

Company announcement

Release date 28 February 2022

PET reports unaudited full year results to December 2021

- Fully audited 12 month results expected to be released on March 11 2022
- Separately audited FY21 second half results also to be released on March 11 2022 in support of re-listing endeavours
- FY21 review and business update webinar scheduled for March 24 2022

Phoslock Environmental Technologies (ASX:PET) today reported interim unaudited financial results for the 12 months ending December 2021. The Company anticipates that fully audited results for the 12 month period will be completed and released on March 11. At the same time the Company will also release fully audited results for the second half of the 2021 financial year (period of July 1 – December 31). The decision to have the second half results separately audited relates to the Company's endeavours to meet ASX requirements for the re-listing of PET shares

Key Financial Results (Unaudited)	12 months to 31 Dec 2021	12 months to 31 Dec 2020
Revenues	\$6.3 million	\$6.9 million
Gross Profit	\$3.6 million	\$4.1 million
Underlying EBIT ¹	(\$7.9) million	\$(7.3) million
NPAT ²	(\$3.9) million	\$(25.5) million
Net Operating Cash Flow	(\$6.9) million	\$(12.6) million

1. Underlying Earnings/(Loss) Before Interest/Finance Costs and Tax
2. Net Operating Profit/(Loss) after Tax

* 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 affect to the underlying performance of the business. The Company believes that presenting Underlying EBIT provides a better understanding of its financial performance by facilitating a more representative comparison of financial performance between financial periods.

FY21 revenues were \$6.3 million, down 8.4% on the \$6.9 million in revenues reported for FY20. Gross Profit was \$3.6 million (FY20: \$4.1 million), with a slight reduction in gross profit margin at 57% (FY20: 60%). Underlying EBIT¹ was a loss of \$7.9 million, compared to a loss of \$7.3 million on the prior year and Net Profit after Tax (NPAT²) was a loss of \$3.9 million, compared to a loss of \$25.5 million in FY20, which was impacted by one-off impairments relating to the write-down of various assets.



The Company's operating results were impacted by the ongoing disruptions and delays relating to the COVID pandemic and by continuing costs associated with the investigation of, and response to, previously disclosed fraud and mismanagement issues. These included restructuring, legal and audit expenses, consistent with the Company's objective to lift the suspension of trading on the ASX.

Higher costs were also incurred due to reviews of the Company's R&D program and manufacturing and supply chain strategy. Significant progress has been made in these two areas and will be discussed in detail at the shareholder webinar planned for March 24.

Receipts from customers came primarily from the previously announced contract to remediate Kralingse Plus Lake, in the city of Rotterdam, The Netherlands. The business also secured payments from a number of Australian customers including the Gold Coast council, Hydrosience in Brazil, Sepro in the USA and a number of smaller customers in China.

FY21 revenues were generated from projects in Europe (65% of total); The Americas (17%); China (13%) and Australia/New Zealand (5%), demonstrating the broader geographical split of our business.

PET's CEO and Managing Director, Lachlan McKinnon, said FY21 was another challenging period for the Company, but one in which a great deal had been achieved to reset the business and position it for future growth.

"While much of our time and attention was directed towards completing the investigations and addressing the issues that arose, we were also able to undertake comprehensive reviews of key areas of our operations, rebuild and strengthen our capabilities through important new management appointments, and execute on our strategy of building the profile of Phoslock® and developing new commercial opportunities across all of our target regions around the world."

Mr McKinnon said high profile contracts such as the just completed Kralingse Plus Lake project, in the city of Rotterdam, reaffirms the competitive advantage and technical merits of Phoslock® applications.

"This was our largest contract in Europe to date and was awarded after a comprehensive review by the Rotterdam authorities of all available remediation options. It will serve to lift our profile in Europe as we continue to build our presence and seek additional opportunities."

Mr McKinnon said the market for PET products and services continues to grow, with water quality issues likely to be prioritised as COVID impacts begin to recede.

"We approach 2022 with a renewed enthusiasm, a focused growth strategy and a team of capable and committed people."

PET is continuing to engage with the ASX in relation to the reinstatement of its shares. The additional audit of the Company's FY21 second half results has been undertaken to support those endeavours and shareholders will be advised of this progress at the webinar on March 24.

PET will host a webinar to discuss the FY21 results and outlook at 11.00 am on March 24. Details on how to participate in the webinar will be posted to the company website ahead of that time: www.phoslock.com.au.

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About 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 numerous other countries, including Hydrosience 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 for use 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.

www.phoslock.com.au