



1. Company details

Name of entity:	Phoslock Environmental Technologies Limited
ABN:	88 099 555 290
Reporting period:	For the half-year ended 30 June 2025
Previous period:	For the half-year ended 30 June 2024

2. Results for announcement to the market

			\$'000
Revenues from ordinary activities	up	147.8% to	1,425
Underlying Earnings/(Loss) Before Interest and Taxes ('Underlying EBIT')	down	17.0% to	(1,057)
Loss from ordinary activities after tax attributable to the owners of Phoslock Environmental Technologies Limited	up	79.8% to	(1,057)
Loss for the half-year attributable to the owners of Phoslock Environmental Technologies Limited	up	79.8% to	(1,057)

Dividends

There were no dividends paid, recommended or declared during the current financial period.

Comments

The loss for the Group after providing for income tax amounted to \$1,057,000 (30 June 2024: loss \$588,000)

The reconciliation of statutory net profit/(loss) after tax ('NPAT') to Underlying Earnings EBIT is outlined below:

	Consolidated 30 Jun 2025 \$'000	30 Jun 2024 \$'000
Revenue	1,425	575
Net Profit/(Loss) after Tax ('NPAT')	(1,057)	(588)
Add: Finance costs	3	22
Add: Reversal of impairment	(283)	(652)
Add: Foreign exchange loss/(gain)	293	(5)
Less: Interest revenue	(13)	(50)
Underlying EBIT*	<u>(1,057)</u>	<u>(1,273)</u>

* 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 effect to the underlying performance of the business. The directors believe that Underlying EBIT provides a better reflection of its financial performance by facilitating a more representative comparison of financial performance between financial periods.

Refer to the 'Review of operations' section in the 'Directors report' for commentary on the results.



3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	1.44	1.89

The net tangible assets calculation include the lease liabilities of \$31,000 (30 June 2024: \$30,000).

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

There were no dividends paid, recommended or declared during the current financial period.

Previous period

There were no dividends paid, recommended or declared during the previous financial period.

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report with a paragraph addressing material uncertainty related to going concern.

11. Attachments

Details of attachments (if any):

The Interim Report of Phoslock Environmental Technologies Limited for the half-year ended 30 June 2025 is attached.



12. Signed

As authorised by the Board of Directors

A handwritten signature in black ink, appearing to read 'F Bart', written over a horizontal line.

Signed _____

Date: 29 August 2025

Fred Bart
Chairman
Sydney



Phoslock Environmental Technologies Limited

ABN 88 099 555 290

Interim Report - 30 June 2025



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The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Phoslock Environmental Technologies Limited (referred to hereafter as the 'Company', 'PET' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 30 June 2025.

Directors

The following persons were directors of Phoslock Environmental Technologies Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Fred Bart - Chairman and Non-Executive Director
 Shawn van Boheemen
 Graeme Newing

Principal activities

The principal activities of the Group during the period were selling and marketing of the patented product 'Phoslock®' and providing design, engineering and project implementation solutions for water related projects and water treatment products to clean up lakes, rivers, canals, wetlands and drinking water reservoirs. The Group devotes significant resources on the evaluation and development of new water treatment products and technologies through in-house development, licensing arrangements or acquisition.

Review of operations

The loss for the Group after providing for income tax amounted to \$1,057,000 (30 June 2024: \$588,000).

Underlying Earnings/(Loss) Before Interest and Tax ('Underlying EBIT') for the year is as follows:

	Consolidated	
	30 Jun 2025	30 Jun 2024
	\$'000	\$'000
Revenue	1,425	575
Net Profit/(Loss) after Tax ('NPAT')	(1,057)	(588)
Add: Finance costs	3	22
Add: Reversal of impairment	(283)	(652)
Add: Foreign exchange loss/(gain)	293	(5)
Less: Interest revenue	(13)	(50)
Underlying EBIT*	<u>(1,057)</u>	<u>(1,273)</u>

* 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 effect to the underlying performance of the business. The directors believe that Underlying EBIT provides a better reflection of its financial performance by facilitating a more representative comparison of financial performance between financial periods.

Operating results

Revenue for the period totalled \$1,425,000, representing a 148% increase compared to \$575,000 recorded in the prior corresponding period. Growth was primarily driven by strong sales to our Brazilian distributor, which accounted for 54% of total volume and the majority of revenue. Europe and the United States also made significant contributions, while South Korea, Australia, and China contributed modestly.

The Company reported a gross profit of \$580,000 for the six months ended 30 June 2025, a substantial increase from \$8,000 in the prior corresponding period. The gross margin improved to 38%, reflecting a solid recovery in business performance during the period.

Underlying EBIT for the period was a loss of \$1,057,000 compared to loss of \$1,273,000 in the prior corresponding period.

NPAT for the six months amounted to a loss of \$1,057,000. This compared to a NPAT loss of \$588,000.



Cash Flows

Operating Cash Flow for the six months period was a cash outflow of \$1,092,000 (6 months to 30 June 2024: outflow of \$1,980,000).

Cash receipts from customers totalled \$1,477,000 up from \$651,000 from prior corresponding period. The increase reflects higher sales volumes and more effective cash collection during the period. Cash payments to suppliers, consultants and employees amounted to \$2,582,000 a slight decrease compared to \$2,681,000 in the six months ended 30 June 2024.

Capital expenditure for the six months ended 30 June 2025 totaled \$41,000 primarily related to investments in the Company's Chinese manufacturing facilities, ongoing research and development activities, and patent application costs.

During the period, \$16,000 has been capitalised to plant and equipment and written off. The carrying value of plant and equipment and rights-of-use assets is nil at the reporting date (31 December 2024: \$nil).

Financial position

The half-year financial statements have been prepared on a going concern basis. The Board remains committed to achieving profitability and positive cash flow, and believes that, based on this commitment and planned initiatives, the Group will continue as a going concern. Refer to note 2 for further details.

As at 30 June 2025, the Group's net current asset position totalled \$9,002,000, including cash balance of \$6,181,000.

As at 30 June 2025, the Group had no external loan facilities.

Significant changes in the state of affairs

The Group's suspension from trading on the ASX was lifted on 15 August 2025.

There were no other significant changes in the state of affairs of the Group during the financial half-year.

Environmental Issues

The Group's operations are subject to environmental regulation of the territories in which it operates. Details of the Group's performance in relation to environmental regulations are as follows:

The Group commits to comply with all regulations governing the use and application of its water technology products both in Australia and internationally.

Phoslock® has been awarded the North American Drinking Water certification (NSF/ANSI 60) since 2011. The certification is renewed annually.

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors

Fred Bart
Chairman

29 August 2025
Sydney

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE
CORPORATIONS ACT 2001 TO THE DIRECTORS OF PHOSLOCK
ENVIRONMENTAL TECHNOLOGIES LIMITED**

As lead auditor, I declare that, to the best of my knowledge and belief, during the half-year ended 30 June 2025 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review, and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.



SW Audit
Chartered Accountants



Hayley Underwood
Partner

Melbourne, 29 August 2025

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Phoslock Environmental Technologies Limited
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 30 June 2025



		Consolidated	
	Note	30 Jun 2025 \$'000	30 Jun 2024 \$'000
Revenue			
Sales revenue	4	1,425	575
Cost of sales		(845)	(567)
Gross profit		580	8
Other income		316	36
Interest revenue calculated using the effective interest method		13	50
Expenses			
Distribution		(102)	(63)
Marketing		(6)	(5)
Occupancy		(21)	(11)
Director, listing and professional fees		(691)	(741)
Administration		(1,426)	(492)
Reversal of impairment of assets	5	283	652
Finance costs	5	(3)	(22)
Loss before income tax expense		(1,057)	(588)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the owners of Phoslock Environmental Technologies Limited		(1,057)	(588)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		36	111
Other comprehensive income for the half-year, net of tax		36	111
Total comprehensive loss for the half-year attributable to the owners of Phoslock Environmental Technologies Limited		(1,021)	(477)
		Cents	Cents
Basic loss per share	13	(0.17)	(0.09)
Diluted loss per share	13	(0.17)	(0.09)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Phoslock Environmental Technologies Limited
Consolidated statement of financial position
As at 30 June 2025



		Consolidated	
	Note	30 Jun 2025	31 Dec 2024
		\$'000	\$'000
Assets			
Current assets			
Cash and cash equivalents		6,181	7,859
Trade and other receivables	6	371	374
Inventories	7	2,396	2,497
Financial assets		100	100
Other assets		286	403
Total current assets		<u>9,334</u>	<u>11,233</u>
Total assets		<u>9,334</u>	<u>11,233</u>
Liabilities			
Current liabilities			
Trade and other payables	8	215	784
Contract liabilities		10	2
Lease liabilities	9	31	16
Employee benefits		76	62
Total current liabilities		<u>332</u>	<u>864</u>
Non-current liabilities			
Lease liabilities	9	-	351
Employee benefits		16	11
Total non-current liabilities		<u>16</u>	<u>362</u>
Total liabilities		<u>348</u>	<u>1,226</u>
Net assets		<u>8,986</u>	<u>10,007</u>
Equity			
Issued capital		92,398	92,398
Reserves		863	827
Accumulated losses		<u>(84,275)</u>	<u>(83,218)</u>
Total equity		<u>8,986</u>	<u>10,007</u>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes



Consolidated	Issued capital \$'000	Foreign currency translation reserves \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 January 2024	92,398	779	(80,941)	12,236
Loss after income tax expense for the half-year	-	-	(588)	(588)
Other comprehensive income for the half-year, net of tax	-	111	-	111
Total comprehensive (loss)/income for the half-year	-	111	(588)	(477)
Balance at 30 June 2024	<u>92,398</u>	<u>890</u>	<u>(81,529)</u>	<u>11,759</u>

Consolidated	Issued capital \$'000	Foreign currency translation reserves \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 January 2025	92,398	827	(83,218)	10,007
Loss after income tax expense for the half-year	-	-	(1,057)	(1,057)
Other comprehensive income for the half-year, net of tax	-	36	-	36
Total comprehensive (loss)/income for the half-year	-	36	(1,057)	(1,021)
Balance at 30 June 2025	<u>92,398</u>	<u>863</u>	<u>(84,275)</u>	<u>8,986</u>

Phoslock Environmental Technologies Limited
Consolidated statement of cash flows
For the half-year ended 30 June 2025



	Consolidated	
	30 Jun 2025	30 Jun 2024
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	1,477	651
Payments to suppliers and employees (inclusive of GST)	(2,582)	(2,681)
Interest received	13	50
Net cash used in operating activities	(1,092)	(1,980)
Cash flows from investing activities		
Payments for property, plant and equipment	(13)	(32)
Payments for intangibles	(28)	(8)
Payments for financial assets	-	(2,000)
Net cash used in investing activities	(41)	(2,040)
Cash flows from financing activities		
Repayment of lease liabilities	(334)	(293)
Net cash used in financing activities	(334)	(293)
Net decrease in cash and cash equivalents	(1,467)	(4,313)
Cash and cash equivalents at the beginning of the financial half-year	7,859	10,622
Effects of exchange rate changes on cash and cash equivalents	(211)	59
Cash and cash equivalents at the end of the financial half-year	<u>6,181</u>	<u>6,368</u>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes



Note 1. General information

The financial statements cover Phoslock Environmental Technologies Limited as a Group consisting of Phoslock Environmental Technologies Limited ('Company', 'PET' or 'parent entity') and the entities it controlled at the end of, or during, the half-year (together referred to in these financial statements as the 'Group'). The financial statements are presented in Australian dollars, which is Phoslock Environmental Technologies Limited's functional and presentation currency.

Phoslock Environmental Technologies Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Suite 3, Level 12
75 Elizabeth Street,
Sydney NSW 2000

A description of the nature of the Group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 28 August 2025.

Note 2. Material accounting policy information

These general purpose financial statements for the interim half-year reporting period ended 30 June 2025 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 31 December 2024 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group during the financial half-year ended 30 June 2025 and are not expected to have a significant impact for the full financial year ending 31 December 2025.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Going concern

The half-year financial statements have been prepared on a going concern basis, which assumes the continuity of normal operations, the realisation of assets, and the settlement of liabilities in the ordinary course of business.

For the half-year ended 30 June 2025, the Group recorded a loss before income tax benefit of \$1,057,000 (30 June 2024: loss of \$588,000); net cash outflows from operating activities of \$1,092,000 (30 June 2024: outflows of \$1,980,000). The net assets of the Group as of 30 June 2025 were \$8,986,000 (31 December 2024: \$10,007,000), reported a net current asset position of \$9,002,000 (31 December 2024: \$10,369,000), and the Group having no external loan facilities and no litigation matters currently against it.

The Board remains committed to delivering profitability and positive cash flow and will continue to refine the Group's strategy accordingly. Based on its assessment of the Group's operating capability, forecast sales, project pipeline, available cash resources and having no intention to liquidate or cease operations the Board is satisfied that the Group will continue as a going concern. While the Class Action and AFP investigation concerning certain former officers remain unresolved, the Board does not consider any potential contingent liabilities arising from these matters to have a material impact on the Group's ability to continue as a going concern. These matters will continue to be disclosed until resolved.



Note 2. Material accounting policy information (continued)

The directors believe that the financial statements should be prepared on a going concern:

(a) Operational capability

The Board remains focused on sustaining and enhancing the Company's operational capabilities through the following initiatives:

- Continuing global sales efforts to expand market reach.
- Expanding into new market segments to diversify revenue streams.
- Maintaining the current workforce and facilities to ensure operational stability.
- Sustaining key distribution agreements to support product availability.
- Refurbishing plant and equipment to enable the resumption of production if required.
- Conducting ongoing research and development to drive product innovation.

(b) Sales

Sales in 2026 are budgeted to increase substantially.

(c) Inventory

The Group currently holds sufficient inventory to meet near-term demand. However, if forward sales projections are realised, it is expected that production will need to resume at the factory in late 2025 or during 2026 to replenish stock and support ongoing sales activity.

(d) Project pipeline

The Group's project pipeline continues to grow, reflecting increasing interest from existing and potential customers, as well as progress in business development and market expansion initiatives.

(e) Cash position

Based on current cash flow forecasts, the Group's available cash reserves are expected to be sufficient to support operating activities for at least the next eight quarters, assuming there is no significant increase in legal expenses.

Note 3. Operating segments

Identification of reportable operating segments

The Group is organised into four operating segments based on geographical areas: Australia/NZ, Europe/UK, US/Canada/Brazil and China. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Maker ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The CODM reviews Underlying EBIT (earnings before interest and tax adjusted for non-cash items). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on a monthly basis.

Intersegment transactions

Intersegment sales were made at an internally determined transfer price. The price is based on what would be realised in the event the sale was made to an external party at arm's-length. Intersegment sales are eliminated on consolidation.

Corporate charges are allocated to reporting segments based on the segment's overall proportion of revenue generation within the Group. The Board believes this is representative of likely consumption of head office expenditure that should be used in assessing segment performance and cost recoveries.

Intersegment receivables, payables and loans

Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.



Note 3. Operating segments (continued)

Operating segment information

Consolidated - 30 Jun 2025	Australia/NZ \$'000	Europe/UK \$'000	US/Canada/ Brazil \$'000	China \$'000	Eliminations \$'000	Total \$'000
Revenue						
Sales to external customers	76	382	955	12	-	1,425
Intersegment sales	280	-	-	-	(280)	-
Total revenue	<u>356</u>	<u>382</u>	<u>955</u>	<u>12</u>	<u>(280)</u>	<u>1,425</u>
EBIT	<u>(790)</u>	<u>(187)</u>	<u>(116)</u>	<u>(47)</u>	<u>83</u>	<u>(1,057)</u>
Interest revenue						13
Foreign exchange loss						(293)
Impairment of assets						283
Finance costs						(3)
Loss before income tax expense						<u>(1,057)</u>
Income tax expense						-
Loss after income tax expense						<u>(1,057)</u>
Assets						
Segment assets	<u>6,680</u>	<u>875</u>	<u>568</u>	<u>1,356</u>	<u>(145)</u>	<u>9,334</u>
Total assets						<u>9,334</u>
Liabilities						
Segment liabilities	<u>3,343</u>	<u>782</u>	<u>2,275</u>	<u>5,621</u>	<u>(11,673)</u>	<u>348</u>
Total liabilities						<u>348</u>



Note 3. Operating segments (continued)

Consolidated - 30 Jun 2024	Australia/NZ \$'000	Europe/UK \$'000	US/Canada/ Brazil \$'000	China \$'000	Eliminations \$'000	Total \$'000
Revenue						
Sales to external customers	134	11	422	8	-	575
Intersegment sales	6	-	-	7	(13)	-
Total revenue	140	11	422	15	(13)	575
EBIT	(729)	(169)	(69)	(271)	(35)	(1,273)
Interest revenue						50
Foreign exchange loss						5
Impairment of assets						652
Finance costs						(22)
Loss before income tax expense						(588)
Income tax expense						-
Loss after income tax expense						(588)
Consolidated - 31 Dec 2024						
Assets						
Segment assets	8,422	672	887	1,984	(732)	11,233
Total assets						11,233
Liabilities						
Segment liabilities	3,979	404	2,250	6,740	(12,147)	1,226
Total liabilities						1,226

Note 4. Revenue

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	Consolidated 30 Jun 2025 \$'000	30 Jun 2024 \$'000
Geographical regions		
Australia/NZ	76	134
Europe/UK	382	11
US/Canada/Brazil	955	422
China	12	8
	1,425	575
Timing of revenue recognition		
Goods transferred at a point in time	1,425	575

Seasonality of operations

The Group's sale of goods is subject to seasonal fluctuations as a result of weather conditions. In particular, the sales and application of Phoslock® in northern China and European regions are affected by the winter weather conditions, which occur primarily from November to February.



Note 5. Expenses

Consolidated
30 Jun 2025 30 Jun 2024
\$'000 \$'000

Loss before income tax includes the following specific expenses:

Depreciation

Plant and equipment	-	11
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Impairment of assets/(reversals)

Inventories	(332)	(647)
Plant and equipment	16	-
Patents	33	(5)

Total impairment	(283)	(652)
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Finance costs

Interest and finance charges paid/payable on lease liabilities	3	22
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Net foreign exchange loss/(gain)

Net foreign exchange loss/(gain)	293	(5)
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Employee benefits expense

Employee benefits expense excluding superannuation	758	563
Defined contribution superannuation expense	30	13

Total employee benefits expense	788	576
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Note 6. Trade and other receivables

Consolidated
30 Jun 2025 31 Dec 2024
\$'000 \$'000

Current assets

Trade receivables	317	290
Less: Allowance for expected credit losses	(13)	(13)
	304	277

Other receivables	67	97
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	371	374
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The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

Consolidated	Carrying amount		Allowance for expected credit losses	
	30 Jun 2025 \$'000	31 Dec 2024 \$'000	30 Jun 2025 \$'000	31 Dec 2024 \$'000
Not overdue	305	282	-	-
3 to 6 months overdue	7	6	-	-
Over 6 months overdue	5	2	13	13
	317	290	13	13



Note 7. Inventories

	Consolidated 30 Jun 2025 \$'000	31 Dec 2024 \$'000
<i>Current assets</i>		
Raw materials - at cost	867	892
Finished goods - at cost	2,359	2,791
Less: Provision for impairment	(830)	(1,186)
	1,529	1,605
	2,396	2,497

As at 30 June 2025, PWSC holds 657 tonnes of Phoslock® worth \$568,000 that has been defined as having a quality issue or defect in the product during the manufacturing process which renders it non-resaleable or non-useable in its current state, and therefore impairment has been fully provided for. During the period, 322 tonnes of the affected Phoslock® were reprocessed and repackaged by the manufacturing department. Subsequent testing performed internal quality department confirmed that the quality of the reprocessed product meets customer requirements. As a result, these products have been successfully sold to customers.

Note 8. Trade and other payables

	Consolidated 30 Jun 2025 \$'000	31 Dec 2024 \$'000
<i>Current liabilities</i>		
Trade payables	211	240
Accrued expenses	77	640
Other payables	(73)	(96)
	215	784

Note 9. Lease liabilities

	Consolidated 30 Jun 2025 \$'000	31 Dec 2024 \$'000
<i>Current liabilities</i>		
Lease liability	31	16
<i>Non-current liabilities</i>		
Lease liability	-	351
	31	367

The decrease during the half-year resulted from the repayment of lease liabilities of \$334,000.

Note 10. Dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Note 11. Contingent liabilities

The Group is continuing to assess regulatory, compliance, and operational matters related to its operations in China, which may result in penalties or additional costs being incurred. Further details are provided below.



Note 11. Contingent liabilities (continued)

As at the date of this financial report, it is not possible to reliably measure any contingent obligations, as these matters remain subject to the outcome of future events not wholly within the Group's control. A liability will be recognised if and when a present obligation arises and the amount can be measured with sufficient reliability.

Tax and Environmental Matters

The Group has identified historical adjustments related to income tax deductions, research and development activities, and withholding tax, which led to restatement of prior period financial statements. These adjustments may result in future penalties or interest.

As of this report date, no provision has been made for these costs, as the potential obligations cannot be reliably measured and depend on future events beyond the Group's control. These matters may require amendments to previously filed tax returns, creating uncertain tax positions with tax authorities.

The Group is not aware of any other regulatory, compliance, or operational issues, including environmental matters, likely to result in penalties or additional costs as at 30 June 2025 and 31 December 2024.

Regulatory authorities

As previously disclosed, the Company self-reported suspected fraud and mismanagement by prior management and entered into a Cooperation Agreement with the Australian Federal Police (AFP) in November 2021. This agreement involves cooperation with the AFP regarding bribery and foreign corruption offences. While there has been no recent communication, the investigation is presumed ongoing.

The Company has also engaged with the Australian Securities and Investments Commission ('ASIC'), which has made enquiries about PET and previously lodged financial accounts.

There is a risk the Company may face judgments, fines, or penalties from regulatory actions related to the AFP investigation and ASIC inquiries, which could adversely affect its financial performance and position. No provision has been recognised for these matters as of 30 June 2025 and 31 December 2024.

Claims by or against other persons involved in the Company's affairs

As previously announced on 16 November 2021 and 25 May 2022, the Company considered potential claims against certain individuals, including former directors Zhigang Zhang and Rob Schuitema. The Company subsequently resolved to await the outcome of regulatory inquiries before initiating any legal proceedings against these parties.

In November 2024, a group proceeding was commenced in the Federal Court of Australia against Phoslock Environmental Technology (the Company), with the Company named as respondent. The proceeding, filed by the Banton Group, also names Laurence Stephen Freedman AM (former Chairman), Robert Paul Schuitema (former Managing Director), and KPMG (the Company's former auditor). The claim represents persons who acquired fully paid ordinary shares in Phoslock Environmental Technology between 11 October 2018 and 17 September 2020, or held such shares prior to and throughout this period, as well as those with "long exposure" via equity swap agreements during this timeframe. The Company denies any liability and intends to vigorously defend the claims.

The Company was also named as the primary prospective respondent in preliminary discovery proceedings filed by Levitt Robinson in the Federal Court, involving the same parties as in the Banton Group proceeding. These discovery proceedings have since been withdrawn, with the Court ordering Levitt Robinson to pay the defendants' costs.

In July 2025, KPMG lodged a cross-claim against the Company, which will proceed concurrently with the Banton Group proceeding.

Both the Banton Group and KPMG claims remain in the discovery phase. The Federal Court has ordered that a parallel mediation process commence on or before 26 September 2025.

At this stage, it is not possible to reliably estimate any potential financial impact arising from these proceedings. Consequently, no provision has been recognised as at 30 June 2025 and 31 December 2024. The Company will continue to monitor these matters closely and update its assessment as further information becomes available.



Note 12. Related party transactions

Parent entity

Phoslock Environmental Technologies Limited is the parent entity.

Transactions with related parties

There were no transactions with related parties during the current and previous financial half-year.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

Note 13. Earnings per share

	Consolidated	
	30 Jun 2025	30 Jun 2024
	\$'000	\$'000
Loss after income tax attributable to the owners of Phoslock Environmental Technologies Limited	<u>(1,057)</u>	<u>(588)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>624,390,509</u>	<u>624,390,509</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>624,390,509</u>	<u>624,390,509</u>
	Cents	Cents
Basic loss per share	(0.17)	(0.09)
Diluted loss per share	(0.17)	(0.09)

Note 14. Events after the reporting period

In July 2025, the Company received a total of \$360,000 from AXA XL Insurance in reimbursement of legal costs previously incurred by PET in connection with various proceedings, as disclosed in note 11 'Contingent liabilities'.

Following extensive efforts and ongoing engagement with the relevant stakeholders, the Group's suspension from trading on the ASX was lifted on 15 August 2025.

No other matter or circumstance has arisen since 30 June 2025 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.



In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2025 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors

Fred Bart
Chairman

29 August 2025
Sydney

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF PHOSLOCK ENVIRONMENTAL TECHNOLOGIES LIMITED

Conclusion

We have reviewed the half-year financial report of Phoslock Environmental Technologies Limited (the Company and its subsidiaries (the Group)) which comprises the consolidated statement of financial position as at 30 June 2025, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, material accounting policy information and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Phoslock Environmental Technologies Limited does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the Group's financial position as at 30 June 2025 and of its performance for the half-year ended on that date, and
- complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibility of the Directors' for the Financial Report

The directors of Phoslock Environmental Technologies Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2025 and its performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



SW Audit

Chartered Accountants



Hayley Underwood
Partner

Melbourne, 29 August 2025