

MAGONTEC

ACN 010 441 666

MAGONTEC LIMITED

Annual Report

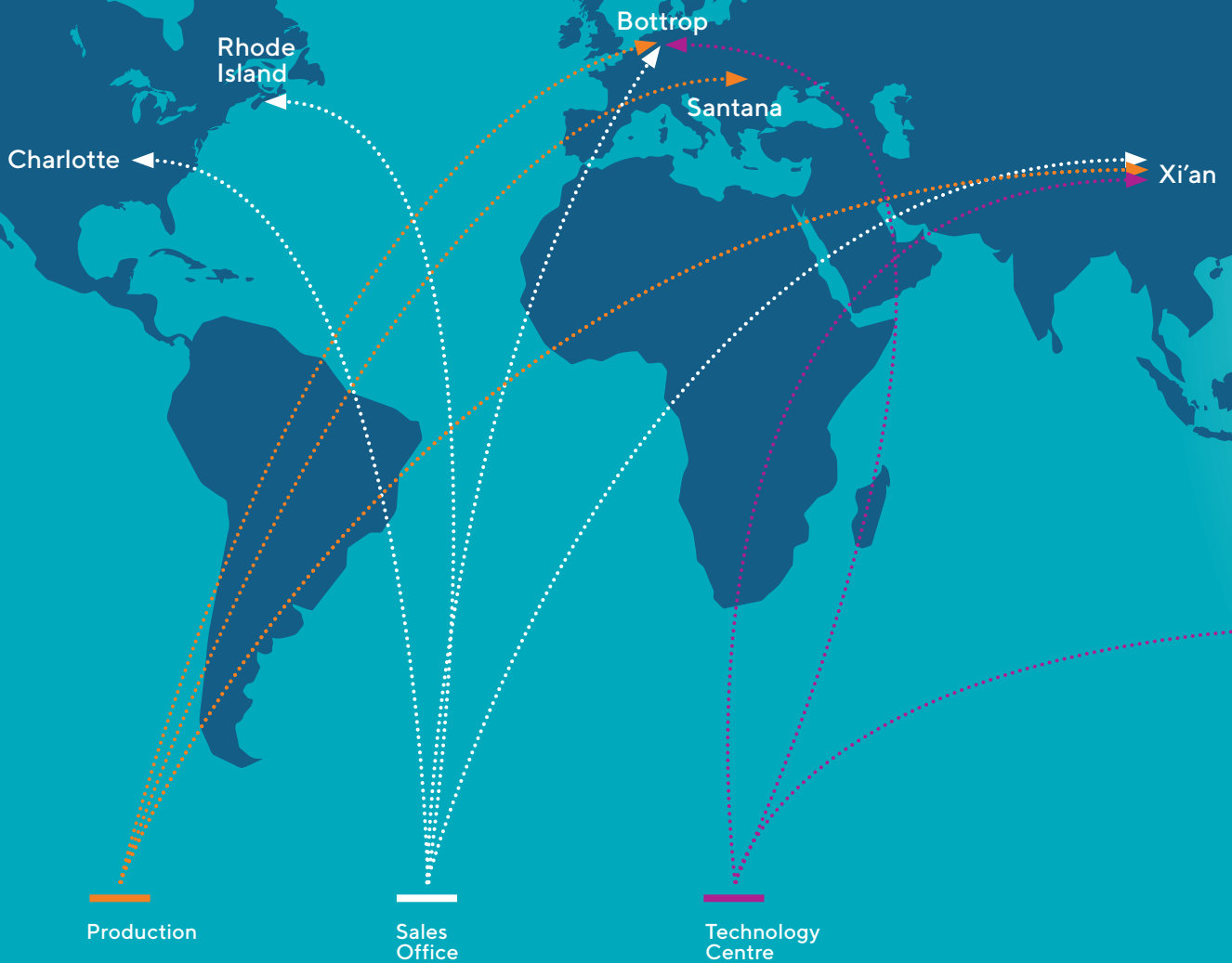
2025

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Global Locations and Activities

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MAG ONTEC

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Authorisation:

Nicholas Andrews, Executive Chair of Magontec Limited has authorised the release of this document to the ASX on 24 February 2026.

A summary of the Group's corporate governance practices including the Corporate Governance Statement discussing adherence to the Australian Securities Exchange's Fourth Edition "Corporate Governance Principles and Recommendations" can be located at www.magontec.com under the Investor Centre section.

Headquarters

Executive Chairman's Letter

Nicholas Andrews



Over the 12 months under review, Magontec experienced growing earnings momentum in its CCP/Anodes businesses and a reversal in profitability in its Metals business.

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Despite the earnings challenges in the Metals business, which overwhelmed the contribution of the CCP/Anodes business, Magontec retains a strong balance sheet. Net Assets of \$46.7 million equate to 82 cents per share, up 30.7% over the prior corresponding period.

In the first half of 2025, the Group completed its exit from the Qinghai project, negotiating a settlement with the Qinghai Salt Lake Magnesium Co Ltd (QSLM) that bought back and cancelled their 28.5% shareholding in the Group in return for Magontec's now stranded cast house assets at the Golmud, Qinghai site.

The cancellation of the QSLM shares reduced issued capital from 79.6 million shares on issue to 56.9 million shares and increased Net Assets per share by 30.7% from 63 cents at 31 December 2024 to 82 cents at 31 December 2025.

In the CCP/Anodes report we discuss in more detail the revamp of our electronic anode product that has been a key driver of Magontec earnings in 2025. This high-end product, where Magontec is a leading supplier to global water heater OEMs, has been refreshed with a more sophisticated series of devices that offer a higher level of analytical output and ease of use.

We expect sales of these new CCP devices to grow through 2026 and in the years ahead as the world increasingly shifts to more complex electrical devices, including 'heat pump' water heaters, and as the virtues of long-lasting electronic anode products become better appreciated in the OEM and replacement markets.

Magontec's magnesium anode manufacturing activities in China and Europe have also generated higher earnings in 2025 as customers rebuilt inventories and consumer demand for new appliances rose modestly over the prior year. Gross profit for these anode types was up 52% on the prior year. In both magnesium anode manufacturing operations, there has been renewed attention to cost saving and automation targeting improved competitiveness. In this more commodity-oriented product, competitive forces have been elevated in the last 24 months,

particularly in China. While these pressures have not lessened significantly in 2025, the strength of the Magontec brand and the breadth of the service that our businesses offer to water heater appliance manufacturers, have allowed Magontec to grow overall magnesium anode volumes over the last 12 months by nearly 10%.

In the Metals business management is developing a new strategy to restructure and revitalise its European magnesium metals activities. This business has two earnings streams: the production of specialist magnesium metals for the aerospace industry in Europe and North America and the production and sale of generic magnesium alloys through the recycling of scrap sourced largely from Europe. The former business continues to grow and be profitable while volumes of generic alloys in the recycling business have been lower than the average over the last 10 years and have generated the operating losses that are reflected in this Annual Report. There are specific reasons for these volume declines that are directly related to our 2024 exit from the Qinghai primary magnesium alloy project.

Magontec's principal metals activity is now the recycling of magnesium alloy scrap generated from die casters in Europe where the Group's two recycling plants are located. European die casters, our customers, receive primary magnesium alloys from Chinese manufacturers and often return the scrap (up to 50% of the volume they receive) to recycling facilities associated with the material supplier. The Group's exit from the Qinghai project, while unavoidable, removed this key material supply activity from Magontec's metals business and contributed to lower European generic alloy magnesium volumes in 2024 and 2025.

We are addressing this shortfall by developing new primary magnesium alloy supply relationships in China. Through 2025 we commenced the importation of this key material through a new relationship with the world's largest magnesium producer. We expect to continue to grow these volumes and to leverage this trade to restore our European recycling business to more profitable levels.

For many years Magontec has been focussed on a single large project that was designed to fill our recycling assets in Europe and offer a much sought after low CO₂ magnesium alloy to our die casting and water heater customers. The failure of the Qinghai project has caused the Group to re-evaluate all the components of its business together with its commercial and strategic objectives.

Implementing a new strategy to restore and stabilise profitability is the key objective of management in 2026. We believe that our magnesium metal and anode businesses have strong futures; because they are leading producers in their industries and because the dynamics of our customer industries remain robust. Urbanisation and innovation will continue to drive water heater and anode demand over the longer term while the automotive sector, despite immediate challenges in Europe and the USA, will likely continue to grow alongside other expanding magnesium applications for drones, share-bikes, motor bikes and scooters. Chinese pure magnesium producers expect to at least double production in the next 5-10 years. Most of this additional output is destined for the magnesium alloy industry for whom the die casting industry for automotive parts is the largest customer. In addition to Chinese domestic automotive demand, demand from Chinese

automotive companies setting up manufacturing facilities in Europe and elsewhere, is also likely to drive a revival of magnesium alloy volumes in the years ahead. These developing industry dynamics make the Magontec recycling business in Europe particularly well located as the cycle turns.

The year under review has been a challenging period for our staff, management and Directors. I am pleased to report that staff turnover remains extremely low, that safety has remained a strong focus of the group and that there were only two accidents through the year that required time off, neither life changing events.

The Magontec business plan for 2026 anticipates further improvements in volumes and profitability as the efforts of the last 12 months begin to bear fruit. We have two very valuable businesses in magnesium metal and CCP/anodes that require some re-orientation to fully leverage, and we are in the process of doing that.

I would like to thank the Board of Magontec for their efforts through the last 12 months. As usual with a small Board, each member has multiple responsibilities reviewing management initiatives, strategic decisions, governance oversight and serving on Board committees. Despite the size of the Board, Magontec has a wealth of business, industry and legal experience to draw upon that assists in making important decisions governing all aspects of our business. I look forward to seeing shareholders in May at the Annual General Meeting.



Nicholas Andrews
Executive Chairman

Chief Financial Officer's Report

Derryn Chin



Gross Profit Margin continues on an improving trend as the balance of the business moves towards the higher margin CCP/anodes segment

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Financial Overview

Key financial overview	12 months to 31 Dec 2025 \$'000	12 months to 31 Dec 2024 \$'000	% chg
Net assets per share			
Net assets per share (cents)	82	63	30.7%
Net tangible assets per share (cents)	76	58	30.9%
Borrowings			
Net debt/(net cash)	1,049	(5,486)	
Net debt to net debt + equity (%)	2.2%	(12.3%)	
Earnings and cashflow			
Gross Profit	11,919	10,762	10.8%
Gross Margin (%)	18.5%	14.9%	
Reported EBITDA (continuing operations)	(3,836)	(2,740)	40.0%
Underlying NPAT* (continuing operations)	(4,479)	(5,098)	(12.2%)
Reported Operating Cashflow	(3,516)	(996)	253.0%
Underlying Operating Cashflow**	(2,183)	(2,185)	(0.1%)
Underlying Operating Cashflow excluding Head Office	730	255	186.3%

* Underlying NPAT = Reported NPAT excluding unrealised FX

** Underlying Operating Cashflow = Operating Cashflow excluding working capital movements, interest and tax paid

Net Tangible Assets (NTA) = Net Assets excluding Intangible Assets and Rights of Use Lease Assets

Highlights

In 2025, net assets per share increased by 30.7% to 82 cents per share as at year end, following the QSLM selective share buyback

- At an Extraordinary General Meeting on 5 February 2025, shareholders approved the non-cash buyback and cancellation of QSLM's shareholding of 22.7 million shares in Magontec.
- This represented 28.48% of total shares on issue. These were bought back and cancelled in accordance with the Memorandum of Settlement announced to the ASX, boosting the net assets per share for all other remaining shareholders.
- Net tangible assets as of 31 December 2025 represented 76 cents per share, similarly up by 30.9% over the current period (2024: 58 cents per shares).

Balance sheet and capital management

- The balance sheet ended in a net debt position of \$1.0m as at 31 December 2025, giving rise to a net debt to debt + equity ratio of 2.2%.
- Higher trading volumes in our EUR business (importing from Chinese customers to sell on their behalf to European based customers) was the principal cause of the change in debt levels over the period. Through 2026, we expect further increases in trading activity reflecting growing volumes of primary magnesium alloy from our new Chinese partner. Total inventory of \$3 million was recorded on the balance sheet as at 31 December 2025 related to this business.

Earnings and cashflow

Reconciliation of significant items in earnings	12 months to 31 Dec 2025 A\$'000	12 months to 31 Dec 2024 A\$'000
Reported Net Profit After Tax	(5,397)	(9,517)
Significant Items		
Add back unrealised FX losses	1,567	(170)
Add back LTI expense	585	673
Add back PRC Metals Impairment	-	3,482
Add back PRC closure costs, associated depreciation and earnings	167	823
Add back Strategic Review Costs	600	-
Adjusted Net Profit After Tax	(2,478)	(4,709)

Note: Significant items assumed not tax deductible above

The Adjusted Net Profit After Tax was a loss of \$2.5 million excluding unrealised FX and the significant items in the table above for the year to 31 December 2025. The current period included the following earnings impacts:

- The Anodes business posted a strong recovery with 2025 gross profit of \$12.6 million up 47% over the prior period due to strong growth in particular for the electronic anodes segment.
- This was in sharp contrast to the Metal business, which posted a reversal in gross profit on the back of a slower than expected resumption with a key customer in the first half as well as lower volumes more generally and inventory provisioning which detracted from the overall Group result.
- Despite this, the gross profit trend by half commencing 2H24 has been positive as per the chart overleaf. Both the Anodes and Metals businesses had stronger earnings in the second half compared with the first half of 2025.

During the current period, the Group also incurred \$0.6 million of additional costs associated with its ongoing strategic review at the Head Office level as well as other costs related to the closure of the Magontec Qinghai business.

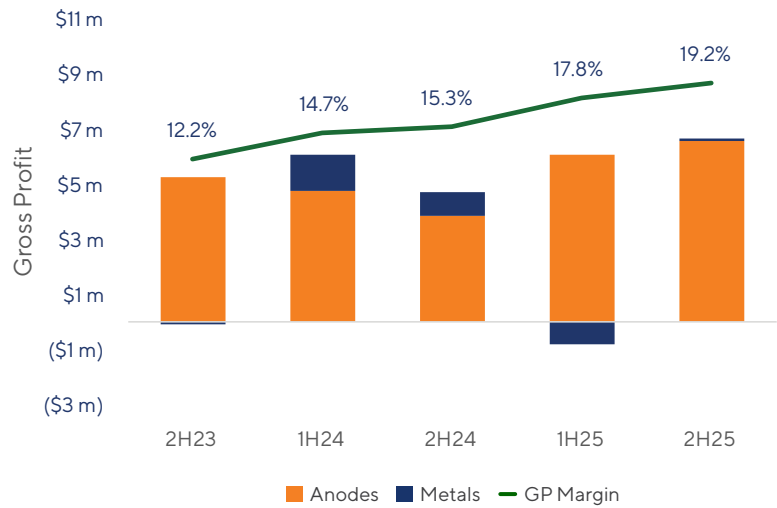
Underlying operating cashflow for the year to 31 December 2025 was a cash outflow of \$2.18 million reflecting the difficult trading conditions, particularly in the first half. Having said that, underlying operating cashflow in the second half of the year whilst still negative was much improved on the first half per the chart opposite.

Capital expenditure was also high due to automation projects in our European facilities in Germany and Romania which were completed during the year.

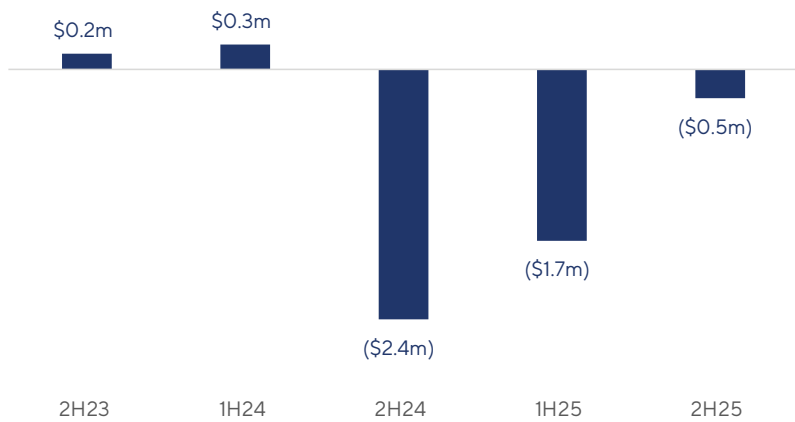
Working capital (as shown in the table opposite) has increased to \$38.9 million as at 31 December 2025.

This movement included \$3m of metal inventory related to the EUR trading business (a longer-term strategic initiative).

Gross Profit by Segment

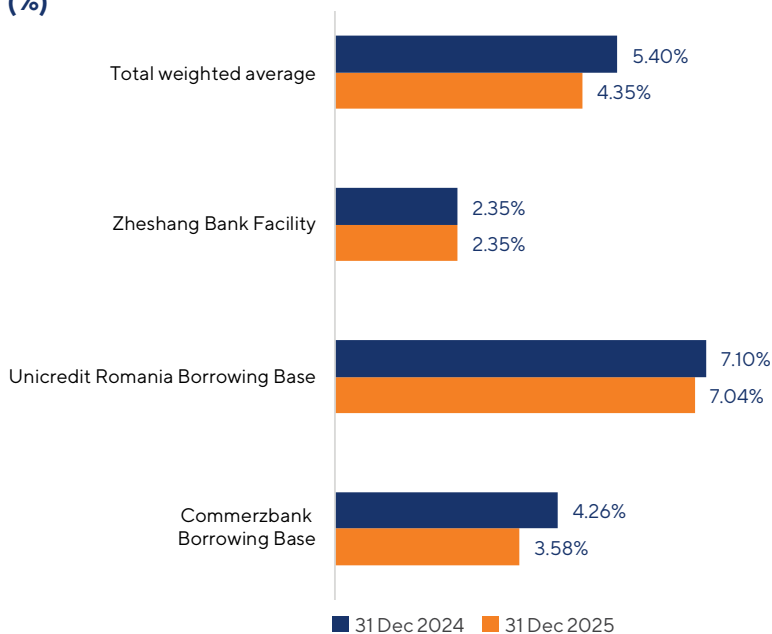
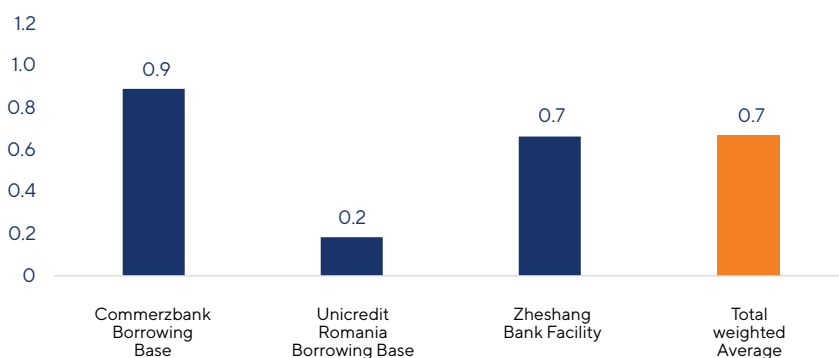


Underlying Operating Cashflow



**Working Capital Summary
(A\$000)**

	31 Dec 2025	31 Dec 2024	% chg
Trade and other receivables	11,815	8,212	22.3%
Notes receivable (PRC)	4,609	4,423	44.4%
Prepayments and other current assets	1,022	1,474	(30.7%)
Inventory	28,005	29,270	(4.3%)
Trade and other payables	(6,590)	(6,402)	(6.8%)
Net assets	38,861	36,978	6.8%

**Bank Borrowing Interest Rate Profile
(%)****Bank Borrowings Maturity Profile (Years) as at 31 December 2025****Banking**

Despite the higher working capital requirement, the banking facilities across the Group had \$8.3 million of additional headroom across Germany, Romania and China as at 31 December 2025.

The weighted average estimated interest rate at 31 December 2025 for the group also decreased to 4.35% (31 December 2024: 5.4%) mostly due to the utilisation of the lower cost Commerzbank facility in Germany.

This Borrowing Base Facility from Commerzbank is in place until 30 November 2026 to the extent of EUR 10 million (total limit). The Romanian (Unicredit) and Xi'an (Zhesang) bank facilities are available on 12-month terms.

During the year the Xi'an Zhesang bank facility was renewed for a lower limit of RMB 10 million owing to the reduction in volumes following Magontec's exit from the Qinghai project. However, this amount was undrawn throughout the year as the PRC business continues to have significant cash and notes receivable at its disposal.

It is anticipated that the Magontec Romania Unicredit Facility will continue to be extended after the date of this report, on the basis of our prior working relationship with the bank and discussions to date. Similarly, we also expect Group facilities in Germany and China to continue to be available through 2026 based on our long standing with the relevant banks and the ability of the Group to provide sufficient collateral.

Letter from the Chair of the Remuneration & Nominations Committee

Robert Kaye, SC



The past year has been one of significant change and progress for Magontec.

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In February 2025, we held an Extraordinary General Meeting where shareholders gave overwhelming support (99.86%) to two critical resolutions: the termination of the operating agreements with Qinghai Salt Lake Magnesium Co Ltd and the selective buyback of QSLM's 28.5% shareholding, representing approximately 22.7 million shares. Based on the 31 December 2024 balance sheet, NTA rose from **58 cents** per share to **81 cents** per share, a **40% uplift** at that time.

These approvals marked a decisive step in strengthening Magontec's capital structure and independence, positioning the Group to pursue its long-term strategic objectives without reliance on QSLM magnesium supply. This strong endorsement from our shareholders reflects confidence in our future direction and commitment to creating sustainable value.

I am pleased to report that the management team effectively managed these pivotal changes, demonstrating clear alignment with shareholder priorities and securing a significant enhancement in shareholder value through the successful execution of the QSLM transaction and associated initiatives.

Impact on Management and Business Focus

The termination of the QSLM operating agreements and the buyback of its 28.5% shareholding have been pivotal in reshaping management's priorities. The leadership team has shifted its focus toward long-term strategic objectives, including strengthening supply chain resilience, diversifying sourcing, and driving growth across global markets.

At the same time, management remains committed to delivering short-term operational stability and maintaining shareholder value, ensuring that the strategic transition supports both immediate performance and sustainable future growth.

Impact on Management Remuneration

The termination of QSLM agreements and the subsequent share buyback had a direct influence on management's remuneration structure. In recognition of the significant change in issued capital and to maintain alignment with shareholder interests, management voluntarily reduced the number of their Long-Term Incentive allocations (performance rights) by 1.915 million as disclosed to the ASX on 20 March 2025.

Full details of 2025 KMP remuneration are contained in the Remuneration Report, but are summarised as follows:

CY25 Executive reward outcomes: Fixed

During 2025, continuing from CY23 and CY24, no fixed increases in remuneration were provided to the Executive KMP other than statutorily required for superannuation.

CY25 Executive reward outcomes: STI

While Short-Term Incentive payments for financial performance were not awarded, partial STI recognition was provided for achieving key strategic KPIs and successfully finalising the QSLM transaction. These adjustments reflect a governance-driven approach to ensure fairness, transparency, and continued alignment between executive rewards, Magontec's strategic objectives and shareholders expectations.

CY25 Executive reward outcomes: LTI

The LTI outcomes for key management continue to be affected by the low liquidity of the Group's shares. Limited trading activity has contributed to a share price that does not reflect the underlying net tangible asset value of the business. As a result, it remains challenging to determine appropriate LTI grant levels, particularly given the number of performance rights now on issue and unvested relative to shares on issue.

As noted earlier, management voluntarily reduced their LTI grants to align with the reduction in issued shares following the buyback. This step was taken to ensure there was no perception that management received any benefit from the buyback. The voluntary reduction has had a material notional impact on each participant's remuneration over the current three-year period.

Review of Directors' Fees

During the year, the Board undertook a review of fees payable to Independent and Non-Executive Directors, considering benchmark data, market positioning, and relative fee structures. Following this review, and within the shareholder-approved aggregate fee pool of \$600,000 per annum, the Board approved an increase to ensure competitiveness and alignment with governance expectations.

Our governance approach

The Remuneration & Nominations Committee (REM) remains unchanged in the year and has been since 2023. The Committee comprises of 3 members, the majority of whom are independent directors, and is Chaired by me as Lead Independent Director. Full details of the governance process are detailed in the Remuneration Report.

In Summary

Despite the 2025 year of challenges, our success rests with the management team retention and incentivisation during this critical period for Magontec. Our remuneration focus and strategy is well positioned to retain and attract the best people to continue to drive the business forward and deliver on our goals and objectives.

I would like to take this opportunity to thank management for their continued efforts and shareholders for their ongoing support.



Robert Kaye SC

Lead Independent Director
Chair - Remuneration
& Nominations Committee

Magnesium Metals



Magontec Romania Metal Recycling and Anodes Production facility

Momentum returned to Magontec's magnesium alloys businesses in a stronger second half as scrap volumes recovered and special alloy volumes rose to new highs.

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Successful initiatives through the first half to secure new relationships to offset the loss of access to our own primary magnesium alloys in China in the second half of 2024, are driving a recovery in this activity for both the German and the Romanian magnesium alloy recycling businesses.

Through the year, again heavily weighted to the second half, we began to deliver growing volumes of primary magnesium alloys sourced from China. Following the closure of our own Chinese plant we opened discussions with a number of potential new counterparties and have now settled into a primary relationship with one very strong partner.

In the six months to 31 December 2025 Magontec shipped around 700 tonnes of primary magnesium to die casting plants in Europe, up from zero in 2024, and expect that volume to grow again in 2026.

Magontec operates Europe's largest magnesium alloy recycling facilities with 43% of regional installed capacity, making the Group an attractive partner for China-based manufacturers. The economics of this

business relies heavily on capacity utilisation. In 2025 utilisation was low through the first half of the year rising to a higher level in the second half, but still below the required run rate.

With renewed capacity to supply original primary magnesium alloys from our new Chinese relationship, Magontec is better positioned to generate scrap returns from those primary deliveries. The absence of a reliable and reputable primary supplier has placed Magontec at a competitive disadvantage over the last few years and our market shares have suffered as a result. Now released from obligations to our former Chinese partner we have been able to secure new relationships that now form the key strategic platform for our generic magnesium alloy business, as we prefaced in our FY2024 Annual Report.

The industry outlook for magnesium alloys is increasingly positive. Chinese EV production now specifies magnesium alloy in a growing number of applications, including parts that have hitherto been exclusively in aluminium or steel. As for petrol engine automobiles, lightweighting EVs has a dramatic effect on range, one of the key concerns for new EV purchasers.

The growth of Chinese EVs, which has been explosive in China over the last 5 years, is now moving to Europe as manufacturers seek to circumvent increasingly onerous EU tariffs. BYD are building a plant in Hungary and Chery have taken over a Nissan plant in Spain.

Elsewhere Great Wall, Xpeng, SAIC and Leapmotor have all indicated an intention to develop European manufacturing activities.

While European brands have struggled with the EV transition, Chinese brands are proving popular and will likely enjoy further market share growth in 2026.

All this development activity, by companies that specify magnesium alloys in a wider range of applications than current Europe-based manufacturers, augurs well for a recovery in European magnesium alloy volumes and scrap recycling activities in the years ahead.

A major contribution to Magontec's Metals business profitability comes from the growing Specialist Metals segment. This comprises a suite of products that includes grain refining and rare earth-containing alloys that target the aerospace sectors, particularly in North America, but increasingly into Europe and some Asian countries.

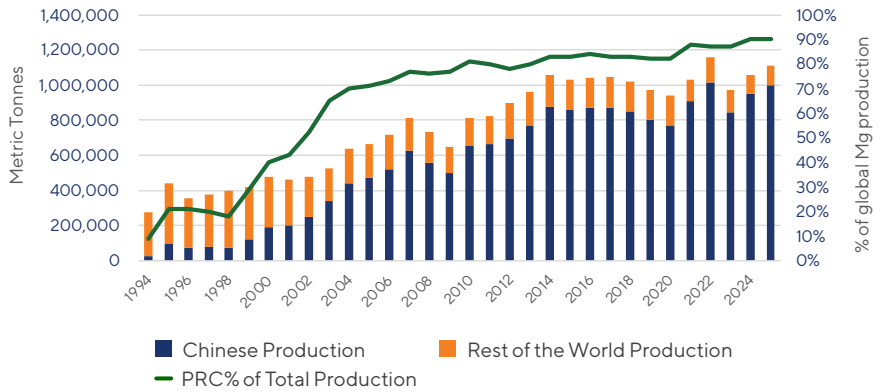
Within our own magnesium metal production units in Germany and Romania we have continued to innovate through 2025, adopting a growing array of robotics and new product flow systems to reduce overheads and improve product consistency.

These innovations also help to make our workplaces safer, and we are pleased to report that through 2025 there were no lost time incidents (LTIs) in either Germany or Romania in our magnesium metal cast houses.

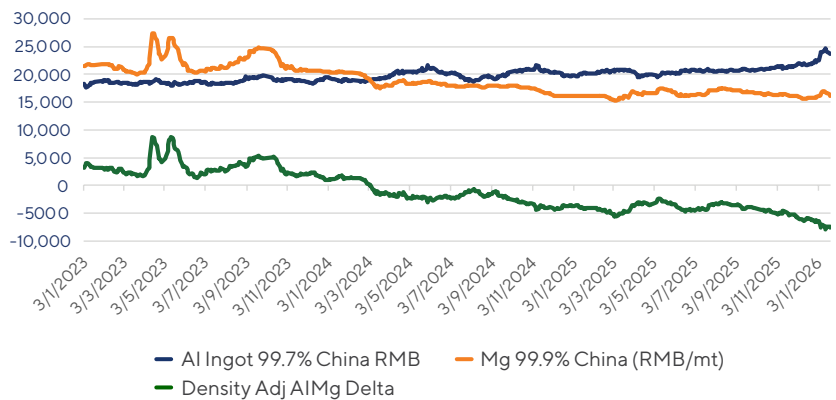
Finally, a comment on the outlook for the magnesium industry. Exports from China to the rest of the world have been depressed over the last 6 years, falling from 113,000 tonnes in 2019 to just 90,000 tonnes in 2025.

The pessimism of the non-Chinese world stands in stark contrast with the bullishness of Chinese industry.

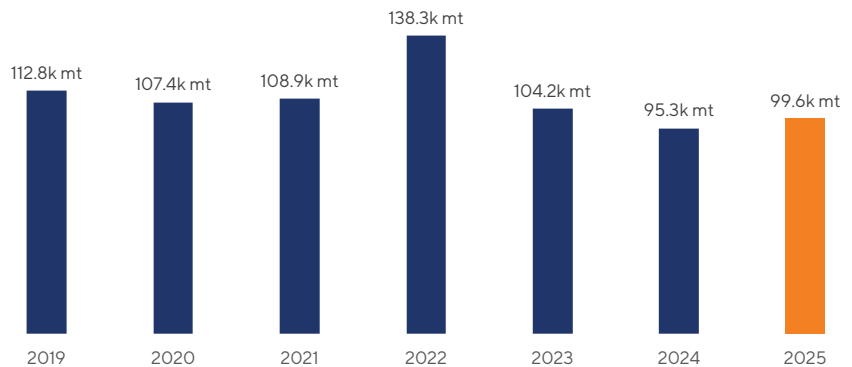
Global Magnesium Production 1994 to 2025(e)



Al and Mg metal price change 1 Jan 2023 to 21 Jan 2026



Annual Chinese Mg Alloy Exports ('000s metric tonnes)



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In China alone there have been announcements of additional magnesium production capacity of over 1.8 million tonnes of output. That would take annual global magnesium production from the current 1 million tonnes to nearly 3 million tonnes. There are other projects around the rest of the world, although we think the non-Chinese proposals will find it challenging to compete on a financial basis with the highly sophisticated Chinese magnesium industrial complex. Indeed, over the last 2 years the price of magnesium has tracked at very low levels, making non-Chinese production, particularly in high labour cost countries, even less enticing. For many years magnesium production costs have tracked below aluminium costs but now sit at a discount of ¥6,500/mt. On a density adjusted basis this is now close to a 50% discount, a price that is very attractive to manufacturers who can use magnesium or aluminium for the same application.

Chinese magnesium production company plans for the next decade suggest that China will remain the world's dominant magnesium producer, and in 2025 China will again manufacture over 90% of all global magnesium production. In our discussions with Chinese pure magnesium producers we sense great optimism, in particular for magnesium alloy applications for domestic Chinese EV producers where the magnesium alloys are used in a growing variety of parts.

The convergence of higher available Chinese magnesium alloy supply with the arrival of Chinese EV manufacturers in Europe will place Magontec's low carbon, highly automated and established magnesium alloy recycling plants in a very strong position as scrap volumes rise. In the typical die casting process, there is over 40% of the original supplied magnesium alloy returned as scrap to specialist magnesium recyclers.

Over the last 24 months Magontec's magnesium metal assets have struggled to generate an acceptable return. This has been driven in part by lower overall demand for magnesium alloys in Europe, and in part by a forced pivot away from our prior primary magnesium alloy supplier to a new trading relationship, resulting in a reduction in scrap volumes for our German and Romanian plants over this period.

Looking forward over the next 5 years we see these trends reversing as we entrench our trading relationship with a major Chinese magnesium alloy manufacturer and develop new relationships with Chinese and European manufacturers seeking to grow magnesium applications for their automotive industry customers.

While the supply chain has been a weakness for the magnesium industry and a source of concern for European and North American die casters, the rapid increase in production and the growth of Chinese participants in the European and US industries will likely dilute that hesitancy and encourage hitherto reluctant magnesium users to match the technology and performance offerings that only the lightest structural metal can offer.



Magontec CCP team at Frankfurt 2025 ISH

Cathodic Corrosion Protection (CCP – anodes)

2025 was an exciting and fruitful year for Magontec's CCP division.



Electronic Anodes (ICAS)
new product launch

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The Group's European business has made a considerable investment to refresh and enhance its Impressed Current Anode System (ICAS - electronic anode), replacing a series that has been in production for many years and driving gross profit for this product up by 36% over the prior corresponding period.

At the Frankfurt ISH (the annual European water heater and air conditioning industry fair) in March last year, the new ICAS products were officially launched. The reception was very positive and through the following 9 months the Magontec global sales teams presented these innovative products to global hot water appliance manufacturers (OEMs).

Magontec has been a leading supplier of electronic anode systems to water heater manufacturers for many years and has established a reputation for its products as well as its application and engineering expertise. The Group sells both an integrated ICAS model for OEM installation and stand-alone ICAS products that are fitted to existing water heater tanks to replace expired magnesium anodes.

In the 12 months to 31 December 2025, revenues from the ICAS product rose by 31% as the water heater sector recovered from a slower period in 2024, reflecting marginally better consumer economics in Europe and the USA. The ICAS product is in part driven by the take up of electronic 'heat pump' appliances. While these appliances offer reduced operating expenses they have a high up-front cost. The desire to transition to more energy efficient home heating infrastructures has encouraged governments across Europe to offer subsidies to homeowners to install electronic heat pumps instead of gas, oil or conventional electric boilers.

In 2023 many of these subsidies were removed in Europe's major economies, sharply reducing heat pump installations, and the consumption of electronic anode systems. These subsidies have not been re-instated in any broad sense and the strength of the Magontec ICAS product in the year under review is largely down to the launch of the new product series and the development of new sales channels.

Magontec has always sold electronic anodes to European wholesale markets through relationships with plumber networks as well as directly to OEMs. The plumber sales channel has been boosted in both the European and US markets with internet sales initiatives (direct to consumer or plumber) and, in Europe, a new focus on direct marketing by a Magontec team, to plumber networks.

The application process for the new electronic anode products has also been redesigned and now incorporates an innovative and proprietary electrical attachment cap that allows plumbers to fit these new devices without the assistance of an electrician.

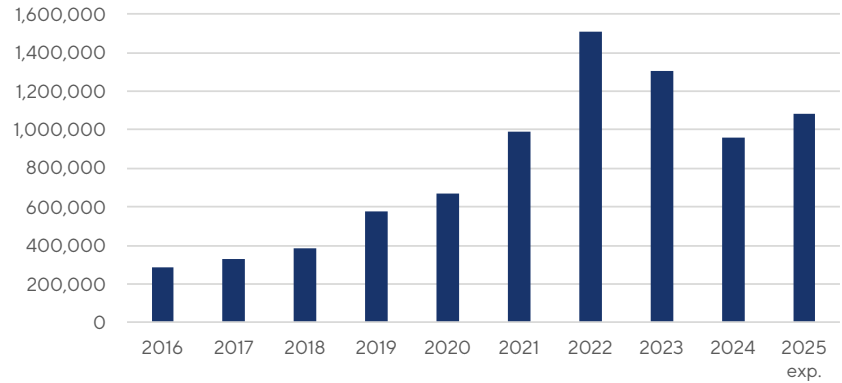
As our multiple sales strategies for these products roll out over the coming year, we anticipate further growth in sales volumes and earnings from the new ICAS product series.

The Group has also received confirmation of EUR 267k of grants under the German R&D tax credits scheme which has been recognised as Other Income in the current period. This related to the development of advanced polarity safety in the ICAS segment, recognising the project as innovative, technically challenging and strategically valuable.

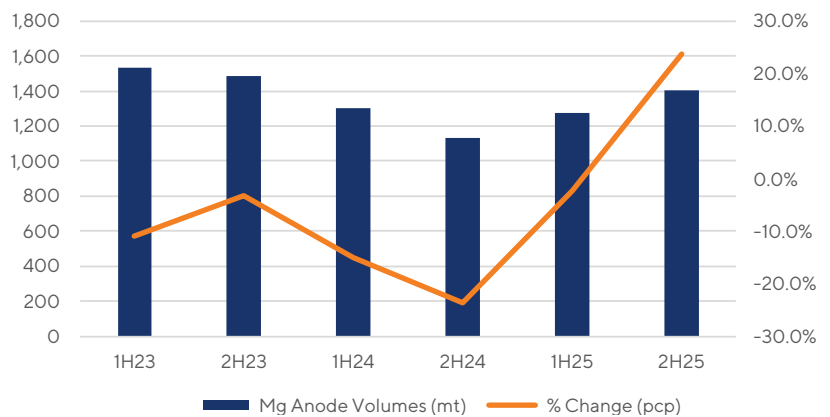
Magontec’s other anode activities are focussed on magnesium and aluminium anodes manufactured in Romania (Mg only) and China. These facilities sell to water heater OEM customers (and some wholesale distributors as replacement products) all over the world and are among the most efficient high-volume cast and extruded anode production units.

Combined Mg anode production in the year to 31 December 2025 was close to 2,700mt, up 10% on the prior corresponding period while the second half was a strong 23.7% ahead of 2H24. This rise was in part a recovery from a very weak 2024 and in part an inventory rebuild trend as demand grew and confidence returned among OEM appliance manufacturers. This level of output is still below the 3,000mt+ that Magontec sold in the years between 2020 and 2023 and reflects continuing weak domestic economies in the principal markets of China and Europe.

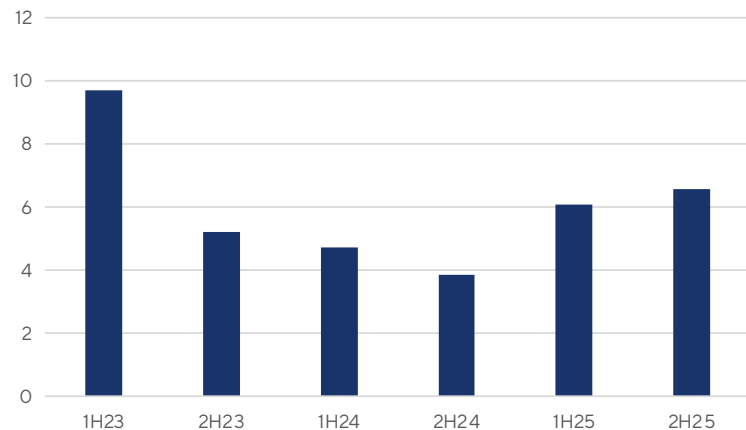
Hydronic Heat Pumps to 400KW (EDI validation date 1 November 2025)



Mg Anode Volumes (mt) recovering strongly in 2H25



CCP Gross Profit (\$M) – 2H25 was 71% ahead of 2H24



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Overall revenues for the CCP sector (Mg, Al and ICAS) for the 2025 financial year were up 12% to \$40.0 million, while gross profit from all CCP products rose 47% to \$12.6 million with the second half rising more strongly to be 71% ahead of the PCP.

Magontec has strong market shares, an excellent reputation and a well-developed suite of Mg, Al and electronic anode products. We produce over 900 different anode types as each tank and each appliance manufacturer have specific requirements. Each tank type that is supplied with a Magontec anode is analysed in one of our laboratories in China or Romania – a level of service and analysis that many smaller providers cannot offer.

Through 2025, as in previous years, we have continued to upgrade production equipment and sophistication. Investment in new robotics to produce high-volume Mg anodes has been introduced in Romania and we can see the way forward for further automation in the years ahead.

The key Mg anode variables are overall levels of demand, which have been better in 2025 but still weaker than in the period before 2024, and the price of raw materials. Magnesium has been a volatile metal for much of its history. In

2025, in contrast with almost every other metal, the price of magnesium was in a steady decline. This reflects massive growth in production capacity in China that supplies over 90% of all magnesium metal. In a falling metal price environment inventory values are diminished and margins come under pressure as customers seek to match Mg anode prices with changing raw material costs. While magnesium anode volumes were higher in 2025 and gross profits for these products rose 51% over the prior corresponding period, Mg anode revenues rose by only 4%, reflecting these raw material price trends.

We expect pure magnesium production volumes to continue to surge in China over the coming years with some estimates anticipating close to 3 million tonnes by 2030, up from 1 million tonnes in 2024. This will almost certainly restrict magnesium price rises over the rest of the decade, but as prices currently appear to be close to the cost of production, the negative effects of falling magnesium prices is likely to be less severe in 2026.



Business Risks and Risk Management

Magontec continues to operate in a volatile global market with the biggest impacts coming from global changes in demand, pricing and costs.

Magontec continued to operate throughout FY2025 in a highly volatile global environment. The magnesium market remained exposed to fluctuations in demand, commodity pricing and raw material costs, with challenging conditions persisting across key sectors.

These challenges were compounded by broader global forces including:

- **Geopolitical instability** across Europe, the USA, and China driving uncertainty in trade flows, supply chain reliability, and energy markets.
- **The ongoing transition to electric vehicles (EVs)**, reshaping long term magnesium alloy demand.
- **A continued global shift toward cleaner energy**, increasing cost pressures and regulatory obligations for metals manufacturers.

These factors affected pricing dynamics, material availability, and downstream customer demand, adding to the operating complexity across Magontec's global businesses.

In the 2024 Annual Report, Magontec noted that it had upgraded its risk management processes to ensure stronger resilience amid intensifying volatility. These improvements were validated during 2025, particularly as the Group addressed the long standing risks associated with the Qinghai magnesium alloy cast house project.

This step eliminated a major governance and partnership risk that had created long term uncertainty over the project and over the Group's share register. It also improved shareholder alignment and materially lifted net tangible assets per share.

Our Material Risks

Magontec's risks remain complex because of the wide spread of its operations and geographical locations, requiring a practical and straightforward risk management approach that is regularly reviewed, assessed, and where necessary, adjusted on a continual basis. Our risk management framework guides our approach to managing risks.

We think about our risks in the following way:

- **Strategic:** risks that should they materialise could impact our ability to deliver our strategic goals.
- **Operational:** risks we manage as part of our daily business activities.
- **Future:** risks that could materialise over time.






Magontec's risk management practices are embedded into all processes and operations. The table below outlines the material risks that can impact the Group's achievement of its financial objectives. These risks are identified through a robust risk management framework, prepared by management with independent oversight by the Business Risk Committee and the Board of Directors.

Magontec continued to face several ongoing and emerging risks throughout 2025:

- **Demand risk:** Customer industries, particularly automotive and hot water appliance manufacturers, continued to experience reduced demand, suppressing sales of both primary and recycled magnesium alloys.
- **Supply chain constraints:** Lower Chinese primary production in recent years limited scrap availability, affecting European recycling throughput and margins.
- **Macroeconomic uncertainty:** Slower economic growth in Europe and China continued to pose challenges for manufacturing confidence, input cost stability and customer inventory cycles.
- **Commodity price volatility:** Magnesium prices remained sensitive to shifts in Chinese production levels, energy prices and global inventories.
- **Geopolitical exposure:** Trade tensions and policy shifts continued to influence procurement risks and customer demand patterns.









Material Risks (2025)

Our most significant risks, those that if not managed effectively would have significant impact on our financial performance, form our material risks. These material risks are monitored formally by our oversight committees and the executive management teams responsible.

Material Risk	Mitigated Risk Assessment	Risk Movement	Risk in detail	Risk Management Approach
Geopolitical changes 	Moderate	Neutral -	Exposure to disruption from conflicts, tariffs, sanctions and regulatory changes across key regions.	Localise supply chains; multi-sourcing of Mg alloy inputs; regional routing; continued sanctions screening via BRC.
Automotive Industry changes 	Moderate	Neutral -	Electrification and tariff dynamics affecting alloy mix and die-caster demand.	Build new primary Mg supplier relationships; process efficiency; specialist alloys and hardeners to diversify end markets.
Supply chain 	Moderate	Neutral -	Risk movement is stabilising with no new risks identified.	Multiple suppliers; diversified geographies; alternate transport routes; demand-calibrated inventory buffers.
People skill retention 	Low	Neutral -	Risks to ethical sourcing, quality, price and timing of key inputs.	Recognition programs; talent pipelines; wage compliance; targeted robotics/automation to augment roles.
Employee Safety 	Low	Neutral -	Retention of specialised industrial skills across PRC/ EU/US operations.	Risk addressed through robust internal work health and safety practices, the implementation of initiatives and education programs with a focus on preventative measures with enhanced dedicated support in high-risk areas to ensure the wellbeing of our employees.

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Material Risk	Mitigated Risk Assessment	Risk Movement	Risk in detail	Risk Management Approach
Privacy & data management (Cyber) 	Low-Moderate	Neutral 	Data integrity/confidentiality risks from escalating cyber threats. Risk movement is stabilising with no new risks identified.	External testing and assurance; enhanced controls; awareness; cyber insurance in EU/US (subject to PRC market availability).
Financial balance sheet management 	Low	Neutral 	Risk of sub-optimal working capital/cash management limiting growth.	Active working capital management; inventory discipline; maintain facility headroom; uplift in net assets/share post buy-back.
Sustainability (ESG) 	Moderate	Neutral 	Energy mix shifts post Qinghai and evolving climate disclosure regimes; stakeholder expectations.	ESG roadmap integration; regional energy-sourcing optimisation; CRFD/CSRD disclosure readiness.
Compliance 	Low	Neutral 	Multi-jurisdictional regulatory requirements (corporate, safety, trade).	Continuous monitoring; external legal advice; policy updates; committee oversight.

Managing Risks

ASX Corporate Governance Principle 7 requires listed entities to establish a sound risk management framework and periodically review its effectiveness. Magontec's FY2025 risk management practices align with this principle through a structured and disciplined approach supported by transparent governance disclosures.

Risk Management Framework

Magontec's risk management processes incorporate the core elements of a recognised Risk Management Framework, including risk identification, assessment, mitigation, monitoring and governance oversight.

Magontec's ERM framework aligns with ISO 31000:2018 and operates under a three-lines-of-defence model—local operations, executive oversight, and Board-level committees.

Identification and Assessment of Key Risks

The Group identifies and assesses strategic, operational, financial and market related risks across its global operations. Major FY2025 risks included:

- Volatile demand in automotive and hot water appliance sectors, especially in Europe and China.
- Supply chain constraints affecting scrap availability for recycling facilities.
- Macroeconomic and geopolitical uncertainty influencing costs and market stability.
- Commodity price volatility driven by shifts in Chinese magnesium production.

Risk Mitigation

The Group applies mitigation strategies tailored to each risk type, including diversification of operations, focus on cash management, strengthening contract governance, and reinforcing project risk oversight. These controls were critical in managing the withdrawal from the Qinghai project and associated financial impacts.

Monitoring and Reporting

Risk reporting occurs through regular management reviews and escalation protocols, enabling prompt response to emerging risks. The Board receives structured reports and maintains oversight of risk processes consistent with ASX governance expectations.

Periodic Review of Effectiveness

The enhancements to the risk management framework in 2024 materially strengthened the Group's ability to manage significant project risks, particularly the resolution of QSLM related uncertainties. The Board's continued oversight ensures the framework evolves alongside global market and operational conditions.

Summary

Throughout 2025, Magontec faced significant market, operational and geopolitical challenges. However, the Group's strengthened risk management processes, combined with decisive actions – including the withdrawal from the Qinghai project and the removal of QSLM as a major shareholder – allowed Magontec to navigate these risks effectively. Entering 2026, the Group is positioned with a more stable operating environment, stronger governance foundations, and enhanced resilience against ongoing global volatility.

Environmental, Social and Governance (ESG)

Magontec is committed to developing a sustainable global business model aimed at minimising its impact on the environment through a socially responsible approach that is effectively and efficiently monitored and governed for our customers and their end consumers.

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Sustainability

Regulatory expectations for climate related governance and sustainability disclosure continued to strengthen across Australia, the European Union and other major jurisdictions during the reporting period.

Regulatory Reporting Obligations

Across Australia, the European Union and other key jurisdictions, regulatory expectations for climate related and sustainability disclosures continued to strengthen during the year.

In **Australia**, the Government's climate reporting regime commenced on 1 January 2025 for large entities, with phased adoption through to 2028. Based on current thresholds, Magontec is classified as Group 3 and is not required to report until **2028**.

In the **European Union**, Magontec GmbH is a non listed SME and therefore **not subject to mandatory CSRD reporting**, which applies only to large undertakings and listed SMEs. Magontec's parent company is listed in Australia but does not meet the EU's global thresholds for non EU parent reporting, including the requirement for EU turnover above €150 million, and is therefore **outside the scope** of CSRD's group level obligations.

Globally, Magontec does not meet the size or revenue thresholds that trigger mandatory sustainability reporting under emerging international frameworks.

While current regulations do not impose mandatory sustainability disclosure requirements on the Group, **Magontec will continue to monitor evolving reporting standards and maintain processes to support compliance**, including providing sustainability information required by customers for their own reporting obligations.

Magnesium recycling benefits

The global magnesium industry continues to face a significant environmental challenge, with more than 90% of worldwide primary magnesium production still relying on coal derived energy supply and the high emission Pidgeon process used predominantly in China. These processes remain carbon intensive and represent the largest contributors to the industry's environmental footprint.

Magontec's Magnesium Alloy business stands in contrast to this dominant production model. Across FY2025, the Group's Metal business remains centred on **recycling magnesium alloy**, sourcing scrap directly from customers and returning it to them as finished ingots for reuse in manufacturing. This closed loop approach significantly reduces carbon emissions, as recycled magnesium alloy has a fraction of the environmental intensity of primary Chinese material. With production facilities located close to customers, Magontec's logistics footprint is also considerably lower compared to long distance supply chains from primary magnesium plants.



Environmental

Magontec’s processing operations continued to advance their **continuous improvement strategy throughout 2025**, building on the efficiency initiatives and waste reduction programmes introduced in prior years. The re processing of waste products generated during magnesium alloy recycling, together with ongoing optimisation of energy inputs, has now become firmly embedded in Magontec’s operational culture across all facilities.

This project had previously formed a key element of Magontec’s long term GHG reduction pathway due to its planned access to high levels of renewable energy. With production at Qinghai now fully ceased, the Group has undertaken a comprehensive reassessment of its magnesium supply chain strategy.

The review will focus on identifying and progressing **new carbon neutral and lower emission energy opportunities** appropriate to Magontec’s remaining operational footprint. This work will continue over the next two years as the Group evaluates the most effective technical and commercial pathways for reducing GHG emissions across its European and Asian recycling and corrosion protection operations.

During 2025, Magontec conducted a series of internal reviews of its current production processes, identifying further opportunities in automation and waste management to reduce environmental impact and GHG emissions. Several process improvement trials were successfully implemented, enabling additional waste minimisation, improved material utilisation and lower energy intensity across a number of production streams. The use of robotics in both Santana, Romania, and in Bottrop, Germany was also implemented during the year to improve process flows and subsequent energy consumption.

Magnesium’s inherent properties further strengthen Magontec’s sustainability contribution. As the lightest structural metal, magnesium is two thirds the weight of aluminium and one third the weight of steel, offering meaningful benefits for weight sensitive applications such as automotive and appliance components. Unlike plastics and carbon fibre alternatives, magnesium is **100% recyclable**, supporting circular economy outcomes and reducing landfill dependency.

Energy sourcing remains a core component of Magontec’s environmental strategy. All Magontec operations rely primarily on **electricity rather than gas**, enabling the Group to increase its use of renewable energy across sites. This is especially important in Europe, where the Group recycles magnesium alloy scrap and produces magnesium anodes. The ability to preference electricity suppliers offering renewable energy products has already provided resilience against energy market volatility seen during 2023 and 2024 and continued to support emissions reduction goals in 2025.

Magontec’s manufacturing facilities in **Santana, Romania**, and **Bottrop, Germany**, both benefit from significant non carbon energy inputs and continue to increase the proportion of power sourced from renewable energy. Magontec’s operational footprint is now even more centred on its **lower emission European recycling and corrosion protection operations**, reinforcing the Group’s comparative environmental advantage and long term sustainability position as it moves through 2026.

These initiatives will continue to be refined and expanded as Magontec executes its broader sustainability roadmap, ensuring the Group remains focused on practical, achievable and measurable improvements to its environmental performance following the withdrawal from the Qinghai project.

Energy sources

Magontec continues to exclusively utilise **electric arc furnaces** across all Magnesium Alloy (Mg Alloy) recycling operations. This technology provides a significant environmental advantage by offering the flexibility to source clean, **carbon neutral electricity** from energy providers as markets continue their transition toward renewable power. In contrast, many industry participants still rely on traditional gas fired furnaces, which offer limited fuel source flexibility and produce materially higher greenhouse gas (GHG) emissions compared with Magontec’s electric powered production process.

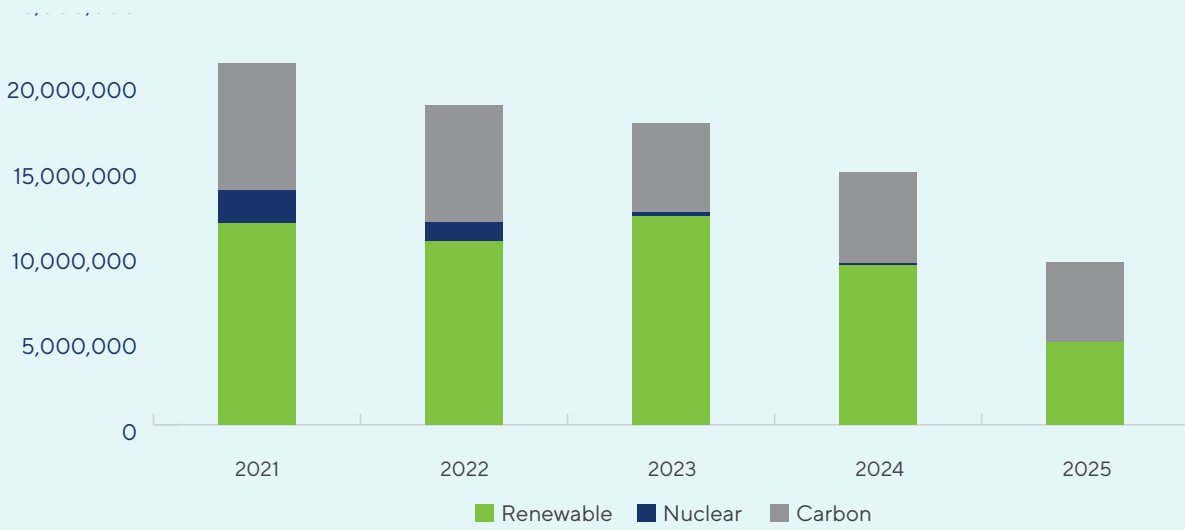
The carbon intensity of Magontec’s electricity consumption is influenced by the strategy of local energy suppliers and by national net zero transition plans. This is particularly relevant in Europe, where governments have continued to invest heavily in renewable energy infrastructure and carbon reduction policies.

Energy Supply data

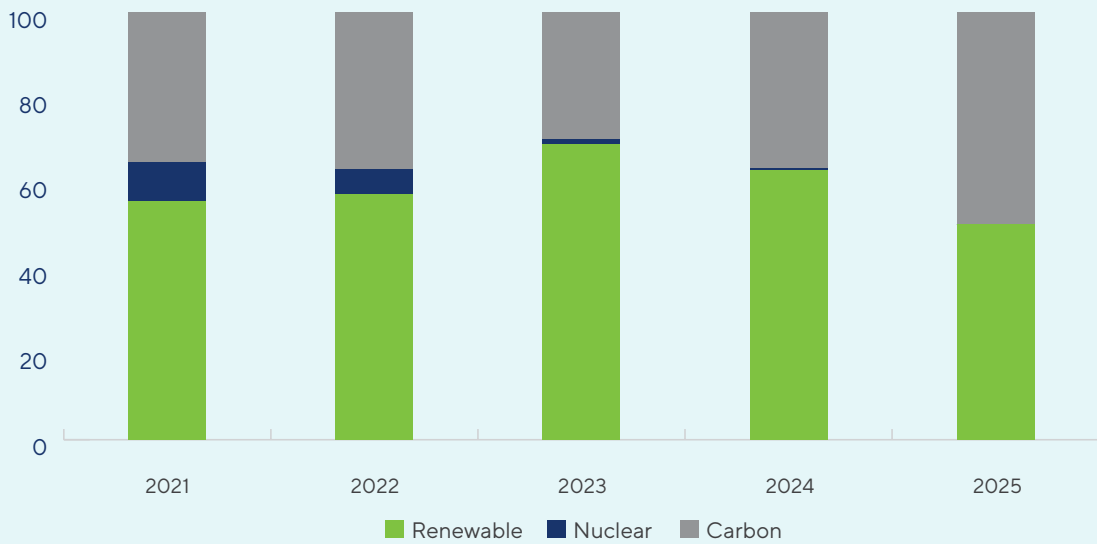
Overall kWhs consumed decreased by 36% across the Magontec business, largely due to the closure of Magontec Qinghai in the prior year and lower production in Europe. The removal of Qinghai with its access to high renewable energy resulted in a mix change in energy sources across the remaining locations. This consumption change resulted in renewable energy sourced dropping from 63.1% to 50.5%.

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Magontec energy by supply source (kW hours)

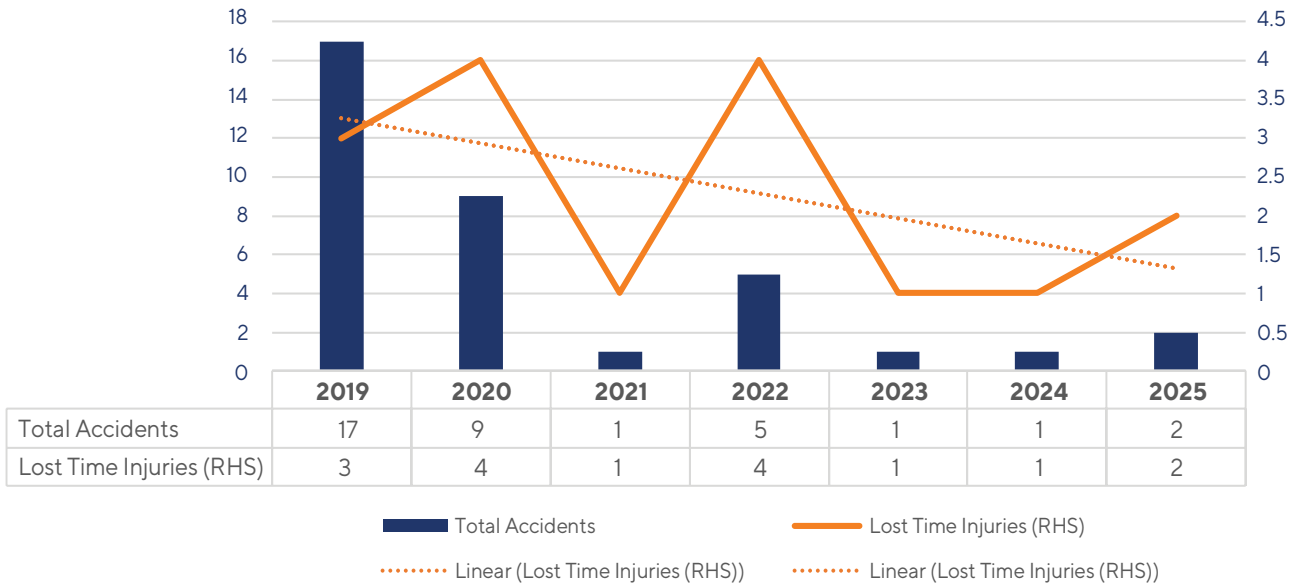


Magontec energy supply by source (%)



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Total Accidents and Lost Time Injuries – 2019 to 2025



Social

Magontec’s people remain central to the strength, resilience and continuity of the Group’s global operations. Across 2025, the organisation continued to focus on maintaining a safe, inclusive and high performing workplace culture built on long term experience, operational discipline and shared values.

Workplace, Health and Safety

The Group continues to maintain a rigorous system of workplace management, with particular oversight of the safety critical processes involved in magnesium alloy production. Operations managers closely monitor activities where molten metal is stored, alloyed, transferred and processed, ensuring that all employees work within clearly defined procedures designed to minimise risk.

A key responsibility of management is to continually review and challenge existing systems and structures to ensure risks are controlled and accidents are prevented wherever possible. Magontec’s commitment to continuous improvement remained strong throughout 2025.

In the 2025 reporting period, the Group recorded two lost time injuries (LTIs) across a workforce of 220 employees, comprising 131 manufacturing personnel and 89 administrative and management staff. While these incidents resulted in periods of lost time, none were classified as serious in nature.

As Magontec enters the 2026 period, workplace health and safety remains a critical operational priority. The Group will continue to invest in training, process improvements, systems enhancements and leadership capability to support a safe working environment across all global operations.

Retention & Satisfaction

Magontec continued to achieve strong staff retention outcomes in 2025 across both operational and administrative teams. The Group’s senior management, global executive leadership and regional operational and sales leaders maintain an average tenure of **more than 15 years**, providing deep institutional knowledge and stability across the organisation.

This long term experience underscores the importance of strong communication and engagement between factory and office staff and the senior leadership group. Throughout 2025, Magontec continued to strengthen career paths and employee feedback mechanisms to ensure operational insights and workforce expectations remain well aligned with leadership decision making.

The **termination of the QSLM agreements in 2024**, and the subsequent **closure of the Qinghai plant in 2025**, required the Group to implement a number of employee redundancies at that site. While this was a difficult process, all redundancies were handled in full accordance with employment contracts and complied fully with all applicable PRC labour regulation requirements. Magontec ensured that all affected employees were treated transparently, fairly and respectfully.

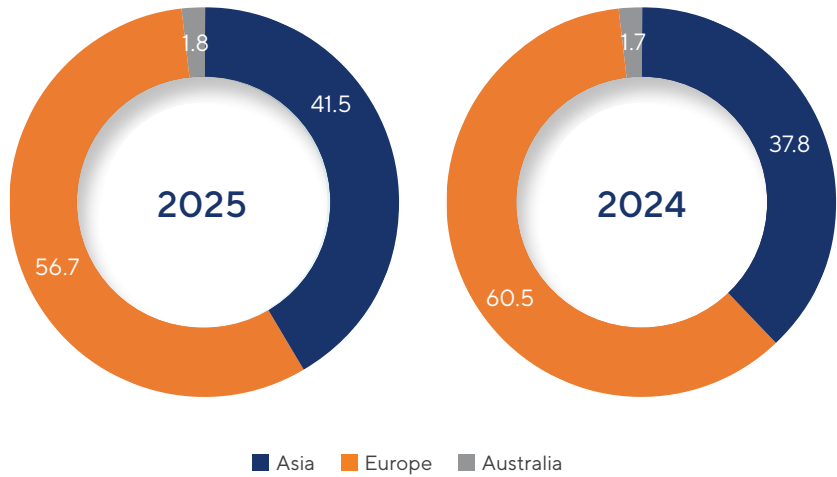
Diversity

The metals industry remains centred around labour intensive activities – particularly in cast house operations – which has historically limited gender diversity across the global workforce. Despite these structural industry challenges, 2025 saw Magontec continue to strengthen its commitment to diversity, equity and inclusion.

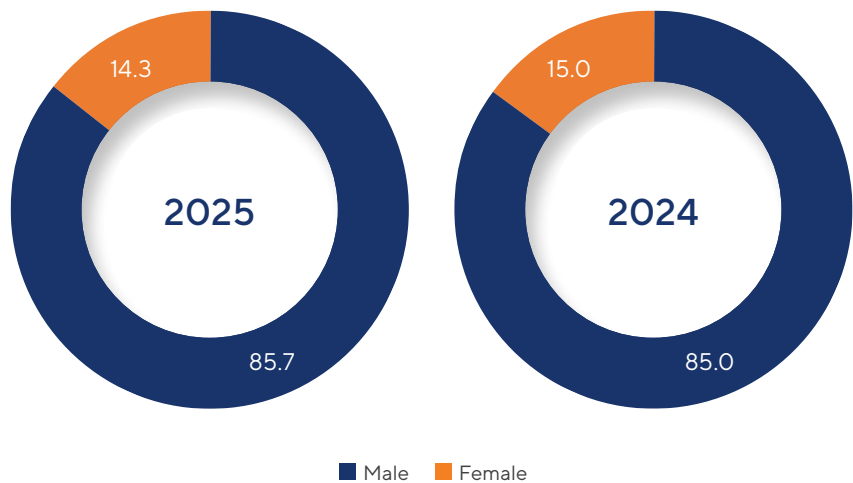
In 2025, the Board approved a **Group wide Diversity Policy**, establishing a clear framework governing diversity principles, accountabilities and reporting obligations for all subsidiaries. This policy continues to guide Magontec’s people practices throughout 2025.

The Group’s **Code of Conduct** complements this framework by defining expected behaviours and setting out how all employees should be treated – by management, by colleagues and by the organisation – without discrimination of any kind.

Geographic Diversity (%)



Gender Diversity (%)



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As a multinational organisation, Magontec benefits from high levels of **geographic and ethnic diversity**, though gender diversity remains more modest, particularly in operational roles. The Group's published Code actively promotes equality, diversity and inclusion for employees regardless of age, ethnicity, nationality, sexual orientation, marital or parental status, physical impairment, disability or religious belief.

Looking ahead, Magontec remains committed to embedding its Diversity Policy across all operations, supporting inclusive recruitment and retention practices, and ensuring that its workplace culture reflects the values and expectations of a modern, global organisation.

Pay equality

Magontec is committed to ensuring that all employees are treated fairly and without discrimination, consistent with the Group's Diversity Policy and Code of Conduct. As part of this broader commitment, the Group supports the principle of **pay equality**, ensuring that remuneration is based on role requirements, skills, experience and performance, rather than personal characteristics. While Magontec is not currently subject to mandatory pay equity reporting requirements, the Group continues to review its remuneration practices to ensure they remain fair, transparent and aligned with our diversity and inclusion objectives.



Global supply chains

Magontec's operating model is based on short and transparent supply chains, with production facilities located close to customers and suppliers. This reduces transport related emissions, lowers supply chain complexity and limits exposure to modern slavery risks commonly associated with multi tier global sourcing.

Although Magontec is **below the reporting threshold** under the Australian Modern Slavery Act 2018 and is therefore **not required to lodge a Modern Slavery Statement**, the Group remains committed to responsible sourcing and ethical conduct. The **Business Risk Committee** conducts yearly reviews of all trading relationships to monitor sanctions compliance and assess regulatory and reputational risks. Policies implemented at regional levels further enhance transparency and help ensure the Group's supply chain practices remain aligned with ASX Corporate Governance Principle 7 and evolving global expectations.



Cyber, Data Privacy, Information Technology and Fraud

During 2025, Magontec continued to strengthen its Information Technology (IT), cyber security and data protection capabilities following the comprehensive review of the Group's IT strategy initiated in 2024. That review identified several opportunities to modernise and upgrade critical systems that were nearing end of life or no longer aligned with current technology standards. Throughout 2025, Magontec advanced the implementation of these upgrades, with a strong focus on system standardisation, improved employee productivity, and enhanced monitoring and security functionality across all regions.

Cyber security and data protection remain critical priorities for the Group, particularly given the increasing sophistication of cyber threats affecting companies globally. As part of Magontec's annual cyber security programme, external penetration testing and independent security assessments were again undertaken in 2025, building on the 2024 review. Recommended actions from these assessments were progressively implemented, strengthening the Group's defensive posture and supporting business continuity resilience across all operations.



Governance

Magontec’s Board of Directors and senior management remain committed to maintaining the highest standards of ethical conduct and corporate governance across all aspects of the Group’s operations. These standards underpin Magontec’s long term success and reflect the values, behaviours and accountability systems expected of an ASX listed company.

The Group’s **Code of Conduct** sets out the behavioural expectations for all employees, contractors and officers. It reinforces the principles that guide day to day decision making and supports a culture built on integrity, respect, fairness and responsibility. These values remain central to Magontec’s ability to deliver sustainable performance in the short, medium and long term.

As an **ASX listed** entity, Magontec recognises the importance of maintaining the confidence and integrity of its shareholders, regulators, customers, suppliers and other key stakeholders. The Group continues to uphold strong governance practices that reflect its obligations under the ASX Listing Rules, including transparency, continuous disclosure, and responsible management oversight.

To further mitigate technology related risk, Magontec continued to maintain **cyber insurance coverage** for its European and US subsidiaries. These policies provide protection against identity theft, reputational extortion, bank and credit fraud incidents, hardware or data breaches, business interruption and liability arising from data protection incidents. Based on Magontec’s experience, comparable cyber insurance products remain **largely unavailable for operations in China**, making the Group’s internal controls, monitoring and security management processes especially important in that jurisdiction.

As technology and threat environments continue to evolve, Magontec remains focused on strengthening system resilience, enhancing data privacy capabilities, and ensuring the Group maintains robust protections against cyber risk, fraud and unauthorised access across all global operations.

Magontec also maintains a suite of governance policies that support ethical conduct and compliance across the Group. These include policies covering:

- Whistleblower protections
- Securities trading
- Continuous disclosure and external communication
- Remuneration governance
- Risk management
- Modern slavery
- Diversity and inclusion
- Privacy and protection of personal information

These policies are reviewed periodically and are publicly accessible at www.magontec.com.

To ensure effective oversight of the Group’s governance framework, Magontec operates **three independently chaired Board committees**, each responsible for specific areas of governance and risk management. These committees provide structured oversight of operational, financial, risk, audit and people related matters and support the Board in fulfilling its obligations to shareholders.

A detailed overview of Magontec’s Corporate Governance framework, including compliance with the **ASX Corporate Governance Council’s Fourth Edition Principles and Recommendations**, is provided in the **Corporate Governance Statement** available at www.magontec.com.

Board of Directors



Nicholas Andrews

Executive Chair

Member of the Business Risk Committee (BRC)
B Ec.(Syd)

Mr Andrews serves as the Executive Chair of Magontec Limited. From 2007 to 2009 Mr Andrews served as a Non-Executive Director of Advanced Magnesium Limited prior to the acquisition of Magontec GmbH and the company name change to Magontec Limited.

Mr Andrews has a financial services background in investment management and investment banking. From 1996 to 2005 he was a Managing Director at UBS Investment Bank and responsible for global distribution of Australian and New Zealand Equity products.

From 1989 to 1996 Mr Andrews was the Chief Investment Officer at LGT Investment Management in charge of the group's investment portfolios for the Australasian region.

Mr Andrews is a Member of the Executive Committee and serves on the Board of the International Magnesium Association. Since 2017 he has also served as Honorary Treasurer of the IMA.

Mr Andrews serves as a Non-Executive Director, Chair of the Finance & Audit Committee and a Member of the Nominations & Remunerations Committee of CarbonXT Group Limited.



Robert Kaye SC

Lead Independent Director
(re-appointed 11 May 2023)

Chairman of the Remuneration and Nominations Committee (REM)
Member of the Finance, Audit and Compliance Committee (FAC)
LLB (Syd), LLM (Cambridge) (Hons)

Mr Kaye was admitted to legal practice in 1978 and employed as a solicitor at Allen, Allen & Hemsley Solicitors. Thereafter he pursued his legal career at the NSW Bar and was appointed Senior Counsel in 2003, practising in commercial law.

He has been involved in an array of commercial matters both advisory and litigious in nature and served on a number of NSW Bar Association committees including the Professional Conduct Committee.

In the conduct of his practice as a barrister, he has acted for many financial institutions and commercial enterprises, both public and private and given both legal and strategic advice. He has had significant mediation experience and been involved in the successful resolution of complex commercial disputes.

As at 31 December 2025, Mr Kaye was Chair and a Non-Executive Director of Collins Foods Limited and a Non-Executive Director at FAR Limited. Mr Kaye was previously the Chair of Spicers Limited, the Chair of the Macular Disease Foundation Australia and was formerly a Non-Executive Director with UGL Limited, Electro Optic Systems Holdings Limited and HT&E Limited.



Andre Labuschagne

Independent Director
(re-appointed 7 May 2025)

Chairman of the Business Risk Committee (BRC)
Member of the Finance, Audit and Compliance Committee (FAC)
B. Comm (Potchefstroom University)

Mr Labuschagne is the Executive Chair of Aeris Resources Limited. Mr Labuschagne is an experienced mining executive with a career spanning more than 30 years, primarily in the copper and gold industry, and has held various executive roles in South Africa, PNG, Fiji and Australia for a number of leading gold companies, including Emperor Gold Mines, DRD Gold and AngloGold Ashanti. Mr Labuschagne was previously Managing Director of ASX listed gold company, Norton Gold Fields Limited.

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Atul Malhotra

Independent Director
(re-appointed 7 May 2025)

Chairman of the Finance, Audit and Compliance Committee (FAC)

Member of the Remuneration and Nominations Committee (REM)

Member of the Business Risk Committee (BRC)
MBA (Delhi University)

Mr Malhotra has an extensive professional background in Procurement, Supply Management, Strategy, Business Development and other functions. During his career spanning over 40 years, he has held executive roles at ABB, Bombardier Transportation, Adtranz and Continental with responsibility for projects and operations in Europe, Asia and Australia.

For over 10 years till October 2013, Mr Malhotra was the Head of Purchasing and a Member of the Group Management at Georg Fischer Automotive Group, Schaffhausen, Switzerland, a leading global supplier of cast metal (including magnesium) parts with an annual turnover of approximately EUR 1,200 million and 11 production units located in Europe and China.

As Head of Purchasing, his main responsibilities included establishing procurement strategy and managing the procurement function. As part of the Group's senior management team, he also held co-responsibility for providing strategic direction to, and oversight of, the business units with reporting responsibilities to the Corporate division. Since January 2014 he has been acting as an independent adviser to various corporate clients and businesses.



Li Zhongjun

Independent Director
(re-appointed 15 May 2024)

Member of the Remuneration and Nominations Committee (REM)

Graduate of Wuhan University of Technology

Mr Li is the owner of Tianjin Keweier Metal Material Co Ltd (KWE Tianjin) in China. He is a graduate of Wuhan University of Technology and spent 10 years at Tianjin Auto Industry Company Ltd. For more than 10 years, Mr Li has built a trading and manufacturing business that specialises in magnesium products. KWE (TJ) has facilities located in Hong Kong and Tianjin and a broad experience of the global magnesium industry.

Mr Li is associated with Yuan Yuan Li, who in February 2025 became a substantial shareholder of Magontec Ltd following the transfer of shares into her name.

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Executive Management



Christoph Klein-Schmeink

President Magontec Europe, North America and Middle East

MBA (Münster University)

Mr Klein-Schmeink joined Magontec Limited (then Hydro Magnesium) in 2000 as Sales and Marketing Manager responsible for global sales of the Group's anode products. He was appointed Head of Sales and Marketing in 2007 and Vice-President of Global Sales and Marketing in 2011.

In 2012 Mr Klein-Schmeink was appointed President of Magontec GmbH and has responsibility for the Group's activities in Europe, North America and the Middle East.

Prior to joining Magontec, Mr Klein-Schmeink held the position of Sales Director Asia Pacific with the global mining services company Terex Mining Corp.

Mr Klein-Schmeink holds a Master's of Business Administration degree from Münster University.



Tong Xunyou

President, Magontec Asia

B Chem (Dalian University of Technology), MBA (Hong Kong Polytechnic University)

Mr Tong joined Magontec Limited (then Hydro Magnesium) in 2003 in the role of Production Manager, Finance Manager and Deputy General Manager. In 2006 Mr Tong was appointed General Manager and assumed responsibility for all of Magontec's Chinese metal and anode activities.

Prior to joining Magontec Limited Mr Tong spent eight years with the Henkel Adhesive Company Limited where he was Production and Branch Manager.

Mr Tong holds a Bachelor's degree in Chemistry from the Dalian University of Technology and an MBA from Hong Kong Polytechnic University.



Derryn Chin

Chief Financial Officer

B Com (University of New South Wales) CA, CFA

Mr Chin joined Magontec Limited in 2014 and was appointed as the Chief Financial Officer in 2016. Prior to joining Magontec, Mr Chin was an equity research analyst at Macquarie Group in Australia and prior to that held roles in both the audit and financial advisory divisions of KPMG.

He is a member of Chartered Accountants Australia and New Zealand, a CFA charterholder and speaks Mandarin. He holds a Bachelor of Commerce from the University of New South Wales with a double major in Accounting and Finance.



Patrick Look

Vice President, Finance & HR

Business Economist VWA

Mr Look is the Vice-President of Finance & HR, with primary finance and operating oversight responsibilities for the Group's divisions in Europe, North America and the Middle East. Mr Look started his career at Magontec GmbH (then Hydro Magnesium) in 1998.

Over the last 20 years, after assuming various finance roles in the Group including accounting, purchasing and logistics and graduating as a Business Economist (VWA) he was appointed Finance Manager in 2009 and Vice-President Finance & HR in 2012.

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Dean Taylor
Company Secretary
FGIA, FCIS

Mr Dean Taylor was appointed to the position of Company Secretary in January 2023.

Mr Taylor is a Chartered Secretary and member of the Governance Institute of Australia. He has previously acted as Chief Financial Officer, Company Secretary and a Board member for an extensive range of organisations including Standards Australia, LifeHealthcare and HPM Legrand.



Dr Zisheng Zhen
Technical Director (R&D and Quality Management), Magontec Asia

PhD, Materials Processing Engineering (The University of Science and Technology Beijing)

Dr Zhen joined Magontec Limited in 2009 as the R&D manager of Magontec Xi'an Co. Ltd and was appointed as the Technical Director of Magontec Asia in 2011, responsible for R&D activities as well as quality management in China.

Dr Zhen has over 20 years of research and technical development experience in magnesium. He gained his PhD in Materials Processing Engineering from The University of Science and Technology Beijing, China in 2003. He then conducted further research works on magnesium alloys and processing technologies at Oxford University and Brunel University in England, and at the Magnesium Innovation Center in GKSS (then HZG, now Helmholtz-Zentrum Hereon) in Germany where he was a senior research fellow.

He serves on various industrial and academic committees and organisations, including the International Magnesium Association, the China Magnesium Association and the Chinese Materials Research Society (C-MRS). He was the winner of the International Magnesium Science and Technology Award for 2023 bestowed by the International Mg Society.



Prof Trevor Abbott
Director, Research and Development

B App Sc Metallurgy (South Australian Institute of Technology)
PhD (Monash University)
Adjunct Professor, University of Queensland
Adjunct Professor, Swinburne University of Technology
Adjunct Professor, RMIT University
Adjunct Fellow, Monash University

Professor Abbott completed his PhD in 1987 and has extensive experience in the metals industry including aluminium alloys (PhD topic), steel (BHP in Melbourne and Wollongong throughout the 1990s) and magnesium alloys (CAST, AMT, Magontec).

Since 2000 he has developed strong industry-academia collaborations through the CAST Cooperative Research Centre and ARC Linkage grants. During the period 2000-2004 he held an academic position at Monash University where he led the magnesium applications activities within CAST. He then transferred to AMT / Magontec and continued the collaboration with academia from the industry side. He has been particularly instrumental in the development of Magontec's high value magnesium alloy business, particularly its core product MicroZir. The high value alloys segment has become increasingly important to Magontec's alloy business in recent years.

In 2013 he established Abbottics Pty Ltd and consults in metallurgical fields, particularly magnesium, aluminium, rare earths, scandium and silicon.

Directors' Report

for the year ended 31 December 2025

1. Corporate information

The consolidated financial statements of Magontec Limited and its controlled subsidiaries as listed in Note 22 herein (collectively, the Group) for the year ended 31 December 2025 were authorised for issue in accordance with a resolution of the directors on 24 February 2026. Magontec Limited is a company limited by shares incorporated in Australia. The shares are publicly traded on the Australian Securities Exchange (ASX) under the code "MGL".

2. Glossary of entities referred to in this report

Formal Name of Entity	Description of Entity	Referred to as
Head Office Entities		
Magontec Limited	The ultimate parent/holding company of the Group.	MGL, the Company or the Parent Entity
Advanced Magnesium Technologies Pty Limited	Wholly owned subsidiary of Magontec Limited that acts as the administrative operating entity.	AMT
Varomet Holdings Limited	The wholly owned holding entity that owns the Group's operating businesses at Xi'an (PRC) and Suzhou (PRC).	VHL
Operating Entities		
Magontec GmbH	The wholly owned entity that owns the Group's operations in Bottrop, Germany.	MAB
Magontec SRL	The wholly owned entity that owns the Group's operations in Santana, Romania.	MAR
Magontec US LLC	The wholly owned entity that acts as the Group's distributor located in the United States of America.	MAU
Magontec Xi'an Co. Ltd.	The wholly owned entity that owns the Group's operations in Xi'an, PRC.	MAX
Former Operating Entities		
Magontec Qinghai Co. Ltd.	The wholly owned entity that owned the Group's operations in Qinghai, PRC. Production ceased at this facility in 2024 and the corporate entity was deregistered in May 2025.	MAQ
Magontec Suzhou Co. Ltd.	The wholly owned entity that owned the Group's operations in Suzhou, PRC. Production ceased at this facility in 2016.	MAS
Major related shareholders		
Mr Li Zhong Jun, KWE (HK) Investment Development Co and Ms Li Yuan Yuan	Substantial shareholder in Magontec Limited by association. Mr Li Zhong Jun, a director of Magontec Limited is also a director and shareholder of KWE (HK) Investment Development Co. Ltd. During 2024, the shareholding in KWE (HK) was transferred to Ms Li Yuan Yuan, an associate of Mr Li Zhong Jun.	KWE (HK)
Qinghai Salt Lake Magnesium Co. Ltd.	QSLM was formerly a 28.48% substantial shareholder in MGL, which was a Chinese state-owned enterprise. Following QSLM's termination of the co-operation agreements with Magontec Qinghai, an Extraordinary General Meeting was convened on 5 February 2025 where MGL shareholders approved a Memorandum of Settlement (MoS) between QSLM and the Group. This included the selective share buy back of all the shares held by QSLM in the Group. As set out in the MoS, QSLM relinquished its entire shareholding of 22,681,940 MGL shares to the Group which were cancelled on 5 February 2025 in exchange for certain fixed assets of Magontec Qinghai as well as both sides agreeing to forego any future legal claims.	QSLM

3. Rounding errors

The tables in this report may indicate apparent errors to the extent of one unit (being \$1,000) in the addition of items comprising totals and sub totals and the comparative balances of items from the financial accounts for the prior period. Such differences arise from the process of converting foreign currency amounts to two decimal places in AUD and subsequent rounding of the AUD amounts to one thousand dollars.

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Directors' Report

continued

The Directors of Magontec Limited submit herewith the Annual Financial Report of the Group for the twelve-month period ended 31 December 2025. In order to comply with the provisions of the *Corporations Act 2001*, the Directors report as follows.

Directors who held office during and since the end of the financial year were:

- Mr Nicholas Andrews (Executive Chairman)
- Mr Robert Kaye (Lead Independent Director)
- Mr Atul Malhotra (Independent Director)
- Mr Andre Labuschagne (Independent Director)
- Mr Li Zhong Jun (Independent Director)
- Mr Li Xing Cai (Non-Executive Director) – resigned 5 February 2025

Directorships of other Listed Companies

Directors who have held a Directorship position in another publicly listed company in the three years immediately before the end of the financial year are as follows:

- Mr Nicholas Andrews is a Non Executive Director of CarbonXT Group Limited and also serves as a Member of its Finance and Audit Committee as well as its Nomination and Remuneration Committee.
- Mr Robert Kaye is Chair and a Non-Executive Director of Collins Foods Limited and a Non-Executive Director of FAR Limited. During the relevant 3 year period, he also previously served as a Non-Executive Director of Electro Optic Systems Holdings Limited.
- Mr Andre Labuschagne is Executive Chair of Aeris Resources Limited.

Company Secretary

Mr Dean Taylor

Member, Institute of Chartered Secretaries (FCG), Governance Institute of Australia (FGIA)

Mr Dean Taylor was appointed to the position of Company Secretary in January 2023. Mr Taylor is a Chartered Secretary and Fellow Member of the Governance Institute of Australia. He has previously acted as Chief Financial Officer, Company Secretary and a Board member for a range of organisations including Standards Australia, LifeHealthcare and HPM Legrand.

Principal Activities

The principal activities of the Group during the course of the financial year consisted of:

- Manufacture and sale of generic and specialist magnesium alloys (including both primary alloy manufacture and recycling);
- Manufacture and distribution of magnesium and titanium cathodic corrosion protection products (anodes);
- Research and development of new proprietary magnesium alloys and technologies;
- Research and development of cathodic corrosion protection products (CCP); and
- Creating markets for new magnesium alloys and technologies by supporting demonstration trials and programs for developing new applications.

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Directors' Report

continued

Directors' Meetings

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director while they were a director or committee member.

Director	Board Meetings		FAC Meetings ⁽¹⁾		REM Meetings ⁽²⁾		BRC Meetings ⁽³⁾	
	Attended	Held	Attended	Held	Attended	Held	Attended	Held
Mr Nicholas Andrews	10	10					1	1
Mr Li Zhong Jun	2	10			1	1		
Mr Atul Malhotra	9	10	2	2	1	1	1	1
Mr Robert Kaye	10	10	2	2	1	1		
Mr Andre Labuschagne	10	10	2	2			1	1
Mr Li Xing Cai	-	2						

Note: Mr Li Zhong Jun was absent from several meetings during 2025 due to a conflict of interest in Agenda Items.

- (1) Finance, Audit & Compliance Committee
 (2) Remuneration & Nominations Committee
 (3) Business Risk Committee

Directors' Shareholdings

The following table sets out the relevant interest (direct and indirect) of each serving director in shares, debentures, and rights or options in shares or debentures of the Company or a related body corporate as at the date of this report.

Director	Ordinary Shares	Performance Rights
Mr Nicholas Andrews	1,800,890	1,728,087
Mr Li Zhong Jun	3,937,386	-
Mr Atul Malhotra	-	-
Mr Robert Kaye	242,350	-
Mr Andre Labuschagne	-	-

Remuneration Report

The Remuneration Report is set out on Pages 36 to 50 and forms part of the Directors' Report for the financial year ended 31 December 2025.

Financial Report

Refer to 'Financial Report' section.

Operations Report

Refer to Operations Report.

Dividends

No dividend has been declared for the 12 month period to 31 December 2025.

Subsequent Events

Subsequent events are detailed in Note 27.

Future Developments

Disclosure of information regarding likely developments in the operations of the Group in future financial years and the expected results of those operations are likely to result in unreasonable prejudice to the consolidated entity. Accordingly, this information has not been disclosed in this report.

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Directors' Report

continued

Non-Audit Services

Camphin Boston (the Group's auditors) provided tax and other services during the financial year. Aggregate fees for non audit services paid in the financial year were \$11,545.

Auditor's Independence Declaration

The Auditor's independence declaration is included on page 51 of this Annual Report.

Indemnification of Officers and Auditors

The Group paid premia to insure certain officers of the Company and related bodies corporate in relation to performance of their duties as officers of the Company. The officers of the Group covered by this insurance include directors or secretaries of controlled entities.

The Company has not otherwise, during or since the financial year except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

On behalf of the Board of Directors



Mr N Andrews
Executive Chairman

Signed on the 24 February 2026 in accordance with a resolution of the Directors made pursuant to Section 298(2) of the *Corporations Act 2001*.

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Directors' Report

continued

Remuneration Report (audited)

The Directors of Magontec are pleased to present the Remuneration Report for the financial year ended 31 December 2025. This Report forms part of the Directors' Report and has been audited in accordance with section 300A and section 308(3C) of the *Corporations Act 2001*.

The remuneration report is presented under the following sections:

1. Key Management Personnel (KMP) covered by this Report
2. Remuneration Framework
 - i. Remuneration objectives
 - ii. Remuneration policy
 - iii. Remuneration mix
3. Remuneration Governance
 - i. Role of the Board
 - ii. Role of the Remuneration and Nominations Committee
- iii. Remuneration Approval Process
- iv. Remuneration Benchmarking and use of Consultants
4. 2025 KMP Remuneration
 - i. Service arrangements
 - ii. Group performance and the link to remuneration
 - iii. 2025 Remuneration mix
 - iv. 2025 KMP & Directors remuneration summary
 - v. 2025 Fixed Remuneration (TFR)
 - vi. 2025 Short-term incentive (STI)
 - vii. 2025 Long-term incentive (LTI)
5. 2025 KMP - other Statutory Disclosures
 - i. Loans to Members of KMP
 - ii. Independent & Non-executive Director Remuneration arrangements
 - iii. KMP and Director Equity Holdings

1. Key Management Personnel (KMP) Covered by this Report

This report details the remuneration arrangements for key management personnel (KMP) who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group and includes the Executive Chairman and his direct reports. Key management personnel holding office in 2025 through to the date of this report were as follows (unless otherwise indicated):

Type	Position	Position	Appointed	Committee
Non-Executive KMP	Robert Kaye	Lead Independent Non-Executive Director	19 Jul 2013	Chair - REM Member - FAC
	Atul Malhotra	Independent Non-Executive Director	1 Jan 2019	Chair - FAC Member - REM Member - BRC
	Andre Labuschagne	Independent Non-Executive Director	22 Jan 2014	Chair - BRC Member - FAC
	Li Zhong Jun	Independent Non-Executive Director	31 Aug 2009	Member - REM
	Li Xing Cai	Non-Executive Director (resigned 5 February 2025)	28 Sep 2022	-
Executive KMP	Nicholas Andrews	Executive Chairman	14 May 2007	Member - BRC
	Christoph Klein-Schmeink	President Magontec Europe, North America and Middle East	7 May 2012	-
	Tong Xunyou	President Magontec Asia	7 May 2012	-
	Derryn Chin	Chief Financial Officer	1 Mar 2016	-

FAC - Finance & Audit Committee

REM - Remuneration & Nominations Committee

BRC - Business Risk Committee

Directors' Report

continued

2. Remuneration Framework

I. Remuneration Objectives

Magontec's remuneration objectives are designed to ensure a strong alignment between the interests of shareholders and the performance outcomes of employees. The framework supports a clear focus on the Group's strategic direction and agreed priorities.

Magontec's vision is to establish and maintain its position as a leading global manufacturer and recycler of magnesium alloys and magnesium-based products. The Group seeks to be recognised as a safe and equitable workplace, committed to technological advancement, high environmental standards, efficient global logistics, and exemplary corporate governance.

Aligning the interests of shareholders and management fosters the conditions necessary to achieve these outcomes, supporting stability within the executive team and maintaining focus on the priorities that drive sustainable long-term shareholder returns.

The Group's remuneration framework is not solely centred on financial performance. It incorporates a balanced approach that recognises environmental, social and governance (ESG) expectations alongside traditional financial measures, ensuring that performance is assessed holistically and responsibly.

II. Remuneration Policy

The Remuneration Policy is reviewed annually by the Remuneration & Nominations Committee to ensure continued alignment between its guiding principles, the expected performance outcomes, the Group's strategic objectives, and the evolving market environment.

The objectives of the Remuneration Policy are achieved by ensuring that remuneration levels reflect prevailing market conditions, statutory obligations, and the degree of accountability associated with each role. The framework also seeks to provide appropriate incentives to encourage high performance, while maintaining organisational flexibility and operational efficiency.

A core aim of the policy is to retain key employees and align their interests with the long-term performance of the Group and the interests of shareholders.

The policy is designed to:

- motivate members of the Global Management Group to develop innovative strategies that support sustainable growth;
- reward the Global Management Group for the achievement of positive strategic and financial outcomes; and
- supplement cash remuneration with appropriate non-cash mechanisms to assist in preserving the Group's cash resources.

The Group employs a balanced mix of cash and non-cash remuneration mechanisms to reward key management personnel.

III. 2025 KMP Remuneration Mix

The Group's remuneration framework has been developed in accordance with the ASX Corporate Governance Council's *Principles and Recommendations (4th Edition)*, in particular Principle 8, which provides that listed entities should remunerate fairly and responsibly and ensure that executive remuneration is aligned with the creation of long-term value for security holders. The framework also reflects the requirements of the *Corporations Act 2001* relating to the structure, disclosure and governance of executive remuneration.

Executive remuneration comprises fixed and variable "at-risk" components designed to support sustainable Group performance and align the interests of executives with those of shareholders. The remuneration structure consists of the following elements:

a) Fixed Remuneration (TFR)

TFR includes base salary, statutory superannuation contributions and applicable allowances in line with local legislative requirements. TFR is set with regard to the responsibilities of the role, relevant market benchmarks and the skills and experience necessary to fulfil the position's requirements. This approach is consistent with ASX guidance that remuneration should be sufficient to attract and retain appropriately qualified executives.

b) Short-Term Incentive (STI)

The STI is provided in cash and it rewards executives for the delivery of annual performance outcomes. STI measures typically include financial performance, operational effectiveness, strategic progress and behaviours aligned with the Group's values and risk management framework.

The Board maintains discretion over STI outcomes, consistent with best-practice governance expectations, to ensure that awards are appropriate, reflect overall Group performance, and take account of unforeseen events, conduct, and risk factors. This approach is also aligned with ASIC guidance on the governance of variable remuneration.

c) Long-Term Incentive (LTI)

The LTI is delivered in equity to encourage long-term value creation and alignment with shareholder interests. LTI awards are subject to defined performance hurdles and vest over multi-year periods. The use of equity-based remuneration supports ASX recommendations that long-term incentives should reinforce the Group's strategy and risk appetite.

Participation in the LTI is subject to the requirements of the *Corporations Act 2001*, including the prohibition on key management personnel hedging unvested or restricted equity (s 206J) and the rules governing termination benefits (ss 200-200J). Any provision of equity to executives is also assessed in accordance with the related-party transaction provisions (s 208), ensuring that any remuneration-related financial benefits provided to key management personnel fall within the scope of "reasonable remuneration" or are subject to shareholder approval where required.

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Directors' Report

continued

3. Governance of Remuneration Framework

I. Role of the Board

The Board has overall responsibility for the Group's remuneration framework and the outcomes arising under it. In line with the ASX Corporate Governance Principles, the Board is accountable for ensuring that remuneration practices support the long-term interests of shareholders, promote responsible remuneration outcomes and reinforce the Group's strategic objectives and risk management framework.

The Board reviews and approves recommendations from the Remuneration & Nominations Committee (REM Committee) regarding the remuneration arrangements for executives and non-executive directors. It also ensures that remuneration structures comply with the requirements of the *Corporations Act 2001* and reflect good governance practices.

II. Role of the Remuneration & Nominations Committee (REM)

The REM Committee assists the Board in fulfilling its responsibilities relating to the Group's remuneration strategy, policies and practices. Consistent with ASX best practice, the Committee oversees the design and operation of the remuneration framework to ensure it is appropriate, competitive, and aligned with the creation of long-term shareholder value.

The REM Committee is responsible for making recommendations to the Board on:

- the appointment, remuneration and termination arrangements for the Executive Chair / Chief Executive Officer (or equivalent);
- the remuneration arrangements for non-executive directors; and
- the appointment, remuneration and termination of key management personnel being senior executives reporting directly to the Executive Chair / CEO as requested by the Board.

In performing these responsibilities, the Committee considers market conditions, regulatory expectations, governance developments and internal performance benchmarks to ensure that the remuneration structure remains fit-for-purpose and supports the retention of high-calibre directors and executives.

III. Remuneration Approval Process

The Board approves the remuneration arrangements for the Executive Chair, CEO and executives following detailed review and recommendations from the REM Committee. This process ensures that remuneration outcomes are determined independently, objectively and in alignment with the Group's performance, remuneration policies and governance obligations.

IV. Remuneration Benchmarking and use of Consultants

From time to time, the REM Committee engages external independent advisors to assist with remuneration decisions. Consistent with *Corporations Act* requirements, any remuneration consultants engaged report directly to the REM Committee and must confirm their independence from management.

External remuneration advice may include:

- market benchmarking and remuneration trends;
- regulatory and governance developments;
- valuation of long-term incentive instruments; and
- guidance on contemporary remuneration practices.

During the year ended 31 December 2025, the Group engaged **Mercer (Australia) Pty Ltd** to undertake the independent valuation of Performance Rights approved and granted at the May 2025 Annual General Meeting. The cost to the Group incurred was \$9,500 excluding GST for this service.

No other remuneration consultants were engaged during the current period.

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Directors' Report

continued

4. 2025 KMP Remuneration

I. Service arrangements

The table below sets out the service agreements for Executive KMP, detailing key contractual terms including fixed remuneration, contract duration, notice periods and payment in lieu of notice, in accordance with the Group's remuneration governance framework. Each KMP contract specifies the individual will receive a fixed remuneration amount and is entitled to a discretionary STI/LTI grant to be determined by the REM Committee and the Board.

Executive Contractual Arrangements at 31 December 2025						
Name	Position	Fixed Remuneration	Term	Expiry	Notice Period	Payment in Lieu of Notice
Mr N Andrews	Executive Chairman	\$561,513	3 years	30-Jun-26	6 mths	6 months
Mr C Klein-Schmeink	President Magontec - Europe & North America	\$445,284	5 years	14-Aug-27	12 mths	12 months
Mr X Tong	President Magontec - Asia	\$396,199	No term	No expiry	6 mths	6 months
Mr D Chin	Chief Financial Officer	\$336,357	3 years	30-Jun-26	6 mths	6 months

II. Group Performance and link to remuneration

Remuneration outcomes are directly linked to the achievement of both short-term and long-term performance objectives. These objectives comprise a mix of financial and non-financial key performance indicators (KPIs), which are established through the annual Business Plan and Budget, and the three-year Strategic Plan approved by the Board. This alignment ensures that remuneration structures reinforce the delivery of the Group's operational priorities, strategic initiatives and long-term value creation for shareholders.

ACTUAL OUTCOMES - Shareholders	2021	2022	2023	2024	2025
Net assets per share (cents)	47.3	72.4	72.1	62.8	82.0
Net tangible assets per share (cents)	42.4	67.9	67.8	58.0	75.9
Share Price closing (cents)	45.0	32.5	39.0	18.5	23.5
Dividend declared per share (cents, unfranked)	-	1.2	1.2	-	-

Note: The QSLM buyback reduced the number of ordinary shares on issue by 28.48% on 5 February 2025, which had a positive impact on per share metrics presented above.

FINANCIAL YEAR	2021	2022	2023	2024	2025
Sales (reported)	115,151	158,600	102,357	72,189	64,285
Sales (continuing)			79,460	57,093	64,117
Net Profit after Tax attributable to shareholders	5,008	16,515	466	(9,517)	(5,397)
Net Profit After Tax attributable to shareholders from Continuing Operations excluding FX gains and losses			452	(5,465)	(3,695)

ACTUAL OUTCOMES - KMP	2021	2022	2023	2024	2025
Actual STI % of TFR	13.6%	32.2%	0.0%	12.2%	27.9%
Actual LTI Vest % of Grant	0.0%	0.0%	28.8%	0.0%	30.0%

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Directors' Report

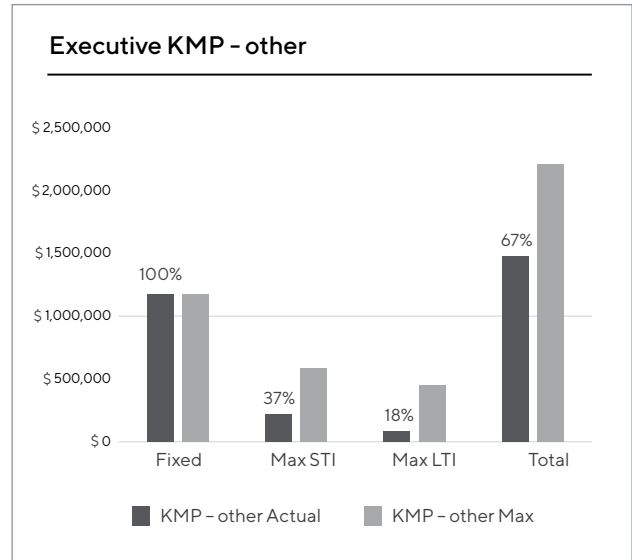
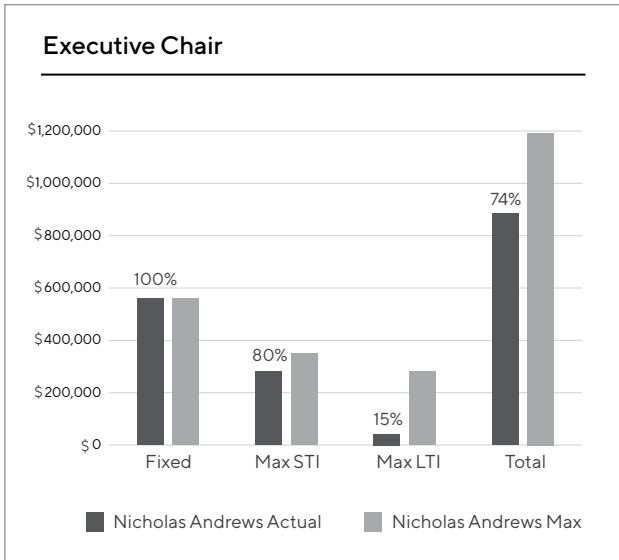
continued

4. 2025 KMP Remuneration (continued)

III. 2025 Remuneration Mix

The Group's remuneration mix consists of fixed and variable elements designed to align executive interests with the Group's performance and long-term shareholder value. Fixed remuneration reflects the scope and responsibilities of the role, while the variable Short-Term and Long-Term Incentive components are performance-based and contingent on the achievement of agreed financial, operational and strategic objectives.

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Directors' Report

continued

4. 2025 KMP Remuneration (continued)

IV. KMP & Director remuneration summary

The remuneration disclosures for Directors and Executive Key Management Personnel for the reporting period have been prepared in accordance with Australian Accounting Standards and the remuneration reporting requirements set out in section 300A of the *Corporations Act 2001*.

Key Management Personnel Remuneration 12 months ended 31 Dec 2025	Non-Performance Related				Performance Related			Total \$
	Salary & Allowances \$	Termination Payment \$	Super & Statutory Pension Benefits \$	Motor Vehicle & Other \$	STI \$	Shares granted* \$	Non cash accrual LTI Rights** \$	
Mr N Andrews (Exec Chairman)	2025 531,513 2024 531,513	- -	30,000 28,750	- -	280,132 111,804	- -	156,737 173,042	998,382 845,109
Mr C Klein-Schmeink (President Magontec Europe)	2025 406,188 2024 380,134	- -	20,463 20,447	52,361 16,604	17,381 20,971	- -	104,087 128,397	600,480 566,553
Mr X Tong (President Magontec Asia)	2025 370,612 2024 362,508	- -	25,587 24,480	- -	30,206 13,237	- -	94,348 114,625	520,753 514,850
Mr D Chin (Chief Financial Officer)	2025 306,357 2024 306,357	- -	30,000 28,750	- -	167,554 62,600	- -	92,695 102,048	596,606 499,755
Mr R Kaye (Lead Independent Dr)	2025 110,000 2024 80,000	- -	- -	- -	- -	- -	- -	110,000 80,000
Mr A Malhotra (Independent Dr)	2025 90,786 2024 60,000	- -	- -	- -	- -	- -	- -	90,786 60,000
Mr A Labuschagne (Independent Dr)	2025 90,000 2024 60,000	- -	- -	- -	- -	- -	- -	90,000 60,000
Mr Z Li (Non Exec Dr)	2025 90,000 2024 60,000	- -	- -	- -	- -	- -	- -	90,000 60,000
Total year ended 31 December 2025	1,995,456	-106,050	52,361	495,273	-447,867	3,097,007		
Total year ended 31 December 2024	1,840,512	-102,427	16,604	208,612	-518,112	2,686,267		

* **Shares granted**

This reflects the expense related to actual shares granted to the employee as remuneration outside of the LTI scheme

** **LTI Rights - Long Term Incentive rights explanatory note**

The values listed in the table above under the column LTI rights are **non-cash**. This accounting expense represents the estimated fair value that the employee obtains from participation in the LTI scheme as required by Australian accounting standards and does not represent an amount that has been received by the employee.

Other Short term Employee Benefits are included in either the "Salary or Allowances" or "Motor Vehicle & Other" columns as appropriate.

Post Employment Benefits are included in the column "Super & Statutory Pension Benefits".

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Directors' Report

continued

4. 2025 KMP Remuneration (continued)

The table below presents the fair value of STI and LTI awards granted to key management personnel at the initial grant date, measured in accordance with AASB 2 *Share-based Payments* and AASB 119 *Employee Benefits*. These values may differ from the amounts disclosed in the statutory remuneration tables above, which are prepared under section 300A of the *Corporations Act 2001* and reflect updates to performance outcomes and other adjustments required by the accounting standards.¹

Summary of STI and LTI awarded to key management personnel				
	2025 STI awarded \$	2025 LTI fair value awarded at grant date \$	2024 STI awarded \$	2024 LTI fair value awarded at grant date \$
Current KMP executives				
Nicholas Andrews	280,132	131,921	111,804	187,400
Christoph Klein-Schmeink	17,381	65,481	20,971	133,823
Xunyou Tong	30,206	56,899	13,237	122,167
Derryn Chin	167,554	78,905	62,600	111,923
Total	495,273	333,206	208,612	555,313
<i>Non Market Vesting Probability at grant date (%)</i>		100%	100%	

¹ Grant-date fair values are based on valuations required under AASB 2 and AASB 119. Statutory remuneration figures may change over time as they incorporate updated assessments of performance conditions and other accounting adjustments required during the vesting period.

V. 2025 Fixed Remuneration (TFR)

Throughout the 2025 financial year, the Group once again maintained fixed remuneration for Key Management Personnel (KMP) at existing levels. No discretionary adjustments were made, and the only changes reflected the compulsory uplift in statutory superannuation contributions mandated by law. Minor variances may be observed due to fluctuations in foreign exchange rates when converting fixed remuneration of overseas based executives from local currency to AUD.

VI. 2025 Short-Term Incentive (STI)

In accordance with the Group's Remuneration Policy, STI outcomes are determined with reference to a defined set of financial and non-financial Key Performance Indicators (KPIs). These KPIs are approved annually by the Board and are designed to reinforce the achievement of both operational performance and strategic initiatives.

For the year ended **31 December 2025**, the financial performance hurdles were not met. As a result, no Group Performance or Regional Performance incentives were awarded, representing 50%-75% of the total STI opportunity.

The Board reviewed the Non Financial KPIs set for the year and approved an STI payment based on the level of individual achievement against these measures, in accordance with the STI plan.

The STI grant date was 24 February 2026.

During the year, certain members of management also undertook substantial additional work that fell outside the formally approved KPI framework. This work included the execution of the shareholder approved exit from the QSLM contract (February 2025), the subsequent closure of the Qinghai Plant, completion of the QSLM share buyback, and the development of the Group's strategy following the plant closure.

These activities delivered clear benefits to shareholders, including a significant increase in Net Tangible Assets per share arising from the reduction in issued capital. In recognition of the additional responsibilities undertaken and the outcomes delivered, the Board approved an incremental STI payment for the individuals involved.

KPI Category	Weighting	Achievement Status	Comments
Group Performance	50%	Not Achieved	ROE below hurdle
Regional Performance	0-25%	Not Achieved	ROE below hurdle
Non-Financial Strategic KPIs	25-50%	Fully Achieved	Additional non-financial achievements were assessed and considered.

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Directors' Report

continued

4. 2025 KMP Remuneration (continued)

Short-Term Incentive (STI) Framework Overview

The Short-Term Incentive (STI) forms an important component of Magontec's remuneration structure and is designed to reward executives for achieving annual financial, operational and strategic objectives. The STI framework incorporates clearly defined performance measures, hurdle requirements, governance controls and risk mitigation features to ensure that outcomes are aligned with shareholder interests and the Group's broader strategic priorities.

The key features of the STI framework are summarised in the table below.

Topic	Summary
How is performance measured?	STI performance is assessed against a combination of financial and non-financial metrics, based on predefined performance criteria and minimum hurdle requirements for the financial year.
How is the STI calculated for each KMP?	The STI opportunity is expressed as a percentage of the executive's fixed remuneration and is subject to maximum caps, including limits on over-achievement.
Short-Term Incentive Structure	The STI comprises three components designed to drive performance at both Group and regional levels: <ol style="list-style-type: none"> i. Group Performance ii. Regional Performance iii. Non-Financial Performance
Short-Term Incentive Hurdles	A minimum Return on Equity (ROE) hurdle must be achieved at Group and regional levels for financial-based STI components to become payable.
Group and/or Regional Over-achievement	If Group and/or regional ROE exceeds the target by more than 50%, the STI may include an additional over-achievement component, capped at 150% of that STI element.
How is the STI governed?	All STI outcomes are reviewed by the Remuneration & Nominations Committee and are subject to approval by the Board.
How is risk managed to prevent excessive payments?	Risk mitigation measures include: <ul style="list-style-type: none"> - minimum ROE hurdles aligned with expected TSR outcomes for comparable ASX-listed entities; - STI outcomes capped as a percentage of fixed remuneration; - Board discretion to consider conduct, individual contribution, KPI achievement and other qualitative factors.
What period does the STI relate to?	<ul style="list-style-type: none"> - The STI plan commences on 1 January each year. - The performance period is 12 months. - NOPAT is defined as NPAT adjusted for specific items deemed appropriate by the Board.
How is it paid?	STI awards are paid 100% in cash , following completion and Board approval of the audited financial statements.
What happens if the executive leaves?	If an executive resigns or is terminated for cause before year-end or before STI payment, no STI is payable unless otherwise determined by the Board.

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Directors' Report

continued

4. 2025 KMP Remuneration (continued)

VII. 2025 Executive Long-Term Incentive (LTI) Grant

The tables below summarise the current LTI grants provided to eligible executives which includes current approved LTI grants. Each Performance Right converts into an Ordinary Share upon exercise.

LTI - Performance Rights (Issued & unvested)	2023-2025	2024-2026	2025-2026	TOTAL
Nicholas Andrews	597,847	681,093	1,046,994	2,325,934
Derryn Chin	357,059	406,777	626,233	1,390,069
Christoph Klein-Schmeink	426,923	486,369	519,693	1,432,985
Xunyou Tong	389,738	444,006	451,580	1,285,324
Other non KMP	409,278	649,023	879,980	1,938,281
TOTAL	2,180,845	2,667,268	3,524,480	8,372,593

LTI Grant - Summary (Issued & unvested)	2023-2025	2024-2026	2025-2027	TOTAL
LTI Security Type	Performance Right	Performance Right	Performance Right	
Grant Date	1-Jan-23	1-Jan-24	23-May-25	
Vesting Date	31-Dec-25	31-Dec-26	31-Dec-27	
Number Granted	3,021,042	3,742,227	3,524,480	10,287,749
Grant Status	Partially	Unvested	Unvested	
Number Vested	-	-	-	-
Number Lapsed / Cancelled	(840,197)	(1,074,959)	-	(1,915,156)
Number Exercised	-	-	-	-
Current Issued & unvested	2,180,845	2,667,268	3,524,480	8,372,593

Grant Year	2023	2024	2025
Grant Approval Status	Approved	Approved	Approved
Plan Approval Date	AGM 2023	AGM 2023	AGM 2024
Share Price at grant date	32.5c	39.0c	17.5c
Share Price Target (cents)	59.6c	71.5c	Relative TSR
Fair Value methodology	Binomial	Binomial	Monte Carlo
Grant-date Fair Value (cents)	16.5c	19.6c	12.6c
Volatility %	64.80%	56.00%	65.00%
Discount rate (risk free) p.a.	3.19%	3.81%	3.43%
Dividend Yield p.a.	3.70%	3.10%	2.90%

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Directors' Report

continued

4. 2025 KMP Remuneration (continued)

The following table details the number of LTI performance rights granted, lapsed or exercised during the year ended 31 December 2025, by plan participant and in aggregate.

Performance Rights Issued to Global Management Group								
Name	Assumed Grant date	Holding at 1 Jan 25	Granted in 2025	Cancelled 2025	Lapsed 2025	Vested in 2025	Holding at 31 Dec 2025	Vested but not exercised at 31 Dec 2025
Nicholas Andrews								
2023-25 Plan	01-Jan-23	828,175	-	(230,328)	(349,394)	(248,453)	-	248,453
2024-26 Plan	01-Jan-24	955,586	-	(274,493)	-	-	681,093	-
2025-27 Plan	23-May-25	-	1,046,994	-	-	-	1,046,994	-
Subtotal		1,783,761	1,046,994	(504,821)	(349,394)	(248,453)	1,728,087	248,453
Derryn Chin								
2023-25 Plan	01-Jan-23	494,620	-	(137,561)	(208,673)	(148,386)	-	148,386
2024-26 Plan	01-Jan-24	570,716	-	(163,939)	-	-	406,777	-
2025-27 Plan	23-May-25	-	626,233	-	-	-	626,233	-
Subtotal		1,065,336	626,233	(301,500)	(208,673)	(148,386)	1,033,010	148,386
Christoph Klein-Schmeink								
2023-25 Plan	01-Jan-23	591,401	-	(164,478)	(249,503)	(177,420)	-	177,420
2024-26 Plan	01-Jan-24	682,385	-	(196,016)	-	-	486,369	-
2025-27 Plan	23-May-25	-	519,693	-	-	-	519,693	-
Subtotal		1,273,786	519,693	(360,494)	(249,503)	(177,420)	1,006,062	177,420
Xunyou Tong								
2023-25 Plan	01-Jan-23	539,889	-	(150,151)	(227,771)	(161,967)	-	161,967
2024-26 Plan	01-Jan-24	622,949	-	(178,943)	-	-	444,006	-
2025-27 Plan	23-May-25	-	451,580	-	-	-	451,580	-
Subtotal		1,162,838	451,580	(329,094)	(227,771)	(161,967)	895,586	161,967
Other								
2023-25 Plan	01-Jan-23	566,957	-	(157,679)	(239,191)	(170,087)	-	170,087
2024-26 Plan	01-Jan-24	910,591	-	(261,568)	-	-	649,023	-
2025-27 Plan	23-May-25	-	879,980	-	-	-	879,980	-
Subtotal		1,477,548	879,980	(419,257)	(239,191)	(170,087)	1,529,003	170,087
Aggregate								
2023-25 Plan	01-Jan-23	3,021,042	-	(840,197)	(1,274,532)	(906,313)	-	906,313
2024-26 Plan	01-Jan-24	3,742,227	-	(1,074,959)	-	-	2,667,268	-
2025-27 Plan	23-May-25	-	3,524,480	-	-	-	3,524,480	-
Total		6,763,269	3,524,480	(1,915,156)	(1,274,532)	(906,313)	6,191,748	906,313

The 2023-25, 2024-26 and 2025-27 Plans expire on 31 December 2025, 2026 and 2027 respectively.

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Directors' Report

continued

4. 2025 KMP Remuneration (continued)

LTI vested grants converted to shares during 2025

During the financial year ended 31 December 2025, no vested rights were exercised or converted into ordinary shares by any member of the Key Management Personnel.

LTI grants vested during 2025

Performance Rights granted in January 2023 for the period 1 January 2023 to 31 December 2025 were subject to two vesting conditions, being share price targets and KPIs. The Board has determined that the KPI vesting condition was deemed to have been met and 906,313 Performance Rights vested, but had not yet been exercised at the date of this report.

LTI grants cancelled during 2025

In connection with the QSLM share buyback approved in February 2025, all granted but unvested Performance Rights were proportionately reduced with the consent of each holder. This resulted in the cancellation of 1,915,156 Performance Rights, representing 28.3% of the total unvested rights on issue.

LTI granted during 2025

During the year ended 31 December 2025, a total of 3,524,480 performance rights were granted with respect to the three-year period 1 January 2025 to 31 December 2027.

The performance rights were granted after the AGM held in May 2025. No other LTIs were granted to Executive KMP during the 2025 financial period.

The Group's shares continue to trade on relatively low liquidity, which can lead to share-price outcomes that do not always reflect underlying operational performance or the strategic progress achieved.

During the year, the execution of the QSLM share buyback delivered a clear benefit to shareholders through the reduction of issued capital. However, due to the low-liquidity trading environment, the Board recognises that the prevailing share price may not fully incorporate this value in the short term.

The Board also notes that this dynamic has an impact on the calculation of equity-based remuneration.

Under the LTI plan, the number of performance rights granted is determined by reference to the market price at the time of issue. Where liquidity is low and the share price does not reflect the full value of the Group's activities, the grant-value calculation may not align with the Board's assessment of management performance, remuneration levels or shareholder benefit.

The Board will continue to monitor these factors when applying the Group's remuneration framework.

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Directors' Report

continued

4. 2025 KMP Remuneration (continued)

Summary of Performance Conditions (2025-2027 Plan)

The Long-Term Incentive (LTI) Plan incorporates both financial and strategic performance conditions to ensure that vesting outcomes are directly aligned with long-term value creation for shareholders. These performance conditions are assessed over a multi-year period and reflect the key drivers of sustainable performance for the Group. The tables below provide a summary of the vesting categories, assessment methodologies, rationale for the selected measures and the primary data sources used in determining performance outcomes.

Vesting Category	Vesting Condition	Weighting (%)
Strategic KPI	Strategic KPIs	30% - 50%
Financial	Total Shareholder Return	50% - 70%

Vesting Conditions	Assessment Method	Rationale	Primary Data Sources
Strategic KPIs	Assessment against Board-approved KPI scorecards following the annual performance review cycle	Ensures executive outcomes are aligned to role-specific priorities and the Group's strategic objectives	Board approved KPI measurements; performance records
Total Shareholder Return	Compares the 30-day VWAP against pre-determined share price targets and assesses Total Shareholder Return (including dividends) over a three-year performance period	Aligns executive reward directly with shareholder value creation and long-term market performance	ASX market data; share registry; dividend distribution records
Valuation of Rights	Fair value calculated using a Binomial Model for the 2023-25 and 2024-26 Plans and a Monte Carlo simulation for the 2025-2027 Plan. These option pricing models were applied to the market based conditions; expense recognised on a straight line basis over the vesting period	Ensures compliance with AASB-based valuation requirements and appropriately reflects the impact of market-related performance hurdles	Grant-date VWAP; historical share price volatility; risk-free interest rate; dividend yield assumptions

Long-Term Incentive (LTI) Framework Overview

The Long-Term Incentive (LTI) forms a key component of Magontec's executive remuneration structure and is designed to align the interests of executives with the long-term creation of shareholder value. The LTI framework supports the retention of critical leadership capability and reinforces sustained performance by rewarding executives for delivering strategic, financial and operational outcomes over a multi-year period.

LTI awards are granted in the form of equity instruments and are subject to performance hurdles and service conditions that encourage long-term focus and commitment. Awards vest only where the Board determines that performance conditions have been satisfied, ensuring that outcomes are aligned with shareholder interests, responsible governance practices and the Group's strategic objectives.

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Directors' Report

continued

4. 2025 KMP Remuneration (continued)

The key features of the LTI framework are summarised in the table below.

Topic	Summary
What is the purpose of the LTI?	The LTI is designed to align the interests of executives with long-term shareholder value creation, support retention of key talent, and reinforce delivery of the Group's strategic objectives over a multi-year period.
How is performance measured?	LTI outcomes are assessed against multi-year performance conditions, which may include financial, strategic, sustainability or other long-term measures approved by the Board at the time of grant. Performance is measured over the specified vesting period.
How is the LTI calculated for each KMP?	LTI opportunities are set as a percentage of fixed remuneration. The number of rights or options granted is determined by dividing the LTI value by the fair value per instrument at grant date, calculated in accordance with <i>AASB 2 Share-based Payments</i> .
Long-Term Incentive Structure	The LTI is delivered in the form of Performance Rights (or other equity instruments). These awards are subject to performance conditions and service requirements over a multi-year performance period.
LTI Performance Hurdles	Performance conditions typically apply over a three-year period and may include financial hurdles, strategic objectives, and other long-term drivers of sustainable value. The Board sets these hurdles at grant date and determines whether they have been achieved at the conclusion of the performance period.
Vesting Conditions	Vesting of LTI awards requires both: <ul style="list-style-type: none"> - Satisfaction of performance hurdles, and - Continued employment with the Group for the duration of the performance period, unless otherwise determined by the Board.
Board Discretion	The Board, on recommendation of the Remuneration & Nominations Committee, retains full discretion to adjust LTI outcomes to ensure alignment with shareholder interests, Group performance, risk considerations, and conduct expectations.
How is risk managed?	Risk management features include: <ul style="list-style-type: none"> - Multi-year performance testing aligned with long-term value creation; - Equity instruments that vest only when performance is demonstrated; - Prohibition on hedging unvested or restricted equity in accordance with the <i>Corporations Act 2001</i>; - Board discretion to modify outcomes where necessary.
What period does the LTI relate to?	LTI awards apply to a multi-year performance period , typically across three financial years , beginning on the grant date and ending on completion of the relevant testing period.
How is it settled?	LTI awards are settled in equity (typically Performance Rights converting into fully paid ordinary shares) upon successful achievement of performance and service conditions. No cash is paid unless otherwise disclosed or approved.
What happens if the executive leaves?	Unvested LTI awards generally lapse if an executive resigns or is terminated for cause. In cases of retirement, redundancy, or other special circumstances, the Board may exercise discretion to determine whether any portion of the unvested LTI should remain "on-foot" for testing at the end of the performance period.

Valuation of performance rights

Performance Rights granted under the Group's Long-Term Incentive Plan are measured at fair value in accordance with *AASB 2 Share-based Payments*.

For awards subject to market-based performance conditions, fair value is determined at grant date using a binomial pricing model (2023-25 and 2024-26 Plan) or a Monte Carlo simulation (2025-27 Plan).

For awards subject to non-market performance conditions, fair value is based on the expected number of rights that will vest, with the related expense recognised over the three-year vesting period.

The total LTI expense recorded reflects both market-based valuations and the assessed likelihood of achieving non-market performance conditions, as approved by the Board.

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Directors' Report

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5. Other Statutory Disclosures

There have not been any other transactions between the Group and any KMP members that are not otherwise contained in this report.

I. Loans to Members of Key Management Personnel

As at 31 December 2025, one loan to a member of Key Management Personnel remained outstanding. The loan to Mr Christoph Klein-Schmeink had a balance of **A\$59,834** (2024: A\$56,914).

The loan has a 10-year term and is due to expire on **15 July 2026**, unless repaid earlier upon cessation of employment or the sale of any Magontec Limited shares held by the borrower. Interest is charged at **1.81%** (2024: 1.81%). Interest paid during the period was \$1,000 (2024:\$1,000). This was broadly in line with arm's length principles at the time the agreement was executed. There were no write downs or allowances against these balances during the period.

No other loans to Key Management Personnel were outstanding at 31 December 2025.

II. Independent & Non-Executive Director Remuneration

Remuneration for Independent and Non-Executive Directors (NEDs) consists of directors' fees only. The total fees payable to NEDs are subject to a shareholder-approved aggregate fee pool, which is currently set at **\$600,000 per annum**. Any increase to this limit requires shareholder approval.

During the year, the Board reviewed NED fees with reference to market benchmarks and governance expectations. Within the existing shareholder-approved fee pool, the Board approved adjustments to ensure fees remain competitive. Under the revised structure, Independent and Non-Executive Directors receive **\$100,000 per annum**, and the Lead Independent Director receives **\$120,000 per annum**, inclusive of superannuation. No additional committee fees apply.

Directors are reimbursed for reasonable travel and other expenses incurred in carrying out their duties.

In line with governance best practice, equity-based remuneration is generally not provided to Independent or Non-Executive Directors. Any equity granted must comply with the requirements of the *Corporations Act 2001* and the ASX Listing Rules.

III. KMP Equity Holdings

The following table sets out the number of ordinary shares in Magontec Limited held directly, indirectly or beneficially by members of Key Management Personnel (KMP), including their related parties, during the year ended 31 December 2025.

Shareholdings include movements arising from purchases, sales, and shares issued under the Group's Long-Term Incentive Plan (where applicable).

Fully paid ordinary shares of Magontec Limited - 31 Dec 2025

	Total balance (held directly and indirectly) 01 Jan 25 No.	Granted as remuneration No.	Acquired On Market No.	Issued under Dividend Reinvestment Plan No.	Total balance (held directly and indirectly) 31 Dec 25 No.	Balance held nominally (indirectly) No.
Mr Z Li ^(a)	3,937,386	-	-	-	3,937,386	3,909,154
Mr N Andrews ^(b)	1,800,890	-	-	-	1,800,890	1,800,890
Mr R Kaye ^(c)	242,350	-	-	-	242,350	242,350
Mr C Klein-Schmeink	659,410	-	-	-	659,410	-
Mr X Tong	845,338	-	-	-	845,338	-
Mr D Chin ^(d)	220,074	-	-	-	220,074	220,074
	7,705,448	-	-	-	7,705,448	6,172,468

(a) 3,909,154 shares held via Yuan Yuan Li and 28,232 shares are held directly

(b) 1,800,890 shares are held via DEWBERRI PTY LIMITED as trustee for Andrews Superannuation Fund

(c) 242,350 shares held through Bella Rebecca Kaye

(d) 220,074 shares held through Fen Kang

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Directors' Report

continued

5. Other Statutory Disclosures (continued)

Fully paid ordinary shares of Magontec Limited – 31 Dec 2024

	Total balance (held directly and indirectly) 01 Jan 24 No.	Granted as remuneration vesting No.	Acquired On Market No.	Issued under Dividend Reinvestment Plan No.	Total balance (held directly and indirectly) 31 Dec 24 No.	Balance held nominally (indirectly) No.
Mr Z Li ^(a)	3,875,307	-	-	62,079	3,937,386	3,909,154
Mr N Andrews ^(b)	1,567,582	200,000	-	33,308	1,800,890	1,800,890
Mr R Kaye ^(c)	242,350	-	-	-	242,350	242,350
Mr C Klein-Schmeink	480,023	168,991	-	10,396	659,410	-
Mr X Tong	686,402	145,606	-	13,330	845,338	-
Mr D Chin ^(d)	104,071	111,933	-	4,070	220,074	220,074
Total	6,955,735	626,530	-	123,183	7,705,448	6,172,468

(a) 3,909,154 shares held via Yuan Yuan Li and 28,232 shares are held directly

(b) 1,800,890 shares are held via DEWBERRI PTY LIMITED as trustee for Andrews Superannuation Fund

(c) 242,350 shares held through Bella Rebecca Kaye

(d) 220,074 shares held through Fen Kang

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The Board of Directors
Magontec Limited
Level 2 Suite 1/139 Macquarie St
Sydney NSW 2000

Dear Board Members,

**Lead Auditor's Independence Declaration
Under Section 307C of the Corporations Act 2001**

We hereby declare, that to the best of our knowledge and belief, during the financial year ended 31 December 2025 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Camphin Boston
Chartered Accountants

Rob Cooper
Lead Auditor

Sydney
Dated this 24th day of February 2026.

Camphin Boston
Chartered Accountants
ABN 69 688 697 499

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Consolidated Statement of Profit & Loss and Other Comprehensive Income

for the year ended 31 December 2025

	Note	Continuing Operations 12 months to 31 Dec 2025 \$'000	Discontinued Operations 12 months to 31 Dec 2025 \$'000	Total 12 months to 31 Dec 2025 \$'000	Continuing Operations 12 months to 31 Dec 2024 \$'000	Discontinued Operations 12 months to 31 Dec 2024 \$'000	Total 12 months to 31 Dec 2024 \$'000
Sale of goods	2(a)	64,117	168	64,285	57,093	15,096	72,189
Cost of sales	2(b)	(52,153)	(213)	(52,366)	(46,786)	(14,641)	(61,427)
Gross profit		11,964	(45)	11,919	10,307	455	10,762
Other income	2(c)	1,148	-	1,148	660	170	830
Interest expense		(400)	-	(400)	(330)	(22)	(352)
Impairment – inventory, fixed assets, doubtful debts	2(d)	(374)	-	(374)	(801)	(3,482)	(4,283)
Travel accommodation and meals		(684)	-	(684)	(604)	(92)	(696)
Research, development, licensing and patent costs		(665)	-	(665)	(814)	(20)	(834)
Promotional activity		(167)	-	(167)	(123)	-	(123)
Information technology		(364)	-	(364)	(347)	(35)	(382)
Personnel		(10,076)	(76)	(10,152)	(8,936)	(669)	(9,605)
Depreciation & amortisation		(651)	-	(651)	(671)	(1)	(672)
Office expenses		(404)	-	(404)	(388)	(74)	(462)
Corporate		(3,951)	(14)	(3,965)	(3,596)	(95)	(3,691)
Foreign exchange gain/(loss)		(1,567)	-	(1,567)	278	(108)	170
Profit/(Loss) before income tax expense		(6,191)	(135)	(6,326)	(5,365)	(3,973)	(9,338)
Income tax (expense)/benefit	3(a)	929	-	929	178	(357)	(179)
Profit/(Loss) after income tax expense		(5,262)	(135)	(5,397)	(5,187)	(4,330)	(9,517)
Other Comprehensive Income - that may later emerge in the Profit and Loss Statement							
Exchange differences taken to reserves in equity – translation of overseas entities	17	912	(75)	837	2,295	220	2,515
Other Comprehensive Income - that will not emerge in the Profit and Loss Statement							
Movement in actuarial assessments	17	697	-	697	75	-	75
Total Comprehensive Income		(3,653)	(210)	(3,863)	(2,817)	(4,110)	(6,927)

	Note	Continuing Operations 12 months to 31 Dec 2025 cents per share	Discontinued Operations 12 months to 31 Dec 2025 cents per share	Total 12 months to 31 Dec 2025 cents per share	Continuing Operations 12 months to 31 Dec 2024 cents per share	Discontinued Operations 12 months to 31 Dec 2024 cents per share	Total 12 months to 31 Dec 2024 cents per share
Profit/(Loss) after income tax expense for the year							
Members of the parent entity – Basic (cents per share)	19	(8.9)	(0.2)	(9.1)	(6.5)	(5.5)	(12.0)
Members of the parent entity – Diluted (cents per share)	19	(7.9)	(0.2)	(8.1)	(5.8)	(4.9)	(10.7)

Note: The disclosure of discontinued operations performance in the half year report to 30 June 2025 showed a higher revenue number than this report due to a reclass. Impact not deemed material.

Consolidated Balance Sheet

as at 31 December 2025

	Note	31 Dec 2025 \$'000	31 Dec 2024 \$'000
Current assets			
Cash and cash equivalents	25(d)	7,147	7,750
Trade & other receivables	6	16,424	12,635
Inventory	7	28,005	29,270
Other	8	1,022	1,837
Total current assets		52,598	51,492
Non-current assets			
Other receivables	9	216	293
Property, plant & equipment	10	15,165	14,188
Deferred tax asset	3(c)	1,811	1,596
Intangibles	11	2,938	3,021
Total non-current assets		20,130	19,098
TOTAL ASSETS		72,728	70,590
Current liabilities			
Trade & other payables	12	6,590	6,402
Bank borrowings	13	8,196	1,356
Provisions	14	860	850
Total current liabilities		15,646	8,608
Non-current liabilities			
Other payables	21(b)	312	502
Bank borrowings	13	-	908
Provisions	15	10,053	10,576
Total non-current liabilities		10,365	11,986
TOTAL LIABILITIES		26,011	20,594
NET ASSETS		46,717	49,996
Equity attributable to members of MGL			
Share capital	16	59,718	59,718
Reserves	17	20,047	17,929
Accumulated (losses)/profits	18	(33,048)	(27,651)
Total equity		46,717	49,996

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Consolidated Statement of Changes in Equity

for the year ended 31 December 2025

	Share Capital		Retained Earnings	Profits Reserve	Foreign Currency Translation Reserve	Capital Reserve	Actuarial Reserve	Expired Options Reserve	Employee Share Issue Reserve	Total Equity
	Ordinary									
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance 1-Jan-24	59,524	(18,133)	5,922	4,793	2,750	(1,028)	2,127	691	56,647	
Profit/(Loss) attributable to members of parent entity	-	(9,517)	-	-	-	-	-	-	(9,517)	
Transfer to Reserves	-	-	-	-	-	-	(114)	-	(114)	
Dividends	-	-	(476)	-	-	-	-	-	(476)	
Comprehensive income	-	-	-	2,515	-	75	-	-	2,590	
Share issue reserve	-	-	-	-	-	-	788	(788)	-	
Issue of shares (net of costs)	194	-	-	-	-	-	-	673	866	
Balance 31-Dec-24	59,718	(27,651)	5,446	7,308	2,750	(953)	2,802	577	49,996	
Balance 1-Jan-25	59,718	(27,651)	5,446	7,308	2,750	(953)	2,802	577	49,996	
Profit/(Loss) attributable to members of parent entity	-	(5,397)	-	-	-	-	-	-	(5,397)	
Transfer to Reserves	-	-	-	-	-	-	-	-	-	
Dividends	-	-	-	-	-	-	-	-	-	
Comprehensive income	-	-	-	837	-	697	-	-	1,533	
Share issue reserve	-	-	-	-	-	-	349	(349)	-	
Issue of shares (net of costs)	-	-	-	-	-	-	-	585	585	
Balance 31-Dec-25	59,718	(33,048)	5,446	8,145	2,750	(256)	3,150	813	46,717	

Note: Amounts transferred to the Profits Reserve in prior periods characterise profits available for distribution as dividends in future years.

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Consolidated Cash Flow Statement

for the year ended 31 December 2025

	Note	12 months to 31 Dec 2025 \$'000	12 months to 31 Dec 2024 \$'000
Cash flows from operating activities			
Profit before taxation		(6,326)	(9,338)
Adjustments for:			
- Non-cash equity expense		585	673
- Depreciation & amortisation		1,955	2,752
- Impairment losses		-	3,482
- Foreign currency effects		784	89
- Other non-cash items		819	157
Cash generated from/(utilised in) underlying operating activities		(2,183)	(2,185)
Movement in working capital balance sheet accounts			
- Trade receivables and other current assets		(4,249)	3,486
- Inventory		2,354	4,873
- Trade payables and other current liabilities		49	(1,173)
Cash generated from/(utilised in) underlying operational cash flow and net working capital assets		(4,029)	5,001
- Net Interest paid		(302)	(115)
- Income tax paid		815	(5,882)
Cash generated from/(utilised in) operating activities		(3,516)	(996)
Cash flows from investing activities			
Net cash out on purchase/disposal of property, plant & equipment		(2,603)	(1,803)
Group information technology software		(12)	(118)
Security deposits		61	(46)
Other		89	23
Net cash provided by/(used in) investing activities		(2,465)	(1,944)
Cash flows from financing activities			
Dividends paid		-	(385)
Proceeds from borrowings		7,725	5,464
Repayment of borrowings		(1,893)	(7,642)
Cashflow from leasing activities		(239)	(285)
Other		-	-
Net cash provided by financing activities	2(e)	5,593	(2,848)
Net increase/(decrease) in cash and cash equivalents		(388)	(5,788)
Foreign exchange effects on total cash flow movement		(215)	402
Cash and cash equivalents at the beginning of the reporting period	25(d)	7,750	13,136
Cash and cash equivalents at the end of the reporting period	25(d)	7,147	7,750

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Notes to the Financial Statements

for the year ended 31 December 2025

1. Summary of Accounting Policies

Statement of Compliance

The financial report is a general purpose financial report which has been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The audited accounts were authorised for issue by the Directors on 24 February 2026. The Group has assessed that there are no new standards with a material impact to be adopted with a date of initial application of 1 January 2025.

Basis of Preparation

The financial report has been prepared on an accruals basis and is based on historical cost, modified where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounts are prepared on a going concern basis. The Group, having made appropriate enquiries have a reasonable expectation that Magontec Limited and its controlled subsidiaries have adequate resources to continue in operational existence for the foreseeable future.

Changes in Significant Accounting Policies

There were no changes in significant accounting policies during the period.

Significant Accounting Policies

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

a. Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, cash in banks, at call and on deposit.

b. Employee Benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured at the present value of the estimated future cash outflows to be made by the consolidated entity in respect of services provided by employees up to reporting date. Contributions by the Group to superannuation plans on behalf of Australian employees and other defined contribution payments on behalf of employees are expensed when incurred.

Provision is made for any long term defined benefit pension obligations the Group has to employees in foreign jurisdictions. The required amount of the provision is actuarially assessed having regard to such matters as future interest rates, the date at which pension payments might commence and the likely period over which pensions may be paid.

c. Financial Assets

Subsequent to initial recognition, investments in subsidiaries are measured at cost less any allowance for impairment. Other financial assets are classified into the following categories in accordance with AASB 9 Financial Instruments being 'amortised cost', 'fair value through profit or loss' and 'fair value through other comprehensive income'. The classification depends on the nature and purpose of the financial asset.

Receivables

Trade receivables and other receivables are recognised initially at their fair value and subsequently at amortised cost less impairment in accordance with the Expected Credit Loss method.

d. Financial Instruments Issued by the Group

Debt and Equity Instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

Transaction Costs on the Issue of Equity Instruments

Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

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Notes to the Financial Statements

continued

1. Summary of Accounting Policies (continued)

e. Foreign Currency

Foreign Currency Transactions

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items are translated at the exchange rate prevailing at the end of the reporting period. Non-monetary items measured at fair value are reported at the exchange rate prevailing at the date when the fair value was determined

Foreign Operations

On consolidation, the assets and liabilities of the consolidated entity's overseas operations are translated at exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the period unless exchange rates fluctuate significantly. Exchange differences arising, if any, are recognised in the foreign currency translation reserve, and recognised in profit or loss on disposal of the foreign operation.

f. Goods and Services Tax and Value Added Tax

Revenues, expenses, assets and liabilities are recognised net of the amount of goods and services tax (GST) or value added tax (VAT) for certain foreign jurisdictions, except where the GST or VAT is not recoverable from the relevant tax authority. In these circumstances the GST or VAT is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are included in the cash flow statement on a gross basis. The GST or VAT component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

g. Impairment of Assets

At each reporting date, the consolidated entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If any such indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Where it is not possible to estimate the recoverable amount of an individual asset, the consolidated entity estimates the recoverable amount of the cash generating unit to which the asset belongs.

h. Income Tax

Current Tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability to the extent that it is unpaid.

Deferred Tax

Deferred tax assets and liabilities are ascertained based on temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items. In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, branches, associates and joint ventures except where the consolidated entity is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and Deferred Tax for the Period

Current and deferred tax is recognised as an expense or income in the income statement, except when it relates to items credited or debited directly to equity, in which case the deferred tax is recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

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Notes to the Financial Statements

continued

1. Summary of Accounting Policies (continued)

Tax Consolidation

The Parent Entity (MGL) and AMT are part of a tax-consolidated group under Australian tax consolidation legislation. Magontec Limited is the head entity in the tax-consolidated group. Tax expense/ income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'stand-alone taxpayer' approach. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits of the members of the tax consolidated group are recognised by the Company (as head entity in the tax-consolidated group).

Due to the existence of a tax funding arrangement between the entities in the tax-consolidated group, amounts are recognised as payable to or receivable by the Company and each member of the group in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax-consolidated group in accordance with the arrangement. Further information about the tax funding arrangement is detailed in the notes to the financial statements. Where the tax contribution amount recognised by each member of the tax-consolidated group for a particular period is different to the aggregate of the current tax liability or asset and any deferred tax asset arising from unused tax losses and tax credits in respect of that period, the difference is recognised as a contribution from (or distribution to) equity participants.

i. Intangible Assets

Patents, Trademarks and Licences

Patents, trademarks and licences are recorded at cost of acquisition. Patents and trademarks have an indefinite useful life and are carried at cost. Carrying values are subject to impairment testing as outlined above.

Research and Development Costs

Expenditure on the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project is expected to deliver future economic benefits and these benefits can be measured reliably.

j. Inventories

Inventory is measured at the lower of cost and net realisable value. Costs are assigned to inventory using a weighted average cost method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

k. Leases

Leases are recognised by recording a lease liability at inception and a corresponding "right of use" asset on the balance sheet. The lease liability is unwound over time, with each lease payment apportioned between an interest expense component and a principal reduction component. The right of use asset is depreciated over the useful life of the asset.

l. Non-current Assets Held for Sale

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. The sale of the asset (or disposal group) is expected to be completed within one year from the date of classification.

m. Payables

Trade payables and other accounts payable are recognised when the consolidated entity becomes obliged to make future payments resulting from the purchase of goods and services.

n. Presentation Currency

The presentation currency of the Group is Australian dollars.

o. Principles of Consolidation and Investments in Subsidiaries

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the consolidated entity, being the Company (the parent entity) and its subsidiaries as defined in Accounting Standard AASB 127 'Consolidated and Separate Financial Statements.' A list of subsidiaries appears in the notes to the financial statements. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements. On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Similarly, any excess of the fair market value over the cost of acquisition is recognised as a discount upon acquisition.

The consolidated financial statements include the information and results of each subsidiary from the date on which the Group obtains control and until such time as the Group ceases to control such entity. In preparing the consolidated financial statements, all intercompany balances and transactions, and unrealised profits arising within the Group entity are eliminated in full.

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Notes to the Financial Statements

continued

1. Summary of Accounting Policies (continued)

p. Plant and Equipment

Plant and equipment is stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is provided on plant and equipment and is calculated on a straight-line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. Useful life is determined having regard to the nature of the plant and equipment, the environment in which it operates (including geographical and climatic conditions) and an expectation that maintenance is conducted on a scheduled basis.

Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight-line method. The assets' estimated useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each annual reporting period. The estimated useful lives of significant items of property, plant and equipment are as follows:

- Land & Buildings	4 - 60 years
- Plant & Equipment	3 - 20 years

q. Provisions

Provisions are recognised when the consolidated entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

r. Revenue Recognition

Sale of Goods

Revenue from the sale of goods is recognised when the Group has satisfied performance obligations in transferring to the buyer the significant risks and rewards of ownership of the goods. The Group's activities involve the sale and delivery of a variety of products including primary and recycled magnesium ingots, as well as both magnesium and titanium anodes.

As it relates to the Group specifically, the timing of revenue recognition and satisfaction of performance obligations is determined with reference to the INCO shipping terms (e.g. FOB, CIF, DDP, DAP) that apply to each delivery. Invoices are issued and revenue is recognised at the point where the transfer of the significant risks and rewards of ownership of the goods are determined to have passed to the customer in line with this framework. For example, under FOB shipping terms, the Group recognises revenue at the point when goods have arrived at the port of departure and has received the bill of lading.

Rendering of Services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract.

Interest Revenue

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

s. Share-based Payments

Senior executives of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Equity-settled Transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using a binomial options pricing valuation model. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of shares that will eventually vest.

The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's estimate of the number of equity instruments that will ultimately vest.

Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

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Notes to the Financial Statements

continued

1. Summary of Accounting Policies (continued)

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original terms of the award are met. Any additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

Cash-settled Transactions

A liability is recognised for the fair value of cash-settled transactions. The fair value is measured initially and at each reporting date up to and including the settlement date, with changes in fair value recognised in employee benefits expense. The fair value is expensed over the period until the vesting date with recognition of a corresponding liability.

t. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, which are described in this note, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both the current and future periods.

Material examples of management applying critical accounting judgements and key sources of estimation uncertainty include:

- impairment assessments
- valuation of Long Term Incentive Expenses;
- actuarial assessment of future pension liabilities;
- value of trade debtors; and
- valuation of intellectual property acquired

u. New Accounting Standards for Application in Future Periods

The AASB has issued new and amended standards and interpretations that have mandatory application dates for future reporting periods. The Group has not early adopted any of these standards.

v. Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographic area of operations, is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale. When an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI is re-presented as if the operation had been discontinued from the start of the comparative year.

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Notes to the Financial Statements

continued

2. Results from Operations

	Continuing Operations 12 months to 31 Dec 2025 \$'000	Discontinued Operations 12 months to 31 Dec 2025 \$'000	Total 12 months to 31 Dec 2025 \$'000	Continuing Operations 12 months to 31 Dec 2024 \$'000	Discontinued Operations 12 months to 31 Dec 2024 \$'000	Total 12 months to 31 Dec 2024 \$'000
(a) Sales Revenue						
Metal	24,044	168	24,212	21,280	15,096	36,376
Anodes - Cathodic Corrosion Protection	40,073	-	40,073	35,813	-	35,813
	64,117	168	64,285	57,093	15,096	72,189
(b) Cost of Sales						
Metal	(24,723)	(213)	(24,936)	(19,555)	(14,641)	(34,196)
Anodes - Cathodic Corrosion Protection	(27,430)	-	(27,430)	(27,231)	-	(27,231)
	(52,153)	(213)	(52,366)	(46,786)	(14,641)	(61,427)
Gross Profit						
Metal	(679)	(45)	(724)	1,725	455	2,180
Anodes - Cathodic Corrosion Protection	12,643	-	12,643	8,582	-	8,582
	11,964	(45)	11,919	10,307	455	10,762
(c) Other Income in Comprehensive Income Statement						
Interest revenue					98	193
Government grants					379	585
R&D grants					551	-
Derivative market re-valuation					-	(22)
Compensation received including insurance					37	101
Write back of provisions					7	6
Other adjustments					76	(33)
					1,148	830

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Notes to the Financial Statements

continued

2. Results from Operations (continued)

	12 months to 31 Dec 2025 \$'000	12 months to 31 Dec 2024 \$'000
(d) Significant expenses in Comprehensive Income Statement (not detailed elsewhere)		
Personnel Costs		
Consultancies	(606)	(413)
Share based payments	(585)	(673)
Defined contribution payments recognised as an expense	(1,032)	(1,136)
Other staff payments	(7,929)	(7,383)
Total personnel costs	(10,152)	(9,605)
Director fees	(381)	(260)
Asset impairment expense		
Inventory Impairment Expense	(418)	(756)
Fixed Asset Impairment Expense	-	(3,482)
Recovery/write down of trade debtors	44	(45)
Total asset impairment expense	(374)	(4,283)

	31 Dec 2024 \$'000	Cash Flows \$'000	Non-cash FX \$'000	31 Dec 2025 \$'000
(e) Financing cash flows reconciliation				
Bank Borrowings	2,264	5,832	100	8,196
Lease liabilities	753	(239)	-	514
Total liabilities from financing activities	3,017	5,593	100	8,710

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Notes to the Financial Statements

continued

2. Results from Operations (continued)

(f) Share-Based Payments

Executive LTI plan

Under the executive LTI plan, awards are made to executives and other key talent who have an impact on the Group's performance. LTI awards are delivered in the form of performance rights which vest into shares upon achievement of share price targets (market based) and or operational outcomes (non-market based).

For market based targets, the Board uses total shareholder return (TSR) as the key performance measure. TSR comprises the percentage change in the company's share price, plus the value of any future dividends received during the period and is measured over a 3 year period.

The fair value of this scheme is recorded as an expense in the profit and loss statement. Refer to the Remuneration Report for further detail.

	31 Dec 2025 \$'000	31 Dec 2024 \$'000
(Expense)/Writeback recognised from equity-settled share-based payments	(585)	(673)
Total (Expense)/Writeback - share-based payments	(585)	(673)

(g) Discontinued Operations

PRC Metal Business

During the prior year ended 31 December 2024, production ceased at the Magontec Qinghai Mg Alloy plant and the PRC Metal Business was deemed to be a discontinued operation per *AASB 5 Non-Current Assets Held for Sale and Discontinued Operations*. Accordingly the results of these operations have been presented separately on the face of the Comprehensive Income Statement for both the current period and the prior period.

Cash flows from/(used in) Discontinued Operations

	31 Dec 2025 \$'000	31 Dec 2024 \$'000
Net cash from operating activities	(125)	5,041
Net cash from investing activities	-	(55)
Net cash from financing activities	-	-
Net cash flows	(125)	4,986

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Notes to the Financial Statements

continued

3. Income Taxes

	12 months to 31 Dec 2025 \$'000	12 months to 31 Dec 2024 \$'000
(a) Income tax recognised in profit and loss		
Tax expense comprises:		
Current tax expense	446	(199)
Deferred tax expense		
Recognition/(utilisation/write down) of tax losses	377	46
Change in recognised deductible temporary differences	106	(26)
Subtotal deferred tax expense	483	20
Total tax expense	929	(179)
The prima facie income tax expense on pre-tax accounting profit/(loss) from operations reconciles to the income tax expense in the financial statements as follows:		
Profit/(Loss) from total operations before tax	(6,326)	(9,338)
Nominal Income tax benefit/(expense) calculated at 30%	1,898	2,801
Nominal tax benefit (expense) effected by:		
Adjusted for effect of tax rates in foreign jurisdictions	(145)	(808)
Tax effect - P & L items not assessable or deductible for tax purposes.	(1,240)	(1,323)
Adjustments - changes in deductible temporary differences, tax losses	416	(849)
Actual tax benefit/(expense)	929	(179)
	12 months to 31 Dec 2025 \$	12 months to 31 Dec 2024 \$
(b) Income tax amounts recognised in OCI		
Revaluation of defined benefit pension plan	1,040	112
Tax effect (expense)/benefit through OCI	(343)	(37)
	31 Dec 2025 \$'000	31 Dec 2024 \$'000
(c) Deferred Tax Asset		
Current	-	363
Non-Current		
Timing differences	1,155	1,340
Carryforward tax losses	656	256
Non-Current Deferred Tax Assets	1,811	1,596
Total	1,811	1,959

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Notes to the Financial Statements

continued

3. Income Taxes (continued)

Tax Consolidation

The parent Company and its wholly-owned Australian subsidiary (AMT) have formed a tax-consolidated group with effect from 1 February 2003 and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated group is Magontec Limited.

The members of the tax-consolidated group are identified at Note 22.

Nature of tax funding arrangements and tax sharing agreements

Entities within the tax-consolidated group ensure that inter-company transactions are conducted at fair market value and at arm's length.

Magontec Limited has not entered into a tax funding arrangement or tax sharing agreement with AMT.

	Consolidated Parent Entity	
	31 Dec 2025 \$'000	31 Dec 2024 \$'000
(d) Unrecognised deferred tax balances		
The following deferred tax assets have not been brought to account as assets:		
Australian Tax Consolidated Group		
Deferred Tax Asset (DTA) on pre-tax consolidation revenue losses	81,581	81,581
DTA on post-tax consolidation revenue losses*	39,931	39,695
DTA on capital losses	29,271	29,019
Sub Total Australian Tax Consolidated Group	150,783	150,295
These are based on the following tax losses:		
Aust consolidated group Tax losses – revenue pre-tax consolidation	271,936	271,936
Aust consolidated group Tax losses – revenue post-tax consolidation*	133,101	132,317
Aust consolidated group Tax losses – capital	97,571	96,732
Consolidated Group Total	502,608	500,985

The benefit from the Australian deferred tax asset in respect of unused tax losses will only be obtained if:

- the tax consolidated group derives future Australian assessable income of a nature and amount sufficient to enable the benefits to be realised;
- the consolidated group continues to comply with the conditions for deductibility imposed by the tax law; and
- no changes in tax legislation adversely affect the consolidated group in realising the benefit of the losses.

No deferred tax asset has been brought to account as an asset for the Australian Tax Consolidated Group because it is not probable that taxable profit will be available against which such an asset could be utilised.

Unused tax losses incurred after the formation of the former Advanced Magnesium Limited (the former name of Magontec Limited) consolidated group are \$133.1 million. These losses will be fully available to offset future taxable income to the extent MGL continues to satisfy the loss integrity rules (i.e. Continuity of Ownership Test and Same Business Test).

Based on testing performed by MGL and its advisors, these losses should satisfy the loss integrity rules as at 31 December 2025.

Unused tax losses incurred prior to the formation of the former Advanced Magnesium Limited (the former name of Magontec Limited) consolidated group were \$271.9 million. These losses will be subject to restricted use (Available Fraction rules).

These restrictions on use are in addition to the loss integrity rules. Broadly, the Available Fraction rules limit the amount of losses that can be used each year by applying the following formula:

$$\text{Available Fraction} \times \text{Taxable income for year} = \text{Pre consolidation losses available for use for year}$$

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Notes to the Financial Statements

continued

3. Income Taxes (continued)

Based on testing performed by MGL and its advisors, MGL's pre consolidation losses should satisfy the loss integrity rules at 31 December 2025 subject to further testing and continued compliance with loss integrity rules. No detailed Available Fraction calculations have been performed as at 31 December 2025, however it is unlikely that the Available Fraction applying to pre-consolidation tax losses will be greater than 0.2.

The Australian tax consolidated entity has not paid income tax up to 31 December 2025 and neither is any assessment expected to be received which will result in a tax liability for the period to 31 December 2025. Accordingly, there are no franking credits available for distribution in the year ended 31 December 2025.

Tax outside of Australian tax consolidation regime

The Group has overseas entities which are not subject to Australian tax consolidation and are therefore not sheltered by Australian tax losses. Those entities may incur income tax based on local corporate tax law and are subject to the local jurisdiction.

4. Key Management Personnel Remuneration

The aggregate compensation of the key management personnel of the Group is set out below:

	12 months to 31 Dec 2025 \$'000	12 months to 31 Dec 2024 \$'000
Short term employee benefits	1,995	1,840
Short term incentives	495	209
Post-employment benefits	106	102
Motor vehicle and other payments	52	17
Equity based payment	448	518
Total Remuneration KMP	3,097	2,686

Individual directors and executives compensation disclosures

Information regarding individual directors' and executives' compensation and some equity instruments disclosures as required by Corporations Regulations 2M.3.03 is provided in the remuneration report section of the directors' report.

5. Remuneration of Auditors

	12 months to 31 Dec 2025 \$'000	12 months to 31 Dec 2024 \$'000
Group auditor		
- Audit or review of the financial report	121	132
- Accounting/taxation services	12	15
Auditors of subsidiaries		
- Audit or review of the financial reports	123	120
- Accounting/taxation services	8	25
	264	292

The auditor of Magontec Limited is Camphin Boston Chartered Accountants. Magontec GmbH, Magontec Xi'an Co Limited, Magontec Qinghai Co Limited and Magontec Romania are all audited by local auditors who supply information as requested by the Group Auditor Camphin Boston.

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Notes to the Financial Statements

continued

6. Current Trade and Other Receivables

	31 Dec 2025 \$'000	31 Dec 2024 \$'000
Trade receivables ⁽¹⁾	10,693	8,058
Allowance for doubtful debts	(353)	(403)
	10,340	7,655
Net GST/VAT recoverable	535	298
Security deposits	58	120
Notes and other receivables due to operating entities ⁽²⁾	5,491	4,556
Other	-	6
	6,084	4,980
Total receivables	16,424	12,635

(1) Trade receivables represent 60.7 days sales at 31 Dec 25 (40.9 days sales at 31 Dec 24).

(2) Notes receivable are issued by customers and their banks as consideration for services provided and can be redeemed prior to maturity for cash at a discount. These notes are limited to a 6-month term. Refer also to Note 25(j) for further detail.

7. Current Inventories

	31 Dec 2025 \$'000	31 Dec 2024 \$'000
Inventory of finished goods at cost	12,492	10,765
Provision for inventory loss	(1,507)	(1,653)
Net value of finished goods inventory	10,985	9,112
Raw materials	11,821	11,194
Work in progress	5,199	8,964
Current inventories at net realisable value	28,005	29,270

8. Other Current Assets

	31 Dec 2025 \$'000	31 Dec 2024 \$'000
Prepayments	1,022	1,474
Other	-	363
	1,022	1,837

9. Non Current Trade and Other Receivables

	31 Dec 2025 \$'000	31 Dec 2024 \$'000
Pension asset	215	290
Security deposits and prepayments	1	3
	216	293

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Notes to the Financial Statements

continued

10. Property Plant & Equipment

	Capital WIP \$'000	Land & Buildings \$'000	Plant & Equipment \$'000	Total \$'000
Gross carrying amount				
Balance at 1 January 2024	1,417	19,729	37,298	58,443
Additions	455	22	1,373	1,850
Adjustments, reclassifications, right of use additions	(1,494)	1,338	704	548
Disposals and write offs	(42)	(480)	(1,231)	(1,753)
Net foreign currency exchange differences	14	794	1,361	2,169
Balance at 31 December 2024	349	21,403	39,505	61,257
Additions	1,542	11	1,062	2,615
Adjustments, reclassifications, right of use additions	(1,349)	11	1,336	(3)
Disposals	-	-	(873)	(873)
Net foreign currency exchange differences	13	583	808	1,405
Balance at 31 December 2025	555	22,008	41,838	64,401
Accumulated depreciation/ amortisation and impairment				
Balance at 1 January 2024	-	13,351	27,306	40,657
Disposals and write offs	-	-	(840)	(840)
Adjustments and reclassifications	-	-	(290)	(290)
Impairment	-	-	3,482	3,482
Depreciation expense	-	501	2,130	2,631
Net foreign currency exchange differences	-	526	903	1,429
Balance at 31 December 2024	-	14,378	32,691	47,069
Disposals and write offs	-	-	(850)	(850)
Adjustments and reclassifications	-	-	(20)	(20)
Depreciation expense	-	452	1,398	1,850
Net foreign currency exchange differences	-	435	752	1,187
Balance at 31 December 2025	-	15,265	33,971	49,236
Net Book Value As at 31 Dec 24	349	7,025	6,814	14,188
Net Book Value As at 31 Dec 25	555	6,743	7,867	15,165

Prior Year

During the prior year to 31 December 2024, the Group mutually agreed with QSLM to discontinue the operating agreements with Magontec Qinghai. An impairment expense of \$3.5 million was recorded during the year to reflect the write off of property plant & equipment and production of Mg Alloy was ceased. As a result, the Group reassessed the CGUs of the remaining PRC segment as at 31 December 2024 and determined that this entire segment is now a CGU (PRC CGU). The PRC CGU now primarily includes the existing Anodes Production facility at Magontec Xi'an as well as some smaller trading activities.

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Notes to the Financial Statements

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10. Property Plant & Equipment (continued)

Current Year

During the current year to 31 December 2025, the carrying amount of the net assets of the Group exceeded its market capitalisation, triggering an impairment review of the Group's CGUs in both the PRC and EUR regions.

The recoverable amount of each relevant CGU was estimated using the higher of fair value less costs to sell and estimated value in use, using 5 year forward projections that were assumed to be below peak historical sales and profitability levels.

Terminal rates of growth assumed were 0% for China and -3% for the European CGUs. Pre-tax discount rates were ascribed of 7.4% for China, 8% for Germany and 12.2% for Romania and were subject to a sensitivity analysis.

Based on the work performed, no impairment loss was identified during the current period.

11. Intangibles

	Indefinite Life ⁽¹⁾ \$'000	Finite Life \$'000	Total \$'000
Gross carrying amount			
Balance at 31-Dec-24	2,800	2,905	5,705
Net foreign currency exchange differences	-	141	141
Additions	-	12	12
Balance at 31-Dec-25	2,800	3,058	5,858
Accumulated depreciation/ amortisation and impairment			
Balance at 31-Dec-24	-	2,684	2,684
Depreciation/amortisation expense	-	106	106
Net foreign currency exchange differences	-	130	130
Balance at 31-Dec-25	-	2,920	2,920
Net Book Value As at 31 Dec 24	2,800	221	3,021
Net Book Value As at 31 Dec 25	2,800	138	2,938

Note 1 - Indefinite Life Intangible Assets - Patents in relation to "Correx"

The indefinite life intangible assets comprise the patents over the "Correx" anode system (the AE44 Alloys portion of this \$2.8m balance is not material). This product enjoys technical superiority over possible alternatives and continues to earn high margins. In testing this asset for impairment, an average discount rate of 8.6% (2024: 8.82%) to management cash flow forecasts was applied. A zero growth rate has been assumed over the initial 5 year period, with an average terminal decline rate of 5% (2024: 5%) per annum thereafter. The value in use was found to be in excess of the carrying amount and thus no impairment loss was recorded during the year ended 31 December 2025.

12. Current Trade and Other Payables

	31 Dec 2025 \$'000	31 Dec 2024 \$'000
Trade creditors ⁽¹⁾	4,034	4,170
Other creditors and accruals	2,556	2,232
	6,590	6,402

(1) Trade creditors represent 28.1 days cost of goods sold at 31 Dec 25 (24.7 days cost of goods sold at 31 Dec 24)

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Notes to the Financial Statements

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13. Borrowings

		31 Dec 2025	31 Dec 2025	31 Dec 2025	31 Dec 2024	31 Dec 2024	31 Dec 2024
	Notes	\$'000	Maturity Date	Interest pa	\$'000	Maturity Date	Interest pa
Bank & Institutional Borrowings							
Magontec GmbH (Bank Loan) ⁽¹⁾	25(i)	6,343	30-Nov-26	3.58%	908	30-Nov-26	4.26%
Magontec GmbH (Factoring Facility) ⁽³⁾		-	-	-	860	28-Feb-25	3.91%
Magontec SRL (Working Capital Facility) ⁽²⁾		1,841	27-Feb-26	7.04%	1,356	28-Feb-25	7.10%
Magontec Xi'an Limited (Bank Loan)		-	28-Sep-26	2.35%	-	06-Aug-25	2.35%
Total Bank Borrowings		8,184			3,124		
Current Borrowings							
Bank borrowings as above (excluding factoring facility)		8,196	Various		1,356	Various	
Total Current Borrowings		8,196			1,356		
Non-Current Borrowings							
Bank borrowings as above		-		-	908		
Total Non-Current borrowings		-			908		

(1) These borrowings are secured by a charge over MAB's trade debtors to the extent of €2,166,000 (\$3,811,000) and inventory of €4,429,000 (\$7,794,000) plus land & buildings.

(2) These borrowings are secured by a charge over MAR's trade debtors and inventory to the extent of RON17,399,000 (\$5,998,000) plus land & buildings. It is anticipated that the Magontec Romania Unicredit Facility will continue to be extended after the date of this report, on the basis of our prior working relationship with the bank and discussions to date.

(3) This factoring facility is set off against trade debtors, and thus is not shown in 'Borrowings' on the balance sheet. This was no longer being utilised as at 31 December 2025.

14. Current Provisions

	31 Dec 2025	31 Dec 2024
	\$'000	\$'000
Provision for annual & long service leave and employee costs	611	549
Provision for income tax payable	-	-
Other current provisions	249	301
Total	860	850

15. Non-Current Provisions

	31 Dec 2025	31 Dec 2024
	\$'000	\$'000
Provision for defined benefit pension obligation	9,854	10,311
Other provisions	199	265
Total	10,053	10,576

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Notes to the Financial Statements

continued

15. Non-Current Provisions (continued)

Reconciliation of the defined benefit pension obligation

	Year Ended 31 Dec 2025 \$'000	Year Ended 31 Dec 2024 \$'000
Defined benefit obligation beginning of year	10,311	10,048
Current service cost	126	122
Interest cost	371	350
Total benefits paid - actual	(443)	(418)
Foreign currency exchange rate changes	529	320
Actuarial (gains)/ losses due to change of assumptions	(1,040)	(111)
Defined benefit obligation end of year	9,854	10,311

The extent of the Provision for the Defined Benefit Obligation is assessed annually based on actuarial calculations which take into account such matters as:

- number of participants in the plan;
- likely retirement salaries of participants in the pension plan;
- their life expectancy beyond retirement; and
- implied interest earnings on the extent of the fund.

The defined benefit plan is an unfunded plan which has been provided to certain employees in the European business. Increasing interest rates will act to decrease the Provision. A summary of the key assumptions underpinning the actuarial calculation and a sensitivity analysis is provided below.

Key actuarial assumptions used in calculation of the defined benefit obligation

	Year Ended 31 Dec 2025 \$'000	Year Ended 31 Dec 2024 \$'000
Discount rate	4.10%	3.50%
Expected salary increase per annum	2.75%	2.75%
Expected pension increase per annum	1.88%	2.20%

Key sensitivities of actuarial assumptions used in calculation of defined benefit obligation

	% chg	Year Ended 31 Dec 2025 \$'000	Year Ended 31 Dec 2024 \$'000
Discount rate (%)	+0.5%	(617)	(696)
	(0.5)%	690	783
Salary increase (%)	+0.5%	18	23
	(0.5)%	(17)	(22)
Pension increase (%)	+0.5%	560	620
	(0.5)%	(515)	(569)
Life expectancy (years)	+1 year	445	488

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Notes to the Financial Statements

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16. Share Capital

	31 Dec 2025 \$'000	31 Dec 2024 \$'000
Opening balance of share capital attributable to members of MGL	59,718	59,524
Dividend Reinvestment Plan	-	91
Vesting of Performance Rights	-	114
Various costs associated with issue of shares	-	(11)
Share capital on issued ordinary shares 56,961,826 (2024: 79,643,766)	59,718	59,718

A reconciliation of the movement in fully paid ordinary shares during the period is set out below.

	CONSOLIDATED/PARENT ENTITY			
	31 Dec 2025		31 Dec 2024	
	No.	\$'000	No.	\$'000
Fully paid ordinary shares				
Balance at beginning of financial year	79,643,766	59,718	78,515,474	59,524
QSLM buyback (zero cash)	(22,681,940)	-	-	-
Dividend reinvestment plan	-	-	285,434	91
Vesting of Performance Rights	-	-	842,858	114
Expenses of various issues	-	-	-	(11)
	56,961,826	59,718	79,643,766	59,718

During the prior year to 31 December 2024, the Group offered a Dividend Reinvestment Plan to shareholders, resulting in the issue of 285,434 new shares. Fully paid ordinary shares carry one vote per share and carry the right to dividends.

Cancellation of QSLM shares

On 5 February 2025, an Extraordinary General Meeting (EGM) was convened. At this EGM, Magontec Limited shareholders approved the selective buyback of QSLM's 28.48% shareholding in MGL (total of 22,681,940 shares) in exchange for the transfer of certain fixed assets at Magontec Qinghai (zero book value at 31 December 2024) and the waiver of all current and future claims between both parties as described in the summary of the Memorandum of Settlement tabled at the meeting.

These shares were subsequently cancelled by the Group in February 2025, substantially reducing the number of ordinary shares on issue. The fair value of consideration paid with respect to the QSLM buyback and associated transaction costs were not considered material.

Dividend Declaration

No dividends were declared with respect to the 12 months ended 31 December 2025.

Performance rights

Performance rights carry no rights to dividends and no voting rights until converted into ordinary shares.

Further details of the share-based payment schemes are contained in the Remuneration Report.

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Notes to the Financial Statements

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17. Reserves

	31 Dec 2025 \$'000	31 Dec 2024 \$'000
Capital reserve		
Balance at beginning of financial year	2,750	2,750
Balance at end of financial year	2,750	2,750
Foreign currency translation reserve		
Balance at beginning of financial year	7,308	4,793
Movement in VHL Consolidated accounts	837	2,515
Balance at end of financial year	8,145	7,308
Actuarial Reserves		
Balance at beginning of financial year	(953)	(1,028)
Deferred tax assets	(343)	(37)
Employee pensions	1,040	112
Balance at end of financial year	(256)	(953)
Expired Options Reserve		
Balance at beginning of financial year	2,802	2,127
Transfer to Expired Options Reserve	349	788
Adjustment	-	(114)
Balance at end of financial year	3,150	2,802
Share Issue Reserve		
Balance at beginning of financial year	577	691
Transfer from / (to) Expired Options Reserve	(349)	(674)
Vesting of performance rights	-	(114)
Fair value of performance rights issued for future periods	585	673
Balance at end of financial year	813	577
Profit Reserve		
Balance at beginning of financial year	5,446	5,922
Transferred to reserve	-	-
Dividends paid	-	(476)
Balance at end of financial year	5,446	5,446
Total reserves	20,047	17,929
Other Comprehensive Income - that may later emerge in the Profit and Loss Statement		
Exchange differences taken to reserves in equity – translation of overseas entities	837	2,515
Movement in actuarial assessments	697	75
Total Other Comprehensive Income	1,533	2,590

Notes

- (1) The **capital reserve** is a historical reserve from 2002 that arose after calculation of the outside equity interest in the (as it was then) Australian Magnesium Investments Pty Ltd consolidated entity.
The **foreign currency translation reserve** arises as a result of translating overseas subsidiaries from their functional currency to the presentation currency of Australian dollars.
The **expired options reserve** captures the balance of unexercised options on their expiry date from the appropriate share capital account.
The **actuarial reserve** represents the cumulative amount of actuarial gains / (losses) on the Group's unfunded defined benefit pension obligation that needs to be recognised in "Other comprehensive income" (OCI) as well as movements attributable to the market value of derivatives and deferred tax assets where relevant.
The **profit reserve** represents profits from prior periods transferred into this reserve instead of against accumulated retained losses. This is in order to preserve their nature as being available for distribution as dividends in future years.

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Notes to the Financial Statements

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18. Accumulated Losses

	31 Dec 2025 \$'000	31 Dec 2024 \$'000
Balance at beginning of financial year	(27,651)	(18,133)
Profit/(Loss) attributable to members of Magontec Limited	(5,397)	(9,517)
	(33,048)	(27,651)

19. Earnings/(Loss) Per Share

	Continuing Operations 12 months to 31 Dec 2025 cents per share	Discontinued Operations 12 months to 31 Dec 2025 cents per share	Total 12 months to 31 Dec 2025 cents per share	Continuing Operations 12 months to 31 Dec 2024 cents per share	Discontinued Operations 12 months to 31 Dec 2024 cents per share	Total 12 months to 31 Dec 2024 cents per share
Basic earnings/(loss) per share	(8.9)	(0.2)	(9.1)	(6.5)	(5.5)	(12.0)
Diluted earnings/(loss) per share	(7.9)	(0.2)	(8.1)	(5.8)	(4.9)	(10.7)

The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted loss per share are as follows:

	Continuing Operations 12 months to 31 Dec 2025 \$'000	Discontinued Operations 12 months to 31 Dec 2025 \$'000	Total 12 months to 31 Dec 2025 \$'000	Continuing Operations 12 months to 31 Dec 2024 \$'000	Discontinued Operations 12 months to 31 Dec 2024 \$'000	Total 12 months to 31 Dec 2024 \$'000
Profit/(Loss) after income tax expense						
Attributable to owners of the parent	(5,262)	(135)	(5,397)	(5,187)	(4,330)	(9,517)
Total Comprehensive Income						
Attributable to owners of the parent	(3,653)	(210)	(3,863)	(2,817)	(4,110)	(6,927)
Weighted average number of ordinary securities on issue (for basic earnings calculation)			59,198,949			79,411,228
Performance rights			7,406,283			9,340,404
Weighted average number of ordinary securities on issue (for diluted earnings calculation)			66,605,232			88,751,632

20. Contingent Assets and Liabilities

At 31 December 2025 a contingent liability exists in relation to the item below.

Claim Against MAS

A claim was made against the Magontec Suzhou company with respect to restoration costs on the property formerly occupied by this plant. The Group does not believe there is a reasonable basis for this claim. Although a judgement has been made against the Group, the Group continues to dispute this matter.

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Notes to the Financial Statements

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21. Capital and Leasing Commitments

a. Right of use assets

The Group recognises a right of use lease asset at inception in the Property, Plant & Equipment caption on the balance sheet, which includes equipment and vehicles as well as a corresponding lease liability in the Current and Non Current Provisions on the balance sheet.

The right of use asset is depreciated on a straight-line basis per the term of the lease.

The lease liability is unwound over the term of the lease, with interest expense recorded in the income statement.

The movement in the right of use assets balance during the period is summarised below.

RIGHT OF USE ASSETS SUMMARY

	31 Dec 2025 \$'000	31 Dec 2024 \$'000
Opening balance	754	448
Add new leased assets	-	585
Depreciation charge	(270)	(289)
FX movements	20	10
Closing balance	504	754

b. Lease liabilities

The total lease liabilities recorded on the balance sheet are as follows:

	31 Dec 2025 \$'000	31 Dec 2024 \$'000
Lease liabilities recognised in the balance sheet		
Current	202	252
Non Current	312	501
Total lease liabilities recognised in the balance sheet	514	753

The Group has provided a Bank Guarantee of \$58,000 in relation to its head office lease in Sydney, Australia.

Interest charges and amounts recognised in interest payments in the cash flow statement during the period were as follows:

	12 months to 31 Dec 2025 \$'000	12 months to 31 Dec 2024 \$'000
Amounts recognised in the profit and loss statement		
Interest charge on lease liabilities	36	30
Amounts recognised in the cash flow statement		
Total cash inflow/(outflow) for leases	(300)	(315)

c. Low value items

During the year to 31 December 2025, the expense relating to leases of low value was \$15,000 (2024: \$11,000).

d. Capital Expenditure Commitments

There are no material capital commitments for the Group as at 31 December 2025.

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22. Controlled Entities

a. Consolidated Controlled Entities

Name of entity	Ownership Entity	Country of Incorporation	Ownership interest 31 Dec 2025	Ownership interest 31 Dec 2024
Parent entity				
Magontec Limited ^(a)		Australia	100%	100%
Directly Controlled Subsidiaries Of Parent				
Advanced Magnesium Technologies Pty Ltd ^(a)	Magontec Limited	Australia	100%	100%
Magontec Investments Pty Ltd	Magontec Limited	Australia	100%	-
Magontec GmbH	Magontec Limited	Germany	100%	100%
Varomet Holdings Limited	Magontec Limited	Cyprus	100%	100%
Magontec Qinghai Co. Ltd.	Magontec Limited	China	-	100%
Magontec US LLC	Magontec Limited	United States	100%	100%
AML China Ltd ^(c)	Magontec Limited	China	100%	100%
Indirectly Controlled Subsidiaries of Parent - Level 1				
Magontec SRL	Magontec GmbH	Romania	100%	100%
Magontec Xi'an Co Ltd.	Varomet Holdings Ltd	China	100%	100%
Magontec SuZhou Co Ltd	Varomet Holdings Ltd	China	100%	100%

(a) Entities included in the Australian tax consolidated Group.

(b) Magontec Qinghai Co Ltd, a 100% owned subsidiary of Magontec Limited was closed on 7 May 2025.

(c) Dormant from 30 June 2012.

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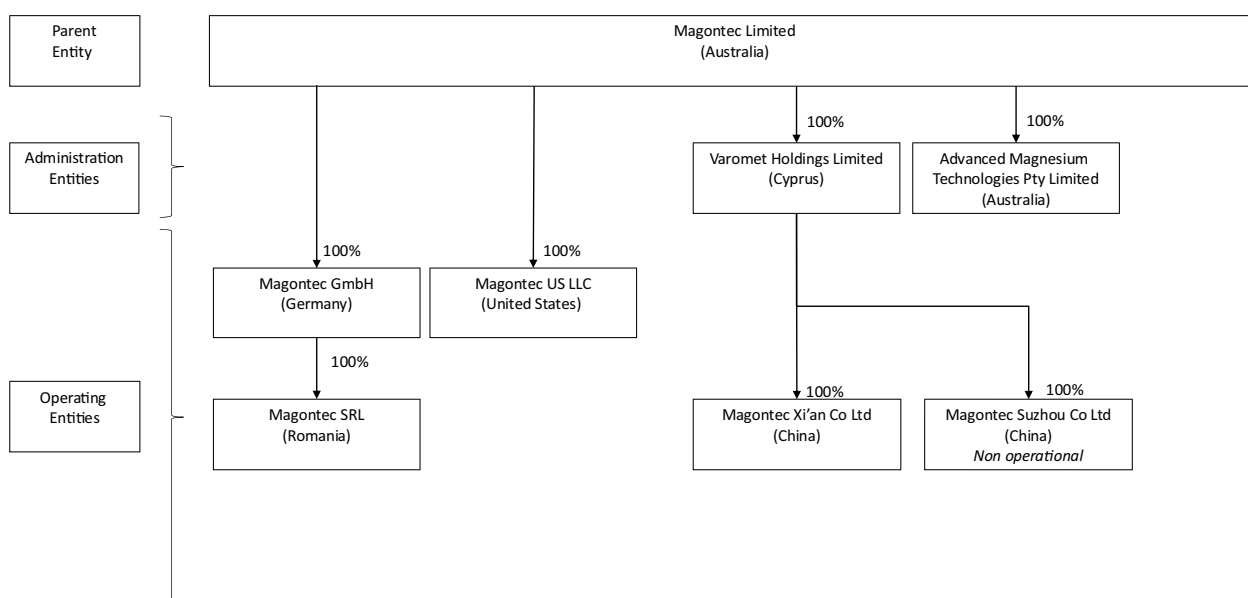
Notes to the Financial Statements

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22. Controlled Entities (continued)

b. Corporate Structure as at 31 December 2025

Magontec Limited Corporate Structure



Note: Only key subsidiaries are noted in the diagram above as at 31 December 2025

c. Acquisition of Controlled Entities

There were no acquisitions of controlled entities made during the relevant period.

d. Disposal of Controlled Entities

There were no disposals of controlled entities made during the relevant period apart from the closure of Magontec Qinghai Co Ltd referred to above.

23. Segment Information

Identification of reportable segments

The consolidated entity comprises the entities as described in Note 22.

In respect of the period to 31 December 2025, segment information is presented in respect of the three main departments continuing within the Group.

- 'Admin Units' = Magontec administrative entities performing a Head Office function comprising -
Magontec Limited (Australia), Advanced Magnesium Technologies Pty Limited (Australia),
Magontec Investments Pty Ltd (Australia), Varomet Holdings Limited (Cyprus)
- 'EUR' = Magontec operating entities in Europe comprising -
Magontec GmbH (Germany), Magontec SRL (Romania), Magontec LLC (United States)
- 'PRC' = Magontec operating entities in the People's Republic of China comprising -
Magontec Xi'an Co. Ltd. (China), Magontec Suzhou Co. Ltd. (China)

Types of products and services

The principal operating activities comprise:

- Magnesium alloy production
- Magnesium alloy recycling
- Manufacture of cathodic corrosion protection products

Accounting policies and inter-segment transactions

The accounting policies used by the Group in reporting segments internally are the same as those contained in Note 1 to the accounts. The segment data below is presented net of intergroup transactions (other than sales).

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Notes to the Financial Statements

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23. Segment Information (continued)

Statement of Comprehensive Income

	12 months to 31 December 2025				12 months to 31 December 2024			
	\$'000 Admin	\$'000 EUR	\$'000 PRC	\$'000 TOTAL	\$'000 Admin	\$'000 EUR	\$'000 PRC	\$'000 TOTAL
Sale of goods	-	49,588	14,895	64,483	-	42,243	29,972	72,215
Less Inter-segment sales				(198)				(26)
Net Sales	-	49,588	14,895	64,285	-	42,243	29,972	72,189
Cost of sales	-	(39,472)	(13,092)	(52,564)	-	(32,925)	(28,528)	(61,453)
Less Inter-segment sales				198				26
Net Cost of Sales	-	(39,472)	(13,092)	(52,366)	-	(32,925)	(28,528)	(61,427)
Gross Profit	-	10,116	1,803	11,919	-	9,318	1,444	10,762
Other income	47	597	504	1,148	2	267	561	830
Interest expense	(13)	(387)	-	(400)	(13)	(295)	(44)	(352)
Impairment - inventory, fixed assets, doubtful debts	-	(374)	-	(374)	-	(801)	(3,482)	(4,283)
Travel accommodation and meals	(186)	(394)	(104)	(684)	(148)	(363)	(185)	(696)
Research, development, licensing and patent costs	-	(174)	(491)	(665)	-	(176)	(658)	(834)
Promotional activity	-	(167)	-	(167)	(3)	(120)	-	(123)
Information technology	(12)	(301)	(51)	(364)	(16)	(297)	(69)	(382)
Personnel	(2,092)	(6,847)	(1,213)	(10,152)	(1,723)	(6,294)	(1,588)	(9,605)
Depreciation & amortisation	(86)	(532)	(33)	(651)	(43)	(557)	(72)	(672)
Office expenses	(140)	(160)	(104)	(404)	(125)	(189)	(148)	(462)
Corporate and other	(1,065)	(2,260)	(640)	(3,965)	(906)	(1,976)	(809)	(3,691)
Foreign exchange gain/(loss)	212	(2,005)	226	(1,567)	(311)	835	(354)	170
Profit/(Loss) before income tax expense	(3,335)	(2,888)	(103)	(6,326)	(3,286)	(648)	(5,404)	(9,338)
Income tax expense	-	748	181	929	-	123	(302)	(179)
Profit/(Loss) after income tax expense	(3,335)	(2,140)	78	(5,397)	(3,286)	(525)	(5,706)	(9,517)
Other Comprehensive Income								
Movement in actuarial assessments	-	697	-	697	-	75	-	75
FX differences taken to Reserves - translation of overseas entities	(20)	1,375	(518)	837	(16)	1,426	1,105	2,515
Total Comprehensive Income	(3,355)	(68)	(440)	(3,863)	(3,302)	976	(4,601)	(6,927)
Segment Disclosures								
Segment assets	5,008	44,990	22,730	72,728	5,219	40,983	24,388	70,590
Segment liabilities	1,873	22,668	1,470	26,011	1,493	16,878	2,223	20,594
Segment net assets	3,135	22,322	21,260	46,717	3,726	24,105	22,165	49,996
Acquisition of segment fixed assets	-	2,369	245	2,614	-	1,302	558	1,860
Non-cash share based payments expense	287	163	135	585	311	198	164	673
Provisioning								
- Inventory Increase/(Decrease)	-	(146)	-	(146)	-	80	-	80
- Doubtful debts Increase/ (Decrease)	-	(51)	-	(51)	-	61	-	61

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Notes to the Financial Statements

continued

24. Related Party Disclosures

a. Equity interests in related parties

Equity interest in subsidiaries

Details of the percentage of ordinary shares held in subsidiaries are disclosed in Note 22 to the financial statements.

b. Transactions with Key Management Personnel including Loans

Details of KMP compensation are disclosed in Note 4 to the financial statements and in the Remuneration Report.

c. Group Entity

The parent entity is Magontec Limited. Members of the group are set out in Note 22. Transactions during the financial year between group entities included:

- Investment in controlled entities;
- Repayment of interest free funds from controlled entities to the parent entity; and
- Incurring expenditure on behalf of other entities for office rental and related costs, travel costs, seconded employees and other sundry costs.

The entity is fully reimbursed for these costs on an actual cost basis.

d. Transactions with Related Parties apart from Directors and Key Management Personnel

Nature of related party transactions with Qinghai Salt Lake Magnesium Co. Ltd

Memorandum of Settlement with QSLM

On 1 November 2024 (prior year), the Group announced to the ASX that following the termination of the Agreements with QSLM, the two parties had agreed a Memorandum of Settlement. The terms of this Memorandum of Settlement can broadly be summarised as follows:

- The Group agreed to swap all its current and future potential claims against QSLM for all the MGL fully paid ordinary shares held by QSLM (total of 22,681,940 shares or 28.48% of MGL's issued capital as at 31 December 2024). These shares were to be bought back by the Group and cancelled.
- MGL agreed to transfer ownership of agreed upon fixed assets owned by its subsidiary, Magontec Qinghai Co Ltd, to QSLM for zero cash consideration. These assets had been fully impaired to a zero book value in the financial statements as at 31 December 2024.
- All debts payable to QSLM by Magontec and its subsidiaries were cancelled and vice versa. Each party agreed to irrevocably waive all rights of action, objection or arbitration and to withdraw all claims.
- Mr Li Xing Cai, the representative of QSLM on the Board of MGL, will resign and the right to further QSLM Board representation will expire.

The execution of this Memorandum of Settlement approved at an Extraordinary General Meeting on 5 February 2025, and executed shortly thereafter within the current period.

Aside from this, there were no other related party transactions with directors or KMP not disclosed elsewhere in this report.

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Notes to the Financial Statements

continued

25. Financial Instruments

AASB 9 – classification and measurement of financial assets and financial liabilities

AASB 9 provides three categories for classification of financial assets, being amortised cost, fair value through other comprehensive income and fair value through profit and loss. This is assessed in accordance with the contractual cash flows and nature of the underlying asset. The table below summarises the classifications under AASB 9.

The main financial impact of adopting AASB 9 related to the application of the impairment of trade receivables arising from Lifetime Expected Credit Losses as can be seen below. The Group did not apply hedge accounting to derivatives during the reporting period.

	Category per AASB 9	Fair value hierarchy where applicable*
Financial assets:		
Cash and cash equivalents	Amortised cost	Not applicable
Trade & other receivables	Amortised cost	Not applicable
Other	Amortised cost	Not applicable
Financial liabilities:		
Trade & other payables	Other financial liabilities	Not applicable
Current Bank Borrowings	Other financial liabilities	Level 2
Non-Current Bank Borrowings	Other financial liabilities	Level 2

* Fair value information is not provided where carrying amounts are assumed to be a reasonable approximation of fair value

AASB 9 – Impairment of Financial Assets

The Group adopts an "Expected Credit Loss" model to assess impairment of financial assets. The Group has elected to apply the practical expedient with respect to impairment losses on trade receivables with the use of a provision matrix which takes into account historical bad debt losses as well as estimates of future losses where considered material. More detail is provided in the credit risk section below.

(a) Capital Risk Management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the potential future return to stakeholders through the development and marketing of the Group's technologies and its production facilities.

The capital structure of the Group consists of cash and cash equivalents, equity attributable to equity holders of the parent, comprising issued capital, reserves and accumulated losses as disclosed in Note 16, Note 17 and Note 18 respectively and debt funding provided by Chinese and European banks (Note 13).

The Group's main financial risk management issues are ensuring the integrity of debtors, planning for production capacity and continued availability of debt funding. The Group operates globally, primarily through subsidiary companies established in the markets in which the Group trades.

None of the Group's entities are subject to externally imposed capital requirements.

(b) Financial risk management objectives

The magnesium alloy industry operates with a disparity of trade terms on the purchase of production inputs and the sale of output. The Group's senior management effort is aimed at firstly, arranging funding for working capital and secondly, negotiating with purchasers and buyers the best available terms.

The Group's senior management team co-ordinates access to domestic and international financial markets and monitors and manages the financial risks relating to the operations of the Group in line with the Group's policies. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

The consolidated entity does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

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Notes to the Financial Statements

continued

25. Financial Instruments (continued)

(c) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

(d) Categories and maturity profile of financial instruments and interest rate risk

The following table details the consolidated entity's exposure to interest rate risk as at 31 December 2025.

31 December 2025	Notes	Weighted average effective interest rate %	Variable interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
Financial assets:						
Cash and cash equivalents		1.36%	7,147	-	-	7,147
Trade & other receivables (net of provision for loss)		-	-	-	16,424	16,424
Other		-	-	-	1,022	1,022
			7,147	-	17,446	24,593
Financial liabilities:						
Trade & other payables		-	-	-	6,590	6,590
Current Bank Borrowings	13	4.35%	8,184	-	-	8,184
Non-Current Bank Borrowings	13	-	-	-	-	-
			8,184	-	6,590	14,774

The following table details the consolidated entity's exposure to interest rate risk as at 31 December 2024.

31 December 2024	Notes	Weighted average effective interest rate %	Variable interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
Financial assets:						
Cash and cash equivalents		1.21%	7,750	-	-	7,750
Trade & other receivables (net of provision for loss)		-	-	-	12,635	12,635
Other		-	-	-	1,474	1,474
			7,750	-	14,109	21,859
Financial liabilities:						
Trade & other payables		%	-	-	6,402	6,402
Current Borrowings	13	5.86%	2,216	-	-	2,216
Non-Current Borrowings	13	-	908	-	-	908
			3,124	-	6,402	9,526

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Notes to the Financial Statements

continued

25. Financial Instruments (continued)

(e) Market risk

Refer comments under headings a and b of Note 25.

(f) Liquidity risk management

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and banking facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

(g) Fair value of financial instruments

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

(h) Foreign currency risk management

The Group has exposure to four main currencies – the United States Dollar (USD), the Euro (EUR), the Chinese Yuan (RMB) and the Romanian Leu (RON). The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows.

	Foreign Currency Monetary Assets & Liabilities Table			
	Assets		Liabilities	
	31 Dec 2025 \$'000	31 Dec 2024 \$'000	31 Dec 2025 \$'000	31 Dec 2024 \$'000
Foreign currency monetary assets and liabilities				
Cash and cash equivalents	5,752	6,164		
Trade and other receivables	16,424	12,635		
Other non-current receivables	215	290		
Trade and other payables			6,084	6,278
Provisions			10,241	10,743
Borrowings			8,196	2,264
Other				
Other net assets and liabilities	50,337	51,501	1,490	1,309
Total	72,728	70,590	26,011	20,594

The Group undertakes sales transactions denominated in RMB, USD and EUR and incurs manufacturing input costs denominated in EUR, RMB and RON. Additionally certain Head Office overheads are incurred in AUD and the Group reports in AUD.

Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 10% increase and 10% decrease in relevant foreign currency monetary items against the Australian Dollar. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates over the medium term. The sensitivity analysis includes foreign currency monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates.

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Notes to the Financial Statements

continued

25. Financial Instruments (continued)

A positive number in the table below indicates an increase in profit or a decrease in loss and other equity where the foreign currency strengthens against the Australian dollar. A negative number in the table below indicates a decrease in profit or an increase in loss and other equity where the foreign currency weakens against the Australian dollar.

	Notes	31 Dec 2025 \$'000	31 Dec 2024 \$'000
USD impact			
Effect on Profit/Loss and other equity of a 10% increase in USD rate	(i)	215	(78)
Effect on Profit/Loss and other equity of a 10% decrease in USD rate		(215)	78
EUR impact			
Effect on Profit/Loss and other equity of a 10% increase in EUR rate	(ii)	(1,428)	(980)
Effect on Profit/Loss and other equity of a 10% decrease in EUR rate		1,428	980
RMB impact			
Effect on Profit/Loss and other equity of a 10% increase in RMB rate	(iii)	1,112	1,256
Effect on Profit/Loss and other equity of a 10% decrease in RMB rate		(1,112)	(1,256)
RON impact			
Effect on Profit/Loss and other equity of a 10% increase in RON rate	(iv)	(112)	(217)
Effect on Profit/Loss and other equity of a 10% decrease in RON rate		112	217

A positive number in the above table represents a reduction in the operating profit/loss and or other equity

- (i) Exposure to USD is represented by net monetary assets of USD 1.4 million as at 31-Dec-25 (Net monetary liabilities of USD 0.5 million as at 31-Dec-24)
- (ii) Exposure to EUR is represented by net monetary liabilities of EUR 8.1 million as at 31-Dec-25 (Net monetary liabilities of EUR 5.9 million as at 31-Dec-24)
- (iii) Exposure to RMB is represented by net monetary assets of RMB 51.9 million as at 31-Dec-25 (Net monetary assets of RMB 56.7 million as at 31-Dec-24)
- (iv) Exposure to RON is represented by net monetary liabilities of RON 3.3 million as at 31-Dec-25 (Net monetary liabilities of RON 6.5 million as at 31-Dec-24)

Derivatives and hedging

The Group engages in foreign exchange hedges primarily to manage risks associated with its USD receivables and securing the EUR-USD rate on real metal purchases of pure magnesium. The gains and losses on the market value of these hedges are recognised directly in the profit and loss statement. There were no open FX hedges or interest rate swaps as at 31 December 2025.

	Notes	Carrying value \$'000	Market value \$'000	Cash flow due within 1 year \$'000	Cash flow due after 1 year \$'000
31 December 2025					
Interest rate swaps	14	-	-	-	-
31 December 2024					
Interest rate swap	14	6	6	6	-

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Notes to the Financial Statements

continued

25. Financial Instruments (continued)

The sensitivity of FX and interest rate hedges to a 10% movement in the relevant exchange rate is outlined below:

	AUD impact of change	
	31 Dec 2025 \$'000	31 Dec 2024 \$'000
Interest rate swaps		
Sensitivity to +0.5% change in interest rates	-	2
Sensitivity to -0.5% change in interest rates	-	(2)

(i) Capital Management and Interest rate risk management

The Group has bank loans outstanding of \$6,355,173 (refer Note 13) owing to Commerzbank globally. Management remains confident that Commerzbank will continue offering its facilities as the Group's relationship with the bank is strong and significant headroom exists compared with facilities drawn.

(j) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of as far as possible dealing with creditworthy counterparties – an ideal not always possible in a product development environment. The use of collateral or other contributions can act as a means of mitigating the risk of financial loss from defaults. Credit exposure is controlled by limits that are continually reviewed.

The Group's alloy sales to European customers are, for the most part, centralised through Magontec GmbH in Bottrop Germany. Magontec GmbH has insurance cover in place to cover its exposure to debtors secured under the Commerzbank facility. The insured percentage cover for 'named' debtors is 90% and for 'unnamed' debtors is 80% but with individual claims in respect of 'unnamed' debtors limited to EUR 10,000.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

The Group also receives notes receivable (promissory notes) as consideration for goods and services provided from a limited number of counterparties in China. The majority of these are guaranteed by a bank, and the Group only accepts these from specific large customers. Upon maturity, these are converted into cash at no charge. Early redemption of Notes Receivable for cash can be requested, however an interest charge will apply on a pro rata basis for the remaining term of the receivable. As the term of the Notes Receivables are limited to 6 months, these are recorded at the undiscounted value and classified as a current asset on the balance sheet.

Provision matrix

The Group applies a provision matrix in order to determine Expected Credit Losses in accordance with AASB 9 Financial Instruments. This provision matrix is based on:

- Historical experiences of bad debts in the last 5 years (which have been low as a percentage of sales)
- Where deemed material, estimates to incorporate the Group's forward looking expectations on future operating and economic conditions

Provision Matrix	EU & NA	PRC
Due Date	0.01%	0.02%
1-30 days overdue	0.02%	0.04%
31-60 days overdue	0.03%	0.06%
61-90 days overdue	0.05%	0.08%
90 days + overdue	0.06%	0.11%

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Notes to the Financial Statements

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26. Parent Entity Information Magontec Limited

Statement of Comprehensive Income

	Magontec Limited	
	12 months to 31 Dec 2025 \$'000	12 months to 31 Dec 2024 \$'000
Sale of goods	-	-
Cost of sales	-	-
Gross profit	-	-
Other income	30	-
Interest expense	-	-
Impairment - inventory, fixed assets, doubtful debts	892	(4,838)
Travel accommodation and meals	(8)	-
Research, development, licensing and patent costs	-	-
Promotional activity	-	-
Information technology	-	-
Personnel	(10)	-
Depreciation & amortisation	-	-
Office expenses	(1)	(1)
Corporate	(1,104)	(1,702)
Foreign exchange gain/(loss)	(701)	852
Other operating expenses	-	-
Profit/(Loss) before income tax expense/benefit from continuing operations	(902)	(5,688)
Income tax (expense)/benefit	-	-
Profit/(Loss) after income tax expense/benefit from continuing operations	(902)	(5,688)
Other Comprehensive Income - that may later emerge in the Profit and Loss Statement		
Exchange differences taken to reserves in equity - translation of overseas entities	-	-
Other Comprehensive Income - that will not emerge in the Profit and Loss Statement	-	-
Movement in actuarial assessments	-	-
Total Comprehensive Income	(902)	(5,688)

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Notes to the Financial Statements

continued

26. Parent Entity Information Magontec Limited (continued)

Balance Sheet

	Magontec Limited	
	31 Dec 2025 \$'000	31 Dec 2024 \$'000
Cash and cash equivalents	69	1,557
Trade & other receivables	1	2
Other	92	106
Total current assets	162	1,665
Non-current assets		
Inter Company Loan Receivables (net of provisioning)	12,787	11,140
Investment in shares of subsidiaries (net of provisioning)	5,596	5,596
Other financial assets	8,314	8,314
Total non-current assets	26,697	25,050
Total assets	26,859	26,714
Current liabilities		
Trade & other payables	151	106
Total current liabilities	151	106
Non-current liabilities		
Other	4,525	3,522
Total non-current liabilities	4,525	3,522
Total liabilities	4,676	3,628
Net assets	22,183	23,086
Equity attributable to members of MGL		
Share capital	59,718	59,718
Reserves	6,969	6,969
Accumulated losses	(44,504)	(43,601)
Total equity	22,183	23,086

Equity balances as at 31 December 2024 updated to reflect an adjustment to the allocation between share capital, reserves and accumulated losses. This was not material, and there was no change to the net asset balance.

Contingent liabilities

The parent entity had no contingent liabilities as at 31 December 2025.

Capital commitments - Property, plant and equipment

The parent entity had no material capital commitments for property, plant and equipment as at 31 December 2025.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in Note 1.

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Notes to the Financial Statements

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27. Subsequent Events

To the best of the Group's knowledge there have been no other material subsequent events that require disclosure.

ADDITIONAL COMPANY INFORMATION

Magontec Limited (MGL) is a listed public company and is incorporated in Australia. The MGL Group operates globally including subsidiaries in Australia, Europe and China.

Registered Office and Principal Place of Business

Level 2, Suite 1
139 Macquarie St,
Sydney, NSW 2000
Tel: 612 8084 7813
Fax: 612 9252 8960

Consolidated Entity Disclosure Statement

In accordance with the requirements of Subsection 295(3A) of the Australian *Corporations Act 2001* (Cth), set out below is the consolidated entity disclosure statement disclosing information in respect of Magontec Limited and entities it controlled at 31 December 2025.

Consolidated Entity Disclosure Statement

Entity Name	Entity Type	Trustee, Partner or Joint Venture	Body Corporates		Tax Residency	
			Place Incorporated or Formed	% of Share Capital Held	Australian or Foreign	Foreign Jurisdiction
Magontec Limited	Body Corporate	No	Australia	100%	Australian	Australia
Advanced Magnesium Technologies Pty Ltd	Body Corporate	No	Australia	100%	Australian	Australia
Magontec Investments Pty Ltd	Body Corporate	No	Australia	100%	Australian	Australia
Magontec GmbH	Body Corporate	No	Germany	100%	Foreign	Germany
Magontec SRL	Body Corporate	No	Romania	100%	Foreign	Romania
Magontec US LLC	Body Corporate	No	United States	100%	Foreign	United States
Magontec Xi'an Co Ltd.	Body Corporate	No	China	100%	Foreign	China
Magontec SuZhou Co Ltd	Body Corporate	No	China	100%	Foreign	China
Varomet Holdings Limited	Body Corporate	No	Cyprus	100%	Foreign	Cyprus
AML China Ltd	Body Corporate	No	China	100%	Foreign	China

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Directors' Declaration

The Directors declare as follows -

- a. in the Directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable;
- b. in the Directors' opinion:
 - i. the financial statements and notes thereto set out on pages 52 to 88 of this Annual Report, are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and give a true and fair view of the financial position and performance of the Group;
 - ii. the consolidated entity disclosure statement required by s295(3A) of the *Corporations Act 2001* (Cth) disclosed in this report is true and correct; and
- c. the Directors have been given the declarations required by s.295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of the Directors made pursuant to s.295A of the *Corporations Act 2001*.

On behalf of the Board of Directors



Mr N Andrews
Executive Chairman
24 February 2026



Mr A Malhotra
Non-Executive Director

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAGONTEC LIMITED
REPORT ON THE AUDIT OF THE FINANCIAL REPORT**

Auditor's Opinion

We have audited the accompanying financial report of Magontec Limited and Controlled Entities (the 'Group'), which comprises the Consolidated Balance Sheet as at 31 December 2025, and the Consolidated Statement of Profit & Loss and Other Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Cash Flow Statement for the year ended on that date, a statement of accounting policies, other explanatory notes and the Directors' Declaration.

In our opinion the financial report of the Group is in accordance 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 performance for the year ended on that date; and
- (ii) complying with *Australian Accounting Standards* (including the *Australian Accounting Interpretations*) and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with *Australian Auditing Standards*. Our responsibilities under those standards are further described in the *Auditor's Responsibilities* 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* (the Code) that are relevant to our audit of the 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 in the same terms if given to the directors as at the same time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p>Valuation of Inventory</p> <p>We focused on this area as a key audit matter due to the:</p> <ul style="list-style-type: none"> • Sensitivity of the Group's margins to changes in the underlying price of Magnesium. • Reduced demand from the housing and automotive manufacturing industries supplied by the Group. <p>Management recorded an inventory write-down as disclosed in Note 2(d).</p>	<p>Our procedures included, amongst others,</p> <ul style="list-style-type: none"> • Discuss the inventory processes used at MAB, MAX and MAR with management. • Review of costing methodology applied by entities within the group for compliance with the Group accounting policy. • Comparison of the carrying value of inventory items to subsequent sales price.

Camphin Boston
Chartered Accountants
ABN 69 688 697 499

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Key audit matter

Impairment of Assets

The Group's assets include plant & equipment. We focused on this area due to the:

- The Group's Net Assets exceeding its Market Capitalisation;
- Reduced production in PRC following the exit from the MAQ project;
- Below capacity production and customer concentration risk at MAR; and
- Extent of management judgment involved in assessing impairment indicators and determining the assumptions used in evaluating these indicators.

Management conducted a test for impairment in accordance with AASB 136. This test requires the application of significant judgements and estimates.

How our audit addressed the key audit matter

Our procedures included, amongst others,

- Evaluation of the Group's assessment as to whether indicators of impairment existed, including review of market-based indicators, industry, and specific matters relating to the Group and its CGUs.
- Assessing management's determination of the relevant CGU, and the assets and liabilities that have been allocated to the CGUs.
- Testing the mathematical accuracy of the models used assessing the calculation in accordance with the requirements of Australian Accounting Standards.
- Comparing the underlying values and assumptions in the impairment model to approved budgets, forecasts, and historical operating expenditures.
- Assessing the sensitivity of the models to variances in key inputs, including the discount rate used.
- Challenging management with respect to key forward looking assumptions including future production volumes, the forecast period and discount rates applied, and compare these assumptions with internally reported metrics and external information.
- Where we engaged component auditors, we assessed the adequacy of their work through inspection of working papers.

Other Information

The Directors are responsible for the other information in the Annual Report. The other information comprises the pages spanning from the Executive Chair's Letter through to and including the Directors' Report and the Shareholder Information, but does not include the financial report, Directors' Declaration and our Auditor's Report thereon.

Our opinion on the financial report does not cover the other information, except for the Remuneration Report, and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Directors' Responsibility for the Financial Report

The Directors of Magontec Limited are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the *Australian Auditing Standards* will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>. This description forms part of our auditor's report.

Report on the Remuneration Report

Auditor's Opinion

We have audited the Remuneration Report included in pages 36 to 50 of the Annual Report for the year ended 31 December 2025.

In our opinion the Remuneration Report of Magontec Limited for the year ended 31 December 2025 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Camphin Boston

Chartered Accountants

A handwritten signature in black ink, appearing to read "Rob Cooper".

Rob Cooper

Lead Auditor

Level 5, 179 Elizabeth Street, Sydney NSW 2000

Dated this 24th day of February 2026.

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Shareholder Information

Class: Ordinary shares fully paid

ASX Code: MGL

Voting Rights: Voting rights of members are governed by the Company's constitution. In summary, every member present in person or by proxy, attorney or representative has one vote on a show of hands and one vote for each share on a poll.

Twenty Largest Holders of Ordinary Shares as at End Date of Current Reporting Period

Name of Holder	No. Of Shares	%
1 CITICORP NOMINEES PTY LIMITED	9,806,987	17.22
2 LI YUAN YUAN & LI ZHONG JUN	3,937,386	6.91
3 J P MORGAN NOMINEES AUSTRALIA	3,913,371	6.87
4 YELLOW ZONE SUPER FUND	3,492,844	6.13
5 BNP PARIBAS NOMINEES PTY LTD	2,610,488	4.58
6 HSBC CUSTODY NOMINEES (AUSTRALIA) LTD	2,025,899	3.56
7 DEWBERRI PTY LTD	1,800,890	3.16
8 MIENGROVE PTY LTD	1,490,000	2.62
9 MR SCOTT PARHAM	1,338,063	2.35
10 BELLINO PTY LTD	1,260,583	2.21
11 ARCHERFIELD AIRPORT	1,200,000	2.11
12 MR SHAUN WILLIAM SAINSBURY DRABSCH	936,908	1.64
13 MR XUNYOU TONG	845,338	1.48
14 MRS PAMELA ELIZABETH DRABSCH	678,975	1.19
15 DALSIZ PTY LTD	668,310	1.17
16 MR CHRISTOPH KLEIN-SCHMEINK	659,410	1.16
17 BRIAN GORMAN SELF MANAGED SUPER FUND PTY LTD	650,000	1.14
18 DR ANDREW DUNCAN MACLAINE-CROSS	643,882	1.13
19 MR PETER FABIAN HELLINGS & MRS JACQUELINE KIM GUN HELLINGS	545,000	0.96
20 ESCOR EQUITIES CONSOLIDATED PTY LTD	533,334	0.94
Total	39,037,668	68.53

Distribution of Shareholders as at End Date of Current Reporting Period

Number Held	Holders	No. of Securities	Percentage
1-1,000	590	86,064	0.15
1,001-5,000	672	1,507,817	2.65
5,001-10,000	178	1,290,568	2.27
10,001-100,000	209	6,353,615	11.15
100,001 and over	63	47,723,762	83.78
TOTAL	1,712	56,961,826	100.00

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Shareholder Information

continued

Substantial shareholders

Magontec Limited has been notified of the following substantial shareholdings:

Holder	Number of ordinary shares	% of issued ordinary share capital
Allan Gray Australia Pty Limited	15,629,105	27.44%
Yuan Yuan Li and Li Zhong Jun	3,937,386	6.91%
Yellowzone Super Account	3,492,844	6.13%

As at 31-Dec-2025 a marketable parcel of securities (\$500) is a holding of at least 2,128 securities.

This is based on a closing share price of \$0.235

Issued Capital and Securities	On Issue at 31 Dec 2025
Ordinary Shares fully paid	56,961,826

Share Registry: Boardroom Pty Limited	Postal:	Local:	International
Address: Level 8, 210 George Street SYDNEY, NSW 2000	GPO Box 3993, SYDNEY NSW 2001	Tel: 1300 737 760 Fax: 1300 653 459	Tel: +61 2 9290 9600 Fax: +61 2 9279 0664 Website: www.boardroomlimited.com.au

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