

Company announcement

Release date 16 July 2025

June 2025 Quarterly Activities Report and Appendix 4C

Financial

The cashflow deficit from operating activities approximated \$474,000 in the June quarter, a little higher than the deficit of \$391,000 experienced in the prior year but lower than the deficit of \$963,000 recorded in the March 2025 quarter.

Within the deficit from operating activities, sales receipts from customers were \$823,000 of which Brazil accounted for 38%, USA 35% and Europe 25%. Operating cash outflows of \$1,305,000 included payments of \$314,000 for legal matters.

The cash position at 30 June was \$6.2m, down \$652,000 during the quarter.

In accordance with Listing Rule 4.7C, payments made to related parties and their associates included in item 6.1 of the Appendix 4C relate to directors' fees (including superannuation) paid to non-executive directors.

Operations

During the June quarter sales totaled 197t compared with 382t in the March quarter, taking the June half year to 579t. The performance in the quarter was less than expected because some projects in Europe were deferred until the second half year. Europe still accounted for 47% of sales, where the potential to supply the wastewater business in addition to the lakes business is a growing focus, while those to our distributors in Brazil, South Korea and the USA accounted for 32%, 11% and 5%, respectively.

Refurbishment of the factory in Changxing is expected to be completed in August. Resumption of production could still occur by the end of the year but is now more likely in the March quarter 2026; global inventory at 30 June was 1,806t of which China accounted for 873t.

R&D efforts in China are continuing. Several experimental products with a 10% lanthanum content have been formulated at laboratory scale, taking various approaches, and are being assessed for their P-binding efficacy and safety in different environments. Initial results are encouraging but it could be some months to determine whether these could become commercial products.



US import tariffs on Chinese goods such as Phoslock remain a concern. To recap, prior to 2018 they were duty free, but in the first Trump administration they were raised to 25%. His second term has become chaotic. Early on a 10% “reciprocal” tariff was added, taking the duty to 35%, then in April they were raised to an effective 145%, which would have made our US business unprofitable. In May a “90-day pause” saw the tariff revert to 35%. The pause will end on 19 August, after which the duty could be extended, decreased, or sharply increased, depending on progress with trade negotiations. In response we are currently shipping 210t to our Savannah warehouse to be added to its inventory, which has been reduced to 98t. A further shipment from China is being considered.

Corporate

Discussions with the ASX on lifting the suspension on the shares are continuing.

Phoslock continues to address legacy legal matters, including a class action filed by the Banton Group on behalf of certain shareholders. While we cannot predict the outcome of these matters, we are fully committed to complying with all regulatory requirements and defending the company’s interests.

This announcement has been approved by the Chairman.

Mr Fred Bart

Chairman

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About PET:

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

PET is headquartered in Sydney, has a factory and warehouse in Changxing, China, and offices in China, the UK/Europe and in the USA. The Company is represented by licensees, distributors and agents in other countries including HydroScience in Brazil and The Orion Companies in the USA.

PET’s main manufactured product is Phoslock®, a lanthanum modified bentonite (LMB) that permanently binds excess phosphorus in the water column and sediments, and thus improves water quality and biodiversity. Phoslock does not harm living organisms and is certified for use in drinking water in North America, Europe, Brazil, Australia, and China.

www.petwatersolutions.com

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

PHOSLOCK ENVIRONMENTAL TECHNOLOGIES LIMITED

ABN

88 099 555 290

Quarter ended ("current quarter")

June 2025

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
331	Cash flows from operating activities		
1.1	Receipts from customers	823	1,477
1.2	Payments for		
	(a) research and development	(16)	(62)
	(b) product manufacturing and operating costs	(282)	(496)
	(c) advertising and marketing	-	-
	(d) leased assets	(31)	(334)
	(e) staff costs	(390)	(731)
	(f) administration and corporate costs	(585)	(1,293)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	7	13
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
1.9	Net cash from / (used in) operating activities	(474)	(1,426)
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(13)	(13)
	(d) investments	-	-
	(e) intellectual property	(9)	(28)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(22)	(41)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	6,833	7,859
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(474)	(1,426)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(22)	(41)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	(156)	(211)
4.6	Cash and cash equivalents at end of period	6,181	6,181

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	4,011	2,202
5.2	Call deposits	2,170	4,631
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	6,181	6,833

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter
\$A'000**

(37)

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Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

Payments in item 6.1 relate to director's fees (including superannuation) paid to non-executive directors.

7. Financing facilities

Note: the term "facility" includes all forms of financing arrangements available to the entity.

Add notes as necessary for an understanding of the sources of finance available to the entity.

7.1 Loan facilities

7.2 Credit standby arrangements

7.3 Other (please specify)

7.4 **Total financing facilities**

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
-	-
-	-
-	-
-	-

7.5 **Unused financing facilities available at quarter end**

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7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

8. Estimated cash available for future operating activities

\$A'000

8.1 Net cash from / (used in) operating activities (Item 1.9)

(474)

8.2 Cash and cash equivalents at quarter end (Item 4.6)

6,181

8.3 Unused finance facilities available at quarter end (Item 7.5)

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8.4 Total available funding (Item 8.2 + Item 8.3)

6,181

8.5 **Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**

13

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

- Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: N/A

- Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: N/A

- Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

16 July 2025

Date:

Fred Bart

Authorised by:
(Chairman)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.