

27 February 2026

Appendix 4D and December 2025 Half Year Financial Statements

Name of entity: TerraCom Limited
 ABN: 35 143 533 537
 Reporting Period: For the half year ended 31 December 2025
 Previous Period: For the half year ended 31 December 2024

Results for announcement to the market

Summary of Half-Year Financial Performance	Direction of change	Change (%)	A\$'000
Revenue from ordinary activities	down	11%	98,614
EBITDA	down	N/A	(6,994)
Loss from ordinary activities for the half-year after income tax	down	N/A	(14,453)
Loss for the half-year after income tax attributable to the owners of TerraCom Limited	down	N/A	(13,813)

The Consolidated Financial Report for the 6 months ended 31 December 2025 should be read in conjunction with the 2025 Annual Financial Report.

Dividends

No dividends were paid or declared during the half year ended 31 December 2025 (31 December 2024: \$8.010 million).

Franking Account Balance	Dec 2025 \$'000
Franking account balance as at 31 December 2025	<u>72,232</u>

Net Tangible Assets

Net Tangible Assets	Reporting Period (cents)	Previous Period (cents)
Net tangible assets per ordinary share	<u>13.64</u>	<u>14.94</u>

Control over entities

No change since 30 June 2025.

Audit qualification or review

The half year financial report has been reviewed by the Company's auditor, who has issued an unmodified review conclusion.

Attachments and additional information

Additional information is provided in the Consolidated Financial Statements for the half year ended 31 December 2025.

This announcement has been approved by the Board for release.

For further enquiries please contact:

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TerraCom Profile

TerraCom Limited (ASX: TER) is an Australian based mining and resources company with a global footprint, comprising a large portfolio of operating assets in Australia and South Africa within the coal sector. TerraCom is a low-cost producer focused on delivering strong performance and returns from its diversified asset base. The Company continues to expand through strategic partnerships and the provision of integrated mining and infrastructure services. To learn more about TerraCom visit terracom.au

 Shipping to customers
worldwide



TerraCom

**TerraCom Limited
(ABN 35 143 533 537)**

**Consolidated financial report for the
6 months ended 31 December 2025**



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General information

The financial statements are presented in Australian dollars (**AUD**), which is the presentation currency of TerraCom Limited.

The functional currency of TerraCom Limited, its Australian subsidiaries, Singapore subsidiary and United Kingdom subsidiaries is Australian dollars (AUD), the South African subsidiaries and associates functional currency is South African Rand (ZAR).

TerraCom Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is at Suite 1, Level 6, 307 Queen Street, Brisbane, Queensland, 4000.

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 report was authorised for issue, in accordance with a resolution of Directors, on 27 February 2026. The Directors have the power to amend and reissue the financial report.



Corporate Directory

Directors at the date of this report	Mr Mark Lochtenberg (Non-Executive Chairman) Mr Danny McCarthy (Managing Director) Mr Glen Lewis (Non-Executive Director) Mr Mark Ludski (Non-Executive Director) Mr Glenn Spatt (Non-Executive Director, appointed on 17 February 2026)
Company secretary	Ms Jen Williams
Executive management team	Ms Jen Williams, Chief Financial Officer & Company Secretary Mr Chris Bourke, Chief Operating Officer
Registered office and principal place of business	Suite 1, Level 6, 307 Queen Street Brisbane, Queensland, 4000 Australia
Contact address	PO Box 131 Clermont, Queensland, 4721 Australia
Share register	MUFG Corporate Markets (AU) Limited Liberty Place, Level 41, 161 Castlereagh St Sydney, NSW, 2000 Australia
Auditors	BDO Audit Pty Ltd Level 18, 360 Queen Street Brisbane, Queensland, 4000 Australia
Stock	TerraCom Limited shares are listed on the Australian Securities Exchange (ASX code: TER)
Website	www.terracom.au



Directors' Report

This half-year report for the 6 months ended 31 December 2025 is for TerraCom Limited (**TerraCom** or **the Company**) and its controlled entities (collectively known as **the Group**).

1. Principal activities

The principal activity of the Group during the period was the development and operation of coal mines in Queensland, Australia and South Africa. In the opinion of the directors, there were no significant changes in the state of affairs of the Group that occurred during the half year that have not been noted in the review of operations.

2. Directors

The following persons were directors of TerraCom Limited during the half-year reporting period and up to the date of this report. Directors were in office for this entire period unless otherwise stated:

Mr Mark Lochtenberg (Chairman)
Mr Danny McCarthy (Managing Director)
Mr Glen Lewis
Mr Mark Ludski
Mr David Norris (Resigned effective 11 December 2025)
Mr Glenn Spatt (Appointed on 17 February 2026)

3. Safety

The safety and wellbeing of our people is fundamental to our success. Our evolving safety culture is consistent with the Company's core values, and through strong safety leadership we create and maintain a safe workplace for all our people.

2.6 TRIFR as at 31 December 2025 (1.0 as at 31 December 2024)

1.1 LTIFR as at 31 December 2025 (0.6 as at 31 December 2024)

TRIFR (Total Recordable Injury Frequency Rate) measures the number of recordable injuries per one million hours worked, including medical treatment injuries, lost time injuries and restricted work injuries.

LTIFR (Lost Time Injury Frequency Rate) measures the number of injuries that result in lost work time per one million hours worked.

Frequency rates per million exposure hours and year to date reported on 12 month rolling average basis

4. Dividends

No dividends were paid to shareholders during the half year ended 31 December 2025 (31 December 2024: \$8.010 million).

5. Matters subsequent to the end of the financial half-year

On 23 December 2025, TerraCom announced a partially underwritten 1.25 for 1 (equivalent to 5 for 4) renounceable rights entitlement offer of new shares at an offer price of A\$0.06 per share to eligible shareholders to raise gross proceeds of up to approximately A\$60 million.

The equity raising was undertaken to address outstanding operational and statutory creditor obligations, strengthen liquidity, and provide general working capital.

Subsequent to the reporting period end, on 27 January 2026, the Group completed the equity capital raising, issuing approximately 1 billion of new securities and generating net proceeds after transaction costs of \$56.266 million, which has significantly strengthened the Group's liquidity and working capital position.

On 24 February 2026, the Company announced the completion of a placement allocation, issuing 19.3m fully paid ordinary shares at \$0.06 for \$1.157m.

6. Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.



Directors' Report

7. Operating and Financial Review

The (loss) / profit after income tax for the half-year for the Group amounted to (\$14.453) million (31 December 2024: \$2.887 million), of this (\$13.813) million was directly attributable to owners of TerraCom (31 December 2024: profit attributable to owners of TerraCom of \$3.106 million).

Highlights

Production results achieved for the 6 months ended 31 December 2025:

- Run of mine production 4.2 million tonnes (31 December 2024: 5.1 million tonnes) *.
- Coal sales 3.2 million tonnes (31 December 2024: 3.3 million tonnes) *.

Run-of-mine (ROM) production for the half-year was 4.2 Mt, compared to 5.1 Mt in the prior corresponding period. Despite the 0.9 Mt reduction in ROM, coal sales remained broadly consistent year-on-year at 3.2 Mt (31 December 2024: 3.3 Mt). The variance reflects a change in the production mix, driven by a higher proportion of bypass coal relative to washed coal.

Financial results for the TerraCom Group achieved for the 6 months ended 31 December 2025:

Revenue from operations of \$98.614 million (31 December 2024: \$111.306 million), representing a 11% decrease on the prior corresponding period. The reduction reflects a 21% decline in average price, partially offset by a 13% increase in sales volumes.

- Earnings before interest, tax, depreciation, and amortisation (EBITDA¹) loss of (\$6.994) million (31 December 2024: EBITDA profit of \$15.190 million).

* Total tonnes disclosed throughout this report assumes 100% basis of the South African operations, noting TerraCom's interest in the operating mines ranges from 48.9% to 49%. Equity tonnes disclosed throughout this report represents the tonnes attributable to TerraCom's equity ownership of the South Africa operation.

Financial Performance

Profit and Loss	31-Dec-25 \$'000	31-Dec-24 \$'000	Variance (%)
Revenue	98,614	111,306	(11%)
EBITDA ¹	(6,994)	15,190	N/A
(Loss)/Profit after tax	(14,453)	2,887	N/A
(Loss)/Profit after tax (attributable to TerraCom)	(13,813)	3,106	N/A
Diluted (loss)/earnings per share	(1.72 cents)	0.39 cents	N/A
Net cash (used)/generated from operating activities	(8,977)	8,059	N/A

Balance Sheet	31-Dec-25 \$'000	30-Jun-25 \$'000	Variance (%)
Cash and cash equivalents	6,386	13,382	(52%)
Restricted cash	54,473	58,221	(6%)
Trade and other payables	56,141	49,879	13%

¹ EBITDA is a financial measure which is not prescribed by Australian Accounting Standards (AAS), and it is unaudited. The directors use EBITDA as a key financial metric to assess the financial performance of Group's operations, and it is a financial metric commonly used by shareholders and capital markets participants. Refer below for the reconciliation of net profit after tax to EBITDA.



Directors' Report

7. Operating and Financial Review (continued)

Reconciliation of (Loss)/Profit After Tax to EBITDA	31-Dec-25 \$ '000	31-Dec-24 \$ '000
(Loss)/Profit after income tax expense	(14,453)	2,887
Add: Depreciation and amortisation expense	10,521	9,822
Deduct: Finance income	(1,067)	(2,734)
Add: Finance expenses	5,209	2,183
Add: Profit/(loss) on disposal of fixed assets	-	(187)
Add: Impairment on assets	-	1,800
Add: Income tax (credit)/expense	(7,204)	1,419
EBITDA	(6,994)	15,190

The Group generated earnings before interest, tax, depreciation, and amortisation (EBITDA) loss of (\$6.994) million for the financial half-year ended 31 December 2025. EBITDA was lower by \$22.184 million on the prior corresponding period. Earnings after tax attributable to the owners of TerraCom was (\$13.814) million, lower by \$16.920 million on the prior corresponding period. Cash and cash equivalents was \$6.386 million at period end (30 June 2025: \$13.382 million), and restricted cash held was \$54.473 million (30 June 2025: \$58.221 million).

Operational Summary

Review of operations – Consolidated (Total tonnes) *

	31-Dec-25 (kt)	31-Dec-24 (kt)	Movement %
ROM coal production	4,172	5,090	(18%)
Saleable coal	3,188	3,268	(2%)
Coal sales	3,190	3,329	(4%)
Inventory (ROM)	290	460	(37%)
Inventory (Saleable)	207	212	(2%)

* The data represents total tonnes and assumes 100% ownership of the South African operations, noting TerraCom's interest in the operating mines ranges from 48.9% to 49.0%.



Directors' Report

7. Operating and Financial Review (continued)**Review of operations – Consolidated (Equity tonnes) ***

	31-Dec-25 (kt)	31-Dec-24 (kt)	Movement %
ROM coal production	2,596	3,052	(15%)
Saleable coal	1,988	2,003	(1%)
Coal sales	1,976	1,997	(1%)
Inventory (ROM)	146	235	(38%)
Inventory (Saleable)	129	160	(19%)

* The data represents equity tonnes, being the attributable tonnes to TerraCom's equity ownership.

Review of operations – Mine by Mine**Australia – 100% Equity Interest****Blair Athol Mine**

	31-Dec-25 (kt)	31-Dec-24 (kt)	Movement %
ROM coal production	1,082	1,093	(1%)
Saleable coal	836	788	6%
Coal sales	809	718	13%
Inventory (ROM)	8	19	(58%)
Inventory (Saleable)	55	111	(50%)

The Blair Athol (BA) Coal Mine located in Clermont, is an open pit operation producing thermal coal for export primarily to South East Asia, for their power generation markets, and to India for the sponge iron market. As announced to ASX on 15 October 2025, BA has a remaining life of mine of ~ 8 years to 2033, comprising of marketable coal reserves of 14.0Mt as at 30 June 2025.

During the reporting period, BA sold 809kt with coal sales being a combination of index-linked and fixed-price sales to long term trading partners. Market support for highly sought-after thermal coal product remains strong.

TerraCom and Wintime Energy Group Co. Ltd (a company listed on Shanghai Stock Exchange) (Wintime) continued to progress key workstreams including approvals and commercial negotiations associated with the Moorlands development project. As previously announced, BA is intended to be utilised as a processing precinct for the Moorlands development project.



Directors' Report

7. Operating and Financial Review (continued)**South Africa**

Note: tonnes shown in the tables below for the South African operations represent total tonnes i.e.100% basis

New Clydesdale Colliery (NCC) - 49% Equity Interest

	31-Dec-25 (kt)	31-Dec-24 (kt)	Movement %
ROM coal production	1,083	1,599	(32%)
Saleable coal	792	1,012	(22%)
Coal sales	919	1,022	(10%)
Inventory (ROM)	136	307	(56%)
Inventory (Saleable)	82	62	32%

New Clydesdale Colliery (**NCC**) is a multi-product open cast and underground mine with the ability to produce domestic and export quality product.

The colliery achieved 919 kt total coal sales for the 6 months to 31 December 2025, a decrease of 10% on the prior corresponding reporting period. The majority of sales (778 kt) were to South Africa's largest power generator, Eskom, with total export sales of RB1 thermal product totaling 141 kt for the half year.

North Block Complex (NBC) - 49% Equity Interest

	31-Dec-25 (kt)	31-Dec-24 (kt)	Movement %
ROM coal production	2,007	2,398	(16%)
Saleable coal	1,560	1,468	6%
Coal sales	1,462	1,589	(8%)
Inventory (ROM)	146	134	9%
Inventory (Saleable)	70	39	79%

ROM Coal production for NBC was 2 Mt for the 6 months ending 31 December 2025, a 16% decrease on the previous corresponding period.



Directors' Report

8. Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001 (Cth)* 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 (Cth)*.

On behalf of the Directors

Mark Lochtenberg
Non-Executive Chairman

Sydney
27 February 2026



Auditors independence declaration



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DECLARATION OF INDEPENDENCE BY R M SWABY TO THE DIRECTORS OF TERRACOM LIMITED

As lead auditor for the review of TerraCom Limited for the half-year ended 31 December 2025, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of TerraCom Limited and the entities it controlled during the period.

R M Swaby
Director

BDO Audit Pty Ltd

Brisbane, 27 February 2026



TERRACOM LIMITED
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Consolidated statement of profit or loss and other comprehensive income for the 6 months ended 31 December 2025

	Note	31-Dec-25 \$'000	31-Dec-24 \$'000
Revenue	2	98,614	111,306
Cost of goods sold ¹	4	(109,351)	(100,115)
Gross profit		(10,737)	11,191
Other operating and administration expenses	3	(8,055)	(8,849)
Share of profit of associates and joint ventures	10	1,802	2,358
Foreign exchange gain / (loss)		(366)	927
Finance income		1,067	2,734
Finance expenses	5	(5,209)	(2,183)
Depreciation and amortisation expense ¹	2	(159)	(72)
Impairment of assets		-	(1,800)
Profit / (loss) before taxation		(21,657)	4,306
Income tax (expense) / benefit		7,204	(1,419)
Profit / (loss) after taxation		(14,453)	2,887
Profit / (loss) attributable to:			
Owners of TerraCom Limited		(13,813)	3,106
Non-controlling interest		(640)	(219)
		(14,453)	2,887
Other comprehensive income:			
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		4,109	2,375
Total comprehensive income / (loss)		(10,344)	5,262
Total comprehensive income / (loss) attributable to:			
Owners of TerraCom Limited		(9,444)	5,481
Non-controlling interest		(900)	(219)
Total comprehensive income / (loss)		(10,344)	5,262
Earnings per share for profit/ (loss) attributable to the owners of TerraCom Limited			
Basic earnings per share (cents)		(1.72)	0.39
Diluted earnings per share (cents)		(1.72)	0.39

(1) Depreciation and amortisation of mining related property, plant and equipment and mining assets of \$9.8 million for the comparative period have been reclassified to cost of goods sold to align with industry practice.

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



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FOR THE 6 MONTHS ENDED 31 DECEMBER 2025

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Consolidated statement of financial position as at 31 December 2025

	31-Dec-25	30-Jun-25
Note(s)	\$'000	\$'000
ASSETS		
Current Assets		
Cash and cash equivalents	6,386	13,382
Trade and other receivables	6 16,558	24,025
Inventories	7 11,356	9,499
Current tax asset	1,715	2,549
	36,015	49,455
Non-Current Assets		
Trade and other receivables	6 1,971	2,211
Restricted cash	8 54,473	58,221
Investments accounted for using the equity method	10 83,625	77,723
Other financial assets	3,146	3,019
Property, plant and equipment	11 76,932	82,049
Deferred tax asset	6,052	1,224
Other non-current assets	8,536	12,171
	234,735	236,618
Total Assets	270,750	286,073
LIABILITIES		
Current Liabilities		
Trade and other payables	56,141	49,879
Provisions	5,970	6,544
Borrowings	12 -	747
Deferred revenue	9 20,732	19,499
Lease liabilities	1,242	1,933
	84,085	78,602
Non-Current Liabilities		
Lease liabilities	8,804	8,316
Provisions	13 61,016	59,724
Deferred revenue	9 7,562	19,804
	77,382	87,844
Total Liabilities	161,467	166,446
Net Assets	109,283	119,627



TERRACOM LIMITED

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FINANCIAL REPORT FOR THE 6 MONTHS ENDED 31 DECEMBER 2025

Consolidated statement of financial position as at 31 December 2025

	Note(s)	31-Dec-25 \$ '000	30-Jun-25 \$ '000
EQUITY			
Issued capital		376,011	376,011
Reserves		28,961	24,592
Accumulated losses		(294,231)	(280,418)
Equity Attributable to equity holders of parent		110,741	120,185
Non-controlling interest		(1,458)	(558)
Total equity		109,283	119,627

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



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FOR THE 6 MONTHS ENDED 31 DECEMBER 2025

Consolidated statement of changes in equity for the 6 months ended 31 December 2025

	Issued capital	Foreign currency translation reserve	Accumulated losses	Total Equity Attributable to the owners of TerraCom Limited	Non- controlling interest	Total equity
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Balance at 1 July 2024	376,011	21,933	(229,684)	168,260	(412)	167,848
Profit for the half-year after income tax	-	-	3,106	3,106	(219)	2,887
Other comprehensive income	-	2,375	-	2,375	-	2,375
Total comprehensive income for the 6 months	-	2,375	3,106	5,481	(219)	5,262
Dividends paid to shareholders of TerraCom Limited	-	-	(8,010)	(8,010)	-	(8,010)
Balance at 31 December 2024	376,011	24,308	(234,588)	165,731	(631)	165,100
Balance at 1 July 2025	376,011	24,592	(280,418)	120,185	(558)	119,627
Profit for the half-year after income tax	-	-	(13,813)	(13,813)	(640)	(14,453)
Other comprehensive income	-	4,369	-	4,369	(260)	4,109
Total comprehensive income for the 6 months	-	4,369	(13,813)	(9,444)	(900)	(10,344)
Dividends paid to shareholders of TerraCom Limited	-	-	-	-	-	-
Balance at 31 December 2025	376,011	28,961	(294,231)	110,741	(1,458)	109,283

The above consolidated statement of changes in equity should be read in conjunction with the notes to the consolidated financial statements.



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FINANCIAL REPORT FOR THE 6 MONTHS ENDED 31 DECEMBER 2025

Consolidated statement of cashflows for the 6 months ended 31 December 2025

Notes	31-Dec-25 \$ '000	31-Dec-24 \$ '000
Operating		
Cash receipts from customers (including GST/VAT)	90,296	152,313
Cash paid to suppliers and employees (including GST/VAT)	(100,432)	(109,417)
	(10,136)	42,896
Interest received	1,089	1,179
Interest paid	(3,139)	(1,588)
Tax refunds/(payments)	3,209	(34,428)
Net cash (used in) / from operating activities	(8,977)	8,059
Investing		
Payments for property, plant and equipment	(3,934)	(2,506)
Proceeds from sale of property, plant and equipment	-	191
Proceeds from secured deposits	3,635	4,938
Loan to associates	-	(35)
Repayment of loans by associates	785	1,378
Release of restricted cash	3,749	-
Net cash from investing activities	4,235	3,966
Financing		
Repayment of borrowings	(785)	(1,378)
Repayment of principal component of lease liabilities	(1,424)	(234)
Dividends paid to shareholders of TerraCom Limited	-	(8,010)
Net cash used in financing activities	(2,209)	(9,622)
Movement in cash	(6,951)	2,403
Opening cash at bank	13,382	8,351
Effects of foreign exchange impacting cash	(45)	180
Total cash and cash equivalents at end of the year	6,386	10,934

The consolidated statement of cash flows is to be read in conjunction with the notes to the consolidated financial statements.



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FOR THE 6 MONTHS ENDED 31 DECEMBER 2025

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Notes to Consolidated Financial Statements

1 Basis of preparation of half-year report

The financial statements cover TerraCom Limited as a consolidated entity consisting of TerraCom Limited and the entities it controlled at the end of, or during, the year. TerraCom Limited and its subsidiaries together are referred to in these financial statements as the 'Group'.

The financial statements for the half-year ended 31 December 2025 have been prepared in accordance with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001 (Cth). Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These half-year 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 reporting period.

The material accounting policies adopted are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2025.

The financial statements have been prepared on an accrual basis and are based on historical costs.

Functional Currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Australian dollars (AUD), which is TerraCom Limited's presentation currency. The functional currency of TerraCom Limited and its Australian, United Kingdom and Singapore subsidiaries is AUD, while the South African subsidiaries use South African Rand (ZAR).

Going Concern

The half-year financial statements have been prepared on the going concern basis which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

As at 31 December 2025, the Group had a net current asset deficiency of \$48.070 million (30 June 2025: \$29.147 million). For the half-year, the Group generated a loss after tax of \$14.453 million and cash outflows from operating activities of \$8.977 million.

Subsequent to the reporting period end, in January 2026, the Group completed an equity capital raising, generating net proceeds after transaction costs of \$56.266 million, which has significantly strengthened the Group's liquidity and working capital position.

The Group has prepared a cash flow forecast through to March 2027, incorporating the proceeds of the capital raising, prepay facility obligations, current market conditions, expected production levels and a cost base aligned to forecast FY26 and FY27 coal sales with a focus to ramp up production in the second half of the year to increase production to normal levels.

Based on the forecast and reasonable sensitivity analysis, the Group is expected to realise its assets and settle its liabilities in the ordinary course of business for at least 12 months from the date of this financial report, and therefore in the directors' opinion, the going concern basis of preparation remains appropriate.

Critical accounting estimates and judgments

The preparation of the half-year financial statements requires management to make estimates and judgments that affect the application of accounting policies and the reported amounts of assets and liabilities, income, and expenses. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group. Actual results may differ from these estimates.

In preparing the half-year financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the 2025 annual report.

Carrying value of mining assets

The Group assesses at the end of each reporting period whether there is any indication that a mining asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the mining assets. The recoverable amount of an individual asset, or cash generating unit is determined based on the higher of fair value less cost of disposal (FVLCD) or value in use (VIU). These calculations require the use of estimations and assumptions. Refer to Note 11 for further information.

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 new or amended Accounting Standards and Interpretations did not have a material impact to the consolidated financial statements.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. The adoption of these new or amended Accounting Standards or Interpretations will not materially impact the consolidated financial statements on adoption dates.



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Notes to the Consolidated Financial Statements

2 Operating segments

Identification of reportable operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers (CODM). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Types of products and services

The reporting segments are organised according to the nature of the activities undertaken and geographically local of the activities as outlined below:

Australia - Coal exploration and extraction activities within Australia

South Africa - Coal exploration and extraction activities in South Africa

Unallocated - Various business development and corporate support activities that are not allocated to operating segments.

Accounting policies adopted

All amounts reported to the Board of Directors, being the CODM with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the annual consolidated financial statements of the Group.

Several inter-segment transactions, receivables, payables, or loans occurred during the period, or existed at reporting date. In addition, corporate recharges were allocated to the reporting segments.

Operating segment information

	Australia	South Africa	Unallocated	Total
	\$ '000	\$ '000	\$ '000	\$ '000
2025				
Consolidated - Half-year 31 December 2025				
Revenue				
Sales to external customers	98,614	-	-	98,614
Cost of goods sold	(109,351)	-	-	(109,351)
Gross Profit / (loss)	(10,737)	-	-	(10,737)
Other operating and administration expenses	(2,864)	(390)	(4,801)	(8,055)
Share of profit / (loss) of associate	-	1,802	-	1,802
Foreign exchange gain / (loss)	(157)	-	(209)	(366)
Net finance income / (expense)	(3,568)	(344)	(230)	(4,142)
Depreciation and amortisation expense	-	-	(159)	(159)
Profit / (loss) before taxation	(17,326)	1,068	(5,399)	(21,657)
Profit / (loss) before taxation				(21,657)
Income tax benefit				7,204
Profit / (loss) after taxation				(14,453)
Consolidated - 31 December 2025				
Assets				
Segment assets	175,960	90,539	4,251	270,750
Total assets	175,960	90,539	4,251	270,750
Total assets include additions and acquisitions of non-current assets				
Property, plant and equipment	4,782	660	-	5,442
	4,782	660	-	5,442
Liabilities				
Segment liabilities	134,942	13,768	12,757	161,467
Total liabilities	134,942	13,768	12,757	161,467



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2 Operating segments (continued)

Operating segment information

2024	Australia	South Africa	Unallocated	Total
Consolidated - Half-year 31 December 2024	\$ '000	\$ '000	\$ '000	\$ '000
Revenue				
Sales to external customers	111,306	-	-	111,306
Cost of goods sold	(99,813)	(302)	-	(100,115)
Gross Profit / (loss)	11,493	(302)	-	11,191
Other operating and administration expenses	(3,455)	(2,109)	(3,285)	(8,849)
Share of profit / (loss) of associate	-	2,358	-	2,358
Foreign exchange gain / (loss)	855	-	72	927
Net finance income / (expense)	2,008	(422)	(1,035)	551
Depreciation and amortisation expense	-	(12)	(60)	(72)
Impairment of assets	(1,800)	-	-	(1,800)
Profit / (loss) before taxation	9,101	(487)	(4,308)	4,306
Profit before taxation				4,306
Income tax expense				(1,419)
Profit / (loss) after taxation				2,887
Consolidated - 30 June 2025				
Assets				
Segment assets	191,166	81,481	13,426	286,073
Total assets	191,166	81,481	13,426	286,073
Total assets include additions and acquisitions of non-current assets				
Property, plant and equipment	15,491	-	-	15,491
	15,491	-	-	15,491
Liabilities				
Segment liabilities	138,056	12,411	15,979	166,446
Total liabilities	138,056	12,411	15,979	166,446

2 Operating segments

Major customers

	Half-Year 31-Dec-25		Half-Year 31-Dec-24	
	\$ '000	%	\$ '000	%
Major customers				
Customer A ²	43,644	44%	60,010	54%
Customer B ²	36,299	37%	28,745	26%
Other customers	18,671	19%	22,551	20%
	98,614	100%	111,306	100%

(2) Customers have not been identified for commercial and contractual reasons.

Revenue from coal sales is recognised at a point in time when control of the product transfers to the customer.

3 Other operating and administration expenses

	31-Dec-25 \$ '000	31-Dec-24 \$ '000
Other operating and administration expenses	3,964	4,271
Consultant and professional fees	2,129	2,761
Employee benefits excluding superannuation expense	1,785	1,663
Superannuation expense	177	154
	8,055	8,849



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4 Cost of goods sold

	31-Dec-25 \$ '000	31-Dec-24 \$ '000
Mining and processing	60,740	49,422
Selling and marketing	2,490	2,586
Other operating expenses	35,871	37,955
Depreciation and amortization- PPE and mining assets	10,250	10,152
	109,351	100,115

5 Finance expenses

	31-Dec-25 \$ '000	31-Dec-24 \$ '000
Interest expense on interest bearing loans	22	206
Other interest and finance expenses ³	5,187	1,977
	5,209	2,183

(3) The increase in other interest and finance expenses is primarily attributable to interest incurred on the coal prepayment facilities.

6 Trade and other receivables

	31-Dec-25 \$ '000	30-Jun-25 \$ '000
Split between current and non-current portions:		
Current		
Trade receivables	11,390	16,500
Loan receivables – related parties ⁴	-	747
Prepayment	1,762	5,927
Other receivables	3,406	851
Total trade and other receivables - current	16,558	24,025
Non-Current		
Long service leave receivable	1,971	2,211
Total trade and other receivables – non-current	1,971	2,211
Total trade and other receivables	18,529	26,236

(4) In the current period, this loan was extinguished (refer to Note 12); accordingly, the corresponding receivable was also derecognised.

7 Inventories

	31-Dec-25 \$ '000	30-Jun-25 \$ '000
Coal Stock	4,771	2,432
Consumables and stores	6,585	7,067
	11,356	9,499

At 31 December 2025, the coal stockpile inventory was measured at net realisable value, as the cost per tonne exceeded net realisable value due to logistical constraints. This resulted in a write-down of \$2.331 million, which has been recognised in profit or loss for the period



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8 Restricted Cash

	31-Dec-25 \$ '000	30-Jun-25 \$ '000
Bank deposit	32	30
Security deposit	54,441	58,191
	54,473	58,221

The secured deposit relates to the cash pledged as security for the issuance of an insurance bond to satisfy the financial assurance requirements with the Queensland Government Department of Environment and Science for the Blair Athol Coal Mine Environmental Authority. The security deposit is held by Westpac, which at reporting date was bearing an interest rate of 4.21% per annum.

A portion of the security deposit was refunded during the half-year following the Queensland Government's revised ERC decision for Blair Athol. The updated assessment reduced the required financial assurance, which in turn lowered the surety obligation held with Westpac. The reduction in restricted cash reflects this adjustment to the underlying surety bond requirement.

9 Deferred revenue

	31-Dec-25 \$ '000	30-Jun-25 \$ '000
Current deferred revenue	20,732	19,499
Non-current deferred revenue	7,562	19,804
	28,294	39,303

Deferred revenue relates to prepayments received in advance for coal sales, resulting in unearned revenue of \$28.294 million. These amounts are recorded as a liability until the related goods are delivered or the performance obligations are fulfilled, at which point the revenue will be recognised in accordance with applicable accounting standards.

10 Investment in associates and joint ventures

Investments account for using the equity method

	31-Dec-25 \$ '000	30-Jun-25 \$ '000
<i>Non-current assets</i>		
Investment in associates and joint ventures	83,625	77,723

Reconciliation

Reconciliation of the carrying amounts at the beginning and end of the current and previous financial year are set out below:

Carrying amount at beginning of financial year	77,723
Share of profit/(loss)	1,802
Effect of foreign exchange	4,100
Closing carrying amount	83,625

Associate/Joint Venture	Ownership (%)	Carrying Amount (\$'000) as at 31 Dec 2025	Share of Profit/(Loss) (\$'000) for the 6 months ended 31 Dec 2025	Contribution to NPAT (\$'000) for the 6 months ended 31 Dec 2025
North Block Complex (Pty) Ltd	49%	30,780	771	771
Berenice	50%	5,160	-	-
Cygnus	50%	1,064	-	-
Eloff & New Clydesdale Colliery	49%	46,565	1,031	1,031
Ubuntu	49%	-	-	-
UCD 8	49%	56	-	-
		83,625	1,802	1,802

Associate/Joint Venture	Ownership (%)	Carrying Amount (\$'000) as at 30 June 2025	Share of Profit/(Loss) (\$'000) for the 6 months ended 31 Dec 2024	Contribution to NPAT (\$'000) for the 6 months ended 31 Dec 2024
North Block Complex (Pty) Ltd	49%	28,540	5,293	5,293
Berenice	50%	4,846	(5)	(5)
Cygnus	50%	974	(2)	(2)
Eloff & New Clydesdale Colliery	49%	43,310	(2,928)	(2,928)
Ubuntu	49%	-	-	-
UCD 8	49%	53	-	-
		77,723	2,358	2,358



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Notes to the Consolidated Financial Statements

10 Investment in associates and joint ventures (continued)

For the Group's investment in the New Clydesdale Colliery (NCC), management identified impairment indicators during the half-year ended 31 December 2025. These indicators included:

- failing to meet budgeted forecasts
- changes in the toll-washing arrangements

Given the presence of these indicators, the Group reassessed whether the carrying amount of the CGU remained supported. Management considered NCC's operational and financial performance during the period, noting that outcomes were broadly consistent with the assumptions adopted in the detailed value-in-use model prepared at 30 June 2025. Production volumes, and cost profiles continued in line with expectations, with no adverse changes to expected future cash flows.

The value-in-use calculation incorporated the following key assumptions:

- Commodity prices: Based on forecast thermal coal price indices and contracted domestic and export sales volumes.
- Production volumes: Based on Board-approved mine plans and reserve estimates.
- Operating costs: Based on current budgets and mine plans, reflecting expected cost profiles over the life-of-mine.
- Discount rate: Based on a pre-tax discount rate, reflecting the higher end of comparable, locally and industry-relevant pre-tax discount rates.
- Life-of-mine: Based on approved mine plans and estimated economically recoverable reserves.

Management determined that the recoverable amount of the CGU exceeded its carrying amount following the assessment, and accordingly no impairment was recognised for the half-year ended 31 December 2025 (30 June 2025: impairment of \$6.807 million).

The below movements in assumptions, in isolation, would not result in the recoverable amount of the CGU falling below its carrying value:

- A 3% decrease in forecast coal price assumptions
- No toll-washing revenue included in the cash flow model

11 Property, plant and equipment

	31-Dec-25 \$ '000	30-Jun-25 \$ '000
Property, plant and equipment	76,932	82,049

Reconciliation of property, plant and equipment 31 December 2025

	Opening balance \$ '000	Additions \$ '000	Disposals \$ '000	Transfers \$ '000	Derecognit- ion \$ '000	Change in estimate \$ '000	Exchange differences \$ '000	Depreciation \$ '000	Closing balance \$ '000
Land and buildings	6,330	-	-	-	-	-	-	-	6,330
Plant and equipment	25,873	660	-	-	(4)	-	2	(4,578)	21,953
Mine development	36,872	-	-	-	-	-	-	(5,099)	31,773
Right-of-use assets – plant & equipment	10,666	799	-	-	-	-	-	(846)	10,619
Capital – work in progress	2,308	3,983	-	-	(49)	-	15	-	6,257
	82,049	5,442	-	-	(53)	-	17	(10,523)	76,932



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Notes to the Consolidated Financial Statements

11 Property, plant and equipment (continued)

Impairment

At each reporting period, the Company assesses whether there are indicators of impairment or impairment reversal with respect to its mining assets. When indicators of impairment or impairment reversal are identified, impairment testing is performed to determine their recoverable amount. If the carrying value of the assets exceeds this recoverable amount, an impairment loss is charged to the consolidated statement of profit or loss with a corresponding reduction in the asset value. If the recoverable amount exceeds the carrying value for an asset which was previously impaired a partial or full reversal is recorded.

In the event that impairment testing is required for mining assets, the expected future cash flows are based on several factors, variables and assumptions. In most cases, the present value of future cash flows is most sensitive to estimates of future commodity prices, foreign exchange rates and discount rates. For the BA impairment assessment, the recoverable amount was determined using a value-in-use methodology, consistent with the requirements of AASB 136. The value-in-use calculation is based on estimates of economically recoverable coal reserves, forecast production profiles, commodity price assumptions, operating costs, future development capital required to access the reserves, and value attributable to additional resource and exploration opportunities based on the mine plan.

Based on this assessment, the recoverable amount provides sufficient headroom, and a reasonably possible change in the key assumptions would not result in an impairment.

Future commodity prices are based on the Group's best estimate of future market prices with reference to external market analysts' forecasts, current spot prices and forward curves. The Group's coal price forecasts include the expected impact of climate change and potential policy responses as one of the many factors that can affect long term scenarios. The Group's independent research into forecast coal consumption suggests that the global demand for the Group's products will continue over the life of the respective assets. Future commodity prices are reviewed at least annually. Where volumes are contracted, future prices are based on the contracted price.

For the Australian CGU, management identified impairment indicators during the half-year ended 31 December 2025. These indicators included:

- lower thermal coal prices compared to prior periods
- supply chain disruptions affecting production and sales timing

As a result, the Group performed an impairment assessment of the carrying amount of the CGU.

The recoverable amount was determined using the value-in-use method, based on the present value of estimated future cash flows expected to be generated from the CGU over its remaining life-of-mine.

The value-in-use calculation incorporated the following key assumptions:

- Commodity prices: Based on forecast thermal coal price indices and contracted domestic and export sales volumes.
- Production volumes: Based on Board-approved mine plans and reserve estimates.
- Operating costs: Based on current budgets and mine plans, reflecting expected cost profiles over the life-of-mine.
- Discount rate: A post tax nominal discount rate derived using the Group's weighted average cost of capital methodology, adjusted for risks not already reflected in the underlying cash flows.
- Life-of-mine: Based on approved mine plans and estimated economically recoverable reserves.

Based on this assessment, the recoverable amount is higher than the carrying value and hence, no impairment was recognised for the half-year ended 31 December 2025 (30 June 2025: NIL).

The below movements in key assumptions, in isolation, would not result in the recoverable amount of the CGU falling below its carrying value:

- A 10% decrease in forecast coal price assumptions
- A 10% reduction in forecast production volumes

12 Borrowings

Current borrowings

Standard Bank of South Africa facilities

	31-Dec-25 \$ '000	30-Jun-25 \$ '000
	-	747

13 Provisions

Current provision

Annual leave
 Long service leave

	31-Dec-25 \$ '000	30-Jun-25 \$ '000
	3,992	4,333
	1,978	2,211
	5,970	6,544

Non-current provision

Rehabilitation

	61,016	59,724
	61,016	59,724

Total Provisions

	66,986	66,268
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Notes to the Consolidated Financial Statements

13 Provisions (continued)

	30-Jun-25	Change in estimate	Unwinding of discount	Rehabilitation	Exchange differences	31-Dec-25
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Mine rehabilitation and closure	59,724	81	986	(21)	246	61,016

The rehabilitation provision represents the present value of rehabilitation costs relating to mine sites, which are expected to be incurred over the life of the estimated life of the mine (up to 25 years), which is when the producing mine properties are expected to cease operations. These provisions have been calculated based on the Group's internal estimates. Assumptions based on the current economic environment have been made, which management believes are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to consider any material changes to the assumptions. However, actual rehabilitation costs will ultimately depend upon future market prices for the necessary rehabilitation work required that will reflect market conditions at the relevant time. Furthermore, the timing of rehabilitation is likely to depend on when the mines cease to produce at economically viable rates.

14 Related Parties

Related party balances

Receivables:

	31-Dec-25	30-Jun-25
North Block Complex (Pty) Ltd loan payable to UCEHSA	-	174,039
Universal Coal Development IV (Pty) Ltd loan payable to UCEHSA	-	572,827

Payables:

Trade payables to Lewis Mining Consulting - Glen Lewis	14,583	14,667
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Related party transactions

Minority shareholder related parties in South Africa

	31-Dec-25	31-Dec-24
Interest earned from North Block Complex (Pty) Ltd	4,969	46,933
Interest earned from Universal Coal Development IV (Pty) Ltd	16,355	154,475

Directors with TerraCom or controlled subsidiaries of the Group

Services from Lewis Mining Consulting (director fees) - Glen Lewis	87,500	80,000
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Loan Receivable

The loan receivable amounts owing from NBC and NCC consist of an amount relating to the Standard Bank borrowings in the name of UCEHSA, which has been on-lent to the associates. The facility is secured against the assets of the associates. These on-lent amounts were fully settled during the current half-year (refer to Note 12).

Lewis Mining Consulting (Lewis Mining)

The payments made by the Company to Lewis Mining are for the services of Mr. Glen Lewis acting as Non-Executive Director (appointed 23 December 2019) and for additional advisory services. The amount payable to Lewis Mining on 31 December 2025 is \$14,583 (30 June 2025: \$14,667).

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

15 Contingent liabilities

The Group had no contingent liabilities at 31 December 2025.

16 Events after the reporting period

On 23 December 2025, TerraCom announced a partially underwritten 1.25 for 1 (equivalent to 5 for 4) renounceable rights entitlement offer of new shares at an offer price of A\$0.06 per share to eligible shareholders to raise gross proceeds of up to approximately A\$60 million.

The equity raising was undertaken to address outstanding operational and statutory creditor obligations, strengthen liquidity, and provide general working capital.

Subsequent to the reporting period end, on 27 January 2026, the Group completed the equity capital raising, issuing approximately 1 billion of new securities and generating net proceeds after transaction costs of \$56.266 million, which has significantly strengthened the Group's liquidity and working capital position.

On 24 February 2026, the Company announced the completion of a placement allocation, issuing 19.3m fully paid ordinary shares at \$0.06 for \$1.157m.



Directors' Declaration

In accordance with a resolution of the directors of TerraCom Limited, I state that in the opinion of the directors:

- (a) the financial statements and notes of the Company and its subsidiaries (collectively the Group) are in accordance with the Corporations Act 2001 (Cth), including
 - (i) giving a true and fair view of the Group's financial position and of its performance for the half-year ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable

On behalf of the Directors

Mark Lochtenberg
Non-Executive Chairman

Sydney
27 February 2026

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of TerraCom Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of TerraCom Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2025, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, material accounting policy information and other explanatory information, 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 accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- i. Giving a true and fair view of the Group's financial position as at 31 December 2025 and of its financial performance for the half-year ended on that date; and
- ii. 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*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the 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 the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the directors for the 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 responsibility for the review of the 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 2025 and its financial 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.

BDO Audit Pty Ltd



R M Swaby
Director

Brisbane, 27 February 2026