MAGONTEC Limited
ABN 51 010 441 666

Registered office
Suite 2.01, 139 Macquarie Street
Sydney NSW 2000
T: +61 2 8084 7813

ASX Announcement
29 August 2025

Magontec delivers Interim 2025 Gross Profit of $5.25m, Net Assets rise to 84 Cents Per Share based on the 30 June 2025 accounts following the cancellation of QSLM's 28.5% shareholding

Magontec Limited (ASX: MGL, 'Magontec,' 'the Group'), a global manufacturer of specialist magnesium products, today announced Interim financial results for the six months ended 30 June 2025.

Underlying NPAT* was a loss of ($2.25 million). However, Magontec's balance sheet remains in a strong position with net cash of $0.6m (borrowings less cash on hand) as of 30 June 2025.

Highlights

- **Net assets have doubled to 84 cents per share as of 30 June 2025 since 2020, following the 5 February 2025 share buyback and cancellation**
- **Net cash position of $0.6 million as of 30 June 2025**
- **1H25 Gross Profit Margin increased to 17.8% v 14.7% in the PCP**
- **1H25 Anodes Gross Profit up 28% over the PCP**

Key Financial Highlights '$000 unless specified	As at 30 Jun 25	As at 31 Dec 24
Net assets and balance sheet		
- Net Assets per share (cents)	84	63
- Net Debt / (Net Cash)	(552)	(5,486)
- Net debt to net debt + equity (%)	(1.2%)	(12.3%)

	6 months to 30 Jun 25	6 months to 30 Jun 24
Earnings and Cashflow		
Anodes Segment Gross Profit	6,065	4,737
Metals Segment Gross Profit	(815)	1,330
Gross Profit	5,250	6,067
Gross Profit Margin (%)	*17.8%*	*14.7%*
Reported EBITDA excluding unrealised FX and impairment	(1,413)	821
Underlying NPAT*	(2,250)	(4,937)
Underlying NPAT* excluding impairment	(2,263)	(1,250)

** Underlying NPAT is defined as Reported Net Profit After Tax Excluding unrealised FX gains and losses*
***Underlying Operating Cashflow = Operating Cashflow excluding working capital movements, interest and tax paid*

Executive Chairman commentary

Mr Nicholas Andrews, Executive Chairman, said “In the first six months of 2025, Magontec’s anode businesses have posted solid improvements with higher volumes and better margins for both magnesium and electronic products. In the metals business the Group’s European assets, magnesium alloy recycling plants in Germany and Romania, have experienced a challenging period with volumes lower than anticipated while specialist metals products have performed well.

The Group’s overall Gross Profit margin rose to 17.8% reflecting stronger performances from the higher margin anode and specialist metals activities. The metals business had a particularly challenging first quarter when volumes fell to lower levels. Production volumes recovered through the second quarter and are expected to sustain higher levels in the second half of 2025.

In the electronic anode markets, where Magontec has a leading product that it sells into Europe and North America, there has been a sharp recovery in demand. These sophisticated Impressed Current Anode Systems (‘electronic anodes’) are a critical element for heat pump hot water systems that are rapidly growing domestic and industrial appliance market shares as businesses and homeowners switch from oil, gas and electrical appliances to low energy heat pump systems. To date there has been no restoration of government subsidies for these devices in Europe. This was a common feature of the heat pump appliance industry until 2023. Despite the absence of subsidies, the growth in heat pump applications has recovered strongly in 2025. According to the German trade association BDH, sales of all types of heat pumps in Europe’s largest market rose by 55% in the 6-month period to 30 June 2025.

Magontec’s Mg anode businesses have experienced an improving trend through the first half of 2025, ahead of the prior half and in line with the previous corresponding period. As European home construction activity recovers in the major economies, and appliance replacement activity picks up in a declining interest rate environment, we have seen rising customer inventories and improving sales volumes.

Restoring primary Mg alloy material flows and reviving the Group’s two Mg alloy recycling businesses are the keys to restoring profitability across the Magontec portfolio of assets. Hitherto our recycling business strategy has been based on the flow of primary Mg alloy from our own operations in China to European die casting customers. Scrap generated through the die casting process, at rates of 40% to 50%, is the feedstock for Magontec’s high volume recycling operations in Germany and Romania. Withdrawal from the Qinghai project and the cessation of alternative primary Mg alloy production elsewhere in China in recent years is the underlying cause of our current metals business challenge.

In the first half of 2025 Magontec established new supply relationships with primary Mg alloy manufacturers in China (where more than 90% of globally traded Mg alloys are manufactured). As the owner of two of Europe’s four large Mg alloy recycling plants in the prime locations of western Romania and the industrial heartland of North-Rhine Westphalia in Germany, Magontec has a unique distribution and recycling offering for its new Chinese partners.

Through 2025 and into 2026 those supply partnerships will be further developed and help to revive the flow of primary metal that is central to the profitability of Magontec’s recycling plants and the downstream supply of secondary Mg alloys to European and North American customers.

Outlook

Through the second half of 2025 it is likely that the improving trend of the second quarter will continue. Magontec took a severe blow from the loss of its Qinghai businesses and has had to devise a new strategy to address a critical shortfall in the Mg alloy recycling supply chain for its key European assets. In the current period we continue to build on the progress of the first half and will seek to further raise volumes of primary Mg alloys from our new relationships in China to revive European Mg alloy recycling profits.

Elsewhere we have invested substantial sums in automation initiatives in both Mg alloy recycling and Mg anode manufacturing activities that will improve efficiencies and lower critical costs.

As we resolve the challenges in our high-volume Mg alloy recycling businesses, we expect the anode and specialist metals activities to continue to generate profits, sustain an improving cash flow position and make a strong contribution to a return to group wide profitability in FY 2026.

ENDS

Nicholas Andrews, Executive Chairman of Magontec Limited has authorised the release of this document to the market on 29 August 2025. To view the 2025 Magontec Limited Half Year 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	**6 months to 30-Jun-25**	**6 months to 30-Jun-24**
Revenue	**29,470**	**41,411**
Cost of Sales	(24,220)	(35,344)
Gross Profit	**5,250**	**6,067**
Gross Profit margin (%)	*17.8%*	*14.7%*
Other income	375	734
FX	(1,675)	24
Other operating expenses*	(7,072)	(6,317)
EBITDA excluding impairment expense	**(3,122)**	**508**
Impairment - inventory, fixed assets, bad debts	14	(3,687)
EBITDA	**(3,108)**	**(3,179)**
Depreciation and amortisation	(1,088)	(1,456)
EBIT	**(4,196)**	**(4,635)**
Interest	(180)	(182)
Tax	356	(434)
Reported Net Profit After Tax	**(3,958)**	**(5,250)**
Add back unrealised FX losses	1,708	313
Adjusted NPAT	**(2,250)**	**(4,937)**

In 1H25, other operating expenses included the add back of $0.7m of D&A contained in Cost of Sales (1H24: $1.1m)

Magontec Limited Market Information following cancellation of QSLM shares

ASX Code: MGL	Total	Per Share
Ordinary shares on issue 30 June 2025	56,961,826	
Book value of net assets – 30 June 2025	**$48.1 million**	**84.4c per share**
Market capitalisation[1]	**$14.0 million**	**24.5c per share**

[1] Based on closing share price of 24.5 cents as at 27 August 2025

APPENDIX – FINANCIAL SUMMARY SEGMENT DATA

1H25 Segment P&L by Region				
	1H25	1H25	1H25	1H25
$000	**EUR**	**PRC**	**HO**	**Total**
Gross Profit	**4,468**	**782**	**-**	**5,250**
Other Income	90	260	25	375
Impairment	14	-	-	14
Operating expense	(5,152)	(1,325)	(1,336)	(7,813)
FX	(1,921)	207	39	(1,675)
Add back D&A in Cost of Sales	501	240	-	741
EBITDA	**(2,000)**	**164**	**(1,272)**	**(3,108)**
Depreciation and amortisation	(789)	(256)	(43)	(1,088)
EBIT	**(2,789)**	**(92)**	**(1,315)**	**(4,196)**
Interest	(167)	-	(13)	(180)
Tax	296	122	-	418
Net profit after tax	**(2,660)**	**30**	**(1,328)**	**(3,958)**

1H24 Segment P&L by Region				
	1H24	1H24	1H24	1H24
$000	**EUR**	**PRC**	**HO**	**Total**
Gross Profit	**5,259**	**808**	**-**	**6,067**
Other Income	181	553	0	734
Impairment	(35)	(3,652)	-	(3,687)
Operating expense	(4,691)	(1,488)	(1,269)	(7,448)
FX	319	(331)	36	24
Add back D&A in Cost of Sales	528	604	-	1,132
EBITDA	**1,560**	**(3,506)**	**(1,233)**	**(3,179)**
Depreciation and amortisation	(827)	(629)	-	(1,456)
EBIT	**733**	**(4,135)**	**(1,233)**	**(4,635)**
Interest	(146)	(36)	-	(182)
Tax	(239)	(195)	-	(434)
Net profit after tax	**349**	**(4,366)**	**(1,233)**	**(5,250)**