

Carbonxt Group Limited
Appendix 4D
Half-year report



1. Company details

Name of entity:	Carbonxt Group Limited
ABN:	59 097 247 464
Reporting period:	For the half-year ended 31 December 2024
Previous period:	For the half-year ended 31 December 2023

2. Results for announcement to the market

			\$
Revenues from ordinary activities	down	12.7% to	7,352,330
Underlying Earnings/(Loss) Before Interest, Tax, Depreciation and Amortisation ('EBITDA')	up	143.0% to	(694,425)
Loss from ordinary activities after tax attributable to the owners of Carbonxt Group Limited	up	25.0% to	(4,209,461)
Loss for the half-year attributable to the owners of Carbonxt Group Limited	up	25.0% to	(4,209,461)

Dividends

There were no dividends paid, recommended or declared during the current financial period.

Comments

The loss for the Group after providing for income tax amounted to \$4,209,461 (31 December 2023: \$3,368,165).

Revenues decreased 12.7% compared to 1H24 primarily due to reduced supply to the largest Activated Carbon pellet customer due to plant outages at that customer's facility.

The directors consider Underlying Earnings/(Loss) Before Interest, Tax, Depreciation and Amortisation ('EBITDA') and Underlying EBIT to reflect the core earnings of the Group. Underlying EBITDA and underlying EBIT are financial measures which are not prescribed by Australian Accounting Standards ('AAS') and represent the profit or loss under AAS adjusted for non-cash and significant items. The following table summarises key reconciling items between statutory loss after income tax and underlying EBITDA for the current and previous half-year period:

	Consolidated	Consolidated
	31 Dec 2024	31 Dec 2023
	\$	\$
Revenue	7,352,330	8,423,963
Gross margin	3,592,424	3,682,362
Other income	120,109	68,987
Shipping and distribution costs	(912,676)	(1,095,887)
Operating expenses	<u>(3,494,282)</u>	<u>(2,941,221)</u>
Underlying EBITDA	(694,425)	(285,759)
Depreciation and amortisation	<u>(1,126,596)</u>	<u>(1,209,209)</u>
Underlying loss before interest and tax ('EBIT')	(1,821,021)	(1,494,968)
Net interest expense	(2,236,093)	(2,014,172)
Share based payment expense	(51,906)	-
Remeasurement (loss)/gain on financial liabilities	(98,046)	140,975
Share in losses of joint ventures	<u>(2,395)</u>	<u>-</u>
Loss before income tax expense	<u><u>(4,209,461)</u></u>	<u><u>(3,368,165)</u></u>

For further commentary refer to 'Review of operations' section within the Directors' report of the Interim Report and the attached market announcement.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	1.60	2.30

The net tangible assets calculation includes rights-of-use assets of \$7,335,241 (31 Dec 2023: \$5,171,643) and the lease liabilities of \$2,435,711 (31 Dec 2023: \$1,879,385).

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

There were no dividends paid, recommended or declared during the current financial period.

Previous period

There were no dividends paid, recommended or declared during the previous financial period.

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Name of associate / joint venture	Reporting entity's percentage holding		Contribution to profit/(loss) (where material)	
	Reporting period %	Previous period %	Reporting period \$	Previous period \$
NewCarbon Processing, LLC	40.30%	35.48%	(2,395)	-
<i>Group's aggregate share of associates and joint venture entities' profit/(loss) (where material)</i>				
Profit/(loss) from ordinary activities before income tax			(2,395)	-
Income tax on operating activities			-	-

9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and an unqualified conclusion has been issued with a paragraph addressing material uncertainty related to going concern.

11. Attachments

Details of attachments (if any):

The Interim Report of Carbonxt Group Limited for the half-year ended 31 December 2024 is attached.

12. Signed

Authorised by the Board of Directors.



Signed _____

Date: 28 February 2025

Warren Murphy
Managing Director
Sydney

Carbonxt Group Limited

ABN 59 097 247 464

Interim Report - 31 December 2024

Carbonxt Group Limited
Contents
31 December 2024



Directors' report	2
Auditor's independence declaration	4
Statement of profit or loss and other comprehensive income	5
Statement of financial position	6
Statement of changes in equity	7
Statement of cash flows	8
Notes to the financial statements	9
Directors' declaration	18
Independent auditor's review report to the members of Carbonxt Group Limited	19

Carbonxt Group Limited
Directors' report
31 December 2024



The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Carbonxt Group Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2024.

Directors

The following persons were directors of Carbonxt Group Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Matthew Driscoll - Chairman
 Warren Murphy
 David Mazyck
 Imtiaz Kathawalla
 Nicholas Andrews

Principal activities

During the financial half-year the principal continuing activities of the Group consisted of the development and sale of specialised Activated Carbon ('AC') products, including Powdered Activated Carbon ('PAC') and AC pellets for the removal of pollutants and toxins in industrial processes.

These products are used in industrial air purification, waste water treatment and other liquid and gas phase markets, primarily for the capture of mercury and sulphur in order to reduce harmful emissions into the atmosphere, as required by global regulations.

Review of operations

The loss for the Group after providing for income tax amounted to \$4,209,461 (31 December 2023: \$3,368,165).

Revenue for the half-year was \$7,352,330 representing a decrease of 12.7% on the prior half-year's revenue of \$8,423,963.

Revenues decreased 12.7% compared to 1H24 primarily due to reduced supply to the largest Activated Carbon pellet customer due to plant outages at that customer's facility.

The directors consider Underlying Earnings/(Loss) Before Interest, Tax, Depreciation and Amortisation ('EBITDA') and Underlying EBIT to reflect the core earnings of the Group. Underlying EBITDA and underlying EBIT are financial measures which are not prescribed by Australian Accounting Standards ('AAS') and represent the profit or loss under AAS adjusted for non-cash and significant items. The following table summarises key reconciling items between statutory loss after income tax and underlying EBITDA for the current and previous half-year period:

	Consolidated	
	31 Dec 2024	31 Dec 2023
	\$	\$
Revenue	7,352,330	8,423,963
Gross margin	3,592,424	3,682,362
Other income	120,109	68,987
Shipping and distribution costs	(912,676)	(1,095,887)
Operating expenses	<u>(3,494,282)</u>	<u>(2,941,221)</u>
Underlying EBITDA	(694,425)	(285,759)
Depreciation and amortisation	<u>(1,126,596)</u>	<u>(1,209,209)</u>
Underlying loss before interest and tax ('EBIT')	(1,821,021)	(1,494,968)
Net interest expense	(2,236,093)	(2,014,172)
Share based payment expense	(51,906)	-
Remeasurement (loss)/gain on financial liabilities	(98,046)	140,975
Share in losses of joint ventures	<u>(2,395)</u>	<u>-</u>
Loss before income tax expense	<u><u>(4,209,461)</u></u>	<u><u>(3,368,165)</u></u>

As a result of the loss incurred for the half year ended 31 December 2024 and the liquidity available at the reporting date, there is a material uncertainty on whether the Group can continue as a going concern. The directors consider that the Group will continue as a going concern, as explained in note 2 to the financial statements.

Significant changes in the state of affairs

Capital raising

On 24 September 2024, the Company announced the completion of the share placement of 46,415,830 fully paid shares at \$0.065 per share before issue costs with 23,207,919 options attached at a strike price of \$0.10 per share. The shares were issued on 30 September 2024.

On 20 December 2024, the Company announced the completion of the share placement of 17,146,667 fully paid shares at \$0.06 per share before issue costs with 8,573,333 options attached at a strike price of \$0.10 per share. The shares were issued on 2 January 2025.

Investment in NewCarbon

The advances to NewCarbon for the half-year period totalled to US\$1,250,000 which increased the ownership in NewCarbon to 40.30% as of 31 December 2024.

There were no other significant changes in the state of affairs of the Group during the financial half-year.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Warren Murphy
Managing Director

28 February 2025
Sydney



**Shape the future
with confidence**

Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

Auditor's independence declaration to the directors of Carbonxt Group Limited

As lead auditor for the review of the half-year financial report of Carbonxt Group Limited for the half-year ended 31 December 2024, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;
- b. No contraventions of any applicable code of professional conduct in relation to the review; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

This declaration is in respect of Carbonxt Group Limited and the entities it controlled during the financial period.

Ernst & Young

Ernst & Young

James Johnson
Partner
28 February 2025

Carbonxt Group Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2024



		Consolidated	
	Note	31 Dec 2024	31 Dec 2023
		\$	\$
Revenue			
Sales revenue	4	7,352,330	8,423,963
Cost of goods sold		<u>(3,759,906)</u>	<u>(4,741,601)</u>
Gross margin		3,592,424	3,682,362
Share of losses of joint ventures accounted for using the equity method		(2,395)	-
Other income		120,109	68,987
Remeasurement (loss)/gain on financial liabilities		(98,046)	140,975
Expenses			
Shipping and distribution costs		(912,676)	(1,095,887)
Employee benefits expense		(1,558,381)	(1,227,730)
Share-based payment expense		(51,906)	-
Depreciation and amortisation expense	5	(1,126,596)	(1,209,209)
Selling and marketing expenses		(307,046)	(222,773)
General and administrative expenses		(1,163,492)	(907,047)
Other expenses		<u>(465,363)</u>	<u>(583,671)</u>
Operating loss		(1,973,368)	(1,353,993)
Interest revenue		5,952	49,373
Finance costs	5	<u>(2,242,045)</u>	<u>(2,063,545)</u>
Loss before income tax expense		(4,209,461)	(3,368,165)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the owners of Carbonxt Group Limited		(4,209,461)	(3,368,165)
Other comprehensive income/(loss)			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		<u>1,595,739</u>	<u>(964,181)</u>
Other comprehensive income/(loss) for the half-year, net of tax		1,595,739	(964,181)
Total comprehensive loss for the half-year attributable to the owners of Carbonxt Group Limited		<u>(2,613,722)</u>	<u>(4,332,346)</u>
		Cents	Cents
Basic loss per share	16	(1.20)	(1.22)
Diluted loss per share	16	(1.20)	(1.22)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Carbonxt Group Limited
Statement of financial position
As at 31 December 2024



	Note	Consolidated	
		31 Dec 2024	30 Jun 2024
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		932,892	4,141,926
Trade and other receivables	6	1,859,178	927,861
Inventories		1,042,472	958,585
Other		113,464	130,770
Total current assets		<u>3,948,006</u>	<u>6,159,142</u>
Non-current assets			
Investments accounted for using the equity method	7	11,068,364	8,550,681
Property, plant and equipment		5,328,639	5,201,389
Right-of-use assets		7,335,241	7,328,237
Intangibles		5,786,251	5,611,755
Total non-current assets		<u>29,518,495</u>	<u>26,692,062</u>
Total assets		<u>33,466,501</u>	<u>32,851,204</u>
Liabilities			
Current liabilities			
Trade and other payables	8	4,341,851	2,516,658
Contract liabilities	9	75,792	2,703,140
Borrowings	10	10,918,902	10,322,007
Lease liabilities		2,270,590	2,925,321
Royalty payable	11	320,063	188,459
Employee benefits		124,324	190,948
Total current liabilities		<u>18,051,522</u>	<u>18,846,533</u>
Non-current liabilities			
Lease liabilities		165,121	428,003
Royalty payable	11	3,258,842	2,841,757
Total non-current liabilities		<u>3,423,963</u>	<u>3,269,760</u>
Total liabilities		<u>21,475,485</u>	<u>22,116,293</u>
Net assets		<u>11,991,016</u>	<u>10,734,911</u>
Equity			
Contributed capital	12	95,982,191	92,164,270
Reserves	13	22,296,653	20,649,008
Accumulated losses		(106,287,828)	(102,078,367)
Total equity		<u>11,991,016</u>	<u>10,734,911</u>

The above statement of financial position should be read in conjunction with the accompanying notes

Carbonxt Group Limited
Statement of changes in equity
For the half-year ended 31 December 2024



Consolidated	Contributed capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2023	89,387,844	20,848,635	(93,959,868)	16,276,611
Loss after income tax expense for the half-year	-	-	(3,368,165)	(3,368,165)
Other comprehensive loss for the half-year, net of tax	-	(964,181)	-	(964,181)
Total comprehensive loss for the half-year	-	(964,181)	(3,368,165)	(4,332,346)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	554,900	-	-	554,900
Share-based payments	-	(128,655)	-	(128,655)
Balance at 31 December 2023	89,942,744	19,755,799	(97,328,033)	12,370,510
Consolidated	Contributed capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2024	92,164,270	20,649,008	(102,078,367)	10,734,911
Loss after income tax expense for the half-year	-	-	(4,209,461)	(4,209,461)
Other comprehensive income for the half-year, net of tax	-	1,595,739	-	1,595,739
Total comprehensive income/(loss) for the half-year	-	1,595,739	(4,209,461)	(2,613,722)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity net of transaction costs (note 12)	3,817,921	-	-	3,817,921
Share-based payments	-	51,906	-	51,906
Balance at 31 December 2024	95,982,191	22,296,653	(106,287,828)	11,991,016

The above statement of changes in equity should be read in conjunction with the accompanying notes

Carbonxt Group Limited
Statement of cash flows
For the half-year ended 31 December 2024



	Note	Consolidated	
		31 Dec 2024	31 Dec 2023
		\$	\$
Cash flows from operating activities			
Receipts from customers		3,810,971	8,382,596
Payments to suppliers and employees (inclusive of GST)		(6,492,182)	(8,898,217)
Interest received		5,952	49,373
Government grants received		120,109	-
Interest and other finance costs paid		(854,233)	(506,373)
Net cash used in operating activities		<u>(3,409,383)</u>	<u>(972,621)</u>
Cash flows from investing activities			
Payments for investment in NewCarbon		(1,877,568)	(730,994)
Payments for property, plant and equipment		(162,838)	-
Payments for intangible assets		(56,101)	(402,365)
Net cash used in investing activities		<u>(2,096,507)</u>	<u>(1,133,359)</u>
Cash flows from financing activities			
Proceeds from issue of shares and exercise of options	12	3,705,555	600,000
Share issue transaction costs	12	(227,908)	(45,100)
Repayment of lease liability		(1,038,194)	(1,063,445)
Net cash from/(used in) financing activities		<u>2,439,453</u>	<u>(508,545)</u>
Net decrease in cash and cash equivalents		(3,066,437)	(2,614,525)
Cash and cash equivalents at the beginning of the financial half-year		4,141,926	4,305,838
Effects of exchange rate changes on cash and cash equivalents		(142,597)	(42,431)
Cash and cash equivalents at the end of the financial half-year		<u><u>932,892</u></u>	<u><u>1,648,882</u></u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The financial statements cover Carbonxt Group Limited as a Group consisting of Carbonxt Group Limited ('Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year (referred to in these financial statements as the 'Group'). The financial statements are presented in Australian dollars, which is Carbonxt Group Limited's functional and presentation currency.

Carbonxt Group Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office

Level 8, 210 George Street
Sydney NSW 2000
Australia

Principal place of business

Suite 111
3951 NW 48th Terrace
Gainesville FL 32606
United States of America

A description of the nature of the Group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 28 February 2025.

Note 2. Material accounting policy information

These general purpose financial statements for the interim half-year reporting period ended 31 December 2024 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2024 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements arising under Australian Securities Exchange Listing Rules and the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group during the financial half-year ended 31 December 2024 and are not expected to have significant impact for the full financial year ending 30 June 2025.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Going concern

The financial statements for the half year have been prepared on the going concern basis, which assumes that the Group will be able to realise its assets and extinguish its liabilities in the normal course of business and at amounts stated in the financial report.

During the half year ended 31 December 2024, the Group reported a net loss of \$4,209,461 (31 December 2023: \$3,368,165) and operating cash outflows of \$3,409,383 (31 December 2023: outflows of \$ 972,621). At 31 December 2024, cash and cash equivalents were \$932,892 (30 June 2024: \$4,141,926), net current liabilities of \$14,103,516 (30 June 2024 : net current liabilities of \$12,687,391) and the Group reported net assets of \$11,991,016.

Note 2. Material accounting policy information (continued)

Net current liabilities include \$10,918,902 relating to the Pure Loan Facility which has a maturity date of 31 May 2027. The loan balance has been classified as current as during the half year-ended 31 December 2024 the Minimum Cash Balance financial covenant that requires the Group to maintain a minimum cash balance of \$3,000,000 at all times was breached. The Group received a Waiver from the Lender on 27 February 2025 providing a grace period until 1 July 2025.

On 17 February 2025, the Group announced a Share Purchase Plan to raise up to \$2,000,000 with expected completion on 14 March 2025. The Share Purchase Plan has been underwritten to \$1,000,000 by two major shareholders. In addition, on 27 February 2025, the Group entered into a convertible note facility with Phelbe Pty Ltd for a total of \$500,000 in funds, convertible to shares at 8 cents per share with a two-year term. The Group is in advanced discussions with other parties to secure further funding of up to \$500,000 through issuance of Convertible Notes on similar terms.

The Directors, in their consideration of the appropriateness of the going concern basis for the preparation of the half year financial statements, have prepared a cash flow forecast through to 31 March 2026. In order to continue as a going concern the Group requires a combination of ongoing support from its lenders, commercialization and generation of positive net cash inflows from the NewCarbon Processing LLC per assumed timelines, improvements in its existing operations such that positive net cash flows are achieved and successfully raising new capital as and when required in order to have sufficient cash to meet its financial obligations as and when they fall due.

The Group's ability to achieve the above outcomes represent material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern and, whether, it will realise its assets and extinguish its liabilities other than in the normal course of business.

At the date of signing this report, the Directors have reasonable grounds to believe the Group will be able to achieve the matters noted above and that it is appropriate to prepare the financial statements on the going concern basis, based upon the following actions:

- Raising funds in equity markets and through issuance of convertible notes, as noted above by March 2025, noting that the Group has a history of successful equity raisings;
- Commissioning of the NewCarbon Facility by 31 March 2025 and commercialization of its product so as to achieve positive net cash inflows by end of June 2025;
- Continue to monitor the progress of the NewCarbon Processing LLC and proactively engage prospective customers in North American market;
- Proactively manage the cash flow requirements and improve the operating performance of the business to ensure that no future loan covenant breaches occur; and
- Deferral of certain capital expenditures to preserve cash as required.

The financial statements do not include any adjustments relating to the recoverability or classification of recorded asset amounts or to the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

Note 3. Operating segments

Identification of reportable operating segments

The Group only has one reportable segment being the development and sale of specialised Activated Carbon ('AC') products, principally in the United States of America. This is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The information reported to the CODM is on a monthly basis.

Note 3. Operating segments (continued)

Geographical information

	Sales to external customers		Geographical non-current assets	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	30 Jun 2024
	\$	\$	\$	\$
Australia	-	-	289,164	616,758
United States of America	7,352,330	8,423,963	29,229,331	26,075,304
	<u>7,352,330</u>	<u>8,423,963</u>	<u>29,518,495</u>	<u>26,692,062</u>

The geographical non-current assets above are exclusive of, where applicable, financial instruments, deferred tax assets, post-employment benefits assets and rights under insurance contracts.

Note 4. Revenue

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	Consolidated	
	31 Dec 2024	31 Dec 2023
	\$	\$
<i>Major product lines</i>		
Sale of activated carbon	<u>7,352,330</u>	<u>8,423,963</u>
<i>Geographical regions</i>		
United States of America	<u>7,352,330</u>	<u>8,423,963</u>
<i>Timing of revenue recognition</i>		
Goods transferred at a point in time	<u>7,352,330</u>	<u>8,423,963</u>

Note 5. Expenses

	Consolidated	
	31 Dec 2024	31 Dec 2023
	\$	\$
Loss before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Plant and equipment	353,259	358,828
Plant and equipment right-of-use assets	557,290	595,449
Total depreciation	<u>910,549</u>	<u>954,277</u>
<i>Amortisation</i>		
Development	122,099	157,968
Engineering Performance Solutions ('EPS) patents	48,186	48,199
Other patents	45,762	48,765
Total amortisation	<u>216,047</u>	<u>254,932</u>
Total depreciation and amortisation	<u>1,126,596</u>	<u>1,209,209</u>
<i>Finance costs</i>		
Interest and finance charges paid/payable on borrowings and royalty payable	2,108,914	1,994,637
Interest and finance charges paid/payable on lease liabilities	133,131	68,908
Finance costs expensed	<u>2,242,045</u>	<u>2,063,545</u>

Note 6. Trade and other receivables

	Consolidated	
	31 Dec 2024	30 Jun 2024
	\$	\$
<i>Current assets</i>		
Trade receivables	1,805,097	877,103
Receivable from NewCarbon	54,081	50,758
	<u>1,859,178</u>	<u>927,861</u>

Allowance for expected credit losses

The Group assessed that the allowance for expected credit losses is not material for the half-year 31 December 2024 and for the year ended 30 June 2024.

Note 7. Investments accounted for using the equity method

	Consolidated	
	31 Dec 2024	30 Jun 2024
	\$	\$
<i>Non-current assets</i>		
Investment in associate	11,068,364	8,550,681
	<u>11,068,364</u>	<u>8,550,681</u>
<i>Reconciliation</i>		
Reconciliation of the carrying amounts at the beginning and end of the current and previous financial half-year are set out below:		
Opening carrying amount	8,550,681	7,835,571
Share in losses after income tax	(2,395)	(32,198)
Additions	1,877,568	730,994
Foreign exchange difference	642,510	16,314
	<u>11,068,364</u>	<u>8,550,681</u>

Interest in NewCarbon

The advances to NewCarbon for the half-year period totalled to US\$1,250,000 which increased the ownership in NewCarbon to 40.30% as at 31 December 2024 (30 June 2024: 35.48%).

Interests in associates are accounted for using the equity method of accounting. Information relating to associates that are material to the Group are set out below:

Name	Principal place of business / Country of incorporation	Ownership interest	
		31 Dec 2024	30 Jun 2024
		%	%
NewCarbon Processing, LLC	USA	40.30%	35.48%

Summarised financial information

	31 Dec 2024	30 Jun 2024
	\$	\$
<i>Summarised statement of financial position</i>		
Cash and cash equivalents	1,919	7,740
Non-current assets	26,942,255	23,399,758
Total assets	<u>26,944,174</u>	<u>23,407,498</u>
Current liabilities	103,944	97,558
Total liabilities	<u>103,944</u>	<u>97,558</u>
Net assets	<u>26,840,230</u>	<u>23,309,940</u>
<i>Summarised statement of profit or loss and other comprehensive income</i>		
Expenses	(5,943)	(90,750)
Loss before income tax	(5,943)	(90,750)
Other comprehensive income	-	-
Total comprehensive loss	<u>(5,943)</u>	<u>(90,750)</u>

Note 8. Trade and other payables

	Consolidated	
	31 Dec 2024	30 Jun 2024
	\$	\$
<i>Current liabilities</i>		
Trade payables	3,025,658	1,443,057
Accrued expenses	1,257,653	988,067
Other payables	58,540	85,534
	<u>4,341,851</u>	<u>2,516,658</u>

Note 9. Contract liabilities

	Consolidated	
	31 Dec 2024	30 Jun 2024
	\$	\$
<i>Current liabilities</i>		
Contract liabilities	<u>75,792</u>	<u>2,703,140</u>

Reconciliation

Reconciliation of the written down values at the beginning and end of the current and previous financial half-year are set out below:

Opening balance	2,703,140	-
Payments received in advance	-	4,237,410
Revenue recognised	(2,633,993)	(1,581,208)
Exchange differences	6,645	46,938
	<u>75,792</u>	<u>2,703,140</u>
Closing balance		

Note 10. Borrowings

	Consolidated	
	31 Dec 2024	30 Jun 2024
	\$	\$
<i>Current liabilities</i>		
Pure loan payable	<u>10,918,902</u>	<u>10,322,007</u>

Pure loan payable

During the period, an event of default under the terms of the amended and restated facility agreement with Pure occurred as a result of the Group's cash balance falling below AU\$3,000,000. An event of default provides the Lender to demand full repayment of the loan. As at 31 December 2024 and up to the date of this report, the Lender or its agent has not notified the Group for the full repayment of the loan and continued to be supportive to the Group. Nonetheless, the loan has been classified as current as at 31 December 2024 as the Group does not have the unconditional right to defer settlement of the liability for at least twelve months after the reporting period as a result of the event of default.

Interest of \$596,895 was capitalised against the loan for the half-year ended 31 December 2024.

Note 11. Royalty payable

	Consolidated	
	31 Dec 2024	30 Jun 2024
	\$	\$
<i>Current liabilities</i>		
Royalty payable	320,063	188,459
<i>Non-current liabilities</i>		
Royalty payable	3,258,842	2,841,757
	<u>3,578,905</u>	<u>3,030,216</u>

Reconciliation

Reconciliation of the fair values at the beginning and end of the current half-year and previous financial year are set out below:

Opening balance	3,030,216	3,483,611
Net loss/(gains) recognised in profit or loss	548,689	(354,957)
Payments	-	(29,451)
Foreign currency differences	-	(68,987)
Closing balance	<u>3,578,905</u>	<u>3,030,216</u>

Note 12. Contributed capital

	Consolidated			
	31 Dec 2024	30 Jun 2024	31 Dec 2024	30 Jun 2024
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>388,484,143</u>	<u>324,921,646</u>	<u>95,982,191</u>	<u>92,164,270</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2024	324,921,646		92,164,270
Shares placement *	30 September 2024	46,415,830	\$0.065	3,017,029
Shares placement **	20 December 2024	17,146,667	\$0.060	1,028,800
Share issue costs				<u>(227,908)</u>
Balance	31 December 2024	<u>388,484,143</u>		<u>95,982,191</u>

* The share placement has 23,207,919 options attached at a strike price of \$0.10 per share. As part of the share placement, the Company issued 5,234,984 shares to settle the \$340,274 interest owing to Pure Asset Management.

** The share placement has 8,573,333 options attached at a strike price of \$0.10 per share. Actual issue date of the shares is on 2 January 2025 but the placement was completed on 20 December 2024.

Note 13. Reserves

	Consolidated	
	31 Dec 2024	30 Jun 2024
	\$	\$
Financial liability reserve	8,853,868	8,853,868
Foreign currency translation reserve	2,804,685	1,208,946
Share-based payments reserve	10,074,969	10,023,063
Convertible note equity reserve	563,131	563,131
	<u>22,296,653</u>	<u>20,649,008</u>

Movements in reserves

Movements in each class of reserve during the current financial half-year are set out below:

	Financial liability reserve \$	Foreign currency translation reserve \$	Share-based payments reserve \$	Convertible note equity reserve \$	Total \$
Consolidated					
Balance at 1 July 2024	8,853,868	1,208,946	10,023,063	563,131	20,649,008
Foreign currency translation	-	1,595,739	-	-	1,595,739
Share based payments	-	-	51,906	-	51,906
Balance at 31 December 2024	<u>8,853,868</u>	<u>2,804,685</u>	<u>10,074,969</u>	<u>563,131</u>	<u>22,296,653</u>

Note 14. Dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Note 15. Contingent liabilities

The Group had no contingent liabilities at 31 December 2024 and 30 June 2024.

Note 16. Earnings per share

	Consolidated	
	31 Dec 2024	31 Dec 2023
	\$	\$
Loss after income tax attributable to the owners of Carbonxt Group Limited	<u>(4,209,461)</u>	<u>(3,368,165)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic loss per share	<u>349,500,081</u>	<u>276,059,743</u>
Weighted average number of ordinary shares used in calculating diluted loss per share	<u>349,500,081</u>	<u>276,059,743</u>
	Cents	Cents
Basic loss per share	(1.20)	(1.22)
Diluted loss per share	(1.20)	(1.22)

50,031,252 options and 64,000,000 warrants (31 December 2023: 18,250,000 options and 64,000,000 warrants) were excluded from the weighted average number of ordinary shares used in calculating diluted earnings per share as they were anti-dilutive.

Note 17. Events after the reporting period

On 17 February 2025, the Company announced the share purchase plan to eligible shareholders with registered address in Australia and New Zealand to raise \$2,000,000 for the placement of 33,333,333 shares at \$0.06 per share before issue costs. The proposed issued date for the shares is on 20 March 2025.

On 27 February 2025, the Group entered into a convertible note facility with Phelbe Pty Ltd for a total of \$500,000 in funds, convertible to shares at 8 cents per share with a two-year term.

No other matter or circumstance has arisen since 31 December 2024 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Carbonxt Group Limited
Directors' declaration
31 December 2024



In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2024 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in blue ink, appearing to read "Warren Murphy".

Warren Murphy
Managing Director

28 February 2025
Sydney



**Shape the future
with confidence**

Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

Independent auditor's review report to the members of Carbonxt Group Limited

Conclusion

We have reviewed the accompanying half-year financial report of Carbonxt Group Limited (the Company) and its subsidiaries (collectively the Group), which comprises the statement of financial position as at 31 December 2024, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, explanatory notes and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group does not comply with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2024 and of its consolidated financial performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material uncertainty related to going concern

We draw attention to Note 2 of the financial report which describes the principal conditions that raise doubts about the Group's ability to continue as a going concern. These events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the entity not continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' responsibilities for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.



**Shape the future
with confidence**

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2024 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Ernst & Young
Ernst & Young

A handwritten signature in black ink, appearing to read 'James Johnson', written over a light blue horizontal line.

James Johnson
Partner
Sydney
28 February 2025