

Company announcement

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Court orders payment of receivable to PET subsidiary in China

Phoslock Environmental Technologies (ASX:PET) announced today that a court in China has ordered the payment of an outstanding receivable to PET's Beijing based subsidiary, Beijing Ecosystem Environmental Science and Technology Co., Ltd (abbreviated as "BEST").

At the most recent AGM, PET Chairman David Krasnostein advised shareholders that legal claims were filed in China to recover certain receivables for work completed but remained unpaid in relation to the XingYun Lake Project. The claims were launched by BEST against the defendant YuXi City Ecosystem Department ("YuXi"), in relation to the supply of Phoslock product and related application services.

Yesterday, the YuXi City People's Court handed down its judgement, granting BEST all the components of BEST's claims. Notably, the defendant was ordered to pay BEST unpaid receivables to the amount of RMB ¥ 31.9 million (approximately \$A 6.9 million) and late interest of RMB ¥ 1.2 million (approximately \$A 260,000), totalling approximately \$A 7.14 million. Unless the defendant appeals the decision, the defendant must pay to BEST the abovementioned amounts by 18 October 2022.

In addition, the defendant has been ordered to return to BEST 967 tonnes of Phoslock product previously delivered (but not yet applied), and to pay court costs.

As at 31 December 2021, the full amount of account receivables from YuXi continued to be impaired in PET's Financial Statements. It was management's judgment at the time that recoverability of outstanding account receivables from YuXi was uncertain and so warranted an impairment provision of A\$6.9 million, being the full balance owing. The settled amount of approximately A\$7.14 million will be accounted for in June 30 2022 consistent with accounting standards.

There are other smaller receivables relating to China based projects with varying degrees of overdue status (including a receivable for \$A 830,000 for the supply of ancillary products), which the relevant subsidiaries of PET will actively pursue at the appropriate time.

This announcement has been approved by the Managing Director and Chairman

Mr David Krasnostein AM
Chairman

Mr Lachlan McKinnon
Managing Director & CEO



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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, 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.

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.phoslock.com.au