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ASX Announcement
28 February 2025

Magontec delivers 2024 Gross Profit of $10.8m, Net Tangible Assets** rise to 81 Cents Per Share based on the 31 December 2024 accounts adjusted for the cancellation of QSLM's 28.5% shareholding on 5 February 2025

Magontec Limited (ASX: MGL, 'Magontec,' 'the Group'), a global manufacturer of specialist magnesium products, today announced its financial results for the year ended 31 December 2024. Reported EBITDA from Continuing Businesses was a loss of ($2.7 million), whilst the loss from Discontinued Operations included $3.5 million of non-cash impairment losses from the termination of the Group's Magontec Qinghai Project.

As of 31 December 2024, the Group had a $5.5m net cash position and shareholders saw an uplift of 40% in net tangible assets per share to 81 cents per share based on the 31 December 2024 accounts following the cancellation of QSLM's 28.5% shareholder for zero cash consideration as contemplated and approved at the EGM on 5 February 2025.

Highlights

- **Net tangible assets 58 cents per share as of 31 December 2024, rising to 81 cents per share based on the 31 December 2024 balance sheet following the 5 February 2025 share buyback and cancellation.**
- **Net cash of $5.5 million as of 31 December 2024**
- **In 2024 Magontec withdrew from its Qinghai magnesium alloy cast project following the termination of agreements by its partner company.**
- **2024 earnings reflect weaker markets among key customer groups in automotive and home building**

Key Financial Highlights '$000 unless specified	12 months to 31 Dec 24	12 months to 31 Dec 23
Net tangible assets and dividends		
- Net Tangible Assets per share (cents)	58	68
- Net Tangible Assets per share (cents) post QSLM share cancellation	81	95
- Dividend per share (cents) – unfranked	-	1.2
Borrowings		
- Net debt/(net cash)	(5,486)	(8,717)
- Net debt to net debt + equity (%)	(12.2%)	(18.2%)
Gross Profit	10,762	19,224
Gross Profit Margin (%)	*14.9%*	*18.8%*
Reported EBITDA (Continuing Businesses)	(2,740)	3,854
Underlying NPAT* (Continuing Businesses)	(5,098)	958

** Underlying NPAT is defined as Reported Net Profit After Tax Excluding unrealised FX gains and losses*
***Net tangible assets (NTA) as referred to in this document = net assets excluding intangible assets and right of use assets*

Executive Chair commentary

Mr Nicholas Andrews, Executive Chair, said "FY24 was a difficult year with demand for Magontec's key activities under pressure from slower economic growth, particularly in the key automotive sector in Europe and home building industries in all global markets. Volumes in all manufacturing activities were lower than in previous years, impacting margins and profitability.

In July 2024 the Group was forced to abandon its magnesium alloy cast house project in Qinghai. Management had been focussed on bringing this new business online for the best part of a decade. Magontec fulfilled all its obligations under the agreements with the Qinghai Salt Lake Magnesium Co Ltd (QSLM) some years ago. Extracting Magontec from its engagement with this Chinese SOE was not a simple matter. As shareholders will have noted from previous announcements the Board took the decision to exchange its Qinghai assets for the shares in Magontec owned by QSLM. On 5 February 2025 at an EGM, shareholders resolved to buyback Magontec shares held by QSLM and to cancel them. This resulted in all remaining shareholders gaining a 40% uplift in company ownership.

Management and the Board are in the process of undertaking a wholesale review of Magontec's assets and activities and will present a revised strategic plan to shareholders later this year. The Group has high quality assets in magnesium alloy recycling in Europe and in its global CCP (cathodic corrosion protection) manufacturing base and is well placed to pivot to a new strategy. Magontec has a deep understanding of the global magnesium and CCP industries, high quality production assets, a highly experienced management and operating team in this niche industry, and a balance sheet that has net cash of $5.5 million as of 31 December 2024.

Outlook

One of the most challenging aspects of 2024 was the steady deterioration in demand and prices. As the interest rate cycle in Europe and the USA turns towards a more accommodative setting and China seeks to further revitalise growth in its domestic economy, a recovery in volumes and prices should follow. This process can lag headline indicators as inventories that have been built over the last few years are wound down.

We are in the process of putting in place relationships and agreements that will replicate the activities that the Group had anticipated at Qinghai, and we expect volumes from these actions to help us boost output from our key European recycling activities.

Management recognises that the current share price discount to net asset backing per share is significant (NTA was 81 cents per share of 5 February 2025 based on the 31 December 2024 balance sheet position). In our strategic review we will address that issue and develop a plan that seeks to better reflect underlying value in the Group's share price."

ENDS

Nicholas Andrews, Executive Chairman of Magontec Limited has authorised the release of this document to the market on 28 February 2025. To view the 2024 Magontec Limited Annual Report and for more information on Magontec Limited please visit our website at www.magontec.com

APPENDIX – FINANCIAL SUMMARY DATA

Income Statement and Cashflow Overview		
A$000	12 months to 31-Dec-24	12 months to 31-Dec-23
Revenue	**72,189**	**102,357**
Cost of Sales	(61,427)	(83,133)
Gross Profit	**10,762**	**19,224**
Gross Profit margin (%)	*14.9%*	*18.8%*
Other income	830	2,682
Other operating expenses*	(13,544)	(14,965)
EBITDA excluding impairment expense	**(1,952)**	**6,941**
Impairment - inventory, fixed assets, bad debts	(4,283)	(1,471)
EBITDA	**(6,235)**	**5,470**
Depreciation and amortisation	(2,752)	(2,990)
EBIT	**(8,987)**	**2,480**
Interest	(352)	(495)
Tax	(179)	(1,519)
Reported Net Profit After Tax	**(9,517)**	**466**
Add back unrealised FX losses	89	1,280
Adjusted NPAT	**(9,428)**	**1,746**

**In 2024, other operating expenses included the add back of $2.1m of D&A contained in Cost of Sales (2023: $2.3m)*

Magontec Limited Market Information following cancellation of QSLM shares

ASX Code: MGL	Total	Per Share
Ordinary shares on issue 28 Feb 2025	56,961,826	
Book value of net assets – 31 December 2024	**$50.0 million**	**87.8c per share**
Market capitalisation[1]	**$12.0 million**	**21.0c per share**

[1] Based on closing share price of 21 cents as at 25 February 2025

APPENDIX – FINANCIAL SUMMARY SEGMENT DATA

2024 Segment P&L by Region				
	2024	2024	2024	2024
$000	EUR	PRC	HO	Total
Gross Profit	**9,318**	**1,444**	**-**	**10,762**
Other Income	267	561	2	830
Impairment	(801)	(3,482)	-	(4,283)
Operating expense	(9,415)	(3,455)	(2,923)	(15,794)
FX	835	(354)	(311)	170
Add back D&A in Cost of Sales	1,190	890	-	2,080
EBITDA	**1,394**	**(4,397)**	**(3,231)**	**(6,235)**
Depreciation and amortisation	(1,747)	(962)	(43)	(2,752)
EBIT	**(354)**	**(5,359)**	**(3,274)**	**(8,987)**
Interest	(295)	(44)	(13)	(352)
Tax	123	(302)	-	(179)
Net profit after tax	**(525)**	**(5,706)**	**(3,286)**	**(9,517)**

2023 Segment P&L by Region				
	2023	2023	2023	2023
$000	EUR	PRC	HO	Total
Gross Profit	**16,018**	**3,206**	**-**	**19,224**
Other Income	1,777	902	3	2,682
Impairment	(1,270)	(200)	(1)	(1,471)
Operating expense	(10,456)	(3,422)	(2,575)	(16,452)
FX	(457)	(274)	(42)	(772)
Add back D&A in Cost of Sales	1,098	1,162	-	2,260
EBITDA	**6,710**	**1,375**	**(2,615)**	**5,470**
Depreciation and amortisation	(1,779)	(1,211)	-	(2,990)
EBIT	**4,931**	**163**	**(2,615)**	**2,480**
Interest	(319)	(176)	-	(495)
Tax	(1,506)	(13)	-	(1,519)
Net profit after tax	**3,106**	**(25)**	**(2,615)**	**466**