

Magontec Limited
Suite 1.03, Level 1
46A Macleay St
Potts Point NSW 2011
Australia
Ph: +61 2 8084 7813

28 October 2021

Company Announcements Office
Australian Securities Exchange Limited
20 Bridge Street, Sydney
NSW 2000

Dear Sir, Madam

Activities Report and Appendix 4C – Quarter Ended 30 September 2021

In this announcement are –

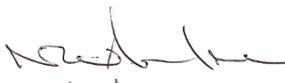
1. Activities Report

- Providing relevant comment in satisfaction of Magontec’s reporting obligations as a “Commitments Test Entity” in terms of ASX Listing Rule 1.3 and ASX Guidance Note 23 para 6
- Attachment 1 – Unaudited Cash Flow Statement for the 9 months to 30 September 2021 presented in the format that appears in the Company’s half year and annual reports and is prepared on a basis consistent with the recognition and measurement requirements of accounting standards.

2. Appendix 4C

- Attachment 2 – Unaudited Appendix 4C cash flow report for the quarter ended 30 September 2021 presented in the format required by ASX Listing Rule 4.7B.

Yours sincerely



Nicholas Andrews, Executive Chairman of Magontec Limited has authorised the release of this document to the market on 28 October 2021.

Notes

All data presented in this report is unaudited. Data 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.

Executive Chairman's Activities Report
Magontec Limited (ASX: MGL)

Quarterly Activities Report for the 9 months to 30 September 2021 (Unaudited)

Operational Highlights – Third Quarter 2021	9 months to 30-Sep-21	9 months to 30-Sep-20	% Change
Gross Profit	+\$11.674m	+\$8.746m	+33.5%
EBITDA*	+\$4.572m	+\$2.468m	+85.2%
Underlying Net Profit After Tax*	+\$0.956m	(\$0.493)m	
Underlying Operational Cashflow**	+\$4.408m	+\$2.898m	+52.1%

*Excludes the impact of unrealised Foreign Exchange (FX) gains and losses

**Cashflow from operations excluding working capital movements, interest and income tax paid

Material Activities

- The sharp improvement in profitability was largely due to a 64% rise in Gross Profit contribution from the global CCP (Cathodic Corrosion Protection) products in the YTD. Both Mg and electronic anode sales are trending ahead of previous corresponding periods and enjoy stable market conditions.
- The Metals businesses experienced a difficult third quarter as pure magnesium prices rose from ¥19,050 per tonne on 1 July 2021 to ¥53,000 per tonne on 30 September 2021. Product from the Magontec Qinghai primary Mg alloy plant has been particularly affected. As an intermediary manufacturer and processor of pure magnesium and other alloying elements, Magontec has a relatively low exposure to pure Mg price volatility across its recycling and Mg anode business units in Europe and China.
- The Qinghai Salt Lake Magnesium facility remediation project is now underway. While some tasks are expected to be completed by 31 December 2021, commissioning of the project is now scheduled for the second quarter of 2022.

Net Profit analysis of significant items	30-Sep-21 YTD	30-Sep-20 YTD
NPAT ex unrealised FX	\$956,046	(\$493,498)
Add back significant items		
- MAQ Metals EBITDA losses ex subsidies	\$627,903	\$734,135
- MAQ depreciation, post tax (non-cash)	\$571,477	\$645,433
- Long-Term Incentive Plan options accrual (non-cash)	\$224,475	(\$59,168)
- Provision for unforeseen costs (non-cash)	\$150,000	\$150,000
- MAR VAT receivable gain (one off)	(\$226,180)	-
Subtotal	\$1,347,675	\$1,470,399
NPAT ex unrealised FX and significant items	\$2,303,721	\$976,901

- As has been the case since 2019, reported Net Profit After Tax includes losses at the EBITDA level and depreciation associated with the Qinghai facility. These items amount to a combined financial deficit of \$1.2m, which is the underlying price of carrying the Qinghai facility while our partner company QSLM remediates its magnesium facility.
- Magnesium raw material supply has emerged as a major issue for the industry. The PRC Government has reduced the operation of Pidgeon plants across the key Fugu production area in Shaanxi province by 50%. Despite the restrictions Magontec has been able to acquire supplies of pure Mg sufficient for its needs. These restrictions are expected to be removed by 31 December 2021.

Nic Andrews

Executive Chairman

28 October 2021

MAGONTEC LIMITED - BUSINESS PROFILE ASX Code: MGL

Magontec is a leading manufacturer of magnesium alloys and Cathodic Corrosion Protection (magnesium and electronic anode) products

Magontec activities

- Manufactures Mg alloys from both pure Mg and Mg alloy scrap for supply principally to the motor vehicle industry
- Casts and extrudes Mg alloys into anodes for supply to the global water heater industry
- Manufactures specialty metals for defence, aerospace and motor racing industries
- Distributes products through a global sales network to customers in Europe, Asia-Pacific and North America

Magontec assets

- World's greenest primary Mg alloy producer at Qinghai PRC
- Premier Mg alloy recycling assets in Europe
- A portfolio of proprietary magnesium alloys and an active R&D program
- Mg & electronic anode manufacturing facilities in Europe and China
- CCP/anode product development and research laboratory

Magontec profile

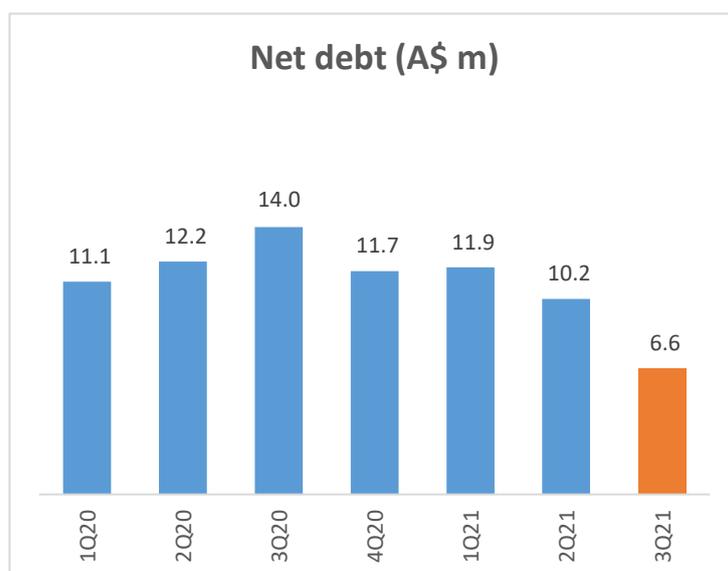
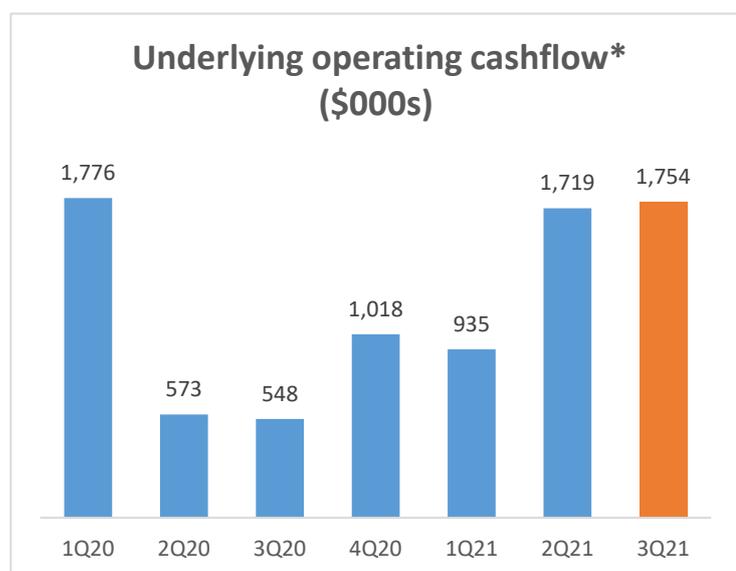
- A leading global magnesium alloy manufacturer and sales organisation
- A pioneer in the field of magnesium alloys and anode products
- Vast experience in production and development of new Mg alloys and anode applications

Headline numbers				
A\$M	9 months to 30 Sep 2021	9 months to 30 Sep 2020	\$ Chg	% Chg
Underlying Operating Cashflow*	\$4.408 m	\$2.898 m	\$1.510 m	52.1%
Work cap movement & other op cashflow	\$1.317 m	(\$0.662 m)	\$1.979 m	
Reported Operating Cashflow	\$5.725 m	\$2.236 m	\$3.489 m	
Gross Profit	\$11.674 m	\$8.746 m	\$2.928 m	33.5%
Gross Profit Margin (%)	15.2%	12.7%		
Underlying EBITDA**	\$4.572 m	\$2.468 m	\$2.103 m	85.2%
Underlying EBIT**	\$2.462 m	\$0.192 m	\$2.271 m	
Underlying NPAT**	\$0.956 m	(\$0.493 m)	\$1.450 m	
Reported NPAT	\$1.672 m	(\$0.784 m)	\$2.456 m	
** Excludes unrealised FX effects of	\$0.716 m	(\$0.290 m)	\$1.007 m	

Financial Comment

Underlying Operating Cashflow* was +\$1.8 million for the quarter, and \$4.4 million for the 9 months to 30 September 2021. Cashflow continues to track ahead of the prior period mostly due to the improved operating results in CCP as described elsewhere in this report. This, combined with \$2.1 m of cash from working capital released to September 2021, has allowed Magontec to reduce bank debt by \$5.9 m in the year to date. Net debt for the company was \$6.6 million as at 30 September 2021. If higher pure Mg prices persist (despite recent stabilisation), working capital requirements and thus net debt will increase significantly by the end of the year. This will be an area of focus for Magontec over the coming months.

With respect to banking, both China and Romania have successfully secured new facilities granted from Zheshang Bank (RMB 25 million overall limit) and Unicredit (RON 15 million overall limit) respectively.



*Cashflow from operations excluding working capital movements, interest and income tax paid

Review of Operations

Magnesium Alloy Cast House – Qinghai (MAQ)

As we come to the final quarter of 2021, we are pleased to report Qinghai Salt Lake Magnesium Co Ltd (QSLM) has commenced work on remediation of its pure magnesium smelter.

QSLM have commissioned three parties to address technical and operating issues prior to re-commissioning.

Nuclear23, the original contractor, is undertaking low-level remediation tasks across the site in each of the operating facilities; brine purification, dehydration, electrolysis and cast house.

China Chengda Design Institute, a well-known Chinese engineering company, have been assigned the task of technical upgrading in areas other than the dehydration unit.

These two tasks are expected to be finished by 31 December 2021.

The more substantial task of remediating issues at the dehydration plant have been assigned to the Shandong Tianli Energy Co., Ltd, a research-to-engineering and industrial construction corporation.

Shandong is a specialist in industrial dehydration technologies and has designed and installed dehydration equipment in many factories in China and other markets. Shandong has undertaken a review of the technical issues within the dehydration unit and has commenced remediation works. These are now expected to be completed in the second quarter of 2022.

While the further delay is frustrating, Magontec is pleased to see that work is now fully underway to remediate the electrolytic magnesium plant. On the basis of this information supply of pure magnesium to the Magontec Qinghai magnesium alloy cast house is now expected to recommence in the second half of 2022.

While we wait for our partners to resolve their technical issues, the MAQ business has performed well under difficult circumstances. The operating team in Golmud has maintained a strong focus on production efficiencies and delivered conversion costs below the budgeted targets.

The MAQ plant has delivered nearly 5,000 metric tonnes of product to customers in Japan, Thailand and China with smaller consignments to North America in the 9 months to the end of September 2021. Despite the constraints on pure Mg supply across China in recent weeks Magontec Qinghai's ability to source product has not been impaired and as the energy constraints imposed on pure magnesium manufacturers lift towards the end of the year, access and pricing should improve.

Notwithstanding the improving outlook, the Qinghai project continues to be a burden on the profitability of the wider Magontec business. In the 9 months to the end of September 2021 this business lost \$627,903 at the EBITDA level and depreciation of \$571,477 was a further impost on Group Net Profit.

The MAQ business has performed well under difficult circumstances and when supply of liquid pure magnesium recommences the shift to a more profitable enterprise will be swift.

Magnesium Alloy Recycling

At the beginning of 2021 our European recycling management teams anticipated a tough year. In late 2020 contracts were lost to very aggressive pricing from a new entrant to the European market. Despite that challenge, the two magnesium alloy recycling plants at Santana in Romania and Bottrop in Germany have performed well.

The European magnesium alloy market for regional die-casters has experienced considerable pressures in 2021. Freight costs and material availability have made on-time and on-budget deliveries from Chinese primary magnesium plants less reliable than in years past. With available capacity and the ability to source materials for the Magontec production process from many different locations, the two European plants experienced a higher level of demand than anticipated, mitigating the impact on profitability.

As we have noted in past reports, the Magontec plants in Europe use electric arc furnaces to heat and process magnesium alloys. This sets us apart from our key competitors who operate gas-fired furnaces. As our customers, and the world in general, move to address climate issues, the ability of Magontec to access low carbon energy through the European grid is becoming an increasingly important element in our offering.

Looking forward to 2022 we expect to see recycling volumes at similar levels in the first period, perhaps building in the second half if Qinghai comes back on stream as forecast. In a changing world a primary magnesium alloy feed from Qinghai has become even more attractive and important for our European and North American die casting customers. Not only does the Magontec product have a low CO₂ footprint, with 90% of its energy sourced from regional hydro, solar and wind energy, it is not constrained by coal prices and rising emissions regulations that present growing problems for the high CO₂ emission Pidgeon process. A key competitive weakness in the Magontec recycling business over the last three years has been the absence of a primary magnesium alloy supply from our own Chinese plant to our customers in Europe. In many instances magnesium recycling contracts are awarded in conjunction with primary magnesium alloy supply contracts allowing the supplier to mix and match supply chains and within a single supply agreement. With the resumption of the MAQ plant, Magontec's European recycling assets will be able to present a much more competitive offering to the European magnesium alloy consumer.

The specialist metals division, largely operating out of Magontec's Bottrop facility, has experienced a slightly slower third quarter bringing year to date revenues and Gross Profit slightly below the previous corresponding period. These products include grain refining alloys and other high performance magnesium alloys used in the aerospace and defence industries.

Metals

The overall metals business, which includes European Mg alloy recycling, specialist metals and primary Mg alloys from the Qinghai plant, have recorded a 4% decline in volumes in the third quarter of 2021 as high material pricing and automotive supply chain logjam have caused customers to delay deliveries. Year to date volumes are up 16% compared with the same period in 2020 (largely a pandemic effect). The key automotive industry has also experienced widespread supply issues from other product suppliers – mostly chip producers. There have been myriad production line closures across Europe through the autumn period causing delays to ripple along the supply chain.

Revenues for the metals business are up 5% in the third quarter on the same period last year and up 6% in the 9 months to 30 September compared with the PCP. Gross Profit has been heavily impacted in China by the sharp rise in pure magnesium prices. Contracts are based on previous quarter raw material prices and the Qinghai facility has recorded losses through August and September. While these may be recouped if pure magnesium prices retrace, the effect has been particularly impactful in the quarter under review. Overall Gross Profit for the metal business was down 51% in the third quarter compared with the same quarter in 2020 and down 23% in the 9 months to 30 September compared with the PCP.

CCP (Cathodic Corrosion Protection - Anodes)

The CCP business has maintained an impressive run rate through the third quarter. Revenues for the quarter were 35% ahead of previous corresponding period and Gross Profit 73% ahead of the PCP. For the year-to-date Revenues are up 24% and Gross Profit 64% ahead of the PCP.

As we have discussed in previous reports, this industry was only marginally impacted by the coronavirus pandemic with minimal factory closures and supply chains interruptions in 2020. In 2021 there have also been few notable pandemic effects. The global boom in house building, outside of China, and consumer expenditure everywhere, has continued to be reflected in Magontec CCP unit sales.

In China our Xi'an factory produces a wide variety of magnesium anodes for Chinese and US customers. There are two countervailing trends for this business; a 10% decline in Chinese demand as new housing construction experiences a rapid slow down, and a growing presence in the USA where volumes have been steady through the second and third quarter of 2021 after a very slow first quarter and are expected to rise sharply in 2022.

The housing slowdown in China is tempered somewhat by the volume of hot water appliances going to the replacement market (around 80% of total) but represents a change in the long-term uptrend for Mg anodes in the PRC driven by new housing market.

With a substantial existing domestic business in China and a major investment program at the Xi'an plant over recent years we have been able to grow our challenge to incumbent US suppliers over the last few years. Our efforts have borne some reward in the third quarter of 2021 with the award of new and larger volume contracts for the coming year. Magontec Xi'an has also won new business in the Australian market for the first time and will be seeking to consolidate and grow that presence in the years ahead.

In Europe our Romanian factory has operated at exceptional levels of efficiency. In a highly competitive environment, our European Mg anode sales in the 9 months to the end of September 2021 have risen by more than 25% on the previous corresponding period. At a time when security of raw material supply has been front of mind for our customers, the co-location of our magnesium recycling and anode manufacturing facilities has significantly reduced Magontec's exposure to material shortfalls and allowed this business unit to find new customers in troubled times.

Magontec's Germany-based electronic anodes business also enjoyed buoyant conditions in the third quarter as well as in the year to date. As the western world moves towards more energy efficient and environmentally friendly home heating systems, the use of higher value units, such as heat pumps, is growing the market for Magontec's proprietary electronic anode product in Europe and North America.

Outlook

Over the final quarter we expect the trends of 2021 to remain constant; the CCP businesses are likely to continue to perform strongly while the volume metals businesses will continue to be challenged by the extreme pricing environment for Chinese Pidgeon magnesium. We understand that the Chinese Government will maintain the current constraints on energy usage until the end of December 2021. The other key negative trend for the Metals business is the ongoing supply chain issues effecting the automotive industry. This may take longer to resolve as the chip industry is expected to take some months to adequately raise production levels.

While the performance of both the Qinghai plant and the downstream European recycling businesses is disappointing, the outlook for 2022 is encouraging. With work now underway on the Qinghai electrolytic facility and a proposed re-start date in the second quarter of 2022, this long and frustrating hiatus may soon come to an end. The QSLM proposal to re-start one of six dehydration lines is expected to provide supply of raw material to the Magontec cast house of more than 1,000 mt of pure Mg a month. This is well below the 5,000mt a month rated capacity of the plant but, even at these lower levels, will rapidly turn our investment in that facility from loss making to profitable.

Attachment 1
UNAUDITED STATEMENT OF CASH FLOWS

Unaudited Consolidated Cash Flow Statement			
Source: Magontec Limited Consolidated Management Accounts			
\$000	6 months to 30-Jun-21	3 months to 30-Sep-21	9 months to 30-Sep-21
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from/ (utilised in) underlying operating activities	2,655	1,754	4,408
Net working capital assets			
- Trade and other receivables	(3,007)	4,484	1,477
- Inventory	2,282	(1,574)	708
- Trade and other payables	116	(162)	(46)
- Other	-	-	-
Cash generated from/ (utilised in) net working capital assets	(609)	2,749	2,139
Other operating activities			
- Net Interest paid	(176)	(204)	(380)
- Income tax paid	(212)	(230)	(442)
Cash generated from/ (utilised in) other operating activities	(388)	(435)	(822)
Net Cash generated from/ (utilised in) all operating activities	1,657	4,068	5,725
CASH FLOW FROM INVESTING ACTIVITIES			
Net cash out on purchase/disposal of property, plant & equipment	(225)	(246)	(471)
Group information technology	(9)	(0)	(9)
Security deposit	41	(47)	(5)
Other including leased assets	65	1	65
Net cash provided by / (used in) investing activities	(128)	(292)	(420)
CASH FLOW FROM FINANCING ACTIVITIES			
Bank Debt	(4,078)	(1,829)	(5,907)
Net capital raised from issue of securities	-	-	-
Other	(170)	(75)	(245)
Net cash provided by / (used in) financing activities	(4,248)	(1,904)	(6,152)
Net increase / (decrease) in cash and cash equivalents	(2,718)	1,871	(847)
Foreign exchange effects on total cash flow movement	119	198	317
Cash and cash equivalents at the beginning of the period	4,958	2,359	4,958
Cash and cash equivalents at the end of the period	2,359	4,429	4,429

Attachment 2

APPENDIX 4C



QUARTERLY UNAUDITED CASH FLOW
APPENDIX 4C

for the Period Ended 30 September 2021

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Magontec Limited

ABN

51 010 441 666

Quarter ended ("current quarter")

30 September 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	32,782	84,663
1.2 Payments for		
(a) research and development	(94)	(329)
(b) product manufacturing and operating costs	(25,047)	(68,547)
(c) advertising and marketing	(123)	(134)
(d) leased assets	-	-
(e) staff costs	(1,924)	(5,609)
(f) administration and corporate costs	(1,343)	(3,776)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	14	26
1.5 Interest and other costs of finance paid	(218)	(406)
1.6 Income taxes paid	(230)	(442)
1.7 Government grants and tax incentives	252	278
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	4,068	5,725
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(246)	(471)
(d) investments	-	-
(e) intellectual property	(0)	(9)
(f) other non-current assets		

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
2.2 Proceeds from disposal of:		
(a) entities		
(b) businesses		
(c) property, plant and equipment		
(d) investments		
(e) intellectual property		
(f) other non-current assets		
2.3 Cash flows from loans to other entities		
2.4 Dividends received (see note 3)		
2.5 Other (provide details if material)	(46)	60
2.6 Net cash from / (used in) investing activities	(292)	(420)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)		
3.2 Proceeds from issue of convertible debt securities		
3.3 Proceeds from exercise of options		
3.4 Transaction costs related to issues of equity securities or convertible debt securities		
3.5 Proceeds from borrowings	9,982	12,300
3.6 Repayment of borrowings	(11,811)	(18,207)
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		
3.9 Other (provide details if material)	(75)	(245)
3.10 Net cash from / (used in) financing activities	(1,904)	(6,152)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,359	4,958
4.2	Net cash from / (used in) operating activities (item 1.9 above)	4,068	5,725
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(292)	(420)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(1,904)	(6,152)
4.5	Effect of movement in exchange rates on cash held	198	317
4.6	Cash and cash equivalents at end of period	4,429	4,429

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	4,429	2,359
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	4,429	2,359

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	60
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

Explanation

During the quarter ended 30 September 2021, there were no payments for purchase of pure Mg from the Qinghai Salt Lake Magnesium Co Ltd.

Payments of \$60,000 in director fees for 3Q21 were made during the quarter.

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000																																																												
7.1	Loan facilities	20,550	12,756																																																												
7.2	Credit standby arrangements																																																														
7.3	Other (please specify)																																																														
7.4	Total financing facilities																																																														
7.5	Unused financing facilities available at quarter end		\$ 7,794,500																																																												
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.																																																														
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="6" style="background-color: #f2f2f2;">Borrowings facilities as at 30 September 2021</th> </tr> <tr> <th style="width: 35%;">Lender</th> <th style="width: 15%;">Maturity</th> <th style="width: 10%;">Interest %</th> <th style="width: 10%;">Limit \$A 000</th> <th style="width: 10%;">Drawn \$A 000</th> <th style="width: 10%;">Security status</th> </tr> </thead> <tbody> <tr> <td>Commerzbank Germany</td> <td>30-Nov-23</td> <td>1.55%</td> <td style="text-align: right;">6,503</td> <td style="text-align: right;">(67)</td> <td>Secured</td> </tr> <tr> <td>Commerzbank Germany</td> <td>31-Dec-21</td> <td>2.55%</td> <td style="text-align: right;">601</td> <td style="text-align: right;">601</td> <td>Secured</td> </tr> <tr> <td>Commerzbank Germany</td> <td>31-Dec-25</td> <td>1.85%</td> <td style="text-align: right;">1,602</td> <td style="text-align: right;">1,602</td> <td>Secured</td> </tr> <tr> <td>Unicredit SA (Romania)</td> <td>28-Feb-22</td> <td>3.19%</td> <td style="text-align: right;">4,581</td> <td style="text-align: right;">4,595</td> <td>Secured</td> </tr> <tr> <td>Zheshang Bank China</td> <td>16-Jul-22</td> <td>3.90%</td> <td style="text-align: right;">5,365</td> <td style="text-align: right;">4,292</td> <td>Secured</td> </tr> <tr> <td colspan="3">Total borrowings on balance sheet</td> <td style="text-align: right;">18,651</td> <td style="text-align: right;">11,022</td> <td></td> </tr> <tr> <td>Postbank (factoring)</td> <td>31-Dec-21</td> <td>0.95%</td> <td style="text-align: right;">1,899</td> <td style="text-align: right;">1,734</td> <td></td> </tr> <tr> <td colspan="3">Total facilities</td> <td style="text-align: right;">20,550</td> <td style="text-align: right;">12,756</td> <td></td> </tr> </tbody> </table>			Borrowings facilities as at 30 September 2021						Lender	Maturity	Interest %	Limit \$A 000	Drawn \$A 000	Security status	Commerzbank Germany	30-Nov-23	1.55%	6,503	(67)	Secured	Commerzbank Germany	31-Dec-21	2.55%	601	601	Secured	Commerzbank Germany	31-Dec-25	1.85%	1,602	1,602	Secured	Unicredit SA (Romania)	28-Feb-22	3.19%	4,581	4,595	Secured	Zheshang Bank China	16-Jul-22	3.90%	5,365	4,292	Secured	Total borrowings on balance sheet			18,651	11,022		Postbank (factoring)	31-Dec-21	0.95%	1,899	1,734		Total facilities			20,550	12,756	
Borrowings facilities as at 30 September 2021																																																															
Lender	Maturity	Interest %	Limit \$A 000	Drawn \$A 000	Security status																																																										
Commerzbank Germany	30-Nov-23	1.55%	6,503	(67)	Secured																																																										
Commerzbank Germany	31-Dec-21	2.55%	601	601	Secured																																																										
Commerzbank Germany	31-Dec-25	1.85%	1,602	1,602	Secured																																																										
Unicredit SA (Romania)	28-Feb-22	3.19%	4,581	4,595	Secured																																																										
Zheshang Bank China	16-Jul-22	3.90%	5,365	4,292	Secured																																																										
Total borrowings on balance sheet			18,651	11,022																																																											
Postbank (factoring)	31-Dec-21	0.95%	1,899	1,734																																																											
Total facilities			20,550	12,756																																																											

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	4,068
8.2	Cash and cash equivalents at quarter end (item 4.6)	4,429
8.3	Unused finance facilities available at quarter end (item 7.5)	7,795
8.4	Total available funding (item 8.2 + item 8.3)	12,224
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	N/A
	<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
	8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer: N/A	

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: N/A

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 28 October 2021

Authorised by: Nicholas Andrews, Executive Chairman

(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.