

Company announcement

Release date 31 August 2023

Updates on Timing and Status of Interim Accounts release; Xingyun Lake receivable and recent sales

Update of Timing and Status of Interim Accounts

Phoslock Environmental Technologies Limited (ASX:PET) (PET or the Company) advises that it expects to release its interim accounts for the six months ending 30 June 2023 no later than 8 September 2023.

Board meetings held on 10 August and 29 August 2023 reviewed various cash flow projections and the statement of financial position of the consolidated entity. The Board concluded that the ability of the Group to continue as a going concern and to meet its obligations as and when they fall due within the next 12 months depends on its ability to raise significant additional funds. While the Group continues to explore sources for funding, there is no certainty that sufficient funds will be raised. In the absence of adequate funding or alternative transactions being concluded in a timely manner, the directors intend to put a resolution to shareholders for voluntary (solvent) winding-up of the Company. As a result, the directors have determined that the going concern basis of accounting is no longer appropriate, and the interim financial statements will be prepared on a non-going concern basis.

Xingyun Lake Update

PET today advised that it has secured a part payment (RMB3 million, equating to approx. A\$642,000) in respect of a receivable associated with the Xingyun Lake project in China. The payment was made to PET's Beijing based subsidiary, Beijing Ecosystem Environmental Science and Technology Co., Ltd ("BEST") on 25 August.

This payment represents just under 10% of the principal owed (RMB33,096,529), with efforts continuing to secure the balance. The customer concerned has been subject to a court order in China, requiring payment of the full amount owing to PET. The receivable was impaired in PET's 2020 accounts. The portion received will be accounted for in the 30 June, 2023, accounts. Notwithstanding the positive outcome of a partial payment, PET is yet to receive a credible payments plan for the balance of the receivable. The recoverability of the outstanding amounts for Xingyun Lake therefore continues to be uncertain and the impairment provision remains.



Sales Update

PET also announced today that it has recently secured orders for Phoslock applications in Brazil and Finland. The combined value of these contracts is approximately \$600,000, with the applications scheduled for September. Whilst it is pleasing to secure these sales, the sales rebuild and associated revenues remain well below expectations and at a level insufficient to support the operations of the business.

This announcement has been approved by the Managing Director and Chairman

Mr David Krasnostein AM
Chairman

Mr Lachlan McKinnon
Managing Director & CEO

Matthew Parker
Company Secretary

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About PET

Phoslock Environmental Technologies Limited (ASX: PET) specialises in water treatment products to remediate nutrient polluted fresh waterbodies including, lakes, rivers, canals, municipal and private ponds, recreational and drinking water reservoirs.

Headquartered in Melbourne, PET also has offices in Shanghai and the UK, sales resources in China, ANZ, Europe and the US. PET also has registered entities in Canada, USA and Belgium, and manufacturing operations based in Changxing, China. PET is represented by licensees, distributors and agents in numerous other countries including HydroScience in Brazil.

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

Phosflow is a proprietary and unique water remediation product that removes excess phosphorus in flowing water applications.

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 solutions that address water pollution issues.

www.petwatersolutions.com.au