

Company announcement

Release date 22 April 2025

March 2025 Quarterly Activities Report and Appendix 4C

Financial

The cashflow deficit from operating activities approximated \$950,000 in the March quarter, considerably better than the deficit of \$1,880,000 experienced in the previous corresponding period but somewhat higher than the deficits of between \$400,000 and \$600,000 recorded in the previous three quarters.

Within the deficit from operating activities, sales receipts from customers were \$654,000 of which over 50% was received from Brazilian distributor Hydro Science. Operating cash outflows of \$1,613,000 included payments for insurances of \$431,000 and lease payments of \$303,000 for the China factory, which were largely annual in nature.

The cash position on 31 March was \$6.8m, down slightly over \$1.0m during the quarter.

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 directors' fees (including superannuation) paid to non-executive directors.

Operations

During the Quarter sales increased to 383 tonnes, more than the 227 tonnes sold during the entire previous year. Shipments to our distributors in Brazil and the USA accounted for 65% and 21% of sales volumes, respectively, while Europe accounted for most of the balance.

Inventory at 31 March was 1,999 tonnes of which China accounted for 1,194 tonnes and Belgium 532 tonnes.



It is possible that sales in the June quarter could exceed those in the March quarter but it would need a couple of relatively large European orders each of greater than 100 tonnes to achieve this. There are also some strong possibilities for later in the year. Production in China would need to resume by the end of the year if these potential sales are converted to confirmed orders and accordingly the factory is being refurbished in order to place it in a state of readiness.

During the quarter R&D efforts in China continued. Upon more detailed testing it was found that the three new lanthanum modified bentonite products we had been working on were not as good as was thought initially. Research is underway on other products taking a different approach.

In the last few weeks US import tariffs on Chinese goods have been boosted to well over 100%. If this remains the case then sales to our US distributor beyond the current inventory of 152 tonnes would be under threat. Various options to cater for the US market are being examined, including small-scale toll manufacturing using locally sourced materials.

Corporate

Following release of the financial statements for the half year to 30 June 2024 and for the year to 31 December 2024, the Directors have requested that ASX lift the suspension on the shares.

Phoslock continues to address legacy legal matters, including a class action proceeding filed by the Banton Group on behalf of shareholders. While we cannot predict the outcome of these matters, we are fully committed to complying with all regulatory requirements and defending the company's interests.

This announcement has been approved by the Chairman.

Mr Fred Bart
Chairman

– end –

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")

March 2025

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
331 Cash flows from operating activities		
-		
1.1 Receipts from customers	654	654
1.2 Payments for		
(a) research and development	(46)	(46)
(b) product manufacturing and operating costs	(214)	(214)
(c) advertising and marketing	-	-
(d) leased assets	(303)	(303)
(e) staff costs	(341)	(341)
(f) administration and corporate costs	(708)	(708)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	6	6
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	(952)	(952)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	(19)	(19)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 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	(19)	(19)

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	7,859	7,859
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(952)	(952)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(19)	(19)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 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	(55)	(55)
4.6	Cash and cash equivalents at end of period	6,833	6,833

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	2,202	2,051
5.2	Call deposits	4,631	5,808
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)	6,833	7,859

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
-
-

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 are included investor relations service provided by associates of directors, and rent payment to a related parties' entity.

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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)	(952)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	6,833
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	6,833
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	7

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

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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.

22 April 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.