passed directly through a GAC column to achieve this purification
- System typically located near or on the RNG production site
- Arq has agreed to conduct real-world testing programs at multiple RNG sites once in commercial production in 2025
- RNG applications for GAC provide two benefits to Arq: diversification of GAC revenue stream; a natural hedge against the coal-fired power focus of the PAC portfolio
- GAC pricing for RNG applications is typically more attractive than many other GAC applications



Strong North American GAC Market Fundamentals

Data suggest demand outpacing supply – Arq anticipates a 3-5x increase in demand over next 5 years not accounting for potential incremental demand growth from other sectors (e.g., biogas)

- **Arq expects annual GAC market to grow ~75% to >700mm lbs[1]**
- **Would result in ~370mm lbs supply shortfall by 2030[1]**
- **New domestic supply limited by capital, feedstock, permits**



~35%

Of the ~153,000 public water systems in the U.S. estimated to require PFAS treatment facilities by 2030 (vs. 10% in 2023)[3]

$2 billion

Estimated market size of U.S. drinking water PFAS treatment market by 2030 (~10x growth vs. 2023)[3]

~80%

Estimated market penetration rate of GAC for PFAS treatment by 2030, driven by GAC advantages vs. alternative solutions[3]

2-4x increase

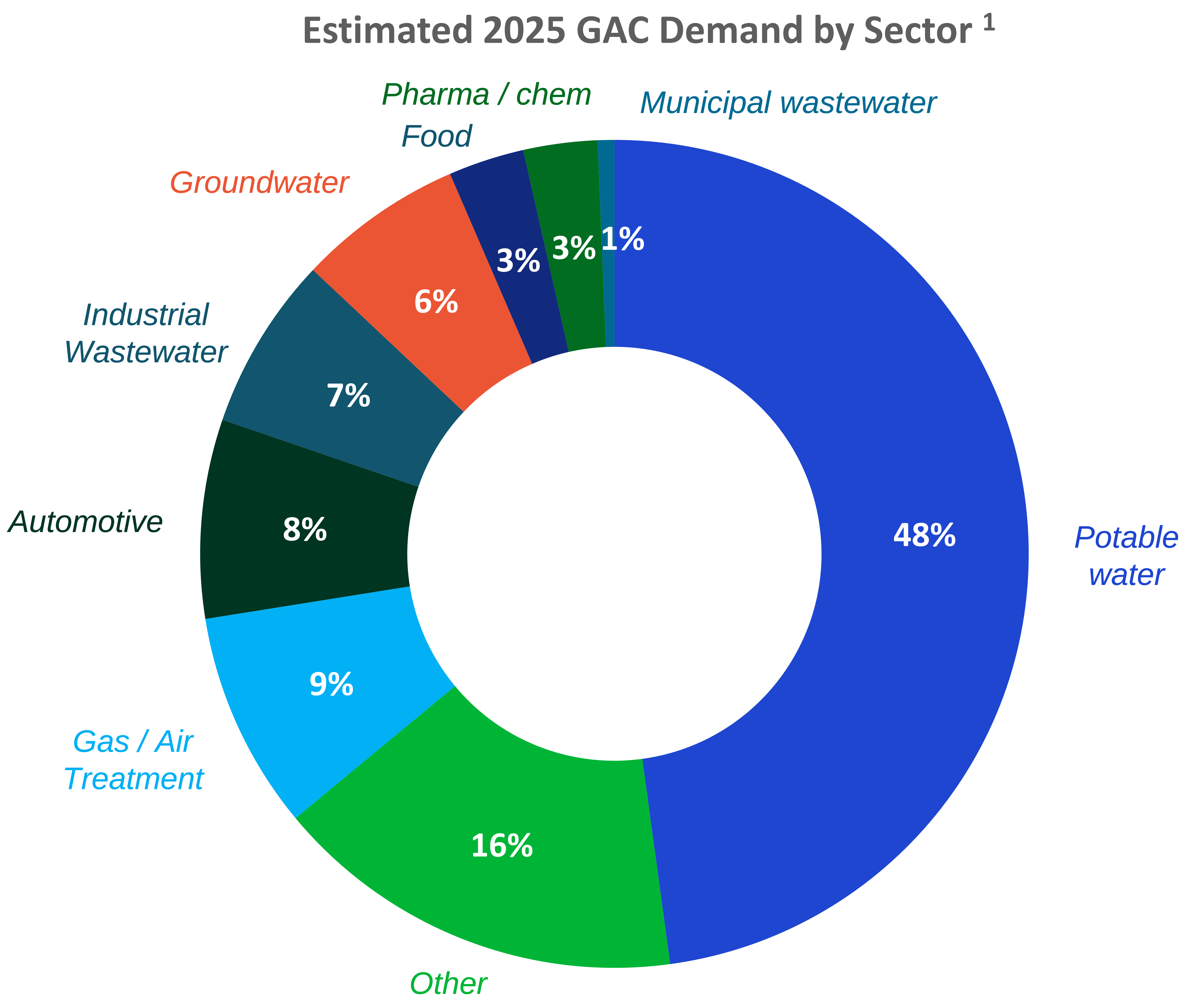
Replacement cycle for PFAS removal equipment estimated to increase ~2x (groundwater) and 4x (surface water) vs. historic usage[3]

~5% per year

Estimated annual increase in GAC prices (2025-2027)[3]

[1] Reflects company estimates. Note: Arq estimates 10% increase on previous market data in 2024 & YoY through 2026; a 50% increase YoY in 2027 through 2029 – i.e. accelerating into final stages of compliance with new EPA regulations. Excludes any new entrants.
[2] Source: IHS. Note: Estimates based on 2022 data, and therefore compiled prior to latest EPA regulatory changes.
[3] Goldman Sachs Research published on July 31, 2024.

GAC Market Summary



- GAC demand dominated by potable water
- Smaller markets can offer higher pricing and growth
- Provides potential for meaningful diversification for Arq as well as scope for pricing enhancement
- These figures do not account for any material increase in PFAS-related or biogas-related demand
- "Other" category includes remediation, gold mining, solvent recovery, and coconut husk-derived catalysts

1 – Source – IHS Data, Company Estimates

Activated Carbon (AC) Competitive Landscape

Arq remains only public pure-play in activated carbon

Arq

- ✓ Entering GAC market at sweet-spot: providing meaningful scale while also representing a viable alternative to larger incumbents
- ✓ Given dominance of private companies in the activated carbon market, limited public financial disclosure beyond Arq
- ✓ **Arq remains the <u>only pure-play</u> public company in the activated carbon market**

- **Attractive growth market** with concentrated pool of private competitors
- **Calgon Carbon Corporation** is the largest player in the North American activated carbon market
- **Arq** and **NORIT** have historically been positioned as #2 and #3 in the North American activated carbon market

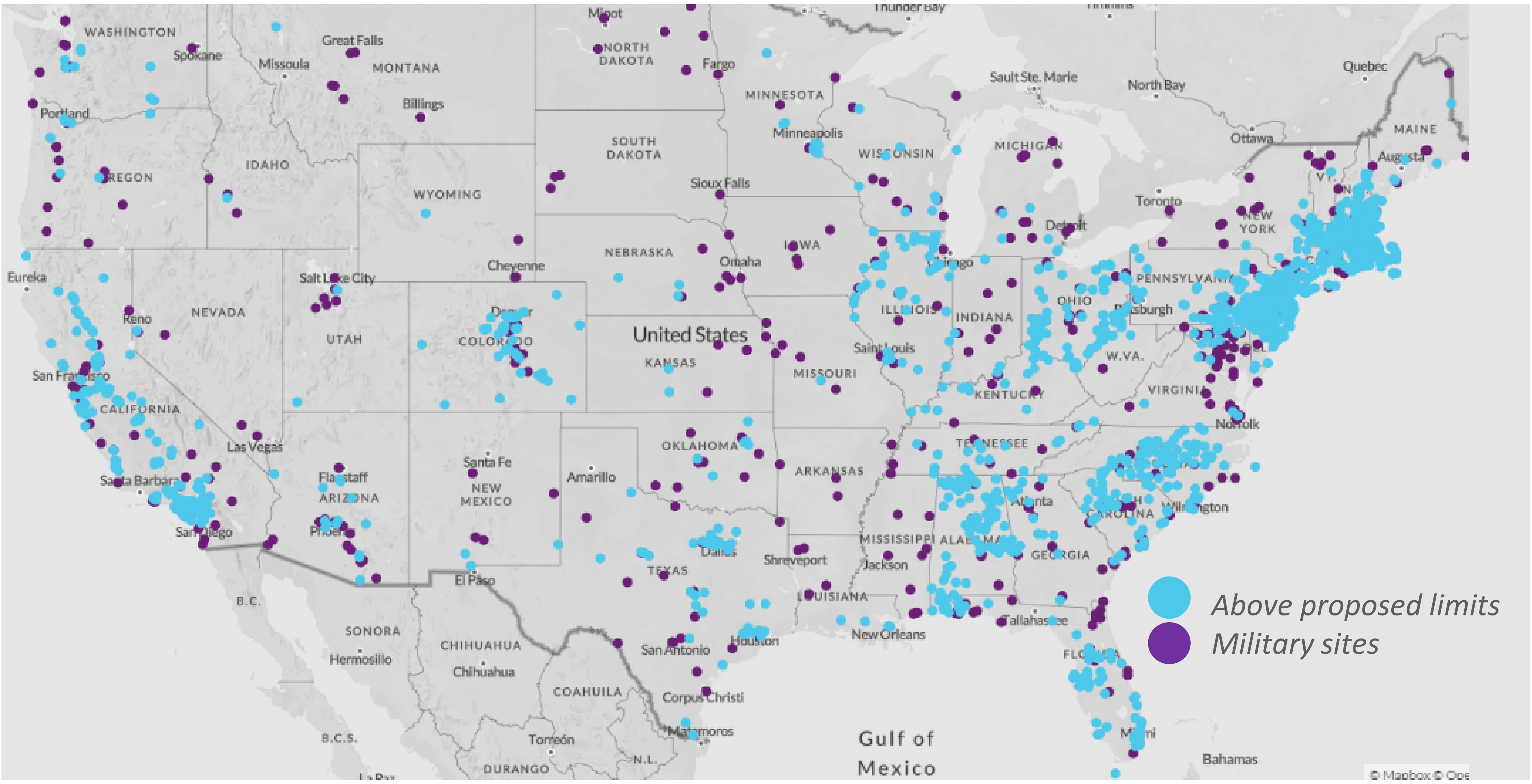
Source: Company Estimates

Ongoing GAC Contract Wins Validate Products and Strategy

Ongoing contract wins demonstrate

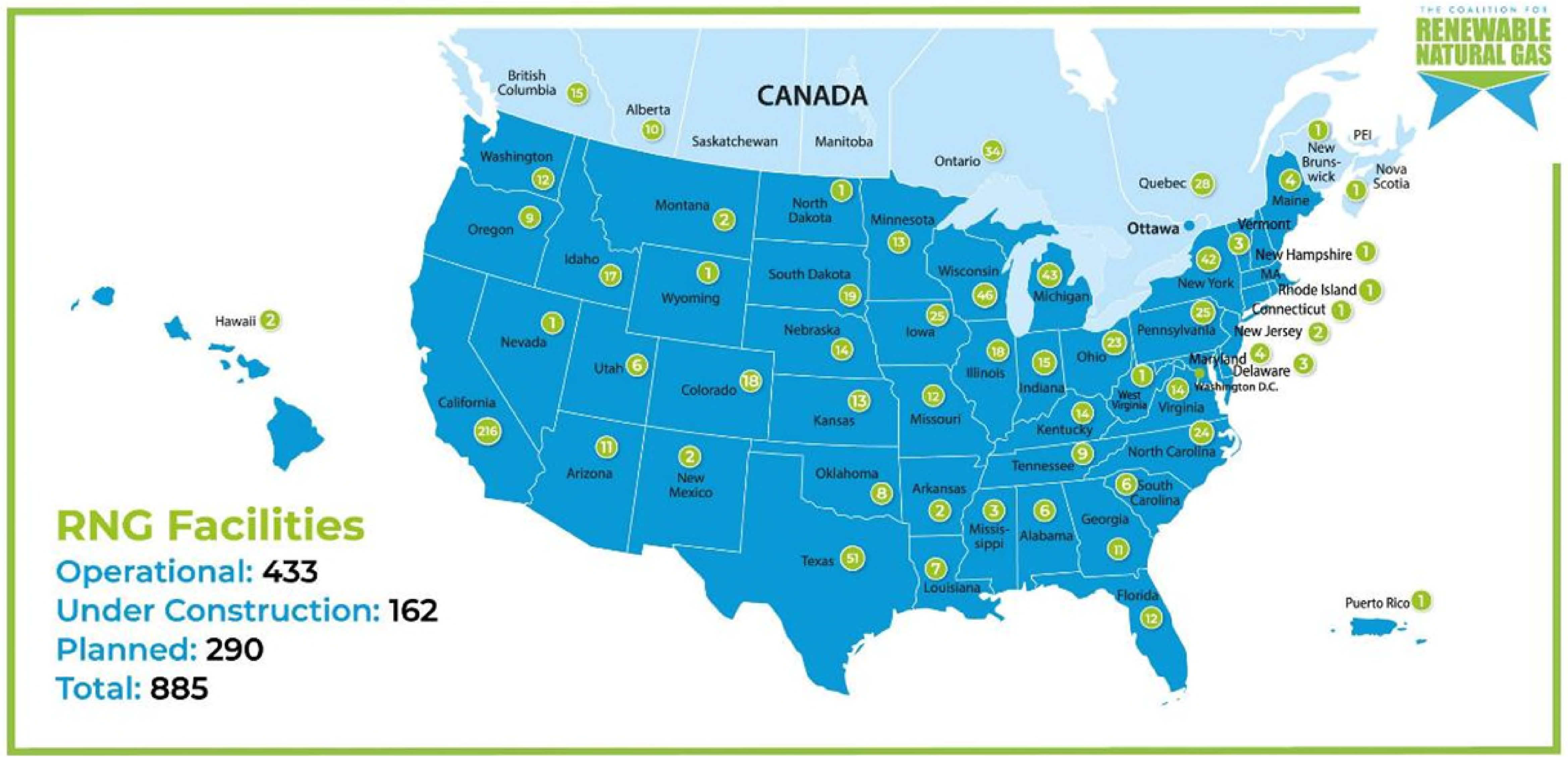
- **Technical viability of Arq products**
- **Robust, growing market, limited available supply**
- **Diverse end-market demand for GAC** *(water, PFAS, biogas, air filtration, etc.)*
- **Attractive economics of GAC products**
- **Validity of strategic investment in high-growth GAC sector**

PFAS Contamination in the U.S. (February 2024)



Source – The Environmental Working Group

Biogas/RNG Facilities in the U.S. (July 2024)



Source – The Coalition For Renewable Natural Gas

Advancing GAC Technology for Enhanced PFAS Removal Efficacy

Building Market Adoption

Advancing testing scale from lab to field

Increasing Treatment Capacity

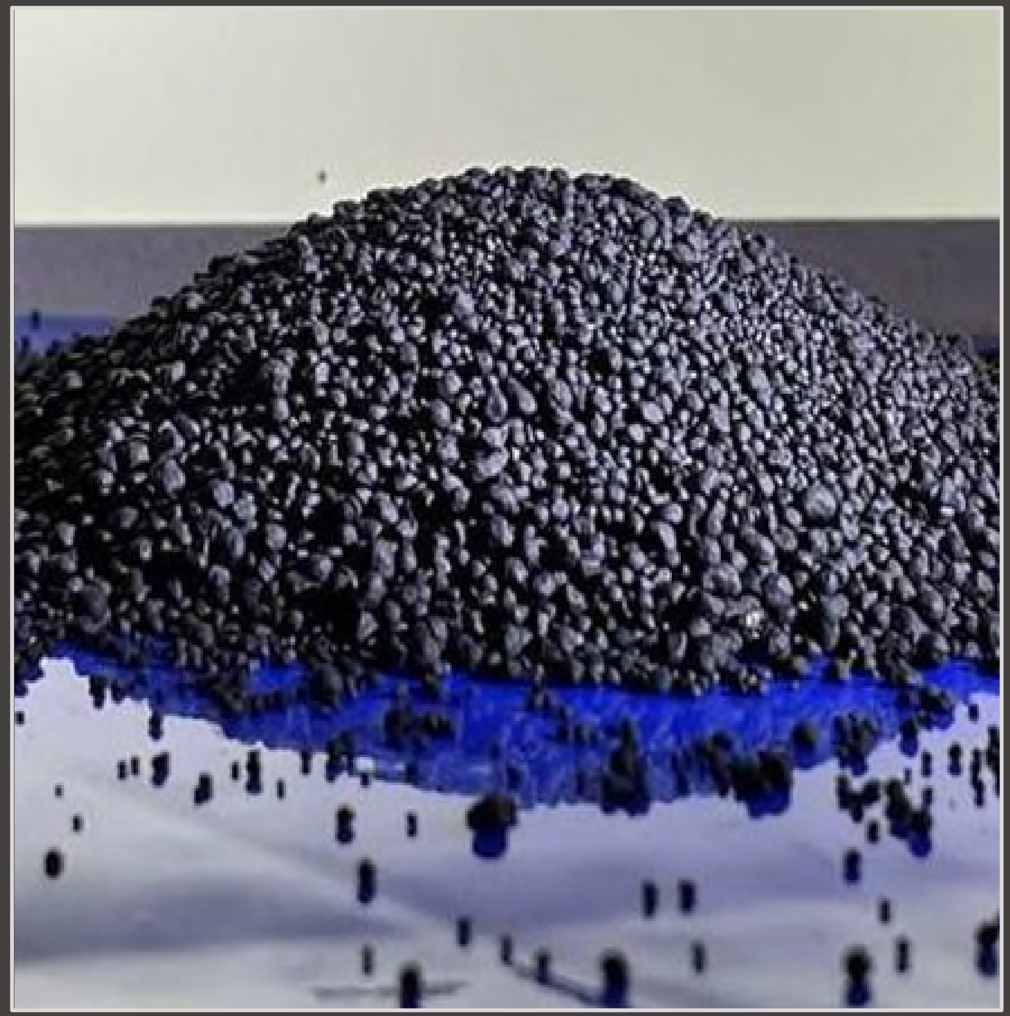
Improving water treatment volume up to 10x

Increasing Removal Speed

Decreasing equipment size or water treatment time

Enhancing GAC Purity

Reducing extractable arsenic levels



We continue to make prudent technology investments and collaborations, providing cost-effective solutions for the resolution of tough challenges in the PFAS markets that our customers face

Arq: Key Company Highlights

Vertically Integrated
The only vertically integrated domestic activated carbon supply chain

100% Domestic
Our vertically integrated supply chain consumes 100% domestic feedstock, differentiating us vs. internationally dependent peers

Growth-Focused
Legacy PAC assets provide infrastructure for expansion to high-growth GAC

Environmentally Beneficial
Uniquely use waste to remediate other waste and lower overall carbon footprint

Competitively Advantaged
Early-mover position combined with differentiated product quality, cost and CO_2 advantage

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