MAGONTEC
ACN 010 441 666

MAGONTEC LIMITED

Half Year Report

2026

Corporate Information and Glossary

1. Corporate information

The consolidated financial statements of Magontec Limited and its controlled subsidiaries as listed in Note 4.1 herein (collectively, the Group) for the 6 months to 30 June 2026 were authorised for issue in accordance with a resolution of the directors on 27 August 2026. Magontec Limited is a company limited by shares incorporated in Australia. The shares are publicly traded on the Australian Securities Exchange under the code "MGL".

2. Glossary of terms 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.	Parent Company, the Company or "MGL"
Advanced Magnesium Technologies Pty Limited	Wholly owned subsidiary of Magontec Limited that acts as the administrative operating entity.	AMT
Varomet Holdings Limited	The holding company that owns the Group's businesses at Xi'an (PRC) and Suzhou (PRC). In turn, Magontec Limited owns all of the ordinary shares issued by Varomet Holdings Limited.	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 Xi'an Co. Ltd.	The wholly owned entity that owns the Group's operations in Xi'an, PRC	MAX
Magontec US LLC	The wholly owned entity that acts as the Group's distributor located in the United States	MAU
Non-Operating entities		
Magontec Suzhou Co Ltd	The wholly owned entity that owns the Group's operations in Suzhou, PRC. Production ceased at this facility in 2016	MAS
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 liquidated in May 2025.	MAQ
Major related shareholders and other terms		
Qinghai Salt Lake Magnesium Co. Limited	QSLM was previously a 28.48% shareholder in MGL as at 31 December 2024. 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 for zero cash consideration. As set out in the MoS, QSLM relinquished its entire shareholding of 22,681,940 MGL shares to the Group which were cancelled in February 2025 in exchange for certain fixed assets of Magontec Qinghai as well as both sides agreeing to forego any future legal claims. QSLM was a subsidiary of Qinghai Huixin Asset Management (QHAM). QHAM is in turn owned by 3 Chinese state-owned enterprises. Its shareholders included the state of Haixi (a region of Qinghai province that includes Golmud) and two other Qinghai based investment entities.	QSLM
	People's Republic of China	PRC

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.

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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Executive Chairman's Letter

Nicholas Andrews

The six months to 30 June 2026 saw a recovery in earnings and volumes in Magontec's largest business activities, a strong improvement on the prior corresponding period.

Magontec experienced a strong recovery in 1H26 compared with the prior corresponding period (PCP), the first half of 2025. Cash flow from underlying operations was $2.7 million, compared with an outflow on the same basis of ($1.7) million in the PCP.**

Gross Profit rose 63% to $8.5 million and reported EBITDA rose to $3.2 million, up from a loss of ($3.1) million in the PCP.

As we show in the Financial Overview, there were additional costs and provisions that sharply reduced Net Profit After Tax in the period under review. These include advisory service costs associated with Magontec's strategic initiatives and provisions against an adverse tax ruling in Germany that the Group is vigorously challenging. Inclusive of all one-off costs, reported NPAT for 1H26 was $1.1 million, up from a loss of ($3.9) million in the PCP.

The Group continues to have very low levels of net debt, just $0.8 million ($1.0 million as at 31 December 2025), Net Assets of $45.2 million and Net Assets Per Share of 78 cents.

Strong performances from the Impressed Current Anode Systems (ICAS/electronic anode) and Special Metals businesses were the key drivers of the 1H26 improvement. Standard alloy production in Germany and Romania and primary Mg alloy trading activity from China to customers in Europe also made stronger contributions on higher volumes.

As our reports on the underlying businesses show, the markets for ICAS have rebounded and may continue to rise in the months ahead. The ICAS product is both a replacement anode for existing hot water systems (sold through wholesale and internet networks) and the specified anode application for hydronic Heat Pump heating systems. As the world's leading supplier of ICAS products, and with a new series release in 2025, demand for this product, and for Heat Pump installations generally, is rebounding after a period of slower growth in 2024 and 2025.

Magontec's Specialist Metals business comprises a portfolio of Rare Earth, Mg and other element alloys, targeted at the aerospace sector in the USA, Europe and Asia. Over the last decade Magontec has slowly built its reputation in this demanding sector and continues to profitably broaden its portfolio.

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

In our recent reports to shareholders we have spoken at length of our pivot from a China focused primary Mg alloy production strategy to a trading focus for supply of this metal to our European customer base. This was a strategic shift forced on us by the abrupt termination of our Qinghai cast house project in 2024. We are now importing rising volumes of primary Mg alloys from the world's largest Mg manufacturer in a developing relationship. As these primary Mg alloy trading flows grow so our ability to access Mg alloy scrap return volumes from our European regional customers has recovered.

While overall standard alloy output volumes remain below Magontec's capacity, Mg alloy recycling volumes in 1H26 were above the PCP and we continue to challenge for new customers and new volumes from a strengthening position.

While we are in the early stages of a recovery in overall European Mg alloy consumption, the very low price of Mg and the relatively high price of aluminium, the key competitor metal, makes a strong case for a return to Mg alloy applications in the European and US automotive sectors and the development of new applications elsewhere. Drone, electric bicycle and scooter producers are growing users of the lightest structural metal.

With the largest Mg alloy recycling capacity in Europe located in wholly owned facilities in Germany and Romania, Magontec is able to leverage its own strategic shift to a new primary Mg alloy trading strategy and is well placed to benefit from a nascent cyclical move back towards Mg.

For Magontec's other anode products, Mg anodes in Europe and China, volumes have been steady compared with the PCP. These markets reflect continuing low levels of home building, particularly in China where apartment construction volumes have collapsed, and aggressive pricing, again particularly among Chinese producers. Many of our competitors in the Chinese market operate on very low margins and Magontec has struggled to maintain its historical market share in recent years.

Over the last 15 months management has been focused on a revitalisation strategy for the Group. With the assistance of external advisers, we have undertaken a close examination of all our business practices and processes. In the first half of 2026 the cost of this exercise has been $440,000, a substantial impost on Magontec's bottom line in the period under review. This process will continue through the second half of the year.

The principal objectives have been to reduce overheads, to make the underlying businesses more transparent, to better understand costs within each business and drive profitability. Over the last 20 years or more, Magontec's European Mg alloy and anode businesses have been run as a single enterprise. Mg anode production and then electronic anode products grew out of the original Mg alloy recycling business.

In 2027, we expect to have completed the corporate separation of these European activities, 'Metals' and 'CCP/Anodes', as individual businesses under the Magontec Limited corporate umbrella. This restructure is also designed to fully access the jurisdictional advantages of our widespread industrial activities.

The outlook for the second half reflects the same trends. We expect ICAS and Special Metals to continue to drive profitability while the European Mg alloy recycling business operates at improving but below capacity volumes. We do not anticipate much change in Mg anode returns. Our primary second half objectives are to progress the organisational separation of our two business streams, to target new customers for our recycling assets and to reduce costs of production through process changes identified over the last few months.

Nicholas Andrews
Executive Chairman

Financial Overview

Highlights

- Strong improvement in 1H26 Gross Profit to $8.5m, up 62.6% over the prior corresponding period
- Broad based growth including recovering standard Mg Alloy volumes, strong growth in Special Metals volumes and ongoing high ICAS revenues
- Net debt reduced slightly to $0.8m as at 30 June 2026 giving rise to a net debt to debt + equity ratio of 1.8%. Net assets 78 cents per share as at 30 June 2026

Key financial overview		
$'000	As at 30-Jun-26	As at 31-Dec-25
Net Assets		
Net assets per share (cents)	78	82
Net tangible assets per share (cents)	72	76
Borrowings		
Net debt/(net cash)	831	1,049
Net debt to net debt + equity (%)	1.8%	2.2%
$'000	6 months to 30-Jun-26	6 months to 30-Jun-25
Earnings and cashflow		
Gross Profit	**8,538**	**5,250**
Gross Margin (%)	21.7%	17.8%
Reported EBITDA	**3,198**	**(3,108)**
Reported Net Profit After Tax	**1,104**	**(3,958)**
Underlying NPAT*	**196**	**(2,250)**
Reported Operating Cashflow	105	(3,886)
Underlying Operating Cashflow**	2,668	(1,670)
Underlying Operating Cashflow** excluding Head Office	4,383	(276)

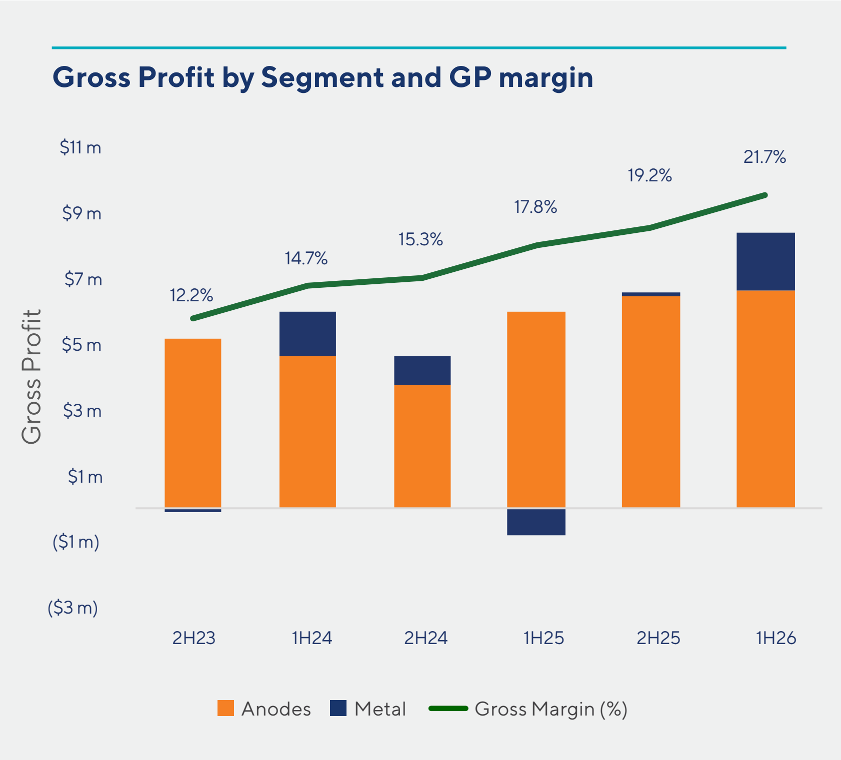
* Underlying NPAT = Reported NPAT excluding unrealised FX
** Underlying Operating Cashflow = Operating Cashflow excluding working capital movements, interest and tax paid
*** Net Tangible Assets (NTA) = Net Assets excluding Intangible Assets and Right of Use Lease Assets

Higher trading volumes in the EUR Metals business (importing from China to sell on to European based customers) was the principal cause of the change in debt levels over the last 2 years. However, the Group's net debt position remains conservative at the end of the period.

The Net Profit After Tax was $1.1 million for the 6 months to 30 June 2026. Excluding unrealised FX and the significant items in the table below for the period, Net Profit Before Tax was $1.8m compared with a $2.1 million loss on the same basis in the prior corresponding period.

During the current period, the Group incurred $0.4 million of additional costs associated with its ongoing strategic review and $0.2 million related to the non-cash LTI Expense. The tax expense also includes a $298k provision against a transfer pricing audit in Germany which the Group will continue to contest vigorously in conjunction with its advisers.

Underlying operating cashflow** for the half to 30 June 2026 was $2.7 million, showing a continuing positive trend since the difficult periods in 2024 and 2025 which included the closure of the Magontec Qinghai facility and lower volumes in the European Metal Business.

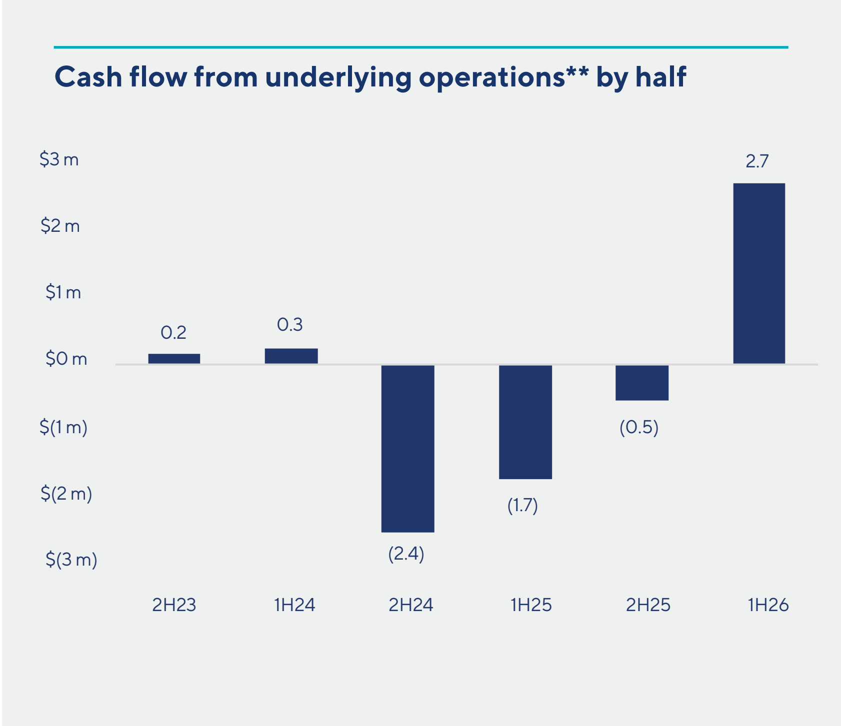


Reconciliation of significant items in earnings		
$'000	6 months to 30-Jun-26	6 months to 30-Jun-25
Reported Net Profit After Tax	**1,104**	**(3,958)**
Add back unrealised FX losses	(908)	1,708
Net Profit After Tax excluding unrealised FX (underlying NPAT*)	**196**	**(2,250)**
Add back tax expense	645	(418)
Add back transfer pricing provision	298	–
Net Profit Before Tax excluding unrealised FX	**1,139**	**(2,668)**
Significant Items Before Tax		
Add back non-cash equity (expense)/writeback	203	240
Less PRC Metals (Discontinued portion) EBITDA gains	–	135
Add QSLM legal costs	–	32
Add Strategic Review Corporate Costs	441	159
Subtotal - Significant Items Before Tax	**644**	**566**
Net Profit Before Tax, unrealised FX and significant items	**1,783**	**(2,102)**

Working capital

Working capital (as shown in the table below) has increased to $39.5 million as at 30 June 2026 (31 December 2025: $38.9 million).

This movement included increased inventory related to the EUR trading business (a longer-term strategic initiative) and a higher notes receivable balance in China. These notes have a 6-month term and can be redeemed for cash prior to maturity at a discount.



Working Capital Summary			
$'000	30-Jun-26	31-Dec-25	% chg
Trade and other receivables	13,140	11,816	11.2%
Notes receivable (PRC)	5,258	4,609	14.1%
Prepayments and other current assets	872	1,022	(14.5%)
Inventory	28,602	28,005	2.1%
Trade and other payables	(8,390)	(6,590)	27.3%
Net assets	**39,482**	**38,861**	**1.6%**

Banking

The banking facilities across the Group had $6.5 million of additional headroom across Germany, Romania and China.

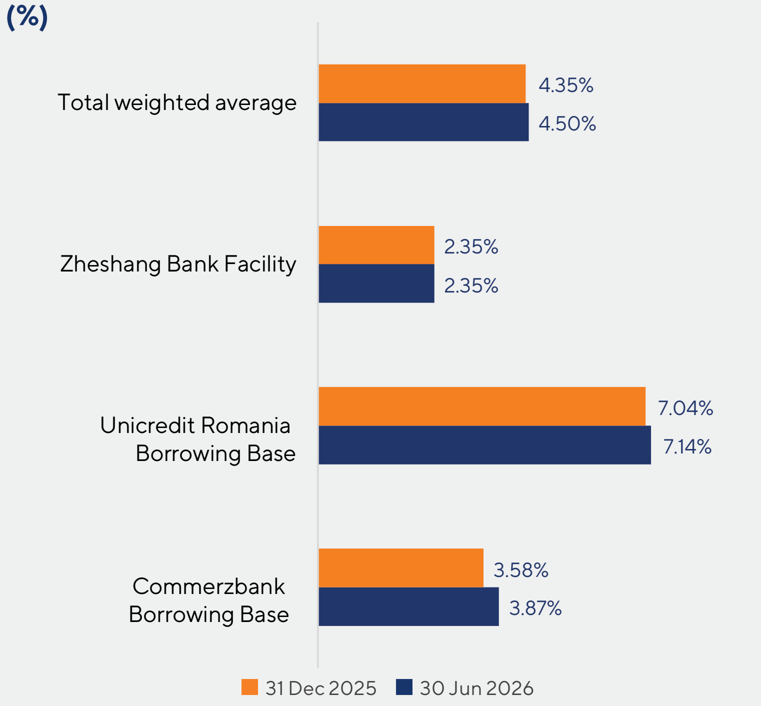
The weighted average estimated interest rate at 30 June 2026 for the group increased slightly to 4.5% (31 December 2025: 4.35%) due to a small rise in the cost of the Commerzbank facility in Germany.

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 (Zheshang) bank facilities are both available on 12-month terms.

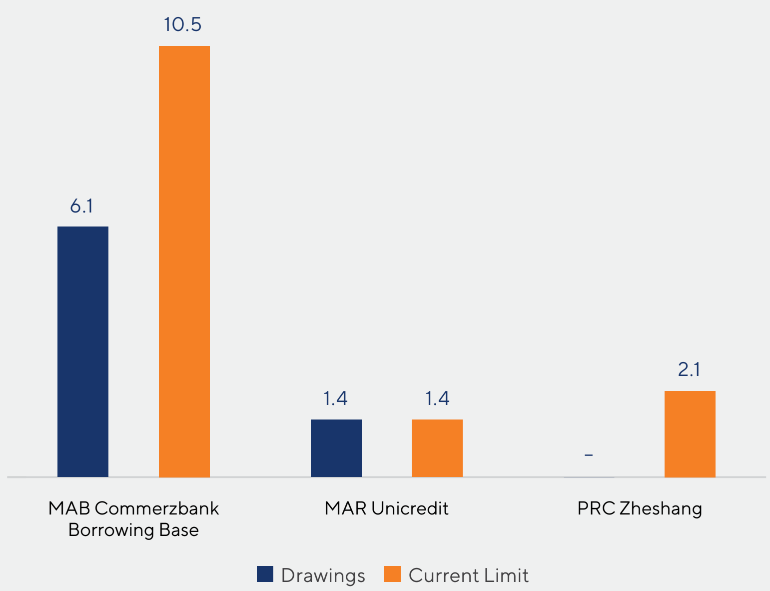
The RMB 10 million facility in PRC remains undrawn, and the business segment retains significant cash and notes receivable at its disposal.

At the end of August, the Magontec Romania Unicredit Facility was extended for a further 12 months. Similarly, we anticipate both the Commerzbank facility in Germany and the Magontec Xi'an Zheshang facility will be renewed in 2026 based on strong historical relationships and the ability of the Group to provide sufficient collateral.

Magontec Limited Bank Borrowing Interest Rate Profile (%)



Borrowing v Current Limit as at 30 June 2026 (A$m)



CCP/Anodes (Cathodic Corrosion Protection)

Magontec's CCP business manufactures Mg and titanium electronic anodes at its facilities in Germany and Romania. Magontec is the largest Mg anode manufacturer in Europe and is the leading titanium electronic anode manufacturer in the world. Magontec also manufactures Mg anodes at its Xi'an, China facility.

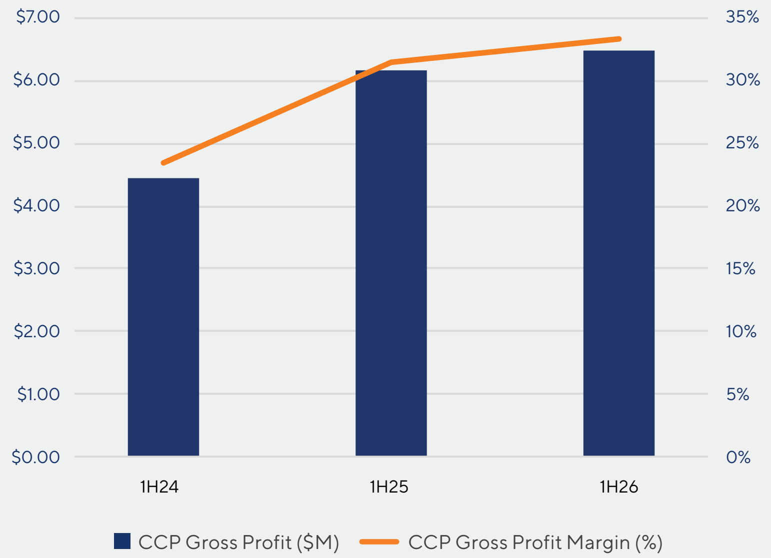
Magontec's electronic CCP business (Impressed Current Anode Systems or ICAS) posted improved revenue and profitability through the first six months of 2026. Demand for ICAS products has recovered from a slower period in the prior corresponding period (PCP) and has grown steadily through the period under review.

Revenue for the overall CCP business, Mg anodes in China and Europe and ICAS was up 6.1% on the prior period while Gross Profit for the business was up 11.2% and GP margins rose to 33%, up from 31% in the PCP.

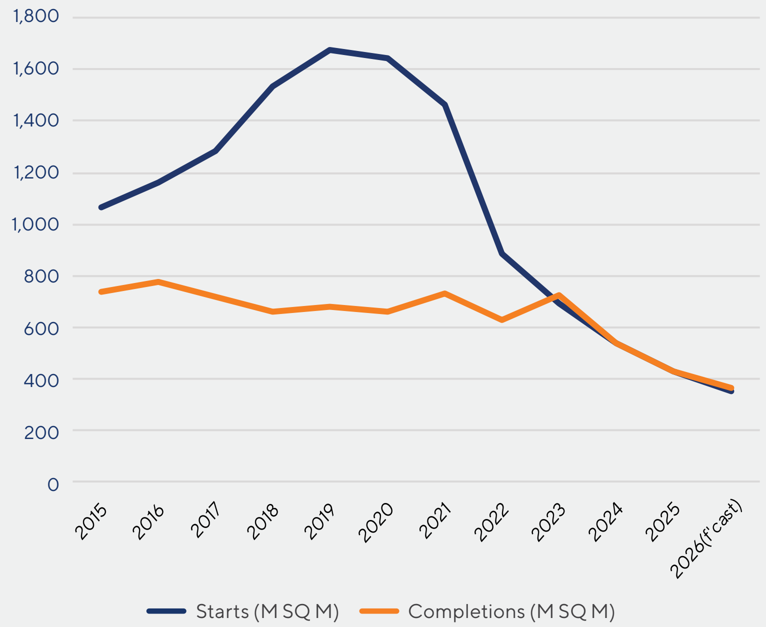
Mg anodes were strongest in Europe where volumes were up 6% while PRC volumes were slightly weaker than the PCP. Through the period under review Mg anode pricing has been relatively steady in both markets, down a bit in Europe and flat in PRC.

In China the housing markets remain weak with the supply of new homes well ahead of the required number. As we have recorded in previous commentaries, the Chinese market for Mg anodes is very competitive and likely to remain so for some period. We have taken steps to address these challenges over the last few months with reviews to process and other cost issues and will continue that strategy through the second half to improve profitability.

Magontec CCP Anodes, rising Gross Profit and GP margin



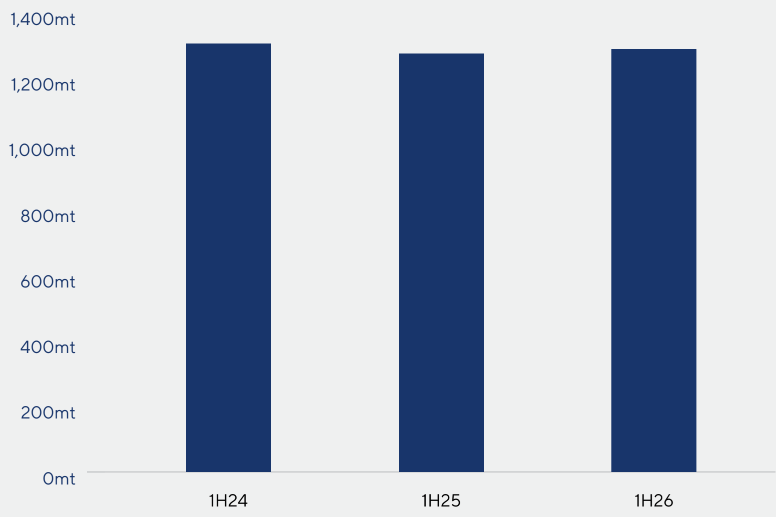
Chinese Housing Starts and Completions Millions of Sq Metres



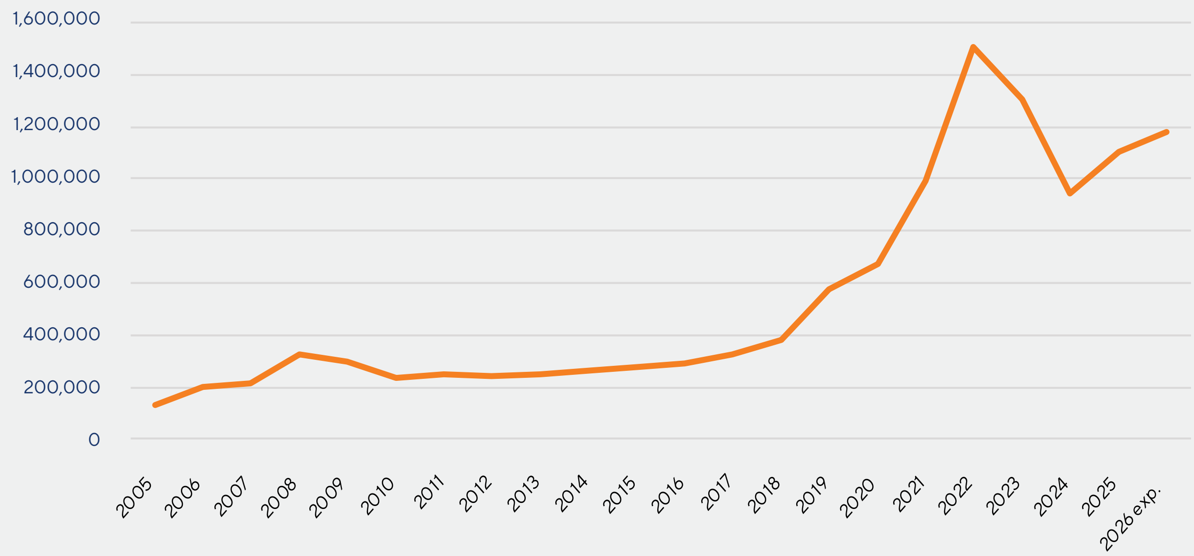
The chart above shows Chinese housing market trends in construction and completions. While the two series have merged, the overhang of vacant homes remains significant and the overall trend remains downward. Industry sources estimate around 3 million square metres of new construction has been destroyed in the last few years, reducing the impact of that overhang, however, demand for hot water systems for new homes in 2026 are dramatically lower than in previous years.

In Europe Mg anode sales volumes were ahead of the PCP and the prior half (2H25) but below the peak industry levels of 2022. In Europe as in China, housing starts are a key metric for this business. European Mg anode manufacturers are also combating Chinese imports in some key markets, putting pressure on prices and reducing sales. By our estimates, Magontec still sells a larger share of Mg anodes than its European competitors.

Mg Anode Volumes remain steady compared to the PCP



European Heat Pump Installations – 2005 to 2026(exp)*



*hydronic heat pumps for heating purposes up to 400 kW

Magontec's CCP business unit is underpinned by the strong performance of its ICAS anodes. These are sold through several channels including directly to OEM manufacturers, to homeowners in the USA via an internet service, and through the European wholesale plumber network.

These two latter channels offer an ICAS replacement product for homeowners who have an existing water tank with an installed corroded Mg anode. Over the last three years we have rolled this service out to a growing audience with supporting YouTube videos providing installation instructions. Heightened tradesperson and wider retail customer awareness is driving a higher overall margin across the ICAS product line.

In the OEM markets a recovery in heat pump installations in Europe is also driving revenues. Heat pumps were the beneficiaries of government subsidies in many European countries up until 2023, but as these fell away heat pump volumes rapidly declined. New regulatory measures in Germany and France have restored some element of predictability to these markets – Europe's largest – and are in part responsible for higher ICAS sales in the period under review.

As the chart above indicates, in the last 2 years heat pump installation volumes have begun to recover, and that is reflected in Magontec's stronger 1H26 result. The trend to heat pumps is also benefiting from rising carbon-sourced energy costs, rising access to solar roof top energy and energy independence, and the general trend to electrification.

In the US, delayed regulatory changes have encouraged a surge of older style gas heaters that have boosted ICAS demand in this period. This is expected to continue through to 2027 when DOE regulations will force the uptake of new energy conservation standards, also likely to be positive for electronic anode consumption.

Magontec's new-generation ICAS systems on display at ISH Frankfurt, featuring the innovative Smart Connector Cable for enhanced monitoring, connectivity, and corrosion protection performance

The overall European and US market situation for ICAS products remains positive with a slow trend among OEMs to electronic anodes over Mg anodes and a rising market awareness of ICAS anode replacement benefits in the plumber and on-line markets. All of this is enhanced by the release in 2025 of Magontec's upgraded ICAS systems.

Mg anodes continue to have a place in lower priced heating appliance markets and we think those applications are unlikely to move to high priced corrosion protection systems.

Magontec remains extremely well placed to manage all of these hot water appliance industry trends with the leading ICAS product, a highly efficient Mg anode production unit in Romania and a very active sales and marketing team addressing OEM, wholesale and online marketing opportunities.

Metals

In 2026 Magontec is producing Special Metal alloys at its German plant, recycling standard Mg alloys in Germany and Romania and trading primary Mg alloys from China to customers in Europe.

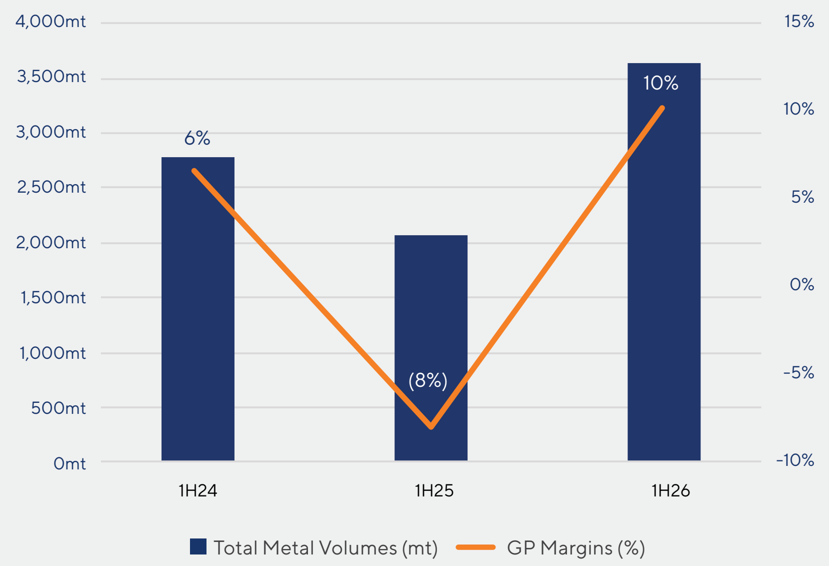
In the 6 months to 30 June 2026 there were improvements in volumes and profitability across Magontec's broad Metals business. Activities that were weaker in the first half of 2025, the prior corresponding period (PCP), have recovered through the last 12 months.

Total Metals volumes were up 77% on the PCP while Gross Profit and EBIT also recovered strongly. The key drivers for the Metals recovery include a 33% rise in standard alloy sales and primary Mg alloy trading from our Chinese trading partner up 653%, albeit from a low base.

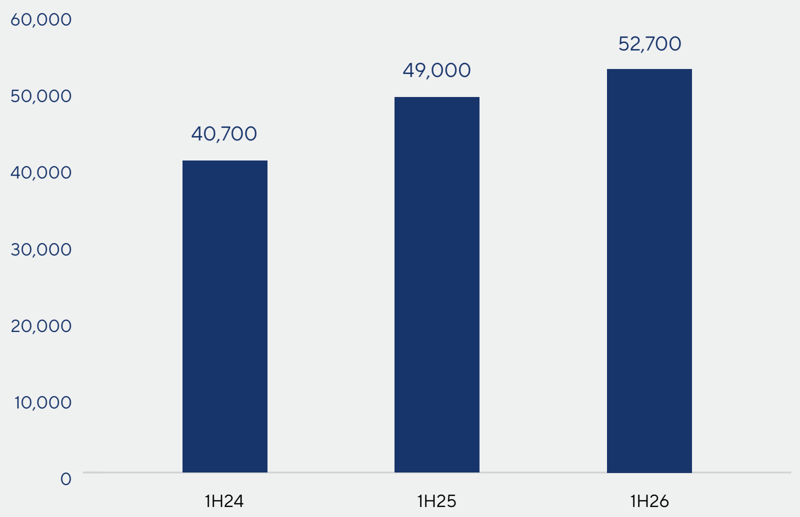
In our prior releases we have discussed the strategic pivot that Magontec's metals business has been required to take since the closure of our Chinese Mg alloy manufacturing operations in 2024. To replicate this important material flow we have grown our Chinese Mg alloy trading activities over the last 12 months into a more substantial business and, while the process is a lengthy one, we are beginning to see the fruits of that action in rising Mg alloy recycling volumes.

While standard Mg alloys have been Magontec's historical business, sales of Special Metals for the aerospace industry have also continued to grow. Compared with the PCP, volumes of these specialist alloys have risen by 107%. Special Metal alloys comprise a suite of products some of which are proprietary to Magontec and others that are unconstrained by patents. Typically, they contain rare earths, are made to a high specification and are sold in lower volumes at

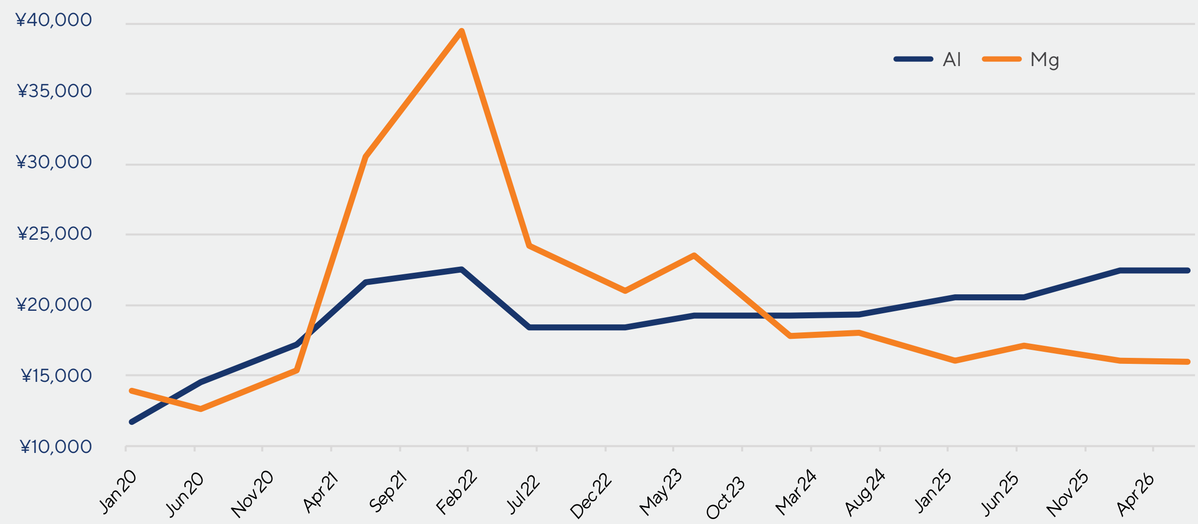
Magontec GP margins and Metal Volumes up strongly on PCP



PRC Mg alloy exports continue to recover



Aluminium prices have risen strongly while oversupply pushes Mg prices down



higher margins. The customer base is narrowly focused, the barriers to entry are high and demand levels are relatively steady, albeit boosted in recent months by defence industry replenishment. The largest regional market is in North America, but sales in 2026 have also been made to European and Asian customers. The suite of alloy types is also growing as we push further into these markets.

Pure Mg and Mg alloy production remains almost entirely focused on China. While there are low levels of higher priced production in Israel and Turkey that also sell into western markets, the Chinese industry continues to dominate production and is the supplier of well over 90% of material that comes into the key European market. Chinese exports of Mg alloys have risen 8% in the last 12 months and 29% in the last 24 months, and most of that material is destined for European customers. While this rise is welcome, the European standard Mg alloy industry remains below its peak years (around 60,000 mt) and much recycling capacity in Europe remains under-utilised.

As the largest of three major European Mg alloy recyclers, and the only company with two recycling sites focussed on the eastern and western regions of Europe (located in Germany and Romania), Magontec is well placed to service most European Mg alloy die casting companies. This is the major supplier and customer base for standard Mg alloy scrap and traded primary Mg alloys. The slow recovery in European primary and scrap volumes from lower levels reflects a small shift back to magnesium within the European automotive industry.

An important driver for this modest positive change in demand is pricing. Unlike almost all other metals, magnesium is cheaper today than it was a year ago and about a quarter the price it was in 2022 (it peaked at over ¥60,000/mt). The average pure Mg price for June 2026 was ¥15,950 per tonne, down 7% from June 2025. Aluminium, the key competitor metal – particularly for automotive applications – is now 9% more expensive than it was a year ago and 22% more expensive than 4 years ago. The premium of aluminium over magnesium is now 29% and adjusted for the difference in density between magnesium and aluminium (80%) the cost per part is now around 45% cheaper when made in magnesium.

Like all commodities, magnesium prices are driven by supply, and while China is the dominant supplier it has been unable to leverage this advantage as PRC manufacturers have continued to pile on production volumes. We think that production capacity in China may approach 3 million tonnes by 2030 while global demand is rising slowly from a 2025 base of around 1.1 million tonnes, 91% of which was already supplied by Chinese producers.

These industry dynamics augur well for future global magnesium alloy consumption as a replacement for aluminium, particularly as both Mg alloys and aluminium alloys are reliant on the same Chinese magnesium supply chains. Most aluminium alloys used in the automotive industry have up to 5% magnesium content.

While the automotive industry remains the largest consumer of Mg alloy applications, particularly the Chinese automotive industry, there is a growing market for Mg alloys in drone, electric bike and electric scooter manufacturing. Lightweighting for all electric applications - automotive, drone and scooter/bike – reduces the required battery size and offers greater range. As the electric age matures, the use of Mg alloys will likely benefit across a growing spectrum of mobility applications.

Outlook

Through to the end of 2026 volumes and profitability for Magontec's metals businesses are likely to remain relatively steady. Looking further ahead in 2027 we expect to grow volume throughput for our recycling facilities in Germany and Romania and to further expand the suite of Mg products that we process and sell. In 2H26 we are supporting our growth plans with new personnel appointments and new product offerings.

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Directors' Report

The Directors of Magontec Limited ('the Company' or 'MGL') submit herewith the financial report for the half-year ended 30 June 2026. In order to comply with the provisions of the *Corporations Act 2001,* the Directors report as follows:

The names of the Directors of the Company during or since the end of the half-year are:

- Mr Nicholas Andrews (Executive Chairman)
- Mr Robert Kaye (Lead Independent Director) Re-appointed 12 May 2026
- Mr Atul Malhotra (Independent Director) Re-appointed 7 May 2025
- Mr Andre Labuschagne (Independent Director) Re-appointed 7 May 2025
- Mr Zhong Jun Li (Non-Executive Director) Re-appointed 15 May 2024, resigned 22 July 2026

Review of Operations

For the six months ended 30 June 2026 the consolidated profit after tax was $1,104,000.

For the six months ended 30 June 2025 the consolidated (loss) after tax was ($3,958,000).

Corporate

The 43rd annual general meeting of the Company was held on 12 May 2026.

As at the date of this report, the composition of the Committees of the Board are as follows.

Remuneration and Nominations Committee

- Chair: Robert Kaye (Lead Independent Director)
- Atul Malhotra (Independent Director)

Li Zhong Jun (Independent Director) resigned from the Board of Magontec Limited on 22 July 2026 and as such is also no longer a member of the Remuneration and Nominations Committee.

Finance, Audit & Compliance Committee

- Chair: Atul Malhotra (Independent Director)
- Andre Labuschagne (Independent Director)
- Robert Kaye (Lead Independent Director)

Business Risk Committee

- Chair: Andre Labuschagne (Independent Director)
- Atul Malhotra (Independent Director)
- Nicholas Andrews (Executive Director)

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required by S307C of the *Corporations Act 2001* is set out on page 15.

This Report is made in accordance with a resolution of the Directors.

Nicholas Andrews

Executive Chairman

27 August 2026

CAMPHIN BOSTON
CHARTERED ACCOUNTANTS

AUDITOR'S INDEPENDENCE DECLARATION

The Board of Directors
Magontec Limited
Suite 2.01, Level 2, Domain House, 139 Macquarie Street
Sydney, NSW, 2000

Dear Board Members,

In accordance with the requirements of section 307C of the *Corporations Act 2001*, we hereby declare, that to the best of our knowledge and belief, during the half-year ended 30 June 2026 there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

(ii) no contraventions of any applicable code of professional conduct in relation to the review.

Camphin Boston
Chartered Accountants

Rob Cooper
Lead Auditor
Sydney
Dated this 28th day of August 2026

Camphin Boston
Chartered Accountants
ABN 69 688 697 499

Level 5, 179 Elizabeth Street
Sydney, NSW 2000
GPO Box 3403, Sydney NSW 2001

(02) 9221 7022
cambos@cambos.com.au
camphinboston.com.au

CAMPHIN BOSTON
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF MAGONTEC LIMITED

Report on the Half-Year Financial Report

Auditor's Conclusion

We have reviewed the accompanying half-year financial report of Magontec Limited and Controlled Entities, which compromises the consolidated balance sheet as at 30 June 2026, consolidated comprehensive income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Magontec Limited and Controlled Entities does not comply with the *Corporations Act 2001* including:

(a) giving a true and fair view of Magontec Limited and Controlled Entities' financial position as at 30 June 2026 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Camphin Boston
Chartered Accountants
ABN 69 688 697 499

Level 5, 179 Elizabeth Street
Sydney, NSW 2000
GPO Box 3403, Sydney NSW 2001

(02) 9221 7022
cambos@cambos.com.au
camphinboston.com.au

Russell Bedford
taking you further

Responsibilities of the Directors for the Financial Report

The Directors of the Company are responsible for the preparation of the half-year financial report in accordance with the Australian Accounting Standards and the *Corporations Act 2001*, and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that causes us to believe that the financial report has not been prepared, in all material respects, in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated entity's financial position as at 30 June 2026 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Camphin Boston
Chartered Accountants

Rob Cooper
Lead Auditor
Sydney
Dated this 28th day of August 2026

Consolidated Comprehensive Income Statement

for the half-year ended 30 June 2026

	Note	Continuing Operations 6 months to 30 Jun 2026 $'000	Discontinued Operations 6 months to 30 Jun 2026 $'000	Total 6 months to 30 Jun 2026 $'000	Continuing Operations 6 months to 30 Jun 2025 $'000	Discontinued Operations 6 months to 30 Jun 2025 $'000	Total 6 months to 30 Jun 2025 $'000
Sale of goods	3	39,309	–	39,309	29,302	168	29,470
Cost of sales	3	(30,771)	–	(30,771)	(24,007)	(213)	(24,220)
Gross profit		**8,538**	**–**	**8,538**	**5,295**	**(45)**	**5,250**
Other income	10	206	–	206	375	–	375
Interest expense		(214)	–	(214)	(180)	–	(180)
Impairment expense - fixed assets, inventory, doubtful debts		–	–	–	14	–	14
Travel accommodation and meals		(323)	–	(323)	(339)	–	(339)
Research, development, licensing and patent costs		(304)	–	(304)	(329)	–	(329)
Promotional activity		(8)	–	(8)	(132)	–	(132)
Information technology		(207)	–	(207)	(179)	–	(179)
Personnel		(4,279)	–	(4,279)	(4,767)	(76)	(4,843)
Depreciation & amortisation		(283)	–	(283)	(348)	–	(348)
Office expenses		(254)	–	(254)	(209)	–	(209)
Corporate		(1,742)	–	(1,742)	(1,767)	(14)	(1,781)
Foreign exchange gain/(loss)		917	–	917	(1,675)	–	(1,675)
Profit/(Loss) before income tax expense from continuing operations		**2,047**	**–**	**2,047**	**(4,241)**	**(135)**	**(4,376)**
Income tax expense		(943)	–	(943)	418	–	418
Profit/(Loss) after income tax expense from continuing operations		**1,104**	**–**	**1,104**	**(3,823)**	**(135)**	**(3,958)**
Other Comprehensive Income							
FX differences taken to reserves in equity – translation of overseas entities		(2,777)	–	(2,777)	1,470	(75)	1,376
Other Comprehensive Income							
Movement in actuarial assessments		(49)	–	(49)	407	–	407
Total Comprehensive Income		**(1,722)**	**–**	**(1,722)**	**(1,965)**	**(210)**	**(2,175)**

Note: In the prior year 30 June 2025 numbers half year, the original numbers presented in that report have been updated to reflect a minor reclass between the split of continuing and discontinued operations. No change to the overall Consolidated Comprehensive Income Statement result.

	Note	Continuing Operations 6 months to 30 Jun 2026 cents per share	Discontinued Operations 6 months to 30 Jun 2026 cents per share	Total 6 months to 30 Jun 2026 cents per share	Continuing Operations 30 Jun 2025 cents per share	Discontinued Operations 6 months to 30 Jun 2025 cents per share	Total 6 months to 30 Jun 2025 cents per share
Earnings/(Loss) per share from continuing operations							
Basic (cents per share)	9	1.9	–	1.9 cents	(6.2)	(0.2)	(6.4) cents
Diluted (cents per share)	9	1.7	–	1.7 cents	(5.6)	(0.2)	(5.8) cents

Notes to the financial statements are included on pages 22 to 30.

Consolidated Balance Sheet

as at 30 June 2026

	Note	30 Jun 2026 $'000	31 Dec 2025 $'000
Current assets			
Cash and cash equivalents	7	6,710	7,147
Trade & other receivables	11.1	18,398	16,424
Inventory		28,602	28,005
Other		872	1,022
Total current assets		**54,582**	**52,598**
Non-current assets			
Other receivables		120	216
Property, plant & equipment	14	13,556	15,165
Deferred Tax Asset		1,333	1,811
Intangibles		2,886	2,938
Total non-current assets		**17,895**	**20,130**
TOTAL ASSETS		**72,477**	**72,728**
Current liabilities			
Trade & other payables	11.2	8,390	6,590
Bank Borrowings	15	7,541	8,196
Provisions		1,636	860
Total current liabilities		**17,567**	**15,646**
Non-current liabilities			
Other payables		233	312
Bank Borrowings	15	–	–
Provisions		9,479	10,053
Total non-current liabilities		**9,712**	**10,365**
TOTAL LIABILITIES		**27,279**	**26,011**
NET ASSETS		**45,198**	**46,717**
Equity attributable to members of MGL			
Share capital	6	59,882	59,718
Reserves	16	17,260	20,047
Accumulated (losses)/profits		(31,944)	(33,048)
TOTAL EQUITY		**45,198**	**46,717**

Notes to the financial statements are included on pages 22 to 30.

Consolidated Statement of Changes in Equity

for the half-year ended 30 June 2026

	Share Capital Ordinary $'000	Retained Earnings $'000	Profits Reserve $'000	FCTR[1] $'000	Capital Reserve $'000	Actuarial Reserve $'000	Expired Options Reserve $'000	Share Issue Reserve $'000	Total Equity $'000
Balance 1-Jan-26	**59,718**	**(33,048)**	**5,446**	**8,145**	**2,750**	**(256)**	**3,150**	**813**	**46,717**
Profit/(Loss) attributable to members of parent entity	–	1,104	–	–	–	–	–	–	1,104
Dividends	–	–	–	–	–	–	–	–	–
Comprehensive income	–	–	–	(2,777)	–	(49)	–	–	(2,826)
Issue of shares (net)	164	–	–	–	–	–	–	188	352
Share issue reserve	–	–	–	–	–	–	–	(150)	(150)
Transfer between reserves	–	–	–	–	–	–	–	–	–
Balance 30-Jun-26	**59,882**	**(31,944)**	**5,446**	**5,368**	**2,750**	**(305)**	**3,150**	**851**	**45,198**
for the half-year ended 30 June 2025									
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	–	(3,958)	–	–	–	–	–	–	(3,958)
Dividends	–	–	–	–	–	–	–	–	–
Comprehensive income	–	–	–	1,376	–	407	–	–	1,783
Issue of shares (net)	–	–	–	–	–	–	–	–	–
Share issue reserve	–	–	–	–	–	–	–	240	240
Transfer between reserves	–	–	–	–	–	–	–	–	–
Balance 30-Jun-25	**59,718**	**(31,609)**	**5,446**	**8,684**	**2,750**	**(547)**	**2,802**	**817**	**48,061**

(1) FCTR = Foreign Currency Translation Reserve

Notes to the financial statements are included on pages 22 to 30.

Consolidated Cash Flow Statement

for the half-year ended 30 June 2026

	6 months to 30 Jun 2026 $'000	6 months to 30 Jun 2025 $'000
Cash flows from operating activities		
Profit before taxation	**2,047**	**(4,376)**
Adjustments for:		
– Non-cash equity expense	203	240
– Depreciation & amortisation	937	1,088
– Foreign currency effects	(908)	1,708
– Other non-cash items	389	(330)
Cash generated from/(utilised in) underlying operating activities	**2,668**	**(1,670)**
Movement in working capital balance sheet accounts		
– Trade Receivables and Other Current Assets	(2,426)	(4,095)
– Inventory	(2,126)	1,019
– Trade Payables and Other Current Liabilities	1,967	966
Cash generated from/(utilised in) working capital accounts	**(2,585)**	**(2,110)**
Cash generated from/(utilised in) underlying operational cash flow and net working capital assets	**83**	**(3,780)**
– Net Interest paid	(155)	(137)
– Income tax paid	177	31
Cash generated from/(utilised in) operating activities	**105**	**(3,886)**
Cash flows from investing activities		
Net cash out on purchase/disposal of property, plant & equipment	(281)	(550)
Group Information Technology software	(5)	(4)
Security Deposit	(6)	2
Other	83	88
Net cash provided by/(used in) investing activities	**(209)**	**(464)**
Cash flows from financing activities		
Proceeds from borrowings	2,052	4,171
Repayment of borrowings	(2,157)	(918)
Cashflow from leasing activities	(117)	(125)
Net cash provided by financing activities	**(222)**	**3,128**
Net increase/(decrease) in cash and cash equivalents	**(326)**	**(1,222)**
Foreign exchange effects on total cash flow movement	**(111)**	**(220)**
Cash and cash equivalents at the beginning of the reporting period	**7,147**	**7,750**
Cash and cash equivalents at the end of the reporting period	**6,710**	**6,308**

Notes to the financial statements are included on pages 22 to 30.

Notes to the Condensed Financial Statements

for the half-year ended 30 June 2026

1. SUMMARY OF ACCOUNTING POLICIES

Statement of Compliance

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 Interim Financial Reporting. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting. The half-year financial report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the annual report for the year ended 31 December 2025.

Basis of Preparation

This report has been prepared on the basis of historical cost and, except where stated, does not take into account changing money values or current valuations of non-current assets. Costs are based on the fair values of consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the 30 June 2026 half-year financial report are consistent with those adopted and disclosed in the Group's annual report for the financial year ended 31 December 2025.

2. SIGNIFICANT TRANSACTIONS AND MATERIAL ITEMS

Aside from those referred to in the commentary in this report and the relevant comparative period reports, there were no other material factors affecting the financial statements of the economic entity for the current and comparative period.

2.1 Call Options for the Issue of the Company's Shares

There are no options on issue as at the reporting date.

2.2 Income Tax Expense/Benefit

Tax losses previously disclosed in the 31 December 2025 Annual Report included those attributable to Magontec Limited and its Australian controlled entities. The tax benefit corresponding to these losses is not recognised as an asset in the accounts. Income taxes incurred in foreign jurisdictions are not sheltered by these Australian tax losses and are governed by relevant tax legislation in the various foreign jurisdictions in which the Group operates.

2.3 Dividends

No dividend was declared or recommended with respect to the 6 months ended 30 June 2026 (6 months ended 30 June 2025: nil). The balance of the franking account at 30 June 2026 was $nil (30 June 2025: $nil).

3. RESULTS FROM OPERATIONS

	Continuing Operations 6 months to 30 Jun 2026 $'000	Discontinued Operations 6 months to 30 Jun 2026 $'000	Total 6 months to 30 Jun 2026 $'000	Continuing Operations 6 months to 30 Jun 2025 $'000	Discontinued Operations 6 months to 30 Jun 2025 $'000	Total 6 months to 30 Jun 2025 $'000
Metal	18,555	–	18,555	9,739	168	9,907
Anodes - Cathodic Corrosion Protection	20,754	–	20,754	19,563	–	19,563
Sales revenue	**39,309**	**–**	**39,309**	**29,302**	**168**	**29,470**
Metal	(16,765)	–	(16,765)	(10,509)	(213)	(10,722)
Anodes - Cathodic Corrosion Protection	(14,006)	–	(14,006)	(13,498)	–	(13,498)
Cost of sales	**(30,771)**	**–**	**(30,771)**	**(24,007)**	**(213)**	**(24,220)**
Metal	1,790	–	1,790	(770)	(45)	(815)
Anodes - Cathodic Corrosion Protection	6,748	–	6,748	6,065	–	6,065
Gross Profit	**8,538**	**–**	**8,538**	**5,295**	**(45)**	**5,250**

Note: In the prior year 30 June 2025 numbers half year, the original numbers presented in that report have been updated to reflect a minor reclass between the split of continuing and discontinued operations. No change to the overall Consolidated Comprehensive Income Statement result.

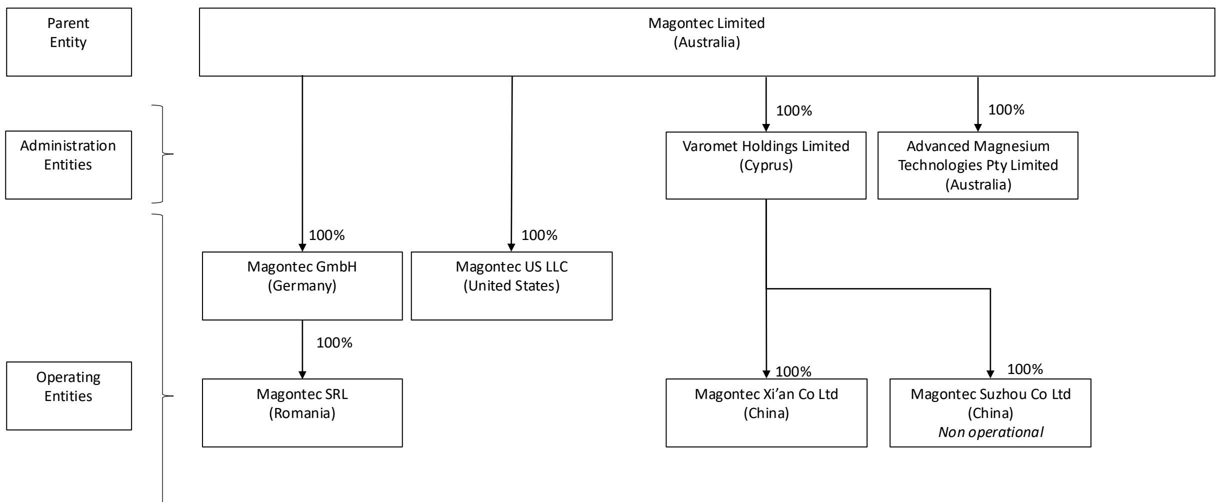
Notes to the Condensed Financial Statements

continued

4. SEGMENT REPORTING

4.1 Corporate Structure as at 30 June 2026

Magontec Limited Corporate Structure



Note: Only key subsidiaries are noted in the diagram above as at 30 June 2026

4.2 Identification of Reportable Segments

The consolidated entity comprises the entities as described in Note 4.1.

With respect to the period to 30 June 2026, information is presented for the three main segments within the Group as described below.

- '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); and
  Varomet Holdings Limited (Cyprus).
- 'EUR' = Magontec operating entities in Europe and North America comprising -
  Magontec GmbH (Germany);
  Magontec SRL (Romania); and
  Magontec LLC (United States).
- 'PRC' = Magontec operating entities in the People's Republic of China comprising -
  Magontec Xi'an Co. Ltd. (China); and
  Magontec Suzhou Co. Ltd. (China) - non operational

Closure procedures with respect to Magontec Suzhou Co. Ltd. (China) are yet to be finalised as at 30 June 2026.

Notes to the Condensed Financial Statements

continued

4. SEGMENT REPORTING (CONTINUED)

4.3 Segment Information – Comprehensive Income

	6 months to 30 June 2026				6 months to 30 June 2025			
	$'000 Admin	$'000 EUR	$'000 PRC	$'000 TOTAL	$'000 Admin	$'000 EUR	$'000 PRC	$'000 TOTAL
Sale of goods	–	32,219	7,094	39,313	–	22,669	6,961	29,630
Less Inter-segment sales				(4)				(160)
Net Sales	**–**	**32,219**	**7,094**	**39,309**	**–**	**22,669**	**6,961**	**29,470**
Cost of sales	–	(24,429)	(6,346)	(30,775)	–	(18,201)	(6,179)	(24,380)
Less Inter-segment sales				4				160
Net Cost of Sales	**–**	**(24,429)**	**(6,346)**	**(30,771)**	**–**	**(18,201)**	**(6,179)**	**(24,220)**
Gross Profit	**–**	**7,790**	**748**	**8,538**	**–**	**4,468**	**782**	**5,250**
Other income	17	106	83	206	25	90	260	375
Interest expense	(9)	(205)	–	(214)	(12)	(168)	–	(180)
Impairment - inventory, fixed assets, doubtful debts	–	–	–	–	–	14	–	14
Travel accommodation and meals	(135)	(150)	(38)	(323)	(105)	(190)	(44)	(339)
Research, development, licensing and patent costs	–	(53)	(251)	(304)	–	(88)	(241)	(329)
Promotional activity	–	(8)	–	(8)	–	(132)	–	(132)
Information technology	(6)	(163)	(38)	(207)	(6)	(137)	(36)	(179)
Personnel	(800)	(3,070)	(409)	(4,279)	(706)	(3,509)	(628)	(4,843)
Depreciation & amortisation	(43)	(224)	(16)	(283)	(44)	(287)	(17)	(348)
Office expenses	(82)	(134)	(38)	(254)	(77)	(82)	(50)	(209)
Corporate	(680)	(797)	(265)	(1,742)	(442)	(1,014)	(325)	(1,781)
Foreign exchange gain/(loss)	455	429	33	917	39	(1,921)	207	(1,675)
Profit/(Loss) before income tax expense	**(1,283)**	**3,521**	**(191)**	**2,047**	**(1,328)**	**(2,956)**	**(92)**	**(4,376)**
Income tax expense	–	(991)	48	(943)	–	296	122	418
Profit/(Loss) after income tax expense/benefit including discontinued operations	**(1,283)**	**2,530**	**(143)**	**1,104**	**(1,328)**	**(2,660)**	**30**	**(3,958)**
Other Comprehensive Income								
FX differences taken to Reserves – translation of overseas entities	4	(2,678)	(103)	(2,777)	(20)	2,052	(656)	1,376
Movement in actuarial assessments	–	(49)	–	(49)	–	407	–	407
Total Comprehensive Income	**(1,279)**	**(197)**	**(246)**	**(1,722)**	**(1,348)**	**(201)**	**(626)**	**(2,175)**

4.4 Segment Information – Balance Sheet

	30 June 2026				31 December 2025			
	$'000 Admin	$'000 EUR	$'000 PRC	$'000 TOTAL	$'000 Admin	$'000 EUR	$'000 PRC	$'000 TOTAL
Segment Disclosures								
Segment assets	4,342	45,855	22,280	72,477	5,008	44,990	22,730	72,728
Segment liabilities	1,274	24,653	1,352	27,279	1,873	22,668	1,470	26,011
Segment net assets	**3,068**	**21,202**	**20,928**	**45,198**	**3,135**	**22,322**	**21,260**	**46,717**

Notes to the Condensed Financial Statements

continued

5. CONTINGENT ASSETS AND LIABILITIES

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.

MAB transfer pricing claim

During the half year ended 30 June 2026, MAB (Germany) received an amended tax assessment of EUR 1.39m arising from a transfer pricing audit covering transactions with MAR (Romania) over the 2019–2022 financial years. After expected relief for double taxation, the estimated net impact to the Group would be approximately EUR 0.7m.

A provision of AUD $0.3m has been recognised in the half year financial statements to 30 June 2026 using a weighted average of possible outcomes and discounting for the time value of money. Having said that, on the recommendation of its tax advisers, the Group has strongly refuted this assessment and initiated Mutual Agreement Procedures (MAP) between the German and Romanian tax authorities. The Group has been advised such cross-border interactions are typically resolved over a number of years.

6. SHARE CAPITAL

	6 months to 30 Jun 2026 $'000	12 months to 31 Dec 2025 $'000
Opening balance of share capital attributable to members of MGL	**59,718**	**59,718**
Employee share placement pursuant to 2023-25 LTI Plan	14	–
Vesting of Performance Rights from 2023-25 LTI Plan	150	–
Various costs associated with issue of shares	–	–
Share capital on issued ordinary shares 57,934,806 (2025: 56,961,826)	**59,882**	**59,718**

7. CASH

7.1 Reconciliation of cash

Reconciliation of cash at the end of the period (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows:

	6 months to 30 Jun 2026 $'000	6 months to 30 Jun 2025 $'000
Cash and cash equivalents at the beginning of the reporting period	**7,147**	**7,750**
Net cash (used)/generated in operating activities	105	(3,886)
Net cash provided by / (used in) investing activities	(209)	(464)
Net cash provided by / (used in) financing activities	(222)	3,128
Foreign exchange effects on total cash flow movement	(111)	(220)
Cash and cash equivalents at the end of the reporting period	**6,710**	**6,308**

Notes to the Condensed Financial Statements

continued

7. CASH (CONTINUED)

7.2 Cashflows from Discontinued Operations

During the 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 were presented separately on the face of the Comprehensive Income Statement. Cashflows from Discontinued Operations are presented separately below. During the prior period to 30 June 2025, this related to residual cash outflows prior to Magontec Qinghai's closure in May 2025.

	6 months to 30 Jun 2026 $'000	6 months to 30 Jun 2025 $'000
Cash flows from (used in) Discontinued Operations		
Net cash from operating activities	–	(125)
Net cash from investing activities	–	–
Net cash from financing activities	–	–
Net cash flows	**–**	**(125)**

Note: In the prior year 30 June 2025 numbers half year, the original numbers presented in that report have been updated to reflect a minor reclass between the split of continuing and discontinued operations. Impact not material.

8. EVENTS SUBSEQUENT TO BALANCE DATE

There are no matters subsequent to the end of the financial half year that have, or may, significantly affect the Group's operations, the results of those operations, or the state of the Group's affairs.

9. CALCULATION OF EARNINGS/(LOSS) PER SHARE

		6 months to 30 Jun 2026	6 months to 30 Jun 2025
Earning/(Loss) per share:			
Profit/(Loss) attributable to members of the parent entity	1	$1,104,000	($3,958,000)
Average shares on issue for the period	2	57,411,165	61,473,151
Average performance rights on issue for the period	3	7,357,544	6,423,956
Basic Earnings/(Loss) per share (cents per share)	1 ÷ 2 × 100	1.9	(6.4)
Diluted Earnings/(Loss) per share (cents per share)	1 ÷ (2 +3) × 100	1.7	(5.8)

10. OTHER INCOME IN COMPREHENSIVE INCOME STATEMENT

	6 months to 30 Jun 2026 $'000	6 months to 30 Jun 2025 $'000
Interest revenue	58	44
Government grants	42	188
Derivative market revaluation	–	(5)
Gain on disposal of fixed assets	20	–
Compensation received including insurance	–	58
Write back of provisions	1	2
Other adjustments	85	88
Total Other Income	**206**	**375**

Notes to the Condensed Financial Statements

continued

11. TRADE RECEIVABLES AND PAYABLES

11.1 Current Trade and Other Receivables

	30 Jun 2026 $'000	31 Dec 2025 $'000
Trade receivables[1]	12,192	10,693
Allowance for doubtful debts	(332)	(353)
	11,860	**10,340**
Net GST/VAT recoverable	445	535
Security deposits	65	58
Notes and other receivables due to operating entities[2]	6,028	5,491
	6,538	**6,084**
Total receivables	**18,398**	**16,424**

(1) Trade receivables represent 56.1 days sales at 30 Jun 26 (60.7 days sales at 31 Dec 25)
(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.

11.2 Current Trade and Other Payables

	30 Jun 2026 $'000	31 Dec 2025 $'000
Trade creditors[1]	6,218	4,034
Other creditors and accruals	2,172	2,556
Total	**8,390**	**6,590**

(1) Trade creditors represent 36.6 days cost of goods sold at 30 Jun 26 (28.1 days cost of goods sold at 31 Dec 25)

12. RELATED PARTY DISCLOSURES

During the prior period 6 months ended 30 June 2025, the Group had no transactions with its substantial shareholder Qinghai Salt Lake Magnesium Co Limited to 5 February 2025 when it ceased to be a shareholder apart from the transactions outlined in the EGM on that date. There are no balances outstanding as at 30 June 2026.

Notes to the Condensed Financial Statements

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13. LEASES

In accordance with AASB 116 Leases, 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. This is calculated as being the future value of lease payments discounted at the relevant incremental borrowing rate.

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.

a. Right of use assets

The movement in the right of use assets balance during the 6 months to 30 June 2026 is presented below.

RIGHT OF USE ASSETS SUMMARY	6 months to 30 Jun 2026 $'000	12 months to 31 Dec 2025 $'000
Opening balance	**504**	**754**
Add new leased assets	–	–
Depreciation charge	(104)	(270)
FX movements	(12)	20
Closing balance	**388**	**504**

b. Lease liabilities

The movement in total lease liabilities during the 6 months to 30 June 2026 is presented below.

LEASE LIABILITY SUMMARY	6 months to 30 Jun 2026 $'000	12 months to 31 Dec 2025 $'000
Opening balance	**514**	**753**
Add new lease liabilities	–	–
Less unwind of lease liabilities	(101)	(263)
FX movements	(16)	24
Closing balance	**397**	**514**

LEASE LIABILITY SPLIT - CURRENT AND NON CURRENT	30 Jun 2026 $'000	31 Dec 2025 $'000
Lease liabilities recognised in the balance sheet		
Current	165	202
Non Current	232	312
Total lease liabilities recognised in the balance sheet	**397**	**514**

Notes to the Condensed Financial Statements

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14. IMPAIRMENT CONSIDERATION

During the 6 months to 30 June 2026, no impairment expense was recorded. As the carrying amount of net assets was higher than the market capitalisation, the PRC and MAR CGUs were reviewed for impairment at balance date.

PRC

The PRC CGU primarily includes the Anodes Production facility at Magontec Xi'an as well as some smaller metal trading activities. The recoverable amount of the PRC CGU was estimated based on the higher of fair value less costs to sell, and its value in use. The fair value less costs to sell PRC CGU was estimated with reference to an external third-party assessment of the Land & Buildings at the Magontec Xi'an facility. The value in use at 31 December 2025 (refer to the 2025 Annual Report for key assumptions) was assessed as not being materially different as at 30 June 2026 and remains below the fair value less costs to sell. The Recoverable Amount determined on this basis was higher than the carrying value of the PRC CGU, and therefore no further impairment expense was recorded during the half to 30 June 2026.

MAR

During the half to 30 June 2026, because Metal volumes at the MAR Metal plant have recovered over the prior period but remain below expectations, this CGU was also reviewed for impairment at balance date. A value in use calculation was previously performed at 31 December 2025 which provided for a Recoverable Amount which was in excess of the carrying value of the MAR CGU. There was no new information obtained during the half that is expected to materially change this assessment at 30 June 2026.

15. BORROWINGS

	30 Jun 2026 $'000	30 Jun 2026 Maturity Date	30 Jun 2026 Interest paid	31 Dec 2025 $'000	31 Dec 2025 Maturity Date	31 Dec 2025 Interest paid
Bank & Institutional Borrowings						
Magontec GmbH (Bank Loan)(1)	6,084	30-Nov-26	3.87%	6,355	30-Nov-26	3.58%
Magontec SRL (Working Capital Facility)(2)	1,457	26-Aug-27	7.14%	1,841	27-Feb-26	7.04%
Magontec Xi'an Limited (Bank Loan)(3)	–	28-Sep-26	2.35%	–	28-Sep-26	2.35%
Total Bank Borrowings	**7,541**			**8,196**		
Bank Borrowings Maturity Profile						
Current	7,541			8,196		
Non Current	–			–		
Total Borrowings on Balance Sheet	**7,541**			**8,196**		

(1) These borrowings are secured by a charge over MAB's trade debtors to the extent of €2,263,000 ($3,737,000) and inventory of €4,067,000 ($6,716,000) plus land & buildings. The balance of the Borrowings owing to Commerzbank as at 31 December 2025 was updated in the table above to 6,355 (previously 6,343). Difference not material.

(2) These borrowings are secured by a charge over MAR's trade debtors and inventory to the extent of RON16,743,000 ($5,277,000) plus land & buildings.
As at 30 June 2026, the maturity date of the facility was 31 August 2026 so it is classified as a current liability in this report. During the last week of August 2026, this facility was further extended by 12 months through to August 2027.

(3) This facility was undrawn at 30 June 2026, with a limit of RMB 10 million.

Notes to the Condensed Financial Statements

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16. RESERVES

	6 months to 30 Jun 2026 $'000	6 months to 30 Jun 2025 $'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	8,145	7,308
Movement in VHL Consolidated accounts	(2,777)	1,376
Balance at end of financial year	**5,368**	**8,684**
Actuarial Reserves		
Balance at beginning of financial year	(256)	(953)
Deferred tax assets	24	(200)
Employee pensions	(73)	606
Balance at end of financial year	**(305)**	**(547)**
Expired Options Reserve		
Balance at beginning of financial year	3,150	2,802
Transfer from/ (to) Share Issue Reserve	–	–
Balance at end of financial year	**3,150**	**2,802**
Share Issue Reserve		
Balance at beginning of financial year	813	577
Transfer from / (to) Expired Options Reserve	(150)	–
Vesting of performance rights	–	–
Fair value of performance rights issued for future periods	188	240
Balance at end of financial year	**851**	**817**
Profit Reserve		
Balance at beginning of financial year	5,446	5,446
Dividends paid	–	–
Balance at end of financial year	**5,446**	**5,446**
Total reserves	**17,260**	**19,952**
Other Comprehensive Income		
Exchange differences taken to reserves in equity – translation of overseas entities	(2,777)	1,376
Movement in actuarial assessments	(49)	407
Total Other Comprehensive Income	**(2,826)**	**1,783**

Notes

The **capital reserve** is a historical reserve from 2002 that arose after calculation of the outside equity interest in the (as it then was) Australian Magnesium Investments Pty Ltd consolidated entity.

The **foreign currency translation reserve** is 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 as well as movements in deferred tax assets and financial instruments that need to be recognised in "Other comprehensive income" (OCI).

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.

Directors' Declaration

The Directors declare that:

a) in the Directors' opinion, there are reasonable grounds to believe that there is no intention or necessity to close the current operations or cease trading within twelve months from the date of this report;

b) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

c) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001,* including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity

Signed in accordance with a resolution of the Directors pursuant to s. 303(5) of the *Corporations Act 2001*.

On behalf of the Directors

Nicholas Andrews
Executive Chairman
Sydney
27 August 2026

MAGONTEC

Level 2, Suite 1, 139 Macquarie Street, Sydney, 2000 NSW Australia
T. +61 2 8084 7813 | www.magontec.com