

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 2025
Previous period:	For the half-year ended 31 December 2024

2. Results for announcement to the market

			\$
Revenues from ordinary activities	up	15.7% to	8,503,509
Underlying Earnings/(Loss) Before Interest, Tax, Depreciation and Amortisation ('EBITDA')	up	115.9% to	110,586
Loss from ordinary activities after tax attributable to the owners of Carbonxt Group Limited	down	5.7% to	(3,971,198)
Loss for the half-year attributable to the owners of Carbonxt Group Limited	down	5.7% to	(3,971,198)

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 \$3,971,198 (31 December 2024: \$4,209,461).

Revenues increased 15.7% compared to 1H25 primarily due to increased demand from the Group's largest Powdered Activated Carbon ('PAC') customer in the current half-year.

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 2025	31 Dec 2024
	\$	\$
Revenue	8,503,509	7,352,330
Gross margin	4,589,692	3,592,424
Other income	74,852	120,109
Shipping and distribution costs	(1,093,461)	(912,676)
Operating expenses	<u>(3,460,497)</u>	<u>(3,494,282)</u>
Underlying EBITDA	110,586	(694,425)
Depreciation and amortisation	<u>(1,080,945)</u>	<u>(1,126,596)</u>
Underlying loss before interest and tax ('EBIT')	(970,359)	(1,821,021)
Net interest expense	(2,216,250)	(2,236,093)
Share based payment expense	(63,156)	(51,906)
Remeasurement gain/(loss) on financial liabilities	1,398,765	(98,046)
Fair value movement on embedded derivatives	(2,120,198)	-
Share in losses of joint ventures	-	(2,395)
Loss before income tax expense	<u>(3,971,198)</u>	<u>(4,209,461)</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	0.39	1.60

The net tangible assets calculation includes rights-of-use assets of \$5,902,087 (31 Dec 2024: \$7,335,241) and the lease liabilities of \$740,127 (31 Dec 2024: \$2,435,711).

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	45.95%	40.30%	-	(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 2025 is attached.

12. Signed

Authorised by the Board of Directors.

Signed _____



Warren Murphy
Managing Director
Sydney

Date: 27 February 2026

Carbonxt Group Limited

ABN 59 097 247 464

Interim Report - 31 December 2025

Carbonxt Group Limited
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31 December 2025



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Carbonxt Group Limited
Directors' report
31 December 2025



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 2025.

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
 Nicholas Andrews
 Imtiaz Kathawalla (resigned 02 July 2025)

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 \$3,971,198 (31 December 2024: \$4,209,461).

Revenue for the half-year was \$8,503,509 representing an increase of 15.7% on the prior half-year's revenue of \$7,352,330.

Revenues increased 15.7% compared to 1H25 primarily due to increased demand from the Group's largest PAC customer in the current half-year.

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 2025	31 Dec 2024
	\$	\$
Revenue	8,503,509	7,352,330
Gross margin	4,589,692	3,592,424
Other income	74,852	120,109
Shipping and distribution costs	(1,093,461)	(912,676)
Operating expenses	<u>(3,460,497)</u>	<u>(3,494,282)</u>
Underlying EBITDA	110,586	(694,425)
Depreciation and amortisation	<u>(1,080,945)</u>	<u>(1,126,596)</u>
Underlying loss before interest and tax ('EBIT')	(970,359)	(1,821,021)
Net interest expense	(2,216,250)	(2,236,093)
Share based payment expense	(63,156)	(51,906)
Remeasurement gain/(loss) on financial liabilities	1,398,765	(98,046)
Fair value movement on embedded derivatives	(2,120,198)	-
Share in losses of joint ventures	-	<u>(2,395)</u>
Loss before income tax expense	<u>(3,971,198)</u>	<u>(4,209,461)</u>

As a result of the loss incurred for the half year ended 31 December 2025 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 17 October 2025, the Company announced the completion of the share placement of 8,000,000 fully paid shares at \$0.075 per share before issue costs.

Loyalty Option

On 22 August 2025, the Company announced a non-renounceable pro-rata entitlement offer to Eligible Shareholders of one (1) Option to acquire a fully paid ordinary share in the Company ('Loyalty Option') for every six (6) shares held by shareholders registered at 7.00pm (AEST) on 27 August 2025 ('Record Date') at an issue price of \$0.01 and exercise price of \$0.07 per Loyalty Option ('Entitlement Offer'). The Offer was fully underwritten by Chaleyey Holdings Pty Ltd, an existing shareholder of the Company. A total of 58,776,787 options were issued, raising a total of \$587,769 before issue costs.

On 26 September 2025, the Company issued 11,000,000 Loyalty Option to the directors at an issue price of \$0.01 in lieu of compensation totalling to \$110,000.

Convertible notes

On 25 September 2025, the Company issued additional 400,000 convertible notes with a face value of \$1 exercisable at \$0.08 and expiring on 17 October 2027. The convertible notes will convert to a total of 5,000,000 ordinary shares. The convertible note has 1 attaching option with every 1 share issued to the noteholders upon conversion.

Investment in NewCarbon

The contribution to NewCarbon for the half-year period totalled to US\$750,000 which increased the ownership in NewCarbon to 45.95% as at 31 December 2025 (30 June 2025: 43.66%).

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

Matters subsequent to the end of the financial half-year

On 6 January 2026, the Company issued 6,666,667 ordinary shares at \$0.09 per share raising \$600,000 before issue costs. Of this amount, \$540,000 was received as of 31 December 2025 and recorded as issued capital as disclosed in note 12, with the remaining proceeds received after 31 December 2025. The proceeds of the placement will be used for working capital and further investment of USD250,000 to NewCarbon, increasing the Company's interest to 46.7%.

On 20 February 2026, the Group received a Waiver Letter from the Lender of the Pure Loan Facility, irrevocably and unconditionally waiving all rights which enable the commencement of any enforcement action arising directly from a Review Event or Event of Default of the Facility agreement, which occurs between 1 July 2025 and 31 December 2025. The Lender also agrees to waive enforcement rights with regards to 31 March 2026 and 30 June 2026 Test Dates, as well as waiving the Minimum Cash Balance covenant test through to 30 June 2026. Refer to note 2 and note 9 for further details regarding the Pure Loan Facility.

On 25 February 2026, the Company issued additional 500,000 convertible notes with a face value of \$1 exercisable at \$0.10 and expiring on 25 February 2029. The convertible notes will convert to a total of 5,000,000 ordinary shares. The convertible note has 1 attaching option with every 3 shares issued to the noteholders upon conversion. Proceeds from the above convertible note were utilised for a further investment of USD250,000 in NewCarbon, increasing the Company's interest to 47.4%.

No other matter or circumstance has arisen since 31 December 2025 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.

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.

Carbonxt Group Limited
Directors' report
31 December 2025



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

A handwritten signature in blue ink, appearing to read "Warren Murphy", written over a horizontal line.

Warren Murphy
Managing Director

27 February 2026
Sydney



**Shape the future
with confidence**

Ernst & Young
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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 2025, 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
27 February 2026

Carbonxt Group Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2025



		Consolidated	
	Note	31 Dec 2025	31 Dec 2024
		\$	\$
Revenue			
Sales revenue	4	8,503,509	7,352,330
Cost of goods sold		<u>(3,913,817)</u>	<u>(3,759,906)</u>
Gross margin		<u>4,589,692</u>	<u>3,592,424</u>
Share of losses of joint ventures accounted for using the equity method	7	-	(2,395)
Other income		74,852	120,109
Remeasurement gain/(loss) on financial liabilities		1,398,765	(98,046)
Fair value movement on embedded derivatives	15	(2,120,198)	-
Expenses			
Shipping and distribution costs		(1,093,461)	(912,676)
Employee benefits expense		(1,426,427)	(1,558,381)
Share-based payment expense		(63,156)	(51,906)
Depreciation and amortisation expense	5	(1,080,945)	(1,126,596)
Selling and marketing expenses		(356,559)	(307,046)
General and administrative expenses		(1,144,269)	(1,163,492)
Other expenses		<u>(533,242)</u>	<u>(465,363)</u>
Operating loss		(1,754,948)	(1,973,368)
Interest revenue		1,954	5,952
Finance costs	5	<u>(2,218,204)</u>	<u>(2,242,045)</u>
Loss before income tax expense		(3,971,198)	(4,209,461)
Income tax expense		<u>-</u>	<u>-</u>
Loss after income tax expense for the half-year attributable to the owners of Carbonxt Group Limited		(3,971,198)	(4,209,461)
Other comprehensive income/(loss)			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		<u>(580,561)</u>	<u>1,595,739</u>
Other comprehensive income/(loss) for the half-year, net of tax		<u>(580,561)</u>	<u>1,595,739</u>
Total comprehensive loss for the half-year attributable to the owners of Carbonxt Group Limited		<u>(4,551,759)</u>	<u>(2,613,722)</u>
		Cents	Cents
Basic loss per share	17	(0.94)	(1.20)
Diluted loss per share	17	(0.94)	(1.20)

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 2025



		Consolidated	
	Note	31 Dec 2025	30 Jun 2025
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		1,274,053	480,687
Trade and other receivables	6	2,003,357	2,877,552
Inventories		1,023,580	965,616
Other		178,730	244,297
Total current assets		<u>4,479,720</u>	<u>4,568,152</u>
Non-current assets			
Investments accounted for using the equity method	7	12,913,323	12,044,860
Property, plant and equipment		3,811,528	4,126,908
Right-of-use assets	8	5,902,087	6,230,823
Intangibles		4,964,275	5,296,571
Total non-current assets		<u>27,591,213</u>	<u>27,699,162</u>
Total assets		<u>32,070,933</u>	<u>32,267,314</u>
Liabilities			
Current liabilities			
Trade and other payables		4,599,818	3,702,505
Borrowings	9	12,424,219	11,664,465
Convertible notes payable	10	2,195,660	1,905,359
Derivative financial instruments	15	3,224,773	814,582
Lease liabilities		532,428	1,223,033
Royalty payables	11	273,308	340,645
Employee benefits		29,383	39,233
Total current liabilities		<u>23,279,589</u>	<u>19,689,822</u>
Non-current liabilities			
Lease liabilities		207,699	40,741
Royalty payables	11	1,956,707	3,314,257
Total non-current liabilities		<u>2,164,406</u>	<u>3,354,998</u>
Total liabilities		<u>25,443,995</u>	<u>23,044,820</u>
Net assets		<u>6,626,938</u>	<u>9,222,494</u>
Equity			
Contributed capital	12	98,503,618	97,236,474
Reserves	13	20,934,277	20,825,779
Accumulated losses		(112,810,957)	(108,839,759)
Total equity		<u>6,626,938</u>	<u>9,222,494</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 2025



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	3,817,921	-	-	3,817,921
Share-based payments	-	51,906	-	51,906
Balance at 31 December 2024	<u>95,982,191</u>	<u>22,296,653</u>	<u>(106,287,828)</u>	<u>11,991,016</u>

Consolidated	Contributed capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2025	97,236,474	20,825,779	(108,839,759)	9,222,494
Loss after income tax expense for the half-year	-	-	(3,971,198)	(3,971,198)
Other comprehensive loss for the half-year, net of tax	-	(580,561)	-	(580,561)
Total comprehensive loss for the half-year	-	(580,561)	(3,971,198)	(4,551,759)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity net of transaction costs (note 12)	1,267,144	-	-	1,267,144
Share-based payments	-	63,156	-	63,156
Loyalty Option issued to directors in lieu of compensation	-	80,000	-	80,000
Loyalty Option issued to shareholders (net of transaction costs)	-	545,903	-	545,903
Balance at 31 December 2025	<u>98,503,618</u>	<u>20,934,277</u>	<u>(112,810,957)</u>	<u>6,626,938</u>

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 2025



	Note	Consolidated	
		31 Dec 2025	31 Dec 2024
		\$	\$
Cash flows from operating activities			
Receipts from customers		9,535,616	3,810,971
Payments to suppliers and employees (inclusive of GST)		(8,837,400)	(6,492,182)
Interest received		1,954	5,952
Government grants received		-	120,109
Interest and other finance costs paid		(42,647)	(854,233)
		<u>657,523</u>	<u>(3,409,383)</u>
Net cash from/(used in) operating activities			
Cash flows from investing activities			
Payments for investment in NewCarbon		(1,143,298)	(1,877,568)
Payments for property, plant and equipment		-	(162,838)
Payments for intangible assets		-	(56,101)
		<u>(1,143,298)</u>	<u>(2,096,507)</u>
Net cash used in investing activities			
Cash flows from financing activities			
Proceeds from issue of shares and exercise of options	12	1,140,000	3,705,555
Proceeds from issue of Loyalty Option		587,769	-
Proceeds from convertible notes		400,000	-
Share and Loyalty Option issue transaction costs	12	(117,222)	(227,908)
Repayment of lease liability		(748,383)	(1,038,194)
		<u>1,262,164</u>	<u>2,439,453</u>
Net cash from financing activities			
Net increase/(decrease) in cash and cash equivalents		776,389	(3,066,437)
Cash and cash equivalents at the beginning of the financial half-year		480,687	4,141,926
Effects of exchange rate changes on cash and cash equivalents		16,977	(142,597)
		<u>1,274,053</u>	<u>932,892</u>
Cash and cash equivalents at the end of the financial half-year			

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 27 February 2026.

Note 2. Material accounting policy information

These general purpose financial statements for the interim half-year reporting period ended 31 December 2025 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 2025 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 2025 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 2025, the Group reported a net loss of \$3,971,198 (31 December 2024: \$4,209,461) and operating cash outflows of \$657,523 (31 December 2024: outflows of \$ 3,409,383). At 31 December 2025, cash and cash equivalents were \$1,274,053 (30 June 2025: \$480,687), net current liabilities of \$18,799,869 (30 June 2025: net current liabilities of \$15,121,670) and the Group reported net assets of \$6,626,938 (30 June 2025: net assets of \$9,222,494).

Note 2. Material accounting policy information (continued)

Net current liabilities include \$12,324,219 (30 June 2025: \$11,564,465) relating to the Pure Loan Facility ('the 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 2025 certain financial covenants subject to quarterly testing were breached, as well as the Minimum Cash Balance covenant, that requires the Group to have maintained a minimum cash balance of \$5,500,000 at all times.

On 20 February 2026, the Group received a Waiver Letter from the Lender of the Facility, irrevocably and unconditionally waiving all rights which enable the commencement of any enforcement action arising directly from a Review Event or Event of Default of the Facility agreement, which occurs between 1 July 2025 and 31 December 2025. The Lender also agrees to waive enforcement rights with regards to 31 March 2026 and 30 June 2026 Test Dates, as well as waiving the Minimum Cash Balance covenant test through to 30 June 2026.

The Group also has convertible notes on issue (refer note 10) for which there is unpaid interest at 31 December 2025 which is due and payable. Under the terms of the convertible notes, if the Group fails to pay any amount which becomes due and payable within 20 Business Days of receipt of a notice from the Noteholder stating that payment has not been made, an Event of Default is triggered. As at the date of the report, the Group has not received any such notice from Noteholders.

On 25 February 2026, the Group successfully raised \$500,000 through issuance of Convertible Notes, of which \$357,142 (USD250,000) has been advanced to NewCarbon Processing, LLC with the remainder available for working capital purposes.

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 2027. In order to continue as a going concern the Group requires a combination of:

- Ongoing support from its lenders, including but not limited to obtaining Waiver Letters for any future covenant breaches or other events of default arising under the Facility and Convertible Notes;
- Commercialisation and generation of positive net cash inflows from the NewCarbon Processing LLC by 30 June 2026; and
- Improvements in its existing operations such that positive net cash flows are consistently 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:

- Commissioning of the NewCarbon Facility by April 2026, and commercialisation of its product so as to achieve positive net cash inflows by end of June 2026;
- Continue to monitor the progress of the NewCarbon Processing LLC and proactively engage prospective customers in North American market;
- Raising funds in equity markets, noting that the Group has a history of successful equity raisings;
- Proactively managing the cash flow requirements and improve the operating performance of the business to ensure that no further loan covenant breaches occur beyond the 30 June 2026 grace period provided by the 20 February 2026 Waiver Letter;
- Continuing to obtain Waiver Letters from its Lenders in relation to any future covenant breaches or events of default, should they occur; and
- Renegotiating terms of existing borrowing arrangements, or refinancing its borrowings, 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.

Geographical information

	Sales to external customers		Geographical non-current assets	
	31 Dec 2025	31 Dec 2024	31 Dec 2025	30 Jun 2025
	\$	\$	\$	\$
Australia	-	-	423,965	520,362
United States of America	8,503,509	7,352,330	27,167,248	27,178,800
	<u>8,503,509</u>	<u>7,352,330</u>	<u>27,591,213</u>	<u>27,699,162</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 2025	31 Dec 2024
	\$	\$
<i>Major product lines</i>		
Sale of activated carbon	<u>8,503,509</u>	<u>7,352,330</u>
<i>Geographical regions</i>		
United States of America	<u>8,503,509</u>	<u>7,352,330</u>
<i>Timing of revenue recognition</i>		
Goods transferred at a point in time	<u>8,503,509</u>	<u>7,352,330</u>

Note 5. Expenses

Consolidated
31 Dec 2025 31 Dec 2024
\$ \$

Loss before income tax includes the following specific expenses:

Depreciation

Plant and equipment	232,026	353,259
Plant and equipment right-of-use assets	621,393	557,290

Total depreciation	853,419	910,549
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Amortisation

Development	123,309	122,099
Engineering Performance Solutions ('EPS) patents	96,397	48,186
Other patents	7,820	45,762

Total amortisation	227,526	216,047
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Total depreciation and amortisation	1,080,945	1,126,596
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Finance costs

Interest and finance charges paid/payable on borrowings and royalty payable	1,857,488	2,100,312
Interest and finance charges paid/payable on lease liabilities	36,811	133,131
Convertible note interest	318,020	-
Other finance charges	5,885	8,602

Finance costs expensed	2,218,204	2,242,045
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Note 6. Trade and other receivables

Consolidated
31 Dec 2025 30 Jun 2025
\$ \$

Current assets

Trade receivables	1,952,717	2,825,806
Related party receivables	50,640	51,746

	2,003,357	2,877,552
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Allowance for expected credit losses

The Group assessed that the allowance for expected credit losses is not material for the half-year 31 December 2025 and for the year ended 30 June 2025.

Note 7. Investments accounted for using the equity method

Consolidated
31 Dec 2025 **30 Jun 2025**
\$ **\$**

Non-current assets

Investment in associate	12,913,323	12,044,860
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Reconciliation

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	12,044,860	8,550,681
Share in losses after income tax	-	(2,515)
Additions	1,143,298	3,431,487
Foreign exchange difference	(274,835)	65,207
Closing carrying amount	12,913,323	12,044,860

Interest in NewCarbon

The contributions to NewCarbon for the half-year period totalled to US\$750,000 which increased the ownership in NewCarbon to 45.95% as at 31 December 2025 (30 June 2025: 43.66%).

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 2025	30 Jun 2025
		%	%
NewCarbon Processing, LLC	USA	45.95%	43.66%

Summarised financial information

31 Dec 2025 **30 Jun 2025**
\$ **\$**

Summarised statement of financial position

Cash and cash equivalents	2,081	2,127
Non-current assets	27,640,819	27,099,237
Total assets	27,642,900	27,101,364
Current liabilities	96,552	98,660
Total liabilities	96,552	98,660
Net assets	27,546,348	27,002,704

Summarised statement of profit or loss and other comprehensive income

Expenses	-	(5,760)
Loss before income tax	-	(5,760)
Other comprehensive income	-	-
Total comprehensive loss	-	(5,760)

Note 8. Right-of-use assets

	Consolidated	
	31 Dec 2025	30 Jun 2025
	\$	\$
<i>Non-current assets</i>		
Plant and equipment - right-of-use	11,815,379	11,651,444
Less: Accumulated depreciation	<u>(5,980,873)</u>	<u>(5,520,666)</u>
	5,834,506	6,130,778
Equipment - right-of-use	418,210	427,340
Less: Accumulated depreciation	<u>(350,629)</u>	<u>(327,295)</u>
	67,581	100,045
	<u>5,902,087</u>	<u>6,230,823</u>

Reconciliations

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

Consolidated	Plant right- of-use \$	Equipment right-of-use \$	Total \$
Balance at 1 July 2025	6,130,778	100,045	6,230,823
Additions	427,236	-	427,236
Exchange differences	(133,085)	(1,494)	(134,579)
Depreciation expense	<u>(590,423)</u>	<u>(30,970)</u>	<u>(621,393)</u>
Balance at 31 December 2025	<u>5,834,506</u>	<u>67,581</u>	<u>5,902,087</u>

Note 9. Borrowings

	Consolidated	
	31 Dec 2025	30 Jun 2025
	\$	\$
<i>Current liabilities</i>		
Pure loan payable	12,324,219	11,564,465
Loan from related party	<u>100,000</u>	<u>100,000</u>
	<u>12,424,219</u>	<u>11,664,465</u>

Pure loan payable

During the period, certain financial covenants were breached, including the Minimum Cash Balance requirement, that requires the Group to maintain a minimum cash balance of \$5,500,000 at all times. An event of default provides the Lender to demand full repayment of the loan. Subsequent to half-year end, on 20 February 2026, the Group received a Waiver Letter from the Lender of the Facility, irrevocably and unconditionally waiving all rights which enable the commencement of any enforcement action arising directly from a Review Event or Event of Default of the Facility agreement, which occurs between 1 July 2025 and 31 December 2025. The Lender also agrees to waive enforcement rights with regards to 31 March 2026 and 30 June 2026 Test Dates, as well as waiving the Minimum Cash Balance covenant test through to 30 June 2026. As at 31 December 2025 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 2025 as the Group does not have the right to defer settlement of the liability for at least twelve months after the reporting period as a result of the event of default.

Note 9. Borrowings (continued)

Interest of \$759,754 was capitalised against the loan for the half-year ended 31 December 2025.

Note 10. Convertible notes payable

	Consolidated	
	31 Dec 2025	30 Jun 2025
	\$	\$
<i>Current liabilities</i>		
Convertible notes payable	<u>2,195,660</u>	<u>1,905,359</u>

On 17 October 2025, the Company issued additional 400,000 convertible notes with a face value of \$1 exercisable at \$0.08 and expiring on 17 October 2027, two years from the date of issue. The convertible notes will convert to a total of 5,000,000 ordinary shares. The noteholder has the option to convert the notes to ordinary shares commencing on 22 months after the date of issue of the notes and ending 20 business days prior to the maturity date.

Total convertible notes face value as of 31 December 2025 is \$3,065,000 that will convert to a total of 38,312,500 ordinary shares (30 June 2025: face value of \$2,665,000 will convert to a total of 33,312,500 ordinary shares).

Note 11. Royalty payables

	Consolidated	
	31 Dec 2025	30 Jun 2025
	\$	\$
<i>Current liabilities</i>		
Royalty payables	<u>273,308</u>	<u>340,645</u>
<i>Non-current liabilities</i>		
Royalty payables	<u>1,956,707</u>	<u>3,314,257</u>
	<u><u>2,230,015</u></u>	<u><u>3,654,902</u></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	3,654,902	3,030,216
Net (gains)/loss recognised in profit or loss	(1,398,765)	582,282
Foreign currency differences	(26,122)	42,404
Closing balance	<u><u>2,230,015</u></u>	<u><u>3,654,902</u></u>

Due to the delay in commissioning of the NewCarbon Facility, the Group reassessed the estimated cash outflows of the royalty payable to Pure resulting in a decrease of the liability.

Note 12. Contributed capital

	Consolidated			
	31 Dec 2025	30 Jun 2025	31 Dec 2025	30 Jun 2025
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>432,663,710</u>	<u>418,663,710</u>	<u>98,503,618</u>	<u>97,236,474</u>

Note 12. Contributed capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2025	418,663,710		97,236,474
Shares based payment*	16 October 2025			202,500
Share placement	17 October 2025	8,000,000	\$0.075	600,000
Share placement**	31 December 2025	6,000,000	\$0.090	540,000
Share issue costs				(75,356)
				<u>(75,356)</u>
Balance	31 December 2025	<u>432,663,710</u>		<u>98,503,618</u>

* In prior year, the Group entered into an amended lease agreement for its existing facility. Pursuant to the agreement, the Group issued 7,862,900 shares at no cost. Under the agreement, the shares will be progressively sold down and the proceeds applied as future lease payments. During the year, the lessor sold 2,700,000 of these shares at a price of \$0.75 per share, with the proceeds applied to settle lease payments for October 2025 and November 2025. Accordingly, the proceeds from the sale of these shares were recognised as issued capital during the year.

** The shares were issued on 6 January 2026, however, the placement and receipt of the related cash consideration were completed in December 2025. A further \$60,000 was received and 666,667 ordinary shares were issued on 6 January 2026, which were recognised in equity in the subsequent reporting period.

Note 13. Reserves

	Consolidated	
	31 Dec 2025	30 Jun 2025
	\$	\$
Financial liability reserve	8,853,868	8,853,868
Foreign currency translation reserve	701,345	1,281,906
Options reserve	545,903	-
Share-based payments reserve	10,270,030	10,126,874
Convertible note equity reserve	563,131	563,131
	<u>20,934,277</u>	<u>20,825,779</u>

Options reserves

This reserve is used to recognise the cash receipt from the Loyalty Option issued to shareholders.

Note 13. Reserves (continued)

Movements in reserves

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

Consolidated	Financial liability reserve \$	Foreign currency translation reserve \$	Options reserve \$	Share-based payments reserve \$	Convertible note equity reserve \$	Total \$
Balance at 1 July 2025	8,853,868	1,281,906	-	10,126,874	563,131	20,825,779
Foreign currency translation	-	(580,561)	-	-	-	(580,561)
Share based payment expense	-	-	-	63,156	-	63,156
Loyalty Option issued to directors in lieu of compensation	-	-	-	80,000	-	80,000
Loyalty Option issued to shareholders (net of transaction costs)	-	-	545,903	-	-	545,903
Balance at 31 December 2025	<u>8,853,868</u>	<u>701,345</u>	<u>545,903</u>	<u>10,270,030</u>	<u>563,131</u>	<u>20,934,277</u>

Note 14. Dividends

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

Note 15. Fair value measurement

Fair value hierarchy

The following tables detail the Group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

Consolidated - 31 Dec 2025	Level 1 \$	Level 2 \$	Level 3 \$
<i>Liabilities</i>			
Derivative financial instruments	-	-	3,224,773
Total liabilities	-	-	<u>3,224,773</u>
Consolidated - 30 Jun 2025	Level 1 \$	Level 2 \$	Level 3 \$
<i>Liabilities</i>			
Derivative financial instruments	-	-	814,582
Total liabilities	-	-	<u>814,582</u>

There were no transfers between levels during the financial half-year.

Note 15. Fair value measurement (continued)

Valuation techniques for fair value measurements categorised within level 2 and level 3

The embedded derivative liabilities, representing the conversion option and free attaching options on the convertible notes, are valued using a Black-Scholes option pricing model taking into account the terms and conditions upon which the instruments were granted. Key assumptions used include: stock price volatility, expected term of the conversion option, risk-free interest rate and level of dividends expected to be paid.

Level 3 assets and liabilities

Movements in level 3 assets and liabilities during the current financial half-year are set out below:

Consolidated	Derivative financial instruments \$
Balance at 1 July 2025	814,582
Loss recognised in profit or loss	2,120,198
Additions	<u>289,993</u>
Balance at 31 December 2025	<u><u>3,224,773</u></u>

The additions to the derivative financial instruments relates to the \$400,000 additional convertible notes issued during the half-year (note 10).

The level 3 assets and liabilities unobservable inputs and sensitivity are as follows:

Description	Unobservable inputs	Sensitivity
Derivative financial instruments	Expected volatility: 70%	+5%/-5% in the expected volatility would result in \$132,875 higher/(\$133,956) (lower) fair value of the derivatives

Note 16. Contingent liabilities

The Group had no contingent liabilities at 31 December 2025 and 30 June 2025.

Note 17. Earnings per share

	Consolidated 31 Dec 2025	31 Dec 2024
	\$	\$
Loss after income tax attributable to the owners of Carbonxt Group Limited	<u>(3,971,198)</u>	<u>(4,209,461)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic loss per share	<u>422,000,666</u>	<u>349,500,081</u>
Weighted average number of ordinary shares used in calculating diluted loss per share	<u>422,000,666</u>	<u>349,500,081</u>
	Cents	Cents
Basic loss per share	(0.94)	(1.20)
Diluted loss per share	(0.94)	(1.20)

Note 17. Earnings per share (continued)

142,714,289 options, 64,000,000 warrants and 38,312,500 convertible notes (31 December 2024: 50,031,252 options, 64,000,000 warrants and nil convertible notes) were excluded from the weighted average number of ordinary shares used in calculating diluted earnings per share as they were anti-dilutive.

Note 18. Events after the reporting period

On 6 January 2026, the Company issued 6,666,667 ordinary shares at \$0.09 per share raising \$600,000 before issue costs. Of this amount, \$540,000 was received as of 31 December 2025 and recorded as issued capital as disclosed in note 12, with the remaining proceeds received after 31 December 2025. The proceeds of the placement will be used for working capital and further investment of USD250,000 to NewCarbon, increasing the Company's interest to 46.7%.

On 20 February 2026, the Group received a Waiver Letter from the Lender of the Pure Loan Facility, irrevocably and unconditionally waiving all rights which enable the commencement of any enforcement action arising directly from a Review Event or Event of Default of the Facility agreement, which occurs between 1 July 2025 and 31 December 2025. The Lender also agrees to waive enforcement rights with regards to 31 March 2026 and 30 June 2026 Test Dates, as well as waiving the Minimum Cash Balance covenant test through to 30 June 2026. Refer to note 2 and note 9 for further details regarding the Pure Loan Facility.

On 25 February 2026, the Company issued additional 500,000 convertible notes with a face value of \$1 exercisable at \$0.10 and expiring on 25 February 2029. The convertible notes will convert to a total of 5,000,000 ordinary shares. The convertible note has 1 attaching option with every 3 shares issued to the noteholders upon conversion. Proceeds from the above convertible note were utilised for a further investment of USD250,000 in NewCarbon, increasing the Company's interest to 47.4%.

No other matter or circumstance has arisen since 31 December 2025 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 2025



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 2025 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", written over a horizontal line.

Warren Murphy
Managing Director

27 February 2026
Sydney



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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 2025, 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 2025 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 reviews of the half-year financial report of public interest entities 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 or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to 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.

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*



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including giving a true and fair view of the Group's financial position as at 31 December 2025 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', with a long, sweeping underline.

James Johnson
Partner
Sydney
27 February 2026