

Company announcement

Release date 24 January 2025

December 2024 Quarterly Activities Report and Appendix 4C

Financial

The cashflow deficit from operating activities increased to \$576,000 in the December quarter 2024 compared with \$357,000 in the September quarter, \$391,000 in the June quarter and \$1,881,745 in the March quarter.

Most of the deterioration from the previous quarter was due to lower receipts from customers, which were \$487,000 compared with \$940,000 in the September quarter. The biggest component of these receipts were payments made by Hydro Science for purchases of Phoslock that occurred during the December quarter 2023.

Operating cash outflows of \$1.1m were slightly lower than the \$1.3m outflow in the September quarter due to lower legal and associated costs.

The cash position on 31 December remained at \$7.9m, down only \$74,000 over the quarter because of a forex gain of \$509,000, mostly on the USD component of the cash holding as a result of the sharply lower AUD.

In accordance with Listing Rule 4.7C, payments made to related parties and their associates included in item 6.1 of the Appendix 4C relate to director's fees (including superannuation) paid to non-executive directors. 4F Investments Pty Limited, a company controlled by the Chairman was reimbursed \$13K for consulting fees in relation to a commercial market review undertaken in China.

Operations

Sales in the quarter remained disappointing at just 32 tonnes, mainly for applications in Europe. It took sales for the year to 227 tonnes. This is well down on the 1,237 tonnes sold in 2023, which had included 903 tonnes sold to our Brazilian distributor (Hydro Science) and 334 tonnes in other markets.

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Inventory as at 31 December was 2,384 tonnes of which China accounted for 1,443 tonnes and Belgium 582 tonnes. The latter includes 357 tonnes currently being shipped from Shanghai.

During the quarter R&D efforts resumed in China after a hiatus of 5 years. Good progress has been made on development of three new improved lanthanum modified bentonite products. One is much cheaper to produce yet matches Phoslock in efficacy, the other two have a similar cost of production to Phoslock but have much greater efficacy. A pilot plant is now operating, samples are being sent to labs and potential customers globally, and work on patent applications has commenced.

On 6 January it was announced by the Company that The Orion Companies were appointed as exclusive distributors of Phoslock products in the USA. This will hopefully boost sales in the US market.

Sales are expected to increase sharply in the March quarter 2025. European sales are already 45 tonnes, while a 105 tonne purchase by Hydro Science in Brazil is pending.

Corporate

Phoslock shares remain suspended from trading on the ASX platform. The Directors will request the ASX lift the suspension once the financial statements for the half year to 30 June 2024 and for the year to 31 December 2024 are released.

Investigations by the Australian Federal Police are thought to be continuing into the alleged past actions of some former officers of the company. No correspondence from the AFP was received during the quarter.

The separate Class Actions being bought by lawyers Levitt Robinson and by the Banton Group of lawyers are focused on events that occurred some years ago. The Leviits' action is in the Document Discovery phase, and Bantons' have filed a claim against the Company, two former officers and KPMG. An initial hearing in the Federal Court is scheduled for late February. Phoslock is incurring materially significant legal fees on these matters.

This announcement has been approved by the Chairman.

Mr Fred Bart
Chairman

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About PET:

Phoslock Environmental Technologies Limited (ASX: PET) specialises in water treatment products to remediate polluted lakes, rivers, canals and drinking water reservoirs.

PET is headquartered in Sydney, has a factory and warehouse in Changxing, China, and offices in China, the UK/Europe and in the USA. The Company is represented by licensees, distributors and agents in other countries including HydroScience in Brazil and The Orion Companies in the USA.

PET's main manufactured product is Phoslock[®], a lanthanum modified bentonite (LMB) that permanently binds excess phosphorus in the water column and sediments, and thus improves water quality and biodiversity. Phoslock does not harm living organisms and is certified for use in drinking water in North America, Europe, Brazil, Australia, and China.

www.petwatersolutions.com

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Appendix 4C

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

Name of entity

PHOSLOCK ENVIRONMENTAL TECHNOLOGIES LIMITED

ABN

88 099 555 290

Quarter ended ("current quarter")

December 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
331 Cash flows from operating activities		
-		
1.1 Receipts from customers	487	2,079
1.2 Payments for		
(a) research and development	-	(77)
(b) product manufacturing and operating costs	(186)	(455)
(c) advertising and marketing	-	(13)
(d) leased assets	(31)	(355)
(e) staff costs	(344)	(1,670)
(f) administration and corporate costs	(517)	(2,805)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	15	89
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(576)	(3,207)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	(32)
(d) investments	-	-
(e) intellectual property	(7)	(17)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
	(f) other non-current assets	-	-
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)	-	-
2.6	Net cash from / (used in) investing activities	(7)	(49)

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	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	7,933	10,623
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(576)	(3,207)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(7)	(49)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	509	492
4.6	Cash and cash equivalents at end of period	7,859	7,859

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	2,501	2,505
5.2	Call deposits	5,808	5,428
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)	7,859	7,933

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter
\$A'000**

(37)

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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

Payments in item 6.1 include payments for non-executive directors fees and a reimbursement for expenses to a related parties' entity.

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

7. Financing facilities

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.

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-

7.5 Unused financing facilities available at quarter end

-

7.6 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.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(576)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	7,859
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	7,859
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	14

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

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

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

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

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.

24 January 2025

Date:

Authorised by:
(Managing Director)

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.