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ASX Announcement

29 October 2026

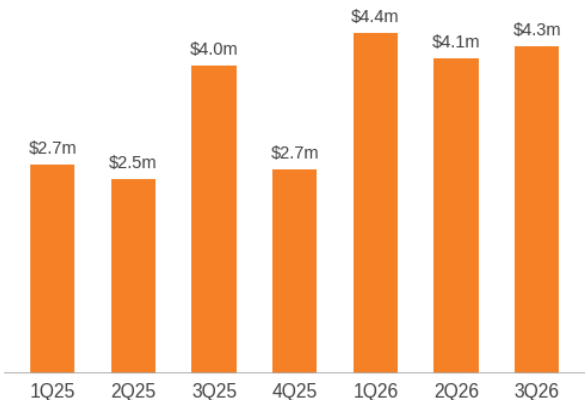
Magontec Quarterly Report to 30 September 2026

Magontec Limited (ASX: MGL, Magontec or the Group) provides commentary with respect to trading for the 9 months to September 2026 and other relevant financial information (unaudited).

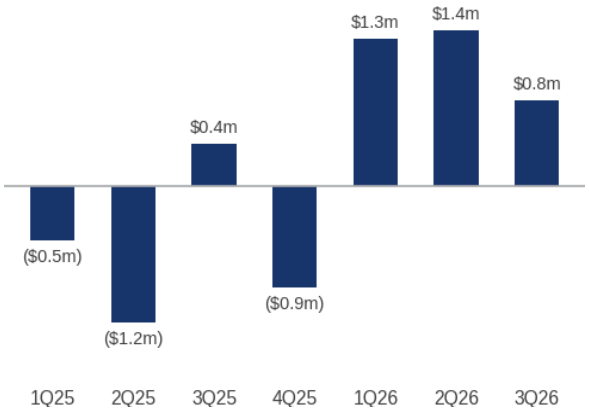
Highlights

- **Revenue of $59 million for the 9 months to September 2026, up 28.9% on PCP**
- **Year-to-date third quarter 2026 Gross Profit of $12.8 million, up 38.1% on PCP**
- **Net debt of $1.4 million as of 30 September 2026 – net debt to debt + equity ratio of 3.1%**
- **Net Assets per share of 78.0 cents as of 30 September 2026**

Gross Profit by Quarter (A$m)



Underlying Operating Cashflow* by Quarter (A$m)



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

Dean Taylor, Company Secretary of Magontec Limited, has authorised the release of this document to the market on 29 October 2026.
For more information on Magontec Limited please visit our website at www.magontec.com

Executive Chairman's Quarterly Report

9 months to 30 September 2026 (Unaudited)

Third Quarter 2026 Overview

In the third quarter of 2026 Magontec recorded Gross Profit of $4.3 million, up 6% over the prior corresponding period (PCP). Gross Profit is now $12.8 million for the FY2026 YTD, up from $9.3 million in the PCP.

By segment, the Metals business posted an improvement in Gross Profit, reflecting stronger volumes in the United States and Romania, higher Special Metals volumes and increased Trading activity.

The Cathodic Corrosion Protection (CCP) business has also traded ahead of the PCP, with ICAS revenue up 26% in constant currency terms above the PCP for the 9 months to 30 September 2026. The 9-month period also saw improved trading conditions for some Mg anode sectors.

Cashflow and Balance Sheet

Cash generated from underlying operating activities* in the nine months to 30 September 2026 was $3.4 million (-$1.3 million for the PCP) with the third quarter contribution being +$0.8m.

The Net Debt to Net Debt + Equity ratio was 3.1% as of 30 September 2026.

Net Assets Per Share were 78 cents at the end of the period.

Key Financial Highlights A$ unless specified	9 months to 30 Sep 2026	9 months to 30 Sep 2025
Earnings		
Revenue	$59.4m	$46.1m
Gross Profit	$12.8m	$9.3m
Metals Gross Profit	$2.4m	($0.4m)
CCP Gross Profit	$10.4m	$9.7m
EBITDA excluding unrealised FX	$3.2m	($1.5m)
Underlying Operating Cashflow*	$3.4m	($1.3m)
Net assets and balance sheet		
Net Debt / (Net Cash)	$1.4m	($0.9m)
Net Debt to Net Debt + Equity (%)	3.1%	(1.9%)
Net Assets Per Share (cents)	78.0	84.1

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

Net Profit Analysis of Significant Items A$ unless specified	9 months to 30 Sep 2026	9 months to 30 Sep 2025
NPAT excluding unrealised FX	**$0.2m**	**($2.7m)**
Add back significant items		
Magontec Qinghai closure and legal costs	–	$0.1m
Long-Term Incentive Plan options accrual (non-cash)	$0.3m	$0.4m
Strategic Review related costs	$0.6m	$0.3m
Transfer pricing audit and general provision	$0.4m	–
PRC personnel redundancy costs	$0.1m	–
Subtotal significant items	**$1.4m**	**$0.8m**
NPAT excluding unrealised FX and significant items	**$1.6m**	**($1.9m)**

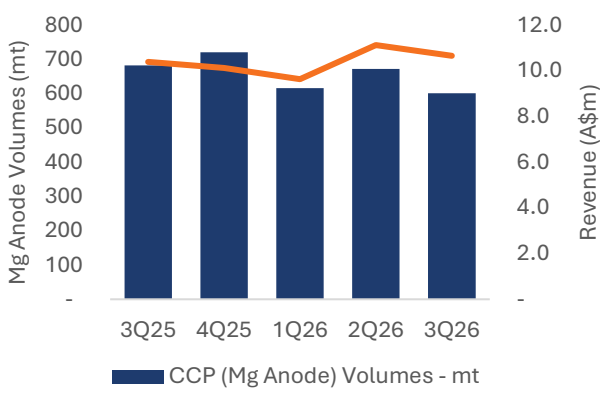
Cathodic Corrosion Protection (CCP / Anodes)

Magontec's CCP business continued to grow in 3Q26, largely driven by electronic anode sales.

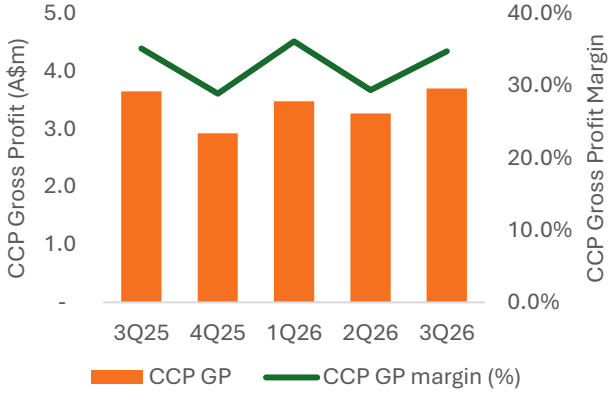
The Group manufactures magnesium anodes in Romania and China and electronic anodes in Germany. These businesses sell CCP products to HVAC and domestic heating appliance manufacturers for water tank corrosion protection in all regions of the World.

Through the first 9 months of FY26 total CCP revenues rose 5% and Gross Profit up 8% compared with the PCP. Within the three CCP activities, ICAS experienced strong revenue growth while Mg anode sales volumes were steady in Europe and lower in China.

Mg Anode Volumes and Total CCP Revenue



CCP Gross Profit & GP Margin (%)



The major driver improving CCP Gross Profit and GP Margins has been a rise in electronic anode sales, although there have also been positive GP contributions from Mg anodes. In the Mg anode activities, the quality of the business has improved through the year, with margins rising in Europe and less profitable lines eliminated in China.

Markets for electronic anodes (ICAS – Impressed Current Anode Systems) have grown ahead of expectations. Revenues in the first 9 months of 2026 were up 26% in constant currency terms over the PCP on steady margins. This reflects both a continuing shift to Heat Pump technologies for water storage and a growing recognition of the performance characteristics and benefits of Magontec's market leading ICAS products.

In 2025, Magontec launched a new and more sophisticated suite of ICAS electronic anodes that measure a variety of quality and purity metrics in addition to offering corrosion protection. ICAS products are sold directly to OEMs and into anode replacement markets, through plumber networks and internet sales. Both these latter channels have scope for growth in the coming years.

The European Mg anode business, where manufacturing is undertaken in Romania, had slightly higher sales volumes and steady revenues through the first nine months of FY26, while Gross Profit was up 24% in constant currency terms over the same period versus PCP, on higher margins.

Mg anode markets for Magontec's European and Middle East sales teams continue to reflect a challenging housing market and strong competitive pressures, particularly in Middle Eastern countries.

In China, the commercial environment for anodes has been challenging. Management have increasingly focussed on profitable segments rather than in all parts of a market that remains extremely competitive. Price offerings from Chinese water heater manufacturers, themselves under pressure in a falling housing and installation market, currently offer reduced scope for anode producer margins.

Magontec has a strong reputation for quality and reliability in China. If offerings from the larger water heater customers become more attractive, we will re-enter those contract bidding processes. For the time being management is focussing on restoring momentum in a business unit that has struggled to be profitable over the last 24 months.

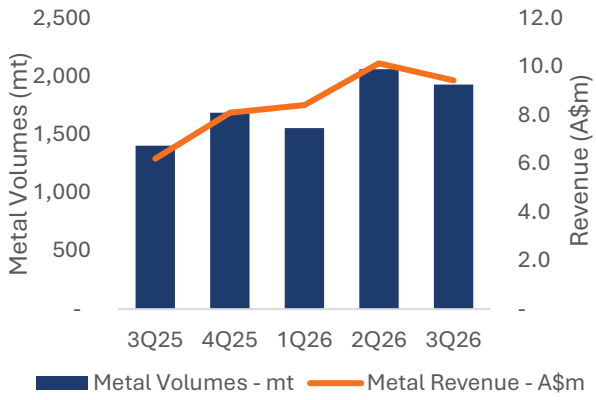
Metals

Revenues and volumes have also improved for Magontec's Metals products during the year to date. Special Metals sales have been particularly strong in the period under review.

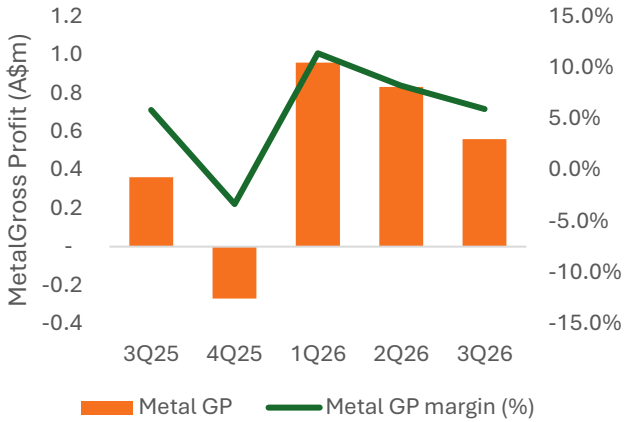
Overall volumes of Mg alloys sold to European and US customers in the 9 months to 30 September 2026 are 61% above the prior corresponding period (PCP) and include sharply rising volumes of primary magnesium alloys – product traded from Chinese suppliers to European customers. These Trading volumes are sold to regional customers that return the scrap (around 40% of original material supplied) to our two European recycling operations in Germany and Romania.

Metal sales volumes, excluding Trading, from the European business are 29.6% higher compared to the PCP, a welcome improvement for a business that has experienced low-capacity utilisation, but still below optimal levels.

Metal Volumes (mt) and Revenue



Metal Gross Profit & GP Margin (%)



Special Metals, by contrast (produced in Germany and included here in total European Metals production), have grown more quickly than anticipated and made a strong contribution to a $2.8 million improvement in Gross Profit for the overall Metals business over the 9 months under review compared with the PCP.

Special Metals are largely sold into the aerospace industries of Europe and the USA. A rise in defence spending has contributed to increasing demand for these materials. While this is a growing sector, it has challenging supply chain issues, particularly for the raw materials that give these metals their unique characteristics.

Revenues for the Metals business rose 74% over the PCP in the YTD, and EBITDA returned to positive territory after being loss making through FY2025. The revenue number is enhanced by Trading volumes where margins are slim, but have conversely benefitted from higher Special Metals volumes, where the margins are higher.

The price of magnesium metal has remained at low levels throughout the last 2 years, even as other metals have risen strongly. This is almost entirely due to overcapacity in China. At current Chinese FOB prices the development of new non-Chinese production appears challenging, although there are projects underway in Europe, likely to be supported by CBAM legislation. In the meantime, magnesium sells for around 50% of the price of aluminium (on a volume adjusted basis) and automotive manufacturers in Europe are beginning to revisit applications that can use magnesium alloys rather than aluminium, steel or plastics. While levels of enquiry are rising, industry change can take time to filter down to the magnesium alloy recycling industry.

Through the first 9 months of 2026 we have made changes to the Metals business including the appointment of a new senior executive to lead our European and US sales efforts, and a wider restructure of the Metals business reporting lines in Germany and Romania. Management in Europe, with the assistance of external consultants, have addressed efficiency issues within scrap reprocessing units with a particular focus on cast house productivity and reducing conversion costs. We expect to see the impacts of these endeavours in 2027.

Outlook

Over the last 12 months management has been focussed on an internal restructure of Magontec's two business activities; Cathodic Corrosion Protection (CCP) that manufactures and supplies electronic and magnesium anodes to hot water tank makers in all regions of the world, and magnesium-based Metals where we supply magnesium alloys and Special Metals to customers in Europe and North America.

These businesses have historically operated with a number of shared functions. We are progressively creating clearer operational and management structures for each business, bringing additional focus, efficiency and transparency and greater recognition of the specific requirements of each activity. The future needs of the two businesses are increasingly different and will benefit from dedicated management focus and strategies tailored to their respective markets.

In the European CCP business we have launched a new ICAS product range that is gaining traction with OEMs and aftermarket distribution networks, particularly in the USA and EU. Magontec owns a world-leading ICAS technology that has performed ahead of expectations through 2026. Sales in the fourth quarter of 2026 are currently expected to continue at a similar level to the prior 9 months.

European Mg anodes operate in a steady market, albeit the home building industry in Europe reflects the same economic uncertainties generated by high interest rates and low growth that are now common in many regions. We continue to aggressively address production efficiencies and expect to sustain current volumes and margins through the latter part of FY26 and into 1H27.

In China we have slimmed our Mg anode business to a more profitable and sustainable enterprise. This facility retains the capacity to ramp up to larger volumes when markets and prices improve. The Chinese domestic economy is a challenging space for all participants, particularly those exposed to the housing sector where starts are well down on the levels of prior years. Magontec's Chinese customers have pushed pricing pressures down to all suppliers, and anode manufacturers are no exception. This business is expected to continue to struggle for new volumes in the short-term, but the wider Chinese heating and HVAC manufacturing industry appears to have plateaued and in 2027 we will continue to fight for new business.

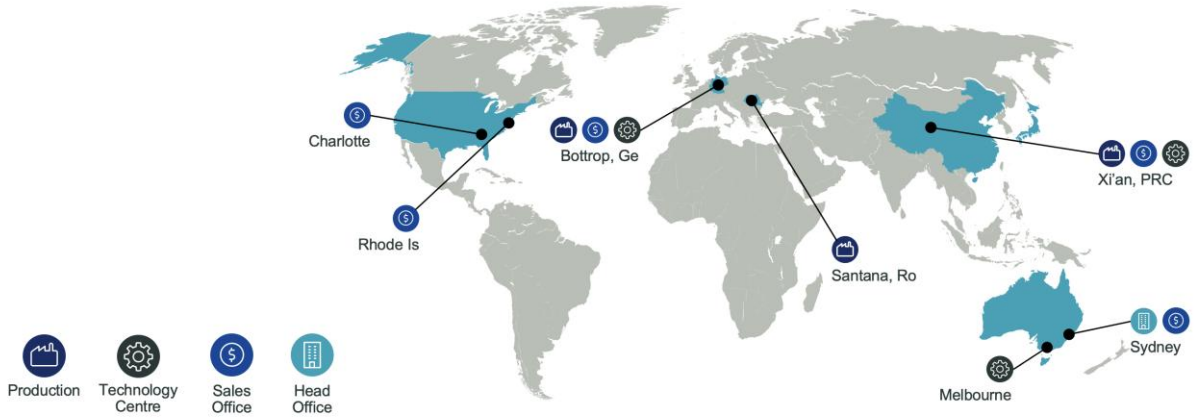
In the Metals recycling business in Germany and Romania, volumes are likely to continue at lower levels as the European auto industry, the key consumer industry for Mg alloys, reports declining production levels. To some extent this will be offset with productivity gains that will take effect through the 4th quarter. Special Metals production is expected remain more buoyant through to the end of the year.

Nic Andrews
Executive Chairman
29 October 2026

ENDS

APPENDIX – COMPANY INFORMATION

Global Manufacturing & Distribution Platform



Magontec Limited Market Information

ASX Code: MGL	Total	Per Share
Ordinary shares on issue 30 September 2026	57,934,806	
Book value of net assets – 30 September 2026	**$45.2 million**	**78.0c per share**
Market capitalisation[1]	**$13.0 million**	**22.5c per share**
Net debt/(cash) – 30 September 2026	$1.4 million	
Enterprise value	**$14.4 million**	
Performance rights on issue 30 September 2026	*8,703,925*	

1 Based on share price of $0.225

Manufacturing Activities – Magnesium Metals and Cathodic Corrosion Protection

Manufacture of Mg alloys from pure Mg and Mg alloy scrap supplying the global die casting industry

Manufacture of Mg and electronic anodes supplying the global water heater industry

APPENDIX – FINANCIAL SUMMARY DATA (UNAUDITED)

Attachment 1 – Comprehensive Income Statement and Bank Borrowing Summary to 30 September 2026

Consolidated Comprehensive Income Statement

'$000 | Source: Magontec Limited management accounts

	9 months to 30 Sep 2026	9 months to 30 Sep 2025
Sale of goods	**59,392**	**46,068**
Cost of sales	(46,592)	(36,802)
Gross profit	**12,800**	**9,266**
Other income	221	480
Interest expense	(326)	(290)
Impairment	–	14
Travel, accommodation and meals	(512)	(466)
Research & development	(466)	(539)
Promotional activity	(8)	(141)
Information technology	(283)	(259)
Personnel	(6,458)	(7,111)
Depreciation & amortisation	(420)	(501)
Office expenses	(378)	(287)
Corporate and other	(2,713)	(2,931)
Foreign exchange gain/(loss)	1,139	(1,680)
Profit/(Loss) before tax	**2,596**	**(4,445)**
Income tax (expense)/benefit	(1,281)	543
Profit/(Loss) after tax	**1,315**	**(3,902)**

COGS included $0.94m of depreciation in the 9 months to 30 Sep 2026 (9 months to Sep 2025: $0.98m)

Borrowing Facilities

As at 30 September 2026

	Maturity	Interest %	Limit A$'000	Drawn A$'000	Security status
Commerzbank Germany	30-Nov-26	3.87%	9,197	7,771	Secured
UniCredit SA (Romania)	31-Aug-27	7.14%	1,431	1,431	Secured
Zheshang Bank China*	–	2.35%	–	–	-
Total borrowings on balance sheet			**10,628**	**9,202**	

** Interest rate is an estimate that will be determined upon initial draw down. At the date of writing, the Zheshang Bank loan of RMB 10m to Magontec Xi'an Co Ltd has been undrawn for some time but is in the process of being renewed.*

Attachment 2 – Balance Sheet

Consolidated Balance Sheet

'$000 | Source: Magontec Limited management accounts

	As at 30 Sep 2026	As at 31 Dec 2025
Cash & cash equivalents	7,763	7,147
Trade & other receivables	18,294	16,424
Inventory	27,408	28,005
Other	965	1,022
Total Current Assets	**54,430**	**52,598**
Property, plant & equipment	13,786	15,165
Intangible assets	2,864	2,938
Deferred tax assets	1,320	1,811
Other	120	216
Total Non-Current Assets	**18,090**	**20,130**
Total Assets	**72,520**	**72,728**
Trade & other payables	6,511	6,590
Bank borrowings	9,202	8,196
Provisions	2,045	860
Total Current Liabilities	**17,758**	**15,646**
Other payables	226	312
Bank borrowings	–	–
Provisions	9,374	10,053
Total Non-Current Liabilities	**9,600**	**10,365**
Total Liabilities	**27,358**	**26,011**
Net Assets	**45,162**	**46,717**
Equity attributable to members of MGL		
Share capital	59,882	59,718
Reserves	17,013	20,047
Accumulated (losses)/profits	(31,733)	(33,048)
Total equity	**45,162**	**46,717**

Attachment 3 – Statement of Cash Flows

Consolidated Cash Flow Statement '$000 | Source: Magontec Limited management accounts	6 months to 30 Jun 2026	3 months to 30 Sep 2026	9 months to 30 Sep 2026
Cash flow from operating activities			
Cash generated from underlying operating activities*	**2,668**	**757**	**3,425**
Net working capital assets			
Trade receivables & other current assets	(2,426)	(261)	(2,687)
Inventory	(2,126)	980	(1,146)
Trade payables & other current liabilities	1,967	(1,628)	339
Cash generated from/(utilised in) net working capital	**(2,585)**	**(909)**	**(3,494)**
Other operating activities			
Net interest paid	(155)	(108)	(263)
Income tax paid	177	–	177
Cash generated from/(utilised in) other operating activities	**22**	**(108)**	**(86)**
Net cash generated from/(utilised in) all operating activities	**105**	**(260)**	**(155)**
Cash flow from investing activities			
Net cash out on purchase of PP&E	(281)	(492)	(773)
Group information technology	(5)	(3)	(8)
Security deposit	(6)	11	5
Other	83	–	83
Net cash provided by/(used in) investing activities	**(209)**	**(484)**	**(693)**
Cash flow from financing activities			
Bank debt	(105)	1,789	1,684
Cashflow from leasing activities	(117)	(39)	(156)
Net cash provided by/(used in) financing activities	**(222)**	**1,750**	**1,528**
Net increase/(decrease) in cash and cash equivalents	**(326)**	**1,006**	**680**
Foreign exchange effects on total cash flow movement	(111)	47	(64)
Cash and cash equivalents at the beginning of the period	**7,147**	**6,710**	**7,147**
Cash and cash equivalents at the end of the period	**6,710**	**7,763**	**7,763**

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

Rounding

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.