



Returning Waterways to Health

World leaders in water remediation



TCN's Emerging ASX Gems – Nov 2022
Lachlan McKinnon , MD & CEO



Disclaimer

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About PET: Phoslock Environmental Technologies



A global leader in the treatment and remediation of water impacted by excessive levels of phosphorous.



- PET is an Australian company that has been operating in environmental water remediation for more than 20 years
- Global footprint with a team of 22 full time staff plus numerous agents, licensees and distributors
- Headquartered in Melbourne, Australia and listed on the Australian Securities Exchange (ASX Code: PET)
- Flagship proprietary product is Phoslock® - originally developed by the CSIRO - which binds phosphorus so it settles in an environmentally benign state
- Recent additional product "Phosflow" for flowing water P binding
- Extensively assessed by independent experts - over 100 peer reviewed scientific publications
- Distinct advantages over competitive treatments
- More than 300 successful applications globally to date

A global challenge

Nutrient load is a widespread problem which affects water bodies worldwide. It is a natural phenomenon which usually occurs over centuries, as water bodies fill with sediments.

Human activity accelerates this process.

“Phosphorus is the most common cause of water quality failures under the WFD in England and is the number one reason for waterbodies not achieving good ecological status”.

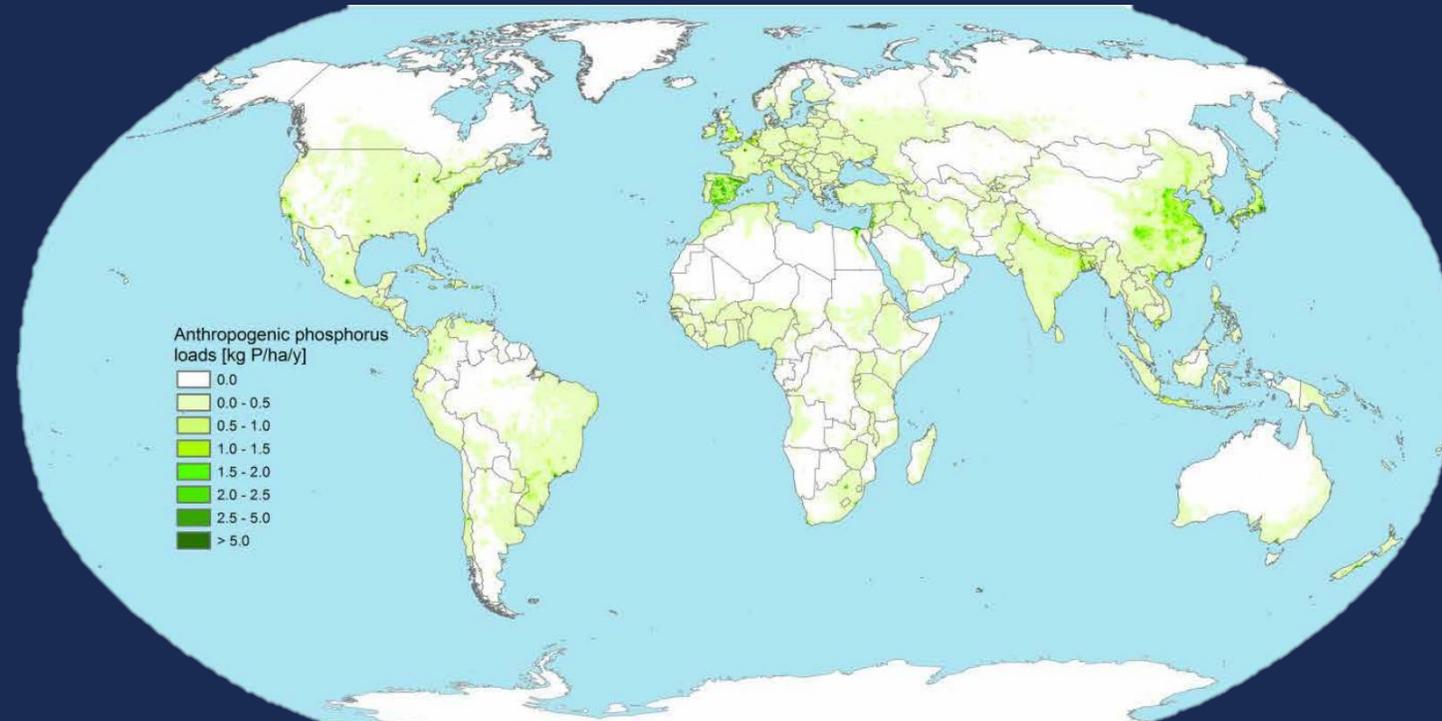
European Environment Agency (2019).





Global phosphorus pollution

Phosphorus pollution is a global issue



Brownlie et al., (2022) *Our Phosphorus future*.

71% of lakes in the United States have impaired water quality

Haque (2021). *Sustainability*, 13(12): 6565

~40% of lakes under the remit of the Water Framework Directive (WFD) fail ecological quality targets

European Parliament (2000).

“Phosphorus is the most common cause of water quality failures under the WFD in England and is the number one reason for waterbodies not achieving good ecological status”.

European Environment Agency (2019).

>83% of freshwater habitats in the European Union are classed as being in unfavourable condition (higher than any other ecological type)

European Environment Agency (2015).



A proven technology and an economic solution

PHOSLOCK®

- Our flagship product - a unique fresh waterbodies remediation management tool.
- It improves ecological structure and function in waterbodies.
- Developed by the CSIRO in the 1990s.
- Once applied to water, Phoslock® binds available phosphorus and makes it inert within the system.
- It has been extensively researched by independent experts as having distinct advantages over other competitive in-lake phosphorus control treatments.



Over the past 25 years, Phoslock® has been applied to more than 300 waterbodies, including lakes, ponds, reservoirs, impounded rivers, and brackish and saline waters and used in more than 20 countries.



A “total water solutions” provider

Phosflow™

- A solution to help reduce the amount of nutrients before entering waterbodies and waterways.
- It can be used across a number of both diffuse and point sources, such as:

Agricultural Run-off



Waterway Restoration

Livestock Run-off



Aquaculture

Stormwater Management



Wastewater Treatment



- Significant potential as another measure in global water remediation , particularly flowing water applications
- Allows for restoration within new sectors previously not engaged
- Potential to be re-generated and the phosphorus recycled to be used as a slow release fertiliser

Sales Strategy Key Drivers

Customer &
Commercial



Manufacturing
& Supply Chain



Research &
Development



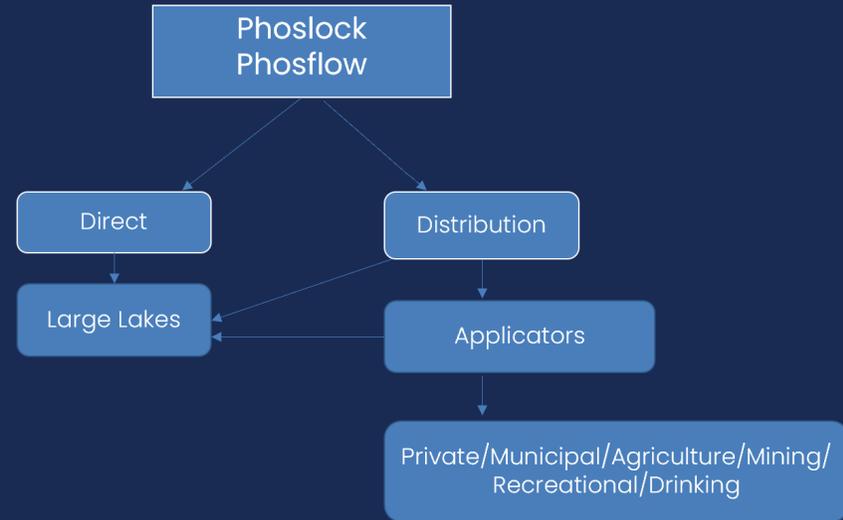
People,
Performance &
Culture



Customer & commercial

Expanding our market reach

- We are in the process of transitioning to a 'distribution-led' go-to-market model in all regions, complemented by 'direct' sales to the 'large lakes' segment;
- Distribution relationships have been established in South America (Brazil and Uruguay) with other regional markets to follow); Europe (multiple distributors servicing country markets and market segments); and the US. We are in the process of identifying suitable distribution partnerships in ANZ and completely restructuring the China operation from a direct sales to distribution model;
- As we complete and bed-down our distribution relationships, we are reviewing our operating presence on a region to region basis in order to right-size our structure and ensure we have appropriate commercial oversight and management in place.



Targeting market segments that generate more accessible, reliable and repeatable business

- Previous focus on large lake projects has proven to be unpredictable, 'lumpy', business which has been disproportionately impacted by funding delays and constraints relating to COVID;
- Our new distribution network is focused on smaller, but more accessible, reliable and repeatable projects involving nutrient control in smaller drinking water catchments/reservoirs, private waterways, golf courses, recreational water, treatment plants and operations , mining and water reclamation;
- Securing the rights to Phosflow opens up a large new market segment for PET – flowable remediation and nutrient control projects;
- Larger lake projects will remain a target for PET, but these are likely to continue to be difficult to forecast from a timing perspective.





Canada

Subsidiary

Pending registration – multiple large projects on standby

USA

Commercial Lead and Sales

Manufacturing MOU signed for Western hemisphere manufacture

Multiple distribution agreements in place for repeatable non lake segment

Ongoing trial work with US Army Corp of Engineers and City of Orlando

Multiple large lake projects

Europe

Commercial Manager (UK)

Head of Aquatic Science (Scotland)

Agreements signed with distributors and partners in the UK (SSI), Germany, Spain; pending in France and Italy

Significant Large Lake projects in Finland, Norway, Germany and the Netherlands

Brazil

Distribution licensee - Hydroscience

Multiple projects on going and developing in Brazil

New distribution partner in Uruguay

China

Manufacturing & R&D (Changxing)

Whole sale sales model / distribution and water engineering partnerships

Australia / New Zealand

Corporate Office (Melbourne)

R&D, Operations, Finance, Sales

Segments developing in Mining, water remediation partnerships – private sector distribution agreements.

Large Lake opportunities require funding

Sales Agent and Application (NZ)

Total Staff 22

Global Operating Presence

R&D program is targeting new growth opportunities

Focus has been on products for treatment of flowing water – a new market segment, allowing PET to provide total solutions

- Phosflow, a patented product proven to be effective in the removal of phosphorus from freshwater sources including stormwater, agricultural runoff and municipal waste water
 - Exclusive global distribution agreement signed July 2022
 - To be distributed via PET sales channels and distribution partners
 - Represents medium to long term opportunity as market development continues

Additional flowing water opportunities

- Other lanthanum impregnated substrates
- Other metal impregnated Activated Carbon Impregnated Activated Carbon
- Nitrogen capture

Enhancement of Phoslock®

- Phoslock® Eco
- Phoslock® Plus

Alternative/New Uses for Phoslock®/Phosflow™

- Dredging
- Mining
- Mechanical Harvesting



1H FY22 Project/commercial activity in review



Australia / New Zealand

Projects completed in Western Australia

Trial work undertaken in multiple locations around Australia – mining and dredging (Phoslock & Phosflow)

Auckland remediation works project delayed until second half

China

Focus on business reset and determining optimum business model to balance opportunities with risks

Few smaller projects completed in the 1st half

Multiple projects initiated but slow uptake

COVID restrictions impacted sales opportunities

Europe

Profile builds following successful completion of Netherlands project at Kraslingse Plas – several smaller projects secured for 2nd half applications

Treatments completed in Scotland and Nordics

New distributors appointed in Spain, Germany, UK

New UK partnership with SSI (part of South Staffs Water)

South America

Hydroscience (Brazil distributor) placed orders for 400 tonnes of Phoslock in 1st half; work continues on Pampulha project and several drinking water reservoirs

Approval secured for Uruguay application scheduled for 2nd half

Developments underway by Ecuador's largest shrimp producer – important new market segment

North America

Review of distribution strategy; new senior commercial role being filled

Distribution agreements signed

Good progress made with trial work in Florida and with US Army Corps of Engineers

Focus on market development targeting local, state and federal agencies

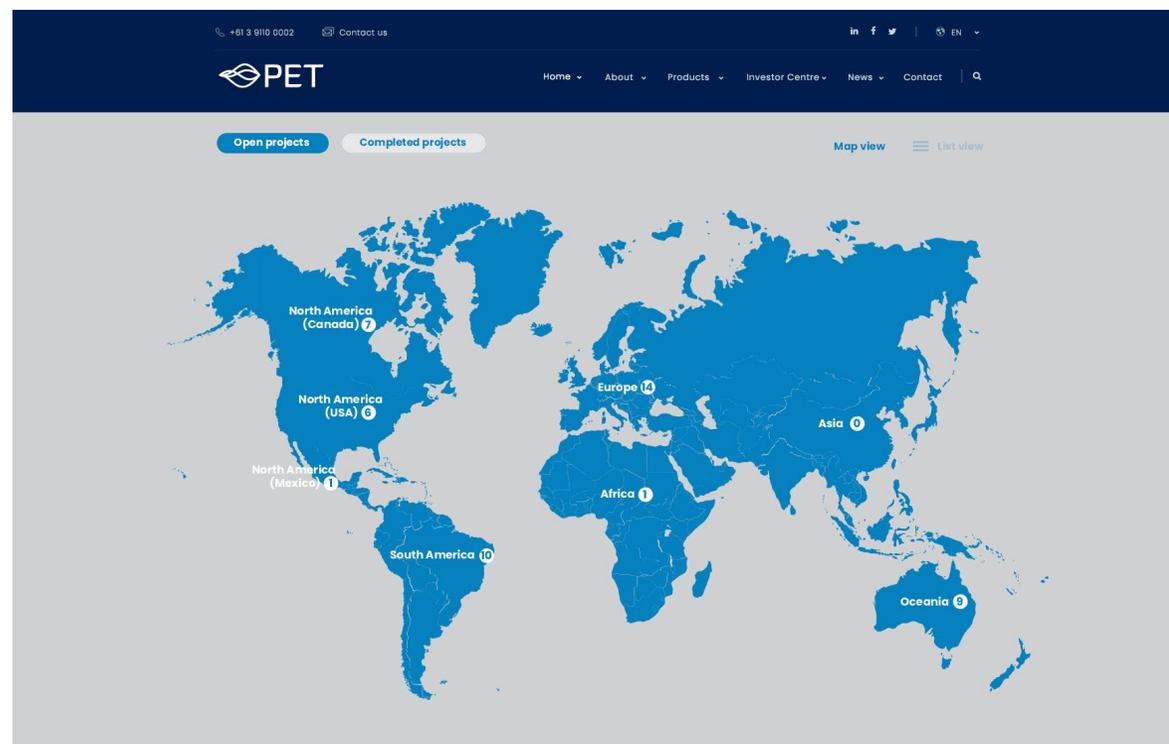
Continued to address regulatory issues in Canada



New web page for Open Projects across the globe

To provide stakeholders a greater transparency and better insight into PET's pre-contracted and in-progress projects a new web page is being developed:

- The Open Projects will be displayed using an interactive map interface
- A clear and simple way of presenting the projects with the idea to provide an insight into the work PET has underway or is currently targeting globally
- Regular updates on each project's progress and information on type, size, technology and first engagement will be available





Outlook

Key priorities

In the short to medium term the outlook remains challenging from a revenue perspective as we look to bed down our new distribution-led business model; rebuild our sales pipeline and execute on our growth strategy, while incurring some ongoing costs associated with legacy issues.

For the remainder of this year, we see opportunities in a number of our markets, especially the USA, Europe and ANZ.

The focus will be on securing 'winnable' projects that positively impact short term revenues.

We believe Phosflow and our other R&D developments complement Phoslock and provide 'total remediation solutions'.

Execute on sales strategy



- Clear focus on 'winnable' sales opportunities across target geographies as we bed down new distribution arrangements
- Review funding opportunities to develop projects faster
- Seek appropriate partnerships with other water remediation technologies



- Expedite and Execute on currently contracted projects
- Resources deployed appropriately and commensurate with sales levels



- Continue implementation of review recommendations re People & Culture; R&D;
- Manufacturing/supply chain adjustments to fit forecasted demand



- Continue to address regulatory issues in Canada



- Embed new sales model in China.

Funding Position



Management and Board are focused on cash flow while business rebuild progresses

Strong focus on redeployment of resources to support best cash generation opportunities

Abnormal costs associated with China investigations and audit reducing in second half of FY22

Cash / cash equivalents (as at 30 June 2022): \$17.5 million

Expected to close calendar year in the range \$13m-\$14m

Debt free





ASX Code: PET

Unit D, Level 2, 650 Chapel Street
South Yarra VIC 3141
AUSTRALIA

T +61 3 91100002

W www.petwatersolutions.com

Lachlan McKinnon – CEO
E lmckinnon@phoslock.com.au

Greg Slade – Investor Relations
E ir@phoslock.com.au