

Company announcement

Release date 14 August 2025

Pre-reinstatement disclosure

Phoslock Environmental Technologies Limited (ASX: PET) provides the following information in relation to its reinstatement to official quotation on the ASX.

Update on operations and business model:

A commentary on financial, operational and corporate matters was provided on 16 July 2025 within the report for the quarter ended 30 June 2025. Investors can refer to this report for details but in summary:

- The Company's cash position was \$6.2m on 30 June 2025 after experiencing a cash flow deficit in the June quarter of \$474,000 from operating activities and \$22,000 from investing activities.
- During the quarter sales were 197t, taking the total for the June half year to 579t compared to 166t in the previous corresponding half year period.
- Global inventory at 30 June was 1,806t of which China accounted for 873t.

Refurbishment of the factory in Changxing is expected to be completed in coming weeks. Most of the work has already taken place but replacement of certain parts in the wastewater treatment plant has been deferred until needed. Plant commissioning is underway. Commercial production will resume later this year or in early 2026, depending on shipment levels.

Research into improved products is continuing in China. Initial work on a product with a higher lanthanum content has been encouraging but is at an early stage and it is not clear whether the potential for improved P-binding efficacy can sufficiently offset a higher production cost. An alternative approach within Australia is being considered in parallel.

The financial report for the six months ended 30 June 2025 is expected to be released later this month. In the meantime we can disclose that on an unaudited basis, sales revenue was \$1,425,000, gross profit was \$540,000 and NPAT loss was \$1,057,000. These figures are subject to revision during the auditor's review process.



During July sales were 89t, taking the YTD total to 668t. The cash flow deficit was \$68,000 from operating activities and \$39,000 from investing activities. After taking account of forex movements the Company's cash position declined by \$72,000.

We are currently budgeting for sales of 1,300-1,500t in the current financial year, with the relatively wide range being a function of the uncertainties inherent in making such forecasts. We are quietly confident that our sales estimate for Bazil – currently our largest market – will be met, while Europe is expected to benefit from some sales that were deferred until the second half year.

Assuming that our gross profit margin remains at the 38% level seen in the previous six months and excluding any sudden increase in our ongoing legal costs, we would require annual sales of perhaps 3,000t to achieve profit breakeven. Under the previous management that breakeven sales estimate was 6,000t. The difference today is that our general and administration cost structure has been cut severely.

We are working hard to achieve the initial milestone of profit breakeven by working with our product distribution network, moving into new market areas such as wastewater, and endeavoring to develop new products.

Status of ongoing legal matters:

In November 2024, a group proceeding was commenced in the Federal Court of Australia against PET, 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 PET 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 received a cross claim from KPMG in July 2025 against PET and the former directors (as named in the Bantons proceeding), claiming that if KPMG are liable to the Applicant or any Group Member, for the reasons the plaintiffs allege, then KPMG will seek relief from PET and the other directors to the same extent they are liable. The Company is considering its position in relation to a cross claim against KPMG.

Early mediation has been scheduled for the first week of September for the above claims (both the Banton and KPMG cross claim) in an attempt to reach a mutually acceptable agreement. Further information will be provided to the market as to the outcome of the mediation process.

The Company was also named as the first prospective respondent in preliminary discovery proceedings filed by Levitt Robinson in the Federal Court of Australia. These proceedings



involve the same parties named in the Banton group proceedings as prospective respondents. However, the discovery application by Levitt Robinson has since been withdrawn and merged with the Banton proceeding, and the Court has ordered Levitt Robinson to pay the costs of the respective defendants.

Half year Appendix 4D:

The Appendix 4D and half year financial statements for the half year ended 30 June 2025 are in the process of auditor review. PET cannot see any reason why these documents won't be lodged by the due date.

The auditor's review report in relation to the half-year financial statements is not likely to contain a modified opinion, emphasis of matter or other matter paragraph.

Compliance with ASX Listing Rules:

The Company confirms it is in compliance with the ASX Listing Rules including Listing Rule 3.1.

Shawn van Boheemen
Company Secretary

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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 an office and factory in Changxing, China and employees in Europe and the USA. The Company is represented by licensees, distributors and agents in numerous 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 prevents the formation of cyanobacteria. Phoslock is certified for use in drinking water in North America, Europe, Brazil, Australia, and China.

www.petwatersolutions.com