



Phoslock Environmental Technologies Limited

ABN 88 099 555 290

Appendix 4E Preliminary Final Report - 31 December 2024



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1. Company details

Name of entity:	Phoslock Environmental Technologies Limited
ABN:	88 099 555 290
Reporting period:	For the year ended 31 December 2024
Previous period:	For the year ended 31 December 2023

2. Results for announcement to the market

				\$'000
Revenues from ordinary activities	down	77.7%	to	757
Underlying Loss Before Interest and Tax ('Underlying EBIT')	down	59.0%	to	(3,408)
Loss from ordinary activities after tax attributable to the owners of Phoslock Environmental Technologies Limited	up	33.2%	to	(2,739)
Loss for the year attributable to the owners of Phoslock Environmental Technologies Limited	up	33.2%	to	(2,739)

Dividends

There were no dividends paid, recommended or declared during the current financial period.

Comments

The loss for the Group after providing for income tax amounted to \$2,739,000 (31 December 2023: \$2,056,000).

Underlying Earnings/(Loss) Before Interest and Tax ('Underlying EBIT') for the year is as follows:

	Consolidated 2024 \$'000	2023 \$'000
Revenue	757	3,392
Net Operating Profit/(Loss) after Tax ('NPAT')	(2,739)	(2,056)
Add: Finance costs	15	25
Add: Impairment/(reversals of impairment) of receivables	-	(6,089)
Add: Impairment of assets	(99)	126
Add: Foreign exchange losses	(496)	78
Less: Interest revenue	(89)	(163)
Less: Gain on remeasurement of lease liabilities	-	(140)
Underlying EBIT *	(3,408)	(8,219)

* Underlying EBIT is a financial measure which is not prescribed by Australian Accounting Standards ('AAS') and represents the profit or loss under AAS adjusted for the add back of income tax, finance costs and certain non-cash income and expense items that are deemed to not have an ongoing effect to the underlying performance of the business. The Company believes that Underlying EBIT provides a better reflection of its financial performance by facilitating a more representative comparison of financial performance between financial periods.



3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	1.54	1.96

The net tangible assets calculation includes the lease liabilities of \$367,000 (31 December 2023: \$342,000).

4. Loss of control over entities

Not applicable.

5. Dividends

Current period

There were no dividends paid, recommended or declared during the current financial period.

Previous period

There were no dividends paid, recommended or declared during the previous financial period.

6. Dividend reinvestment plans

Not applicable.

7. Details of associates and joint venture entities

Not applicable.

8. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

9. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements are in the process of being audited and an unmodified opinion is expected to be issued.

10. Attachments

Details of attachments (if any):

The Appendix 4E Preliminary Final Report of Phoslock Environmental Technologies Limited for the year ended 31 December 2024 is attached.



11. Signed

As authorised by the Board of Directors

Signed  _____

Fred! Bart
Chairman

Date: 28 February 2025

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Operating results

Revenue for the year totalled \$757,000, representing a 77.7% decrease compared to \$3,392,000 recorded in the prior corresponding year. During the year, the majority of sales were generated in the United States, with moderate contributions from Europe, ANZ, and China.

The Group reported a gross profit of \$51,000 for the full year ended 31 December 2024 compared to a gross profit of \$1,742,000 for the prior year. The gross profit margin declined from 51% in the prior year, primarily due to reduced sales prices offered to distribution partners and higher freight and labour costs incurred during the period.

Underlying EBIT for the year was a loss of \$3,408,000 compared to a loss of \$8,219,000 in the prior corresponding period. During the year, the business continued to actively address costs by reducing administrative and corporate expenses, leveraging efficiencies gained from right-sizing the organisation.

NPAT for the Group for the current year amounted to a loss of \$2,739,000 compared to loss of \$2,056,000 in the prior year.

Cash flows

Operating cash flow for the full year was a cash outflow of \$2,851,000 (full year to 31 December 2023 outflow of \$2,624,000).

Cash payments from customers for the year were \$2,079,000 (full year to 31 December 2023: \$8,502,000). Cash payments to suppliers and employees for the full year were \$5,019,000 (full year to 31 December 2023: \$11,419,000). The decrease in cash outflows was primarily driven by significantly lower employee-related payments and a substantial reduction in legal and consulting expenses related to investigations. Although investigative activities concerning historical incidents of fraud and mismanagement declined significantly, this was partially offset by considerable legal and other fees incurred in relation to potential class actions.

New plant, equipment, and intangibles acquisitions for the current year totalled \$49,000. This expenditure primarily related to the Company's Chinese manufacturing facilities, research and development activities, and patent application costs.

Financial position

The Group had a net current asset position of \$9,617,000 as at 31 December 2024 (2023: \$12,274,000). At balance date, the Group had no external loan facilities.

The full year financial statements have been prepared on a going concern basis of accounting, which assumes the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business. The Board is committed to making the Group profitable and cash positive and will continue to revise its strategy to best meet its objectives. The Board believes that any contingent liabilities that may arise from the AFP investigation into the actions of former officers or potential class actions should not impact the current going concern assessment.

Phoslock Environmental Technologies Limited
Statement of profit or loss and other comprehensive income
For the year ended 31 December 2024



	Note	Consolidated 2024 \$'000	2023 \$'000
Revenue			
Sales revenue	2	757	3,392
Cost of sales		(706)	(1,650)
Gross profit		51	1,742
Other income		555	385
Interest revenue calculated using the effective interest method		89	163
Expenses			
Distribution		(194)	(62)
Marketing		(14)	(249)
Occupancy		(7)	(80)
Director, listing and professional fees		(1,519)	(4,141)
Administration		(1,784)	(5,752)
Reversal of impairment of receivables	4	-	6,089
Impairment of assets	3	99	(126)
Finance costs	3	(15)	(25)
Loss before income tax expense		(2,739)	(2,056)
Income tax expense		-	-
Loss after income tax expense for the year attributable to the owners of Phoslock Environmental Technologies Limited		(2,739)	(2,056)
Other comprehensive income/(loss)			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		109	(349)
Other comprehensive income/(loss) for the year, net of tax		109	(349)
Total comprehensive loss for the year attributable to the owners of Phoslock Environmental Technologies Limited		(2,630)	(2,405)
		Cents	Cents
Basic earnings per share	8	(0.44)	(0.33)
Diluted earnings per share	8	(0.44)	(0.33)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Phoslock Environmental Technologies Limited
Statement of financial position
As at 31 December 2024



Assets

Current assets

Cash and cash equivalents		7,859	10,622
Trade and other receivables	4	376	1,531
Inventories	5	2,019	1,769
Financial assets		100	100
Other assets		403	419
Total current assets		10,757	14,441

Total assets

10,757 **14,441**

Liabilities

Current liabilities

Trade and other payables		713	1,190
Contract liabilities		2	9
Lease liabilities		367	342
Employee benefits		58	440
Provisions		-	186
Total current liabilities		1,140	2,167

Non-current liabilities

Employee benefits		11	38
Total non-current liabilities		11	38

Total liabilities

1,151 **2,205**

Net assets

9,606 **12,236**

Equity

Issued capital		92,398	92,398
Reserves		888	779
Accumulated losses		(83,680)	(80,941)

Total equity

9,606 **12,236**

The above statement of financial position should be read in conjunction with the accompanying notes

Phoslock Environmental Technologies Limited
Statement of changes in equity
For the year ended 31 December 2024



Consolidated

	Issued capital \$'000	Foreign currency translation reserves \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 January 2023	92,398	1,128	(78,885)	14,641
Loss after income tax expense for the year	-	-	(2,056)	(2,056)
Other comprehensive loss for the year, net of tax	-	(349)	-	(349)
Total comprehensive loss for the year	-	(349)	(2,056)	(2,405)
Balance at 31 December 2023	<u>92,398</u>	<u>779</u>	<u>(80,941)</u>	<u>12,236</u>

Consolidated

	Issued capital \$'000	Foreign currency translation reserves \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 January 2024	92,398	779	(80,941)	12,236
Loss after income tax expense for the year	-	-	(2,739)	(2,739)
Other comprehensive income for the year, net of tax	-	109	-	109
Total comprehensive income/(loss) for the year	-	109	(2,739)	(2,630)
Balance at 31 December 2024	<u>92,398</u>	<u>888</u>	<u>(83,680)</u>	<u>9,606</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

Phoslock Environmental Technologies Limited
Statement of cash flows
For the year ended 31 December 2024



Cash flows from operating activities

Note	Consolidated 2024 \$'000	2023 \$'000
	2,079	8,502
Receipts from customers (inclusive of GST)	-	140
Receipts from research and development grant and other income	(5,019)	(11,419)
Payments to suppliers and employees (inclusive of GST)	89	153
Interest received		
Net cash used in operating activities	7 (2,851)	(2,624)

Cash flows from investing activities

	(32)	(440)
Payments for property, plant and equipment	(17)	(93)
Payments for intangibles		
Net cash used in investing activities	(49)	(533)

Cash flows from financing activities

	(355)	(561)
Proceeds/(repayment) of leases		
Net cash used in financing activities	(355)	(561)

	(3,255)	(3,718)
Net decrease in cash and cash equivalents	10,622	14,456
Cash and cash equivalents at the beginning of the financial year	492	(116)
Effects of exchange rate changes on cash and cash equivalents		

Cash and cash equivalents at the end of the financial year	7,859	10,622
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The above statement of cash flows should be read in conjunction with the accompanying notes



Note 1. Operating segments

Identification of reportable operating segments

The Group is organised into four operating segments based on geographical areas: Australia/NZ, Europe/UK, US/Canada/Brazil and China. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Maker ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The CODM reviews Underlying EBIT (earnings before interest and tax adjusted for non-cash items). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on a monthly basis.

Intersegment transactions

Intersegment sales were made at an internally determined transfer price. The price is based on what would be realised in the event the sale was made to an external party at arm's-length. Intersegment sales are eliminated on consolidation.

Corporate charges are allocated to reporting segments based on the segment's overall proportion of revenue generation within the Group. The Board believes this is representative of likely consumption of head office expenditure that should be used in assessing segment performance and cost recoveries.

Intersegment receivables, payables and loans

Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

Major customers

During the year ended 31 December 2024, approximately 50% of the Group's external revenue was derived from sales to 3 customers (31 December 2023: approximately 61% of the Group's external revenue was derived from sales to one customer).



Note 1. Operating segments (continued)

Operating segment information

Consolidated - 2024	Australia/NZ \$'000	Europe/UK \$'000	US/Canada/ Brazil \$'000	China \$'000	Eliminations \$'000	Total \$'000
Revenue						
Sales to external customers	230	75	437	15	-	757
Intersegment sales	-	-	-	-	-	-
Total revenue	230	75	437	15	-	757
Underlying EBIT	(2,146)	(305)	(404)	(286)	(267)	(3,408)
Interest revenue	67	-	-	22	-	89
Gain on remeasurement of lease liabilities	-	-	-	-	-	-
Reversal of impairment of receivables	-	-	-	-	-	-
Impairment of assets	(10)	-	154	(45)	-	99
Foreign exchange gain/(loss)	506	(10)	-	-	-	496
Finance costs	82	-	(81)	(16)	-	(15)
Loss before income tax expense	(1,501)	(315)	(331)	(325)	(267)	(2,739)
Income tax expense						-
Loss after income tax expense						(2,739)
Assets						
Segment assets	8,440	672	887	1,490	(732)	10,757
Total assets						10,757
Liabilities						
Segment liabilities	3,904	404	2,322	6,740	(12,219)	1,151
Total liabilities						1,151



Note 1. Operating segments (continued)

Consolidated - 2023	Australia/NZ \$'000	Europe/UK \$'000	US/Canada/ Brazil \$'000	China \$'000	Eliminations \$'000	Total \$'000
Revenue						
Sales to external customers	172	298	2,785	137	-	3,392
Intersegment sales	371	-	-	1,434	(1,805)	-
Total sales revenue	543	298	2,785	1,571	(1,805)	3,392
Interest revenue	241	-	-	13	(91)	163
Total revenue	784	298	2,785	1,584	(1,896)	3,555
Underlying EBIT	(7,031)	(1,062)	103	(284)	55	(8,219)
Interest revenue	241	-	-	13	(91)	163
Gain on remeasurement of lease liabilities	140	-	-	-	-	140
Reversal of impairment of receivables	-	-	-	6,089	-	6,089
Impairment of assets	(110)	(3)	93	(106)	-	(126)
Foreign exchange loss	(70)	(9)	-	1	-	(78)
Finance costs	(5)	-	(74)	(20)	74	(25)
Profit/(loss) before income tax expense	(6,835)	(1,074)	122	5,693	38	(2,056)
Income tax expense						-
Loss after income tax expense						(2,056)
Assets						
Segment assets	6,842	1,014	854	6,492	(761)	14,441
Total assets						14,441
Liabilities						
Segment liabilities	3,987	489	1,902	3,765	(7,938)	2,205
Total liabilities						2,205

Note 2. Revenue

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	Consolidated	
	2024 \$'000	2023 \$'000
Geographical regions		
Australia/NZ	230	172
Europe/UK	75	298
US/Canada/Brazil	437	2,785
China	15	137
	757	3,392
Timing of revenue recognition		
Goods transferred at a point in time	729	3,294
Services transferred at a point in time	28	98
	757	3,392



Note 2. Revenue (continued)

Seasonality of operations

The Group's sale of goods segment is subject to seasonal fluctuations as a result of weather conditions. In particular, the sales and application of Phoslock® in northern China and European regions are affected by the winter weather conditions, which occur primarily from November to February.

Note 3. Expenses

	Consolidated	
	2024	2023
	\$'000	\$'000
Loss before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Plant and equipment	-	5
Buildings right-of-use assets	-	76
Office equipment right-of-use assets	-	1
Total depreciation	-	82
<i>Amortisation</i>		
Patents	21	20
Total depreciation and amortisation	21	102
<i>Impairment expense/(reversal)</i>		
Inventories	(501)	(75)
Plant and equipment	-	227
Rights-of-use assets	405	(77)
Patents	(3)	51
Total impairment expense/(reversal)	(99)	126
<i>Finance costs</i>		
Interest and finance charges paid/payable on lease liabilities	15	25
<i>Net foreign exchange loss</i>		
Net foreign exchange (gain)/loss	(496)	78
<i>Leases</i>		
Short-term lease payments	5	80
<i>Employee benefits expense</i>		
Employee benefits expense excluding superannuation	1,144	4,344
Defined contribution superannuation expense	26	205
Total employee benefit expense	1,170	4,549



Note 4. Trade and other receivables

	Consolidated	
	2024 \$'000	2023 \$'000
<i>Current assets</i>		
Trade receivables	389	1,543
Less: Allowance for expected credit losses	(13)	(12)
	<u>376</u>	<u>1,531</u>

The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

Consolidated	Carrying amount		Allowance for expected credit losses	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Not overdue	368	1,357	-	-
3 to 6 months overdue	6	153	-	-
Over 6 months overdue	15	33	13	12
	<u>389</u>	<u>1,543</u>	<u>13</u>	<u>12</u>

Note 5. Inventories

	Consolidated	
	2024 \$'000	2023 \$'000
<i>Current assets</i>		
Raw materials - at cost	892	840
Less: Provision for impairment	(587)	(549)
	<u>305</u>	<u>291</u>
Finished goods - at cost	2,791	2,956
Less: Provision for impairment	(1,077)	(1,478)
	<u>1,714</u>	<u>1,478</u>
	<u>2,019</u>	<u>1,769</u>

Note 6. Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.



Note 7. Cash flow information

Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	2024	2023
	\$'000	\$'000
Loss after income tax expense for the year	(2,739)	(2,056)
Adjustments for:		
Depreciation and amortisation	21	102
(Reversals) of impairment of receivables	-	(6,089)
Impairment of assets	(99)	126
Change in operating assets and liabilities:		
Decrease in trade and other receivables	1,155	5,269
Decrease/(increase) in inventories	(126)	727
(Increase) in prepayments and other assets	16	(45)
(Decrease) in trade and other payables	(477)	(914)
(Decrease)/increase in contract liabilities	(7)	7
(Decrease) in employee benefits	(409)	251
Decrease in other provisions	(186)	(2)
Net cash used in operating activities	<u>(2,851)</u>	<u>(2,624)</u>

Changes in liabilities arising from financing activities

	Consolidated	
		Lease
		liabilities
		\$'000
Balance at 1 January 2023		955
Net cash used in financing activities		(561)
Lease modifications/ new lease		(77)
Finance costs		25
Balance at 31 December 2023		342
Net cash used in financing activities		(355)
Lease modifications/ new lease		365
Finance costs		15
Balance at 31 December 2024		<u>367</u>

Note 8. Earnings per share

	Consolidated	
	2024	2023
	\$'000	\$'000
Loss after income tax attributable to the owners of Phoslock Environmental Technologies Limited	<u>(2,739)</u>	<u>(2,056)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>624,390,509</u>	<u>624,390,509</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>624,390,509</u>	<u>624,390,509</u>



Note 8. Earnings per share (continued)

	Cents	Cents
Basic earnings per share	(0.44)	(0.33)
Diluted earnings per share	(0.44)	(0.33)

2,700,000 (2023: 2,700,000) supplier performance rights were excluded from the weighted average number of ordinary shares used in calculating diluted earnings per share as they were anti-dilutive.