**Company announcement**

Release date XX 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](http://www.petwatersolutions.com)