

ASX Announcement

30 April 2021

March 2021 Quarterly Update

Phoslock Environmental Technologies (ASX:PET) today provided a trading update for the quarter ending 31 March 2021.

Financials

PET's quarterly cash flow report shows \$3.7m in outflows from operating activities during the period. This is slightly higher than the prior period (\$3.5m) primarily due to lower collections, higher staff costs due to one-off separations and higher tax payments as we continue to resolve legacy tax issues. Q1 also had continued outflows associated with the Board investigation and audit fees to complete the year, albeit lower than the December 2020 quarter.

The Company closed the quarter with cash and cash equivalents of \$26.7 million.

Business Update

Given the seasonality associated with the business, this quarter is typically a relatively quiet trading period. Sales of approximately \$700,000 were made in the period with the majority relating to ongoing projects in Brazil, along with Europe, China and smaller retail sales in ANZ.

The City of Rotterdam (Netherlands) issued an approval for a treatment scheduled to commence later in the year and contracts were also signed in relation to upcoming treatments in Denmark and Brazil.

The North American team continued to pursue positive leads in Florida and Texas, capitalising on the successful trial works at Morrison Lake (Michigan). The Company appointed a new US based commercial manager, Harry Knight and a US subsidiary was established.

During the quarter, a new General Manager (Del Liu) was appointed to lead the China business. This is a key appointment in the restructure of our China operations. The lease on PET's factory and warehouse in Changxing was successfully renegotiated and production scheduling was reviewed to ensure working capital is managed efficiently.

COVID related impacts continued to restrict travel and business development activity, particularly in Europe.

Subsequent Events

Subsequent to the end of the March quarter, the Company received the Phase 1 payment (\$A 0.5 million) relating to works completed at Xingyun Lake in China. Given circumstances and uncertainties at the time, the receivable relating to the full payment for this work was impaired in the first half of the 2020 financial year. Although this recent part-payment is a positive outcome, it is for initial work, not the bulk of the project application. The company is yet to receive written confirmation of the receivable from the customer, or acknowledgment that it is past due, despite several requests to that effect.

Outlook

The focus of the Board and Management remains on the reset of the China business, which is progressing well, and the development of new opportunities in other markets around the world. Trial



ASX Code: **PET**
Share Price: **A\$0.245**
52 Week High: **A\$0.58**
52 Week Low: **A\$0.19**
Issued Shares: **625.0m**
Market Cap: **A\$153m**

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BLOG on Water Issues:

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work continues in a number of regions and discussions are ongoing in relation to new projects that are expected to be secured and to commence within the current financial year.

This announcement has been approved by the Managing Director and Chairman

Matthew Parker
Company Secretary

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ABOUT PHOSLOCK ENVIRONMENTAL TECHNOLOGIES LIMITED (PET)

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

Headquartered in Melbourne, PET has offices in Brisbane, Beijing, Bremen (Europe) and Manchester (UK). PET also has registered entities in Canada and the USA and manufacturing operations based in Changxing, China. PET is represented by licensees, distributors, and agents in ten other countries including SePRO Corporation in the United States and HydroScience in Brazil.

Phoslock® is a proprietary and unique water treatment product that permanently binds excess phosphorus in the water column and sediments.

Phoslock® is certified to be used in drinking water in North America, Europe, Brazil, Australia, and China. Along with Phoslock®, PET also supplies zeolites and specialised strains of bacteria that address water pollution issues.

For more information visit **www.phoslock.com.au**