Carbonxt
ADVANCED CARBON PRODUCTS

Carbonxt Group Limited – HY26 Results

Carbonxt Group Ltd (ASX:CG1) (**Carbonxt** or the **Company**) has released its Half-year report for the half-year ending 31 December 2025 and provides the following update on the key areas of activity for the period -- all numbers are in A$.

OPERATIONS OVERVIEW

- **Half-year revenue of $8.50 million, up 15.7% on HY25 ($7.35 million), reflecting stronger margins and improved contracted sales coverage.**
- **ACP sales contributed 47.1% of total revenue in Q1 FY26 and 39.4% in Q2 FY26. ACP sales in Q2 FY26 were deferred by $0.9m to Q3 FY26 due to a maintenance outage at Black Birch taking longer than expected.**
- **PAC sales remained strong, supported by deliveries under the ReWorld contract and ongoing regulatory demand drivers.**
- **HY26 gross margin of 54%, up from 49% in HY25, reflecting improved product mix and leaner cost structure.**
- **Net cash from operating activities of $0.66m for the half-year, with cash and cash equivalents of $1.27m on 31 December 2025.**
- **Kentucky activated carbon facility advanced toward sustained commissioning, with kiln construction completed and back-end infrastructure installed, refractory lining heat-treated and remediation works nearing completion.**

FINANCIAL OVERVIEW [All results in $AUD]

A $'000	1H25	1H26	Change
Revenue	**7,352**	**8,504**	**15.7%**
Gross margin	**3,592**	**4,590**	**27.8%**
Gross margin %	49%	54%	**+5pp**
Other income	120	75	**(37.5%)**
Shipping costs	(913)	(1,093)	**(19.7%)**
Operating costs	(3,494)	(3,460)	**+1.0%**
Underlying EBITDA	**(694)**	**111**	**n/m**
Depreciation and amortisation	(1,127)	(1,081)	**+4.1%**
Underlying EBIT	**(1,821)**	**(970)**	**+46.7%**
Net interest	(2,236)	(2,216)	**+0.9%**
Share-based payment expense	(52)	(63)	**(21.2%)**
Non-cash items (net)	(98)	(721)	**n/m**
Net loss before tax	**(4,209)**	**(3,971)**	**+5.7%**

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Carbonxt Managing Director Warren Murphy commented:

"HY26 reflects a materially improved margin profile and stronger contracted sales position compared to the prior corresponding period. While ACP deliveries were temporarily deferred in Q2FY26 due to a maintenance outage at Black Birch, these contracted volumes are being recovered in Q3FY26.

The Kentucky facility has progressed with remediation works and system optimisation undertaken to support reliable production runs. With back-end infrastructure installed and onsite power now operational, the facility is moving toward initial commercial output.

Regulatory momentum from tightening US EPA PFAS standards continues to support demand across our core markets. The Company remains focused on commissioning, customer qualification, and conversion of contracted opportunities into sustained revenue growth."

REVENUE

- HY26 revenue totaled $8.50m (Q1FY26: $4.5m; Q2FY26: $3.83m), up 15.7% on HY25. ACP represented approximately 43% of revenue across the half, with PAC contributing approximately 57%.

MARGIN

- HY26's gross margin improved to 54%, up from 49% in HY25, reflecting stronger pricing, a more favourable product mix, and ongoing cost discipline.

OPERATING COSTS

- Operating cost discipline remained a focus, contributing to the positive operating cash inflow of $0.66m for the half-year.

KENTUCKY PLANT

- During HY26, the Kentucky activated carbon facility progressed from mechanical completion toward commissioning activities. The plant will have an initial capacity of 10,000 tons per annum, with the ability to expand to 20,000 tons per annum for a small additional investment.
- Carbonxt increased its ownership interest in New Carbon Processing, LLC to 46.7% following October 2025 US$750,000 funding and January 2026 $600,000 placement, progressing toward its stated objective of securing a 50% interest.
- Q1 FY26 report disclosed kiln construction completed with refractory installed and undergoing heat treatment, with commissioning works on bagging systems, silos, and power underway.
- Q2 FY26 report disclosed kiln insulation, refractory lining, and initial heat treatment completed, with remediation works underway to support reliable commissioning and redundancy across key systems.
- Back-end infrastructure, including bagging lines, conveyors, and additional storage silos, was disclosed as installed, with final integration and testing underway, and an onsite power station brought online to support commissioning activities.
- Once fully operational, the Kentucky facility is forecast to increase group sales by approximately 200% and provide entry into the significantly larger liquid-phase activated carbon market.

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KEY OPERATIONAL HIGHLIGHTS

- ACP sales increased by 11.0% in Q1 FY26, with tons sold increasing by 6.9%, as disclosed in the operational review.
- ACP sales decreased by 29.4% in Q2 FY26, and tons sold decreased by 21.2%, primarily due to a maintenance outage at Black Birch, lasting approximately three weeks due to third-party supplier availability. The outage was resolved and that output ramped up to deliver contracted and deferred sales.
- PAC sales were steady and supported by long-term contracts, including ReWorld.

STATEMENT OF FINANCIAL POSITION

- Cash and cash equivalents on 31 December 2025 were $1.27m.
- Total facility amount at quarter end was $15.0m, with $15.0m drawn.
- The facility is disclosed as secured, with a 9.5% interest rate and a maturity date of 31 May 2027. The lender is Pure Asset Management. The default interest rate is 14%.
- The corrected Appendix 4C for the December 2025 quarter reclassified $388,000 from operating cash flows to investing activities, with no change to cash movements or cash balances.

GOING CONCERN AND PURE FACILITY

- The Appendix 4D includes a material uncertainty related to going concern, primarily arising from net current liabilities and covenant breaches under the Pure Asset Management facility during the period.
- The covenant breaches occurred following the Group's cash balance falling below the minimum threshold, as well as an inability to meet a Net Debt to EBITDA ratio primarily due to the Kentucky facility not yet being in operation. As a result of these breaches, the senior debt is classified as a current liability.
- The lender has provided a waiver of the breaches until September 2026 and has continued to support the Group while management progresses commissioning of the Kentucky facility.

CORPORATE

- Completion of an underwritten non-renounceable entitlement offer issuing 58.8 million Loyalty Options to shareholders, raising $587,769 before costs.
- Issued 11.0 million Loyalty Options to directors in lieu of $110,000 in fees.
- $600k raised via placement of 8.0 million shares at $0.075 to major shareholder Phelbe Pty Ltd.
- 400,000 convertible notes issued at $1.00 each, convertible at $0.08 into 5.0 million shares, each with a free-attaching option (exercise $0.10, two-year term).
- Share placement raised $600,000 at $0.09 per share, with proceeds disclosed for working capital and further investment in New Carbon Processing, LLC.

STRATEGIC OUTLOOK

The Company expects recovery of deferred ACP volumes in Q3FY26 and remains focused on achieving sustained commissioning at the Kentucky facility. With continued regulatory support and an improving product mix, Carbonxt is positioned for improved profitability in FY26.

- ENDS -

Authorised for release to ASX by the Board of Directors of Carbonxt Group Limited.

All amounts are in AUD unless otherwise stated.

Enquiries

Warren Murphy
Managing Director | Carbonxt Limited
P +61 413 841 216
E w.murphy@carbonxt.com

Mark Flynn
Investor Relations | irX Advisors
P +61 416 068 733
E mark.flynn@irxadvisors.com

About Carbonxt

Carbonxt (ASX:CG1) is a cleantech company that develops, and markets specialised Activated Carbon products, focused on the capture of contaminants in industrial processes that emit substantial amounts of harmful pollutants. The Company produces and manufactures Powdered Activated Carbon and Activated Carbon pellets for use in industrial air purification, wastewater treatment and other liquid and gas phase markets.

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