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23 December 2021

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

Dear Sir/Madam,

### **Financial Performance Update**

Unaudited financial management accounts in respect of the 11-month period to 30 November 2021, point to a significant outperformance over the result anticipated by Management.

In respect of that period, management accounts reveal a gross profit of \$17.1m, a significant increase over the gross profit of \$12.195m for the 12-month period to 31 December 2020. While the month of December (as a short month) tends to be volatile, Management now expects the gross profit result for the full year to 31 December 2021 to be not less than \$17.1m.

Translation of the likely gross profit result to the "bottom line" of the 2021 Profit and Loss Statement will be subject to various end of year adjustments, valuations and the audit process.

In the fourth quarter of 2021 the CCP business has continued to perform strongly, and we expect this trend to continue into 2022. Markets for Mg alloys have been positively affected by extreme volatility in the price of pure magnesium and have been responsible for much of the out performance in the fourth quarter of 2021. This trend is very unlikely to be repeatable in 2022.

### **Magontec Xian factory – COVID lockdown**

The city of Xi'an in China has entered a lockdown phase following an outbreak of COVID-19. All factories and other enterprises are closed by government order and all the citizens of Xi'an have been ordered to quarantine at home.

The Magontec Xi'an factory, which produces magnesium anodes, may be affected by this order. We have appealed to the city authorities and some staff have been allowed to return to the factory to maintain production, albeit at lower levels.

In our appeal we have noted that the water heater manufacturing industry that we supply, is an essential industry and will also be forced to close without supply of Magontec parts. Our customers, some of the worlds leading water heater manufacturers, have supported our appeal.

Chinese city-wide lockdowns have occurred in other regions though 2021. The normal pattern is for the Government to test the entire city population 8 to 10 times over a period of 2 weeks to isolate the source of the virus outbreak. On 22 December the city government conducted a third series of tests. We will keep the market updated on any developments.

### **JobKeeper Update**

In the ASX announcement dated 12 November 2021, Magontec Limited noted that the Group had received \$79,500 of JobKeeper subsidies during the year to 31 December 2020.

As a result of an internal Magontec review, the Group made a submission to the ATO regarding a potential overpayment arising from our initial application of the turnover test contained in the newly introduced legislation and the extraordinary circumstances surrounding COVID.

In its submission, the Group provided relevant background information to the ATO including mitigating factors. Subsequently, the Commissioner has exercised his discretion and reduced the subsidy to \$24,000. The amount repayable of \$55,500 has been remitted to the ATO.

Yours sincerely

A handwritten signature in black ink, appearing to read "N. Andrews", with a long horizontal stroke extending to the right.

Mr Nicholas Andrews  
**Executive Chairman**  
**Magontec Limited**

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***Nicholas Andrews, Executive Chairman Magontec Limited, has authorised the release of this document to the market on 23 December 2021***