

Company announcement

Release date 17 October 2024

September 2024 Quarterly Activities Report and Appendix 4C

Financial

Cash outflows from operating activities were \$357,000 in the September quarter 2024 compared with outflows of \$391,000 in the June quarter 2024 and \$1,881,745 in the March quarter 2024.

Much of the improvement is due to higher receipts from customers, which were \$940,000 in the September quarter compared with \$463,000 in the June quarter and \$189,000 in the March quarter. The biggest component of these receipts were payments made by Hydro Science for purchases of Phoslock during the December quarter 2023.

Outside of receipts, operating cash outflows of \$1.3m were considerably lower than the \$2.1m seen in the March quarter but were higher than the \$0.9m of outflows in the June quarter, due primarily to higher legal fees and to annual payment of audit fees.

The only other significant cash flow item was the return of the \$2.0m invested in the previous quarter with Beradee Pty Ltd, a company associated with the chairman, Fred Bart.

The cash position on 30 September 2024 was \$7.9m.

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 and salary (including superannuation) paid to the executive director.

Operations

Sales in the quarter were disappointing at just 29 tonnes, taking the YTD total to 195 tonnes. The sales were mainly for an application at the Narrows Lakes in Perth, while smaller sales were achieved in China and Europe. There were no sales in the USA, and none in Brazil because Hydro Science is still selling the large inventory holding it had at the beginning of the year.



Inventory at 30 September was 2,416 tonnes of which China accounted for 1,842 tonnes. Sales are expected to increase sharply in the December quarter, especially in Europe, and in addition Hydro Science in Brazil may decide to replenish its inventories.

Corporate

Graeme Newing was appointed Chief Executive Officer on 4 September.

The 2023 accounts were released on 13 September, with the company once again recognised as a going concern. Phoslock shares remain suspended from trading on the ASX platform pending release of the financial report for the half year ended 30 June 2024. 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 Class Action being bought by lawyers Levitt Robinson on behalf of a shareholder is proceeding through the Preliminary Discovery phase. In addition, documents relating to a Class Action by the Banton Group of lawyers were received in September. Both actions are focused on events that occurred some years ago. 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 and has an office, factory and warehouse in Changxing, China. The Company is represented by licensees, distributors and agents in numerous other countries including HydroScience in Brazil.

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.phoslock.com.au

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")

September 2024

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (9 months) \$A'000 |
|---|---|------------------------------------|--|
| 331 | Cash flows from operating activities | | |
| | . | | |
| 1.1 | Receipts from customers | 941 | 1,592 |
| 1.2 | Payments for | | |
| | (a) research and development | - | (77) |
| | (b) product manufacturing and operating costs | (121) | (269) |
| | (c) advertising and marketing | (1) | (13) |
| | (d) leased assets | (31) | (324) |
| | (e) staff costs | (320) | (1,326) |
| | (f) administration and corporate costs | (849) | (2,288) |
| 1.3 | Dividends received (see note 3) | - | - |
| 1.4 | Interest received | 24 | 74 |
| 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 | (357) | (2,631) |

| | | | |
|-----------|---|-----|------|
| 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 | (2) | (10) |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (9 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 | 2,000 | - |
| 2.4 | Dividends received (see note 3) | - | - |
| 2.5 | Other (provide details if material) | - | - |
| 2.6 | Net cash from / (used in) investing activities | (1,998) | (42) |

| | | | |
|-------------|---|----------|----------|
| 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 | 6,368 | 10,623 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (357) | (2,631) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | 1,998 | (42) |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (9 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 | (76) | (17) |
| 4.6 | Cash and cash equivalents at end of period | 7,933 | 7,933 |

| 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 | 2,505 | 1,773 |
| 5.2 | Call deposits | 5,428 | 4,595 |
| 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) | 7,933 | 6,368 |

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**

(79)

2,000

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 include director's fees (including superannuation) paid to non-executive directors and salary (including superannuation) paid to the executive director.

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

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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) | (357) |
| 8.2 Cash and cash equivalents at quarter end (Item 4.6) | 7,933 |
| 8.3 Unused finance facilities available at quarter end (Item 7.5) | - |
| 8.4 Total available funding (Item 8.2 + Item 8.3) | 7,933 |
| 8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1) | 22 |

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.

17 October 2024

Date:

The Board

Authorised by:

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.