



22 April 2025

**Fluence Corporation Limited – Annual General Meeting of Shareholders, 28 May 2025**

Dear Shareholder:

Notice is hereby given that the Annual General Meeting of Shareholders of Fluence Corporation Limited (the “Company”) will be held virtually via a webinar conferencing facility at 10:00am (AEST) on Wednesday, 28 May 2025 (the “Meeting”). Notice is also given that the Company’s Annual Report for the year ended 31 December 2024 (the “Annual Report”) is available.

In accordance with the *Corporations Act 2001* (Cth), the Company will not be dispatching physical copies of the Notice of Meeting. Instead, the Notice of Meeting, accompanying explanatory statement and Annual Report (Meeting Materials) are being made available to shareholders electronically. This means that:

- You can access the Meeting Materials online at the Company’s website <https://www.fluencecorp.com/> or at the Company’s share registry’s website [www.votingonline.com.au/flcagm2025](http://www.votingonline.com.au/flcagm2025) by logging in and selecting Company Announcements from the main menu;
- A complete copy of the Meeting Materials has been posted to the Company’s ASX Market announcements page at [www.asx.com.au](http://www.asx.com.au) under the Company’s ASX code “FLC”; and
- If you have provided an email address and have elected to receive electronic communications from the Company, you will receive an email to your nominated email address with a link to an electronic copy of the Meeting Materials and the voting instruction form.

Shareholders can still elect to receive some or all of their communications in physical or electronic form or elect not to receive certain documents such as annual reports. To review your communications preferences or sign up to receive your shareholder communications via email, please update your details at [www.investorserve.com.au](http://www.investorserve.com.au). If you have not yet registered, you will need your shareholder information including SRN/HIN details.

If you are unable to access the Meeting Materials online, please contact our share registry BoardRoom Pty Limited on [enquiries@boardroomlimited.com.au](mailto:enquiries@boardroomlimited.com.au) to obtain a copy.

Yours sincerely,

Melanie Leydin  
Company Secretary  
Fluence Corporation Limited

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**Fluence Corporation Limited**

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**FLUENCE CORPORATION LIMITED**

**ABN 52 127 734 196**

# **Notice of Annual General Meeting**

## **Explanatory Statement and Voting Form**

### **Date of Meeting**

Wednesday, 28 May 2025 (AEST)  
(Tuesday, 27 May 2025 (US EDT))

### **Time of Meeting**

10.00am (AEST)  
(8.00pm (US EDT))

### **Place of Meeting**

via internet webinar conferencing facility

Should you wish to discuss the matters in this Notice of Annual General Meeting, please do not hesitate to contact Melanie Leydin, Company Secretary at [company.secretary@fluencecorp.com](mailto:company.secretary@fluencecorp.com) or +61 03 9692 7222.

*This Notice of Annual General Meeting and Explanatory Statement should be read in its entirety.*

*If shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor, or other professional advisor without delay.*

For personal use only

# FLUENCE CORPORATION LIMITED

ACN 127 734 196

REGISTERED OFFICE: LEVEL 4, 96 – 100 ALBERT ROAD, SOUTH MELBOURNE, VIC 3205

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting (**AGM** or the **Meeting**) of shareholders of Fluence Corporation Limited (the **Company** or **FLC**) will be held virtually via webinar conferencing facility on Wednesday, 28 May 2025 at 10:00am (AEST) (Australia) and for US investors, Tuesday, 27 May 2025 at 8.00pm (EDT).

Questions may be submitted prior to the meeting by email to [company.secretary@fluencecorp.com](mailto:company.secretary@fluencecorp.com). The Company will, at its discretion, address questions received before or after the Meeting. The Company will not respond to inappropriate or offensive questions.

Shareholders will be able to submit written questions online during the webcast. Shareholders wishing to attend the webcast must register at the following address:

[https://vistra.zoom.us/webinar/register/WN\\_MW9WEeekRXaAfr-RWrf64w](https://vistra.zoom.us/webinar/register/WN_MW9WEeekRXaAfr-RWrf64w)

using their full name, company (if applicable), city and other shareholder details. Please note that registered participants will receive their dial in number upon registration.

Any shareholders who wish to attend the AGM online should therefore monitor the Company's website and its ASX announcements for any updates about the AGM. If it becomes necessary or appropriate to make alternative arrangements for the holding or conducting of the Meeting, the Company will make further information available through the ASX website at [asx.com.au](http://asx.com.au) (ASX: FLC) and on its website at <https://www.fluencecorp.com/investor-news/>.

# AGENDA

The Explanatory Statement (the **Statement**) and Voting Form which accompany and form part of this Notice of Annual General Meeting (this **Notice**), include defined terms and describe in more detail the matters to be considered. Please consider this Notice, the Statement, and the Voting Form in their entirety.

## ORDINARY BUSINESS

### Receipt and Consideration of Financial Statements & Reports

To receive and consider the Financial Report of the Company, together with the Directors' Report (including the Remuneration Report) and Auditor's Report as set out in the Company's Annual Report for the year ended 31 December 2024.

*Note: Except as set out in Resolution 1, there is no requirement for shareholders to approve these reports. Accordingly, no resolution will be put to shareholders on this item of business.*

#### Resolution 1 Adoption of Remuneration Report

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

*"That, for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, the Remuneration Report (included in the Directors' Report) for the financial year ended 31 December 2024 be adopted."*

A voting exclusion applies to this resolution as outlined in the Statement.

#### Resolution 2 Re-election of Douglas Brown as a Director of the Company

To consider, and if thought fit, pass the following resolution as an **ordinary resolution**:

*"That Douglas Brown, who retires by rotation in accordance with Listing Rule 14.4 and Rule 4.3 of the Constitution of the Company, and being eligible, offers himself for re-election, and is re-elected as a Director of the Company."*

A voting exclusion does not apply to this resolution.

#### Resolution 3 Approval to grant security pursuant to the Revolving Credit Facility to Douglas Brown and Nikolaus Oldendorff, as Lenders

To consider, and if thought fit, pass the following resolution as an **ordinary resolution**:

*"That, pursuant to and in accordance with Listing Rule 10.1 and for all other purposes, approval be given for the Company to grant security in favour of Douglas Brown and Nikolaus Oldendorff in accordance with the terms of the Revolving Credit Facility, on the terms and conditions in the Explanatory Statement."*

A voting exclusion applies to this resolution as outlined in the Statement.

#### Resolution 4 Approval of Director Share Purchase Plan

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

*"That, pursuant to and in accordance with Listing Rule 10.14 and for all other purposes, approval be given to adopt the Company's Director Share Purchase Plan and issue fully paid ordinary shares in the Company, to Directors of the Company, in lieu of future Director's fees, and on the terms and conditions set out in the Explanatory Statement."*

A voting exclusion applies to this resolution as outlined in the Statement.

## SPECIAL BUSINESS

### Resolution 5 Approval of 10% Placement Capacity

To consider and, if thought fit, to pass the following as a **special resolution**:

*“That pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, shareholders approve the issue (at the Board's discretion) of Equity Securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the Statement.”*

A voting exclusion does not apply to this resolution.

By the order of the Board of Directors of Fluence Corporation Limited.



**Melanie Leydin**  
Company Secretary  
22 April 2025

## Notes

### 1. Entire Notice

The details of the resolutions contained in the Statement accompanying this Notice should be read together with, and form part of, this Notice.

### 2. Record Date

The Company has determined that for the purposes of the AGM, shares will be taken to be held by the persons who are registered as holding the shares at 7pm (AEST) on the date 48 hours before the date of the AGM. Only those persons will be entitled to vote at the AGM and transfers registered after that time will be disregarded in determining entitlements to attend and vote at the AGM.

### 3. Direct Voting

- (a) A direct vote allows shareholders to vote on the items of business before the AGM. This means the shareholder does not then need to attend the AGM or appoint a proxy. To do this, shareholders should follow the "Direct Voting" instructions in the Voting Form accompanying this Notice. Please note that a shareholder who has cast a direct vote may still attend and vote at the AGM. However, by doing so, the shareholder will automatically cancel their direct vote unless the shareholder instructs the Company not to cancel their direct vote and chooses not to vote at the AGM.
- (b) To be effective, Voting Forms containing direct voting directions must be received by the Company's share registry Boardroom Pty Limited no later than 48 hours before the commencement of the AGM, this is no later than Monday, 26 May 2025 at 10:00am (AEST) (and for USA based investors, Sunday, 25 May 2025 at 8.00pm (EDT)). Any direct voting directions received after that time will not be valid for the scheduled meeting.

### 4. Proxies

- (a) If a shareholder is unable to attend and vote at the AGM, and does not choose to use direct voting, they are entitled to appoint a proxy to attend the AGM and vote on their behalf.
- (b) Each shareholder has a right to appoint one or two proxies.
- (c) A proxy need not be a shareholder of the Company.
- (d) If a shareholder is a company, it must execute under its common seal or otherwise in accordance with its constitution or the Corporations Act.
- (e) Where a shareholder is entitled to cast two or more votes, the shareholder may appoint two proxies and may specify the proportion of number of votes each proxy is appointed to exercise.
- (f) If a shareholder appoints two proxies, and the appointment does not specify the proportion or number of the shareholder's votes, each proxy may exercise half of the votes.
- (g) A proxy must be signed by the shareholder or his or her attorney who has not received any notice of revocation of the authority.
- (h) If shareholder's named proxy does not attend the AGM or fails to vote on a poll in accordance with the shareholder's instructions, the Chair of the AGM will be that shareholder's proxy by default.
- (i) To be effective, Voting Forms containing proxy appointments and directions must be received by the Company's share registry Boardroom Pty Limited no later than 48 hours before the commencement of the AGM, this is no later than Monday, 26 May 2025 at 10:00am (AEST) (and for USA based investors, Sunday, 25 May 2025 at 8.00pm (EDT)). Any proxy appointments received after that time will not be valid for the scheduled meeting.

### 5. Corporate Representative

Any corporate shareholder who has appointed a person to act as its corporate representative at the Meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. Any votes will still be required to be lodged by proxy. The authority may be sent to the Company and/or registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative.

### 6. Chair's Voting Intentions

Subject to the restrictions set out in Note 7 below, the Chair of the meeting will vote undirected proxies in favour of all of the proposed resolutions.

The Chair will call a poll on all proposed resolutions.

### 7. Voting Exclusion Statements

See Statement.

### 8. Enquiries

Shareholders are invited to contact the Company Secretary, Melanie Leydin at +61 (03) 9692 7222 or [company.secretary@fluencecorp.com](mailto:company.secretary@fluencecorp.com) if they have any queries in respect of the matters set out in these documents.

# EXPLANATORY STATEMENT

## Purpose of Information

This Explanatory Statement (this **Statement**) is included in, and forms part of, the Notice. The purpose of this Statement is to provide Shareholders with information they may require in order to make an informed decision on the applicable resolution.

If you are in doubt as to how to vote, you should seek advice from your accountant, solicitor, tax advisor or other professional adviser prior to voting. It is important that you read this Statement in its entirety for a detailed explanation of the applicable resolution.

Defined terms used in this Notice have the meanings given to them in the Glossary at the end of this Notice.

## Receipt and Consideration of Accounts & Reports

A copy of the Company's Annual Report for the financial year ended 31 December 2024 (which incorporates the Company's financial report, reports of the Directors (including the Remuneration Report) and the auditors Report) may be obtained at <https://www.fluencecorp.com/investor-news/> or via the Company's announcement platform on ASX. You may obtain a copy free of charge in hard copy form by contacting the Company by phone at +61 (03) 9692 7245, and you may request that this occurs on a standing basis for future years.

Shareholders will have the opportunity to ask questions about, or make comments on, the 2024 Annual Report. The auditor will be invited to attend, to answer questions about the audit of the Company's 2024 Annual Financial Statements.

## Resolution 1 Adoption of Remuneration Report

### 1.1 Background

Section 250R(2) of the Corporations Act requires that a resolution to adopt the Remuneration Report must be put to the vote at the AGM. The vote on this resolution is advisory only and does not bind the Directors or the Company.

The Remuneration Report is set out in the Directors' Report in the Company's 2024 Annual Report. The Remuneration Report sets out the Company's remuneration arrangements for the Directors and senior management of the Company.

In accordance with Section 250SA of the Corporations Act, Shareholders will be provided with a reasonable opportunity to ask questions concerning, or make comments on, the Remuneration Report at the AGM.

In accordance with Division 9 of Part 2G.2 of the Corporations Act, if twenty-five percent (25%) or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive AGMs, Shareholders will be required to vote at the second of those AGMs on a resolution (a "spill resolution") that another meeting be held within 90 days at which all of the Company's Directors (other than the Managing Director) must go up for re-election.

It is noted that at the Company's last AGM, the votes cast against the Remuneration Report represented less than twenty-five percent (25%) of the total votes cast on that resolution and accordingly, a spill resolution will not be required for the Meeting.

The Directors will consider the outcome of the vote and comments made by shareholders on the Remuneration Report at the Meeting when reviewing the Company's remuneration policies.

### 1.2 Directors' Recommendation

Noting that each Director has a personal interest in their own remuneration from the Company (as such interests are described in the Remuneration Report) and, as described in the voting exclusions on this resolution (set out

in the Notice), that each Director (or any Closely Related Party of a Director) is excluded from voting their shares on this resolution, the Directors make no recommendation to the Shareholders in respect of this Resolution 1.

The Chair of the Meeting intends to vote undirected proxies in favour of this Resolution.

### **1.3 Voting Exclusions**

The Company will disregard any votes cast on Resolution 1 by or on behalf of:

- (a) a person who is a member of the Key Management Personnel (as defined by the Corporations Act, (**KMP**)) whose remuneration details are included in the Remuneration Report for the year ended 31 December 2024 or a closely Related Party of such KMP (regardless of the capacity in which the vote is cast); and
- (b) as proxy by a person who is a member of the KMP on the date of the AGM or a Closely Related Party of such a member.

However, the Company need not disregard a vote on this Resolution 1 if:

- (c) it is cast as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (d) it is cast by the Chairman for a person who is entitled to vote, and the Proxy Form does not specify the way the proxy is to vote on Resolution 1, provided that the Proxy Form includes an express authorisation for the Chairman to exercise the proxy even though Resolution 1 is connected directly or indirectly with the remuneration of the KMP.

## **Resolution 2 Re-election of Douglas Brown as a Director of the Company**

### **2.1. Background**

In accordance with Listing Rule 14.4 and Rule 4.3 of the Company's Constitution, Directors must retire after the third AGM since they were last elected. Further, in accordance with the Company's Constitution, one-third of the Directors (excluding the Managing Director), or if their number is not a multiple of three, then the whole number nearest one third, must retire at each AGM. The Directors to retire by rotation at the AGM are those Directors who have been longest in office since their last election or re-election. If two or more persons became Directors on the same day, those to retire must be determined by lot unless they otherwise agree among themselves.

Douglas Brown was appointed as a Non-Executive Chair of the Company on 20 March 2023 and was elected by Shareholders at the AGM held in May 2023. By agreement, Mr. Brown, being eligible, offers himself for re-election as a Director at this AGM.

Mr. Brown is one of only a handful of globally recognized senior executives to have led multiple successful billion dollar exits in the water space. He was the founder, Chairman and CEO of AquaVenture Holdings, which he led to a listing on the New York Stock Exchange ("NYSE") in 2016 and subsequently sold to Culligan Water for US\$1.2 billion in 2020 while he was serving as Chairman. Mr. Brown was also CEO of Seven Seas Water, an AquaVenture Holdings business. He was previously CEO of NYSE-listed Ionics, Inc., which was acquired by GE Water for US\$1.3 billion in 2005. Prior to Ionics, Mr. Brown was CEO of Advent International, a global private equity firm. Mr. Brown's experience spans the US, Europe, South America, the Middle East, the Caribbean, Africa and Southeast Asia.

### **2.2. Directors' Recommendation**

The Board (with Douglas Brown abstaining), recommends that Shareholders vote in favour of the election of Mr. Brown as a Director of the Company. The Chairman of the meeting intends to vote undirected proxies in favour of Douglas Brown's re-election.

## 2.3 Voting Exclusions

There is no voting exclusion on this resolution.

### Resolution 3 Approval to grant security pursuant to the Revolving Credit Facility to Douglas Brown and Nikolaus Oldendorff, as lenders

#### 3.1. Background

On 30 July 2024, the Company announced that it had fully repaid the US \$30.3 million loan facility with Upwell Water LLC, including the Bimini project loan (the **Upwell Facility**). The Upwell Facility was subsequently terminated with all collateral underlying the loan to be fully released. The Company had also reported that the Upwell Facility was replaced with a new revolving credit facility for up to US \$15.0 million (**Revolving Facility**) on more favourable terms for the Company than the Upwell Facility. The Revolving Facility was later amended and increased to US \$20.0 million.

The Revolving Facility had been entered into between, on the one hand, Douglas Brown and Nikolaus Oldendorff, in their respective individual capacities (**Lenders**), both of whom are Directors of the Company, and, on the other hand, Fluence Corporation LLC (**Borrower**), a wholly owned subsidiary of the Company. The Revolving Facility was utilised to pay off the Upwell Facility and for working capital purposes. Further details of the terms of the Revolving Facility were provided in the ASX Announcement dated 30 July 2024 and the Q3 Business Update announced on 31 October 2024.

The Revolving Facility provided that at the time of execution, the Lenders be granted a security interest that was no more than five percent (5%) of the Equity Interest of the Company (the **Primary Collateral**). The Revolving Facility provides that the Company shall seek shareholder approval to grant a more customary security interest in the Borrower's assets in exchange for providing the Revolving Facility.

This Resolution seeks Shareholder approval pursuant to and in accordance with Listing Rule 10.1 for the Company to grant additional security (the **Security**) (or procure the granting of the Security by the Borrower) in favour of the Lenders consistent with the Revolving Facility on the terms and conditions set out in the Explanatory Statement. The amount of the Security shall be limited to 50% of the outstanding amount drawn under the Revolving Facility at any particular time but at no point shall exceed US \$10.0 million. The Security shall be provided utilizing, among other things, deposit account control agreements on Company bank accounts with HSBC, security interests over assets (e.g. UCC filings), or interest in receivables of the Company or its subsidiaries, in each case at the Company's discretion.

Shareholder approval under Listing Rule 10.1 is required as the grant of Security to the Lenders under the Revolving Facility is deemed to be the disposal of a substantial asset to a party to which Listing Rule 10.1 applies.

#### 3.2. Shareholder Approval under Listing Rule 10.1

The Company is proposing to grant (or to procure that the Borrower grant) the Security to the Lenders as security for the timely repayment by the Borrower in accordance with the Revolving Facility.

Listing Rule 10.1 provides that, unless it obtains the approval of its shareholders, a listed entity, or its child entity, must not acquire or agree to acquire a substantial asset from, or dispose of or agree to dispose of a substantial asset to:

- (a) a related party;
- (b) a child entity;
- (c) a person who is, or was at any time in the six months before the transaction or agreement, a substantial (10%+) holder in the listed entity;
- (d) an associated of a person referred to in Listing Rules 10.1.1 to 10.1.3; or
- (e) a person whose relationship with the listed entity or a person referred to in Listing Rules 10.1.1 to 10.1.4 is such that, in ASX's opinion, the issue or agreement should be approved by shareholders.

The grant of the Security to the Lenders is deemed to constitute a disposal of a substantial asset to a person that falls within Listing Rule 10.1.3 (paragraphs (a) and (c) above). As such, approval of the Company's

Shareholders under Listing Rule 10.1 is required in order for the Company to grant the Security (or to procure the granting of the Security by the Borrower) to the Lenders.

Listing Rule 10.2 provides that an asset will be considered as a "substantial asset" if its value or the value of the consideration being paid or received by the entity for it is, or in ASX's opinion is, 5% or more of the Equity Interest of the entity, as set out in the latest accounts given to ASX under the Listing Rules. Under the Listing Rules, shareholder approval was not required to grant a security interest in the Primary Collateral.

This Resolution seeks the required Shareholder approval to the grant of the Security (or to procure the granting of the security by the Borrower) under and for the purposes of Listing Rule 10.1. If this Resolution is passed, the Company will be able to grant or procure the Borrower to grant the Security. If this Resolution is not passed, the Lenders will continue to hold the Primary Collateral as their security interest under the Revolving Facility, Company and the Borrower will not be able to grant any further security interest to the Lender.

### 3.3. Independent Expert's Report and recommendation

In order to assist Shareholders to assess the Security and consider whether to vote in favour of this Resolution, the Company appointed BDO Corporate Finance Australia Pty Ltd. as the independent expert (the **IE**) and commissioned it to prepare a report (the **IE's Report**) to provide an opinion on whether or not the grant of the Security pursuant to the Revolving Facility is fair and reasonable to Shareholders who are not associated with the Lenders.

The IE's Report was prepared to satisfy the requirements for Shareholder approval under Listing Rule 10.1.

The IE has concluded that the grant of the Security pursuant to the Revolving Facility is fair and reasonable to Shareholders.

In coming to this view, the IE's Report compares the likely advantages and disadvantages for Shareholders if the Security is approved, against the advantages and disadvantages for Shareholders if the Security is not approved.

The advantages identified by the Independent Expert are:

- (a) the grant of the Security is fair;
- (b) the proposed transaction provides flexible financing for the Company and greater liquidity; and
- (c) the interest rate and terms of repayment on advances are favourable for the Company.

The disadvantages identified by the IE include that the Borrower will grant a first ranking security over a large part of the Company's assets to the Lenders.

Further details regarding the advantages and disadvantages identified by the IE are detailed in Section 11 of the IE's Report. Shareholders are encouraged to read the IE's Report (a full copy of which is detailed in **Annexure A**). The IE has consented to the use of the IE's Report in the form and context in which it appears.

### 3.4. Specific information required by Listing Rule 10.5

In accordance with Listing Rule 10.5, the following information is provided in relation to the grant of the Security:

- (i) the Company is granting the Security to (or procuring that the Borrower grants the Security to) Douglas Brown and Nikolaus Oldendorff;
- (ii) Douglas Brown and Nikolaus Oldendorff are both Directors of the Company and substantial (10%+) holders in the entity, having a relevant interest in 13.98% and 11.24% respectively, of the Company as at the date of this Notice, and therefore fall within Listing Rule 10.1.1 and 10.1.3;
- (iii) The proposed grant of the security will be made by way of the Company (or the Borrower) granting to, and creating in favour of the Lenders, on a *pari passu* basis, a continuing security interest in and lien on, the Borrower's right, title and interest in the cash, or in lieu of cash, its other personal property for an aggregate value up to 50% of the amount outstanding under the Revolving Facility at any one time, not to exceed US \$10.0 million;
- (iv) In consideration for entering into the Revolving Facility and the granting of the Security by the Company (or the Borrower), the Lenders have committed to advance up to US \$20.0 million to the Borrower for repayment of the Upwell Facility and working capital;

- (v) The Security will be granted to the Lenders as soon as practicable after the passing of this Resolution;
- (vi) Refer to the ASX Announcements dated 30 July 2024 and the Q3 Business Update announced on 31 October 2024 for a summary of the material terms of the Revolving Facility; and
- (vii) Refer to 'Independent Expert's Report and Recommendation' above and **Annexure A** for further details on the IE's Report.

### 3.5. Directors' Recommendation

The Board (with Douglas Brown and Nikolaus Oldendorff abstaining) recommends that Shareholders vote in favour of this Resolution.

The Chair of the Meeting intends to vote undirected proxies in favour of this Resolution.

### 3.6. Voting Exclusions

The Company will disregard any votes cast in favour of the Resolution by or on behalf of the Lenders, Douglas Brown and Nikolaus Oldendorff, and any other person who will obtain a material benefit as a result of the transaction (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution that way;
- (b) the Chairperson of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chairperson to vote on the Resolution as the Chairperson decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

## Resolution 4 Adoption of the Director Share Purchase Plan

### 4.1. Background

As a means to maximize cash conservation and to further align Directors with shareholders, it is proposed that Shareholder approval be obtained to allow the Company's non-executive Directors (**NED**) to elect to forego receiving part or all of their directors' fees in cash and instead receive an equivalent value in shares of the Company in accordance with a Director Share Purchase Plan (**DSPP**).

This initiative will further enhance alignment between the NEDs and shareholders, while also providing financial flexibility for the Company.

### 4.2. Information about Proposed Issue of Securities

#### 4.2.1 Accrued Shares

It is proposed that the Company issue fully paid ordinary shares (**Shares**) in the Company, to its directors in lieu of some or all directors fees payable as at 31 March 2025, being the end of the calendar month prior to the date of preparation of this Notice. This Resolution therefore seeks Shareholder approval to issue Shares

(**Accrued Shares**) to the following directors (or their nominee(s)) (each a **Receiving Director**) in lieu of cash payment of some or all of their accrued directors' fees.

Table 1

| Name                       | Position               | Maximum number of Shares to be issued in lieu of accrued director fees |
|----------------------------|------------------------|--|
| <b>Douglas Brown</b>       | Non-Executive Chair    | Up to 2,769,474 Shares   |
| <b>Paul Donnelly</b>       | Non-Executive Director | Up to 567,242 Shares   |
| <b>Norman Mel Ashton</b>   | Non-Executive Director | Up to 571,633 Shares   |
| <b>Nikolaus Oldendorff</b> | Non-Executive Director | Up to 447,823 Shares   |

The number of the maximum Accrued Shares for each Receiving Director is calculated based on the volume-weighted average price (**VWAP**) of the Company's Shares in accordance with the following formula:

$$\text{Number of Accrued Shares} = \text{Accrued Quarterly Fee} \div \text{Accrued Value}$$

Where:

- **Accrued Quarterly Fees** are the director fees accrued during the relevant quarter, up to 31 March 2025.
- **Accrued Value** is, in relation to each Receiving Director, the volume weighted average market price of the Company's Shares traded on the ASX for the relevant quarter(s) during which the respective Receiving Directors' fee was accrued.

The numbers, and values, of the maximum Accrued Shares for each Receiving Director, calculated in accordance with the above formula is as follows:

Table 2

| Receiving Director         | Accrued Fees to be paid in Shares as elected by the Receiving Director (\$A) | Percentage of Total Fees due for the applicable quarter | Maximum number of Accrued Shares to be issued (up to and including 31 March 2025)* |         |           |
|----------------------------|--|---|--|---------|-----------|
| <b>Douglas Brown</b>       | Q2 2024  | \$62,500  | 100%   | 437,063 | 2,769,474 |
|                            | Q3 2024  | \$62,500  | 100%   | 589,623 |           |
|                            | Q4 2024  | \$62,500  | 100%   | 781,250 |           |
|                            | Q1 2025  | \$62,500  | 100%   | 961,538 |           |
| <b>Paul Donnelly</b>       | Q2 2024  | -   | -  | -       | 567,242   |
|                            | Q3 2024  | \$15,200  | 50%  | 143,396 |           |
|                            | Q4 2024  | \$15,200  | 50%  | 190,000 |           |
|                            | Q1 2025  | \$15,200  | 50%  | 233,846 |           |
| <b>Norman Mel Ashton</b>   | Q2 2024  | -   | -  | -       | 571,634   |
|                            | Q3 2024  | \$15,000  | 50%  | 141,509 |           |
|                            | Q4 2024  | \$15,333  | 50%  | 191,663 |           |
|                            | Q1 2025  | \$15,500  | 50%  | 238,462 |           |
| <b>Nikolaus Oldendorff</b> | Q2 2024  | -   | -  | -       | 447,823   |
|                            | Q3 2024  | \$12,000  | 50%  | 113,208 |           |

|               |         |                  |     |         |                  |
|---------------|---------|------------------|-----|---------|------------------|
|               | Q4 2024 | \$12,000         | 50% | 150,000 |                  |
|               | Q1 2025 | \$12,000         | 50% | 184,615 |                  |
| <b>Totals</b> |         | <b>\$377,433</b> |     |         | <b>4,356,173</b> |

\*Calculated based on the Accrued Value (A\$) as follows:

- Q2 2024 VWAP: 0.143
- Q3 2024 VWAP: 0.106
- Q4 2024 VWAP: 0.080
- Q1 2025 VWAP: 0.065

#### 4.2.2 Future Shares

It is proposed that the Company allow the Directors to participate in the DSPP and issue Shares to Directors in lieu of cash payments of some or all future directors' fees expected to become payable over the period commencing 1 April 2025 and ending 31 March 2028. the Company is seeking Shareholder approval to approve the DSPP and to issue Shares (**Future Shares**) under the DSPP, to the following Directors (or their nominees(s)) in lieu of cash payments of some or all their future directors' fees for the period ending 31 March 2028:

Table 3

| Receiving Director         | Position               | Current NED Fees payable per quarter | Maximum value of Future Shares to be issued for future director fees payable until 31 March 2028 (12 Quarters) |
|----------------------------|------------------------|--------------------------------------|--|
| <b>Douglas Brown</b>       | Non-Executive Chair    | \$62,500                             | \$750,000  |
| <b>Paul Donnelly</b>       | Non-Executive Director | \$30,400                             | \$364,800  |
| <b>Norman Mel Ashton</b>   | Non-Executive Director | \$31,000                             | \$372,000  |
| <b>Nikolaus Oldendorff</b> | Non-Executive Director | \$24,000                             | \$288,000  |

The Company is seeking Shareholder approval to adopt the DSPP and to issue the Future Shares, which would be issued on a quarterly basis to the Receiving Directors for a period of three (3) years commencing 1 April 2025.

The value of the Future Shares for any given quarter would not exceed the total director fees that the Receiving Directors are entitled to receive under their respective remuneration packages.

The exact numbers of Future Shares to be issued to the Receiving Directors for their future director fees payable in Future Shares, if approved, are not fixed at the date of this Notice, and will be calculated in accordance with the following formula, which takes into account the future value of the Company's shares during the period ending 31 March 2027.

$$\text{Number of Future Shares} = \text{Future Fees} \div \text{Future Value}$$

Where:

- **Future Fees** is the amount nominated by the Receiving Director on a quarterly basis to be received as Future Shares, up to the total quarterly fee payable as set out in Table 3.
- **Future Value** is the volume weighted average market price of the Company's Shares traded on the ASX during the relevant quarter.

As noted above, the numbers of the maximum Future Shares for each Receiving Director, calculated in accordance with the above formula, cannot be determined at the date of this notice, as they will be dependent

upon the future market prices of the Company's Shares. However, for illustrative purposes, an indicative assessment of the maximum number of Future Shares to be issued, calculated by using the current market price of the Company's Shares as at 24 March 2025, is set out below:

Table 4

| Receiving Director  | Future Fees and Maximum Value of Future Shares (total future director fees payable until 31 March 2028) | Illustrative Future Value | Illustrative maximum number of Future Shares* |
|---------------------|---|---------------------------|---|
| Douglas Brown       | \$750,000   | \$0.057                   | 13,157,894                                    |
| Paul Donnelly       | \$364,800   | \$0.057                   | 6,400,000                                     |
| Norman Mel Ashton   | \$372,000   | \$0.057                   | 6,526,315                                     |
| Nikolaus Oldendorff | \$288,000   | \$0.057                   | 5,052,631                                     |

\* - Illustrative amounts only; actual number of maximum Future Shares may vary, depending upon the actual Future Value

\* Calculated on the assumption that all NED elect to receive 100% of their director fees in Shares.

#### 4.2.3 Purpose

The proposed issues of Accrued Shares and the Future Shares in lieu of payment of cash fees are intended to assist the Company in maximizing its cash reserves and further aligns Directors with shareholders.

The Accrued Shares and the Future Shares would not carry any performance conditions or other restrictions.

### 4.3. Director's Remuneration Packages and Interests

#### 4.3.1 Directors' Remuneration Packages

As at the date of this Notice, the details (including the amount) of the current total remuneration package of the Receiving Directors to whom (or to whose nominee(s)) the Accrued Shares and Future Shares would be issued if these Resolutions are passed are:

Table 5

| Receiving Director  | Position               | Remuneration Package Details  |
|---------------------|------------------------|---|
| Douglas Brown       | Non-Executive Chair    | AU\$250,000 per annum, plus eligibility to be granted with options on terms decided by the Board, subject to necessary Shareholder approvals. |
| Paul Donnelly       | Non-Executive Director | AU\$121,600 per annum, plus eligibility to be granted with options on terms decided by the Board, subject to necessary Shareholder approvals. |
| Norman Mel Ashton   | Non-Executive Director | AU\$124,000 per annum, plus eligibility to be granted with options on terms decided by the Board, subject to necessary Shareholder approvals. |
| Nikolaus Oldendorff | Non-Executive Director | AU\$96,000 per annum, plus eligibility to be granted with options on terms decided by the Board, subject to necessary Shareholder approvals.  |

The above amounts would not be changed by the issues of the Accrued Shares and/or Future Shares, as any issue of those securities would be in lieu of a cash payment that is included in the above amounts.

#### 4.3.2 Directors' Current Holdings

As at the date of this Notice, the Receiving Directors who are proposed to receive the Accrued Shares and Future Shares have the following direct and indirect interests in the securities of the Company:

Table 6

| Receiving Director<br>(and/or associates) | Current Holdings as of 25 March 2025 |            |
|---|--------------------------------------|------------|
|   | Shares                               | Options    |
| Douglas Brown                             | 160,656,696                          | 14,500,000 |
| Paul Donnelly                             | 700,000                              | 3,500,000  |
| Norman Mel Ashton                         | 1,000,000                            | 1,500,000  |
| Nikolaus Oldendorff                       | 116,122,116                          | 0          |

#### 4.4. ASX Listing Rules

As noted above, the Company is proposing to issue Shares to the Receiving Directors (the **Issues**).

Listing Rule 10.14 provides that, unless it obtains the approval of its shareholders, a listed company must not permit any of the following persons to acquire equity securities under an employee incentive scheme:

10.14.1: a director of the company;

10.14.2: an associate of a director of the company; or

10.14.3: a person whose relationship with the company or a person referred to in Listing Rule

10.14.1 or 10.14.2 is such that, in ASX's opinion, the acquisition should be approved by its shareholders,

unless it obtains the approval of its shareholders.

Each Issue falls within Listing Rule 10.14.1 above, as the proposed DSPP arrangement is an "employee incentive scheme" under the ASX Listing Rules, and therefore requires the approval of the Company's shareholders under Listing Rule 10.14.

This Resolution therefore seeks the required Shareholder approval for the DSPP and the Issues under the DSPP for the purposes of Listing Rule 10.14.

If approval is given under ASX Listing Rule 10.14, approval is not required under ASX Listing Rule 7.1.

If Resolution 4 is passed, the Company will be able to proceed with the Issue(s) of the respective Accrued Shares and Future Shares to the applicable Receiving Director(s) and the applicable Receiving Director(s) will receive up to the numbers of Shares based on the formulae set out above, with the increase in their security holdings as noted above.

If Resolution 4 is not passed, the Company will not be able to proceed with the Issues of the respective Accrued Shares and Future Shares to the Receiving Directors and the Receiving Directors will not receive the relevant Shares or any increase of shareholdings. The Receiving Directors would therefore settle the relevant Accrued Fees and/or Future Fees, via cash payments by the Company.

#### 4.5. Technical information required under ASX Listing Rule 10.15

The following disclosures are made for the purposes of ASX Listing Rule 10.15:

(a) the name of the persons are:

- Douglas Brown;
- Paul Donnelly;
- Norman Mel Ashton; and
- Nikolaus Oldendorff;

(b) the Receiving Directors fall within ASX Listing Rule 10.14.1, as they are Directors of the Company;

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- (c) the class of securities proposed to be issued are fully paid ordinary shares in the Company, and the numbers are as follows:
    - Douglas Brown – up to 2,769,474 Shares, plus the number of Shares with a value up to \$750,000 based on the formula set out in item 4.2.2, above;
    - Paul Donnelly – up to 567,242 Shares, plus the number of Shares with a value up to \$364,800 based on the formula set out in item 4.2.2, above;
    - Norman Mel Ashton – up to 571,634 Shares plus the number of Shares with a value up to \$372,000 based on the formula set out in item 4.2.2, above;
    - Nikolaus Oldendorff – up to 447,823 Shares plus the number of Shares with a value up to \$288,000 based on the formula set out in item 4.2.2, above;
  - (d) details of the current total remuneration packages of the Receiving Directors are set out above;
  - (e) no securities have previously been issued to anyone under the proposed DSPP arrangement;
  - (f) the Company expects to issue the Accrued Shares within three (3) months after the date of the Meeting, and in any event, no later than three (3) years after the date of the Meeting; and Company expects to issue the Future Shares within one (1) month after the end of each of the quarters commencing 1 April 2025, and in any event, no later than three (3) years after the date of the Meeting; and
  - (g) the Accrued Shares are to be issued to each Receiving Director based on the Accrued Values as set out in item 4.2.1 above and the Future Shares are to be issued to the Directors based on the Future Values as noted in item 4.2.2 above;
  - (h) the material terms of the DSPP proposal are set out in **Annexure B**;
  - (i) no loan will be made by the Company in relation to the grants of Shares to the Receiving Directors under the DSPP;
  - (j) details of any securities issued under the Company's employee incentives schemes will be published in the Annual Report of the Company relating to a period in which the securities were issued, along with a statement that approval for the issue was obtained under Listing Rule 10.14; and
  - (k) any additional persons covered by Listing Rule 10.14 who become entitled to participate in an issue of securities under the DSPP after Resolution 4 is approved and who were not named in this Notice of Meeting will not participate in the DSP until Shareholder approval is obtained under Listing Rule 10.14.

#### 4.6. Directors' Recommendation

As the Directors of the Company are excluded from voting pursuant to the Listing Rules, they make no recommendation to the Shareholders in respect of Resolution 4. The Chair of the meeting intends to vote undirected proxies in favour of Resolution 4.

#### 4.7. Voting Exclusions

The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

- (a) a person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the DSPP, being Douglas Brown, Paul Donnelly, Norman Mel Ashton and Nikolaus Oldendorff; or
- (b) an associate of any of those persons.

However, this does not apply to a vote cast in favour of this Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair of the Meeting to vote on the Resolution as the Chair of the Meeting decides; or

- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
- (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

If you appoint the Chair of the Meeting as your proxy and you do not direct the Chair of the Meeting on how to vote, you will be expressly authorising the Chair of the Meeting to exercise the proxy even if the relevant resolution is connected directly or indirectly with the remuneration of a member of the KMP of the Company.

## Resolution 5 Approval of 10% Placement Capacity

### 5.1 Background

The Company is seeking Shareholder approval by way of a special resolution to have the ability, if required, to issue equity securities under the 10% Placement Facility (as defined below). The effect of this resolution is to allow the Directors to issue equity securities under Listing Rule 7.1A during the 10% Placement Period (as defined below) without, or in addition to, using the Company's 15% Capacity under Listing Rule 7.1.

### 5.2 ASX Listing Rules

#### 5.2.1 Listing Rules 7.1 & 7.1A

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12-month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

Under Listing Rule 7.1A, however, an eligible entity can seek approval from its members, by way of a special resolution passed at its annual general meeting, to increase this 15% limit by an extra 10% (**10% Placement Facility**) to 25%.

An 'eligible entity' means an entity which is not included in the S&P/ASX 300 Index, and which has a market capitalisation of \$300 million or less. The Company is, at the date of this Notice, an eligible entity. Note however that if, on the date of this Meeting, the market capitalisation of the Company exceeds \$300 million or the Company has been included in the S&P/ASX 300 Index, then this Resolution will no longer be effective and will be withdrawn.

This Resolution seeks Shareholder approval by way of special resolution for the Company to have the additional 10% placement capacity provided for in Listing Rule 7.1A to issue equity securities without further Shareholder approval.

#### 5.2.2 Placement Period

If Shareholders approve the 10% Placement Facility under Listing Rule 7.1A, such approval of the 10% Placement Facility will commence on the date of this AGM and expire on the first to occur of the following:

- (a) the date that is 12 months after the date of this AGM;
- (b) the time and date of the Company's next AGM; and
- (c) the time and date of the approval by Shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking) (the **10% Placement Period**).

The Company will only issue and allot the equity securities approved under the 10% Placement Facility during the 10% Placement Period.

### 5.2.3 Effect of Passing this Resolution

If Shareholders pass this resolution, the number of equity securities permitted to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (see below) and the Company will be able to issue equity securities up to a combined 25% of the Shares on issue without further Shareholder approval.

If this resolution is not passed, the Company will not be able to access the additional 10% Placement Facility to issue equity securities provided under Listing Rule 7.1A without Shareholder approval and will remain limited by the 15% Capacity to issue equity securities.

### 5.2.4 Formula for Calculating the 10% Placement Facility – Listing Rule 7.1A.2

The maximum number of equity securities that may be issued by the Company under the 10% Placement Facility pursuant to Listing Rule 7.1A.2 is calculated in accordance with the following formula:

$$(A \times D) - E$$

**A** is the number of Shares on issue at the commencement of the “**Relevant Period**” (which, for the Company, is the 12-month period immediately preceding the date of the issue or agreement):

- plus the number of fully paid shares issued in the Relevant Period under an exception in Listing Rule 7.2, other than exception 9, 16 or 17;
- plus the number of fully paid shares issued in the Relevant Period on the conversion of convertible securities within Rule 7.2 exception 9 where:
  - i) the convertible securities were issued or agreed to be issued before the commencement of the Relevant Period; or
  - ii) the issue of, or agreement to issue, the convertible securities was approved, or taken under the Listing Rules to have been approved, under Rule 7.1 or Rule 7.4;
- plus the number of fully paid shares issued in the Relevant Period under an agreement to issue securities within Rule 7.2 exception 16 where:
  - i) the agreement was entered into before the commencement of the Relevant Period; or
  - ii) the agreement or issue was approved, or taken under the Listing Rules to have been approved, under Rule 7.1 or Rule 7.4;
- plus the number of fully paid shares issued in the Relevant Period with approval of holders of shares under Listing Rules 7.1 or 7.4;
- plus the number of partly paid shares that became fully paid in the Relevant Period; and
- less the number of fully paid shares cancelled in the Relevant Period.

**D** is 10%

**E** is the number of equity securities issued or agreed to be issued under Listing Rule 7.1A.2 in the Relevant Period where the issue or agreement has not been approved by Shareholders under Listing Rule 7.4.

The ability of an entity to issue equity securities under Listing Rule 7.1A is in addition to the entity's 15% Capacity under Listing Rule 7.1. The actual number of equity securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the equity securities in accordance with the formula stated above.

### 5.2.5 Type and Number of Equity Securities

Any equity securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of equity securities of the Company. The Company, as of 11 April 2025, has on issue one class of quoted equity securities, being Shares as follows:

| ASX Security Code and Description | Total Number  |
|-----------------------------------|---------------|
| FLC: Ordinary Fully Paid          | 1,080,966,412 |

### 5.2.6 Minimum Issue Price and Cash Consideration – Listing Rule 7.1A.3

The equity securities will be issued at an issue price of not less than 75% of the VWAP for the Company's equity securities in the same class calculated over the 15 trading days on which trades in that class were recorded immediately before:

- (a) the date on which the price at which the equity securities are to be issued is agreed by the Company and the recipient of the securities; or
- (b) if the equity securities are not issued within 10 trading days of the date in paragraph (a) above, the date on which the equity securities are issued.

### 5.2.7 Purpose of the Funds Raised

The purposes for which the funds raised by an issue under the 10% Placement Facility may be used by the Company include, without limitation:

- (a) consideration for the acquisition(s) of new assets and investments, including the expenses associated with such acquisition(s); and
- (b) continued expenditure on the Company's current business and/or general working capital.

### 5.2.8 Risk of Economic and Voting Dilution

If this resolution is approved by Shareholders and the Company issues equity securities under the 10% Placement Facility, the voting power of existing Shareholders in the Company will be diluted as shown in the dilution table below.

Shareholders may be exposed to economic risk and voting dilution, including the following:

- (a) the market price for the Company's equity securities may be lower or significantly lower on the date of the issue of the equity securities than on the date of this AGM; and
- (b) the equity securities may be issued at a price that is at a discount to the market price for the Company's equity securities on the issue date,

which may have an effect on the amount of funds raised by the Company by the issue of the equity securities.

The dilution table below shows the hypothetical dilution of existing Shareholders on the basis of the market price of Shares as of 11 April 2025 (**Current Share Price**) and the current number of Shares for variable "A" calculated in accordance with the formula in Listing Rule 7.1A.2 as of the date of this Notice of Meeting.

The dilution table also shows:

- (a) Two examples where variable "A" has increased by 50% and 100%. Variable "A" is based on the number of Shares the Company has on issue. The number of Shares on issue may increase as a result of issues of Shares that do not require Shareholder approval or for which Shareholder approval has already been obtained (for example, a pro rata entitlements issue, scrip issued under a takeover offer or the issue of Shares upon conversion of a convertible security such as the

exercise of an option) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and

- (b) Two examples of where the issue price of Shares has decreased by 50% and increased by 100% as against the current market price.

This dilution table has been prepared on the following assumptions:

- (a) The Company issues the maximum number of equity securities available under the 10% Placement Facility;
- (b) No convertible security is exercised and converted into Share before the date of the issue of the equity securities;
- (c) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%;
- (d) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the AGM;
- (e) The table shows only the effect of issues of equity securities under Listing Rule 7.1A, not under the 15% Capacity under Listing Rule 7.1;
- (f) The issue of equity securities under the 10% Placement Facility consists only of Shares; and
- (g) The Current Share Price is \$0.052 being the closing price of the Shares on ASX on 11 April 2025.

*Dilution Table*

| Variable 'A' in Listing Rule 7.1A.2                                   | Dilution Scenario   | Issue Price                                    |                                |   |
|---|---------------------|--|--------------------------------|---|
|   |                     | 50% decrease in Current Share Price<br>\$0.026 | Current Share Price<br>\$0.052 | 100% increase in Current Share Price<br>\$0.104 |
| <b>Current Variable A</b><br>1,080,966,412<br>Shares                  | 10% Voting Dilution | 108,096,641 Shares                             |                                |   |
|   | Funds raised        | \$2,810,513                                    | \$5,621,025                    | \$11,242,051                                    |
| <b>50% increase in current Variable A</b><br>1,621,449,618<br>Shares  | 10% Voting Dilution | 162,144,962 Shares                             |                                |   |
|   | Funds raised        | \$4,215,769                                    | \$8,431,538                    | \$16,863,076                                    |
| <b>100% increase in current Variable A</b><br>2,161,932,824<br>Shares | 10% Voting Dilution | 216,193,282 Shares                             |                                |   |
|   | Funds raised        | \$5,621,025                                    | \$11,242,051                   | \$22,484,101                                    |

### 5.2.9 Allocation Policy

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of equity securities under the 10%

Placement Facility will be determined on a case-by-case basis having regard to relevant factors including, but not limited to, the following:

- (a) the methods of raising funds that are available to the Company, including but not limited to, rights issues or other issues in which existing security holders can participate;
- (b) the effect of the issue of the equity securities on the control of the Company;
- (c) the financial situation and solvency of the Company; and
- (d) advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Facility have not been determined as of the date of this Notice but may include existing substantial Shareholders, subject to compliance with Listing Rule 10.11, and/or new Shareholders who are not related parties or associates of a related party of the Company.

#### **5.2.10 Previous Issue**

The Company has not issued or agreed to issue any Equity Securities under Listing Rule 7.1A.2 in the 12-month period preceding the date of this Meeting. The Company had not agreed, before the 12 month period referred to in the preceding paragraph, to issue any Equity Securities under Listing Rule 7.1A.2 where such securities remain unissued as at the date of the Meeting.

#### **5.3 Special Resolution**

The ability to issue equity securities under the 10% Placement Facility is subject to Shareholder approval by way of a special resolution. This means it requires approval of 75% of the votes cast by Shareholders present or represented, and eligible to vote.

#### **5.4 Directors Recommendation**

The Directors of the Company believe that this resolution is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of this resolution.

The Chair of the Meeting intends to vote undirected proxies in favour of this Resolution.

#### **5.5 Voting Exclusions**

As of the date of dispatch of this Notice, the Company is not proposing to make an issue of equity securities under Listing Rule 7.1A.2 and, therefore, a voting exclusion statement is not required by Listing Rule 7.3A.7.

## GLOSSARY

|   |  |
|---|--|
| <b>\$</b>                               | unless it is otherwise indicated, means Australian Dollars.  |
| <b>10% Placement Facility</b>           | has the meaning as defined in the Statement for Resolution 5.  |
| <b>10% Placement Period</b>             | has the meaning as defined in the Statement for Resolution 5.  |
| <b>AEST</b>                             | means Australian Eastern Standard Time.  |
| <b>Annual Report</b>                    | means the Directors' Report, the Financial Report, and Auditor's Report, in respect to the year ended 31 December 2024.  |
| <b>ASX</b>                              | means ASX Limited ABN 98 008 624 691 or the Australian Securities Exchange, as the context requires.   |
| <b>ASX Listing Rule or Listing Rule</b> | means ASX Listing Rules published and maintained by ASX Limited.   |
| <b>Auditor's Report</b>                 | means the auditor's report on the Financial Report.  |
| <b>Board</b>                            | means of the board of Directors of the Company.  |
| <b>Chairman or Chair</b>                | means the person appointed to chair the AGM.   |
| <b>Closely Related Party</b>            | has the meaning given to this term under Section 9 of the Corporations Act.  |
| <b>Company</b>                          | means Fluence Corporation Limited ACN 127 734 196.   |
| <b>Constitution</b>                     | means the constitution of the Company as at the date of the Meeting.   |
| <b>Corporations Act</b>                 | means <i>Corporations Act 2001</i> (Cth).  |
| <b>Director</b>                         | means a director of the Company.   |
| <b>Directors Report</b>                 | means the annual directors' report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities   |
| <b>EDT</b>                              | means United States Eastern Daylight Time.   |
| <b>Equity Interests</b>                 | has the meaning given to this term under ASX Listing Rule 19.12.   |
| <b>Equity Security</b>                  | has the meaning given to this term under ASX Listing Rule 19.12.   |
| <b>Financial Report</b>                 | means the annual financial report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities.   |
| <b>Key Management Personnel or KMP</b>  | has the meaning given to this term under Section 9 of the Corporations Act.  |
| <b>Meeting</b>                          | has the meaning given in the introductory paragraph of the Notice of Meeting.  |
| <b>Notice of Meeting or Notice</b>      | means this Notice of AGM for the Company, including the attached notes and the Statements.   |
| <b>Proxy Form or Voting Form</b>        | means the proxy form attached to the Notice.   |
| <b>Recipient Director</b>               | has the meaning given to it in of the Statement for Resolution 4.  |
| <b>Remuneration Report</b>              | means the remuneration report which forms part of the Directors' Report of the Company for the financial year ended 31 December 2024 and which is set out in the 2024 Annual Report. |
| <b>S&amp;P/ASX 300 Index</b>            | means the S&P/ASX 300 Index as published by Standard & Poor's from time to time.   |

|                    |   |
|--------------------|---|
| <b>Share</b>       | means a fully paid ordinary share in the capital of the Company.                        |
| <b>Shareholder</b> | means the shareholder of the Company.   |
| <b>Statement</b>   | means the explanatory statement which forms part of the Notice of Meeting.              |
| <b>Trading Day</b> | means a day determined by ASX to be a trading day in accordance with the Listing Rules. |
| <b>VWAP</b>        | means volume weighted average price.  |

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**ANNEXURE A – FLUENCE CORPORATION LIMITED - INDEPENDENT  
EXPERT REPORT**

*(see attached)*

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# Fluence Corporation Ltd

Independent Expert's Report

**Opinion: Fair and Reasonable**

15 April 2025

For personal use only



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## FINANCIAL SERVICES GUIDE

Dated: 15 April 2025

This Financial Services Guide (FSG) helps you decide whether to use any of the financial services offered by BDO Corporate Finance Australia Pty Ltd (BDO Corporate Finance, we, us, our).

The FSG includes information about:

- Who we are and how we can be contacted
- The services we are authorised to provide under our Australian Financial Services Licence, Licence No: 247420
- Remuneration that we and/or our staff and any associates receive in connection with the financial services
- Any relevant associations or relationships we have
- Our complaints handling procedures and how you may access them.

### FINANCIAL SERVICES WE ARE LICENSED TO PROVIDE

We hold an Australian Financial Services Licence which authorises us to provide financial product advice to retail and wholesale clients about securities and certain derivatives (limited to old law securities, options contracts, and warrants). We can also arrange for customers to deal in securities, in some circumstances. Whilst we are authorised to provide personal and general advice to retail and wholesale clients, we only provide *general* advice to retail clients.

Any general advice we provide is provided on our own behalf, as a financial services licensee.

### GENERAL FINANCIAL PRODUCT ADVICE

Our general advice is typically included in written reports. In those reports, we provide general financial product advice that is prepared without taking into account your personal objectives, financial situation or needs. You should consider the appropriateness of the general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

### FEES, COMMISSIONS AND OTHER BENEFITS THAT WE MAY RECEIVE

We charge fees for providing reports. These fees are negotiated and agreed to with the person who engages us to provide the report. Fees will be agreed on an hourly basis or as a fixed amount depending on the terms of the agreement. In this instance, the Company has agreed to pay us \$20,000 for preparing the Report.

Except for the fees referred to above, neither BDO Corporate Finance, nor any of its directors, employees, or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of general advice.

All our employees receive a salary. Our employees are eligible for bonuses based on overall company performance but not directly in connection with any engagement for the provision of a report.

### REFERRALS

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

### ASSOCIATIONS AND RELATIONSHIPS

BDO Corporate Finance is a member firm of the BDO network in Australia, a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International). The general financial product advice in our report is provided by BDO Corporate Finance and not by BDO or its related entities. BDO and its related entities provide services primarily in the areas of audit, tax, consulting, and financial advisory services.

We do not have any formal associations or relationships with any entities that are issuers of financial products. However, you should note that we and BDO (and its related entities) might from time to time provide professional services to financial product issuers in the ordinary course of business.

### COMPLAINTS RESOLUTION

We are committed to meeting your needs and maintaining a high level of client satisfaction. If you are unsatisfied with a service we have provided you, we have avenues available to you for the investigation and resolution of any complaint you may have.

To make a formal complaint, please use the Complaints Form. For more on this, including the Complaints Form and contact details, see the [BDO Complaints Policy](#) available on our website.

BDO Corporate Finance is a member of AFCA (Member Number 11843). Where you are unsatisfied with the resolution reached through our Internal Dispute Resolution process, you may escalate this complaint to the Australian Financial Complaints Authority (AFCA) using the below contact details:

Australian Financial Complaints Authority  
GPO Box 3, Melbourne VIC 3001  
Email: [info@afca.org.au](mailto:info@afca.org.au)  
Phone: 1800 931 678  
Fax: (03) 9613 6399  
Interpreter service: 131 450  
Website: <http://www.afca.org.au>

### COMPENSATION ARRANGEMENTS

BDO Corporate Finance and its related entities hold Professional Indemnity insurance for the purpose of compensating retail clients for loss or damage suffered because of breaches of relevant obligations by BDO Corporate Finance or its representatives under Chapter 7 of the Corporations Act 2001. These arrangements and the level of cover held by BDO Corporate Finance satisfy the requirements of section 912B of the Corporations Act 2001.

### CONTACT DETAILS

You may provide us with instructions using the details set out at the top of this FSG or by emailing - [cf.ecp@bdo.com.au](mailto:cf.ecp@bdo.com.au)

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Appendix 1 - Glossary and copyright notice

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15 April 2025

The Independent Directors  
Fluence Corporation Limited  
3600 Holly Lane North, Suite 100  
Plymouth, MN 55447  
United States of America

Dear Independent Directors

## INDEPENDENT EXPERT'S REPORT

### 1. Introduction

On 29 July 2024, Fluence Corporation Limited (**'Fluence'** or **'the Company'**) entered into a Revolving Loan Agreement (**'the Loan'** or **'Loan Agreement'**) with the Company's Non-executive Director, Nikolaus Oldendorff, and Chairman, Douglas Brown (**'the Lenders'**) for an initial maximum loan amount (**'Advance'**) of US\$15,000,000, that was subsequently increased to US\$20,000,000 in a 26 September 2024 amendment to the Loan Agreement.

Under the terms of the Loan, the Lenders are to be granted security over collateral within the Company which entitles the Lenders to a residual claim over the value and sale of certain company assets defined as collateral under the Loan Agreement in the event of default or bankruptcy (**'Default'**). The value of the assets collateralised under the Loan represents an ownership interest for the Lenders in excess of 5% of the equity interest of Fluence. Additionally, both Lenders hold interests greater than 10% of the issued shares in Fluence. Shareholder approval is required under ASX Listing Rule 10.1 as the granting of security over collateralised assets in the event of Default would be considered a disposal of a substantial asset to a party to which Listing Rule 10.1 applies.

Consequently, the Company is seeking approval from the shareholders of Fluence not associated with the Lenders (**'Shareholders'** or **'Non-Associated Shareholders'**) for the grant of Security pursuant to the Loan Agreement with the Lenders and the terms outlined in the Explanatory Statement of the Company's Notice of Meeting (**'Proposed Transaction'**). Under Listing Rule 10.1, Shareholders must be provided with an independent expert report providing an opinion as to whether the Proposed Transaction is fair and reasonable to Non-Associated Shareholders.

All currencies are quoted in United States (**'US'**) Dollars (**'\$'** or **'USD'**) unless otherwise stated.

### 2. Summary and opinion

#### 2.1 Requirement for the report

The independent directors of Fluence have requested that BDO Corporate Finance Australia Pty Ltd (**'BDO'**) prepare an independent expert's report (**'our Report'**) to express an opinion as to whether the Proposed Transaction is fair and reasonable to the Non-Associated Shareholders of Fluence.

Our Report is prepared pursuant to Australian Securities Exchange ('ASX') Listing Rule 10.1 and 10.5, and is to be included in the Notice of Meeting for Fluence to assist Shareholders in their decision whether to approve the Proposed Transaction.

## 2.2 Approach

Our Report has been prepared having regard to Australian Securities and Investments Commission ('ASIC') Regulatory Guide 76 'Related party transactions' ('RG 76'), Regulatory Guide 111 'Content of expert reports' ('RG 111') and Regulatory Guide 112 'Independence of experts' ('RG 112').

In arriving at our opinion, we have assessed the terms of the Proposed Transaction as outlined in the body of this report. We have considered:

- Whether the terms of the Loan Agreement are fair for Shareholders
- Whether the terms of the Loan Agreement are reasonable for Shareholders
- The extent to and circumstances where the Lenders can enforce the repossession or sale of the Company's collateral under the terms of the Loan Agreement
- The likelihood of the Company obtaining an alternative loan arrangement with more favourable terms than those provided under the Loan Agreement
- Other factors which we consider to be relevant to the Shareholders in their assessment of the Proposed Transaction
- The position of Shareholders should the Proposed Transaction not be approved.

## 2.3 Opinion

We have considered the terms of the Proposed Transaction as outlined in the body of this Report and have concluded that the Proposed Transaction is fair and reasonable to Shareholders.

## 2.4 Fairness

In Section 10, we determined that the terms of the Loan Agreement are fair for Shareholders. In the event of Default, the Lenders will only be entitled to an amount less than the amount owing. Therefore, in the absence of a superior proposal, we consider the Proposed Transaction to be fair for Shareholders

## 2.5 Reasonableness

We have considered the analysis in Section 11 of this Report, in terms of the following:

- advantages and disadvantages of the Proposed Transaction; and
- other considerations, including the position of Shareholders if the Proposed Transaction does not proceed and the consequences of not approving the Proposed Transaction.

In our opinion, the position of Shareholders if the Proposed Transaction is approved is more advantageous than the position if the Proposed Transaction is not approved. Accordingly, in the absence of any other relevant information and/or an alternate proposal, we consider the Proposed Transaction to be reasonable for Shareholders.

The respective advantages and disadvantages considered are summarised in the following:

**ADVANTAGES AND DISADVANTAGES**

| Section | Advantages   | Section | Disadvantages  |
|---------|--|---------|--|
| 11.1    | The Proposed Transaction is fair   | 11.2    | Fluence will grant a first ranking security over a large part of the Company's assets to the Lenders |
| 11.1    | The Proposed Transaction provides flexible financing for the Company and greater liquidity |         |  |
| 11.1    | The interest rate and terms of repayment on Advances are favourable for the Company        |         |  |

Other key matters we have considered include:

| Section | Consequences of not approving the Proposed Transaction   |
|---------|--|
| 11.3    | If the Proposed Transaction is not approved, the Company may be required to repay any current outstanding Liabilities to the Lenders, as failure to grant this security could be interpreted as a violation of the conditions of the Loan Agreement by virtue of breaching a Post-Closing Covenant. With consideration to the financial position of the Company as at 31 December 2024, Fluence may not have sufficient liquidity to repay any outstanding Liabilities owed to the Lenders should the Proposed Transaction not be approved. Therefore, the consequences of not approving the Proposed Transaction will likely be value destructive for Shareholders. |

| Section | Alternative proposal   |
|---------|--|
| 11.4    | We are unaware of any alternative proposal that might offer Shareholders a superior debt arrangement than the Proposed Transaction. Management have advised that alternative debt arrangements were sought but none provided superior terms to those under the Loan Agreement. |

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## 3. Scope of the Report

### 3.1 Purpose of the Report

ASX Listing Rule 10.1 requires that a listed entity must obtain shareholders' approval before it acquires or disposes of, or agrees to acquire or dispose of, a substantial asset when the consideration to be paid for the asset or the value of the asset being disposed constitutes more than 5% of the equity interest of that entity as set out in the latest accounts given to the ASX under its Listing Rules. Listing Rule 10.1 applies where the vendor or acquirer of the relevant assets is a related party or person of influence of the listed entity as defined under the ASX Listing Rules.

Based on the terms of the Loan Agreement, the grant of security to the Lenders on the Company's assets is potentially greater than 5% of the equity value of Fluence, given the Company can borrow a maximum Advance of up to \$20,000,000. As both Lenders also hold more than 10% of the issued shares in Fluence, the Lenders are deemed to be a related party of Fluence under the ASX Listing Rules.

Listing Rule 10.5.10 requires the Notice of Meeting for shareholders' approval to be accompanied by a report by an independent expert expressing their opinion as to whether the transaction is fair and reasonable to the shareholders whose votes are not to be disregarded.

Accordingly, an independent experts' report is required for the Proposed Transaction. Under RG 111 the report should provide an opinion by the expert stating whether or not the terms and conditions in relation thereto are fair and reasonable to non-associated shareholders of Fluence.

### 3.2 Regulatory guidance

Neither the Listing Rules nor the Corporations Act defines the meaning of 'fair and reasonable'. In determining whether the Proposed Transaction is fair and reasonable, we have had regard to the views expressed by ASIC in RG 111 which provides guidance as to what matters an independent expert should consider to assist security holders to make informed decisions about transactions.

This regulatory guide suggests that, where an expert assesses whether a related party transaction is 'fair and reasonable' for the purposes of ASX Listing Rule 10.1 this should not be applied as a composite test—that is, there should be a separate assessment of whether the transaction is 'fair' and 'reasonable', as in a control transaction. An expert should not assess whether the transaction is 'fair and reasonable' based simply on a consideration of the advantages and disadvantages of the proposal.

We do not consider the Proposed Transaction to be a control transaction. As such, we have used RG 111 as a guide for our analysis but have considered the Proposed Transaction as if it were not a control transaction.

### 3.3 Adopted basis of evaluation

RG 111 states that a transaction is fair if the value of the offer price or consideration is equal to or greater than the value of the securities subject of the offer. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length.

Given an opinion is required pursuant to ASX Listing Rule 10.1, in the Context of the Proposed Transaction, we have considered the following:

- The value of the financial benefit to be provided by the Lenders to Fluence, to be the collateral up to the equivalent cash amount sufficient to repay any outstanding amount owed to the Lenders in the event of Default.

Accordingly, we have conducted this assessment by comparing the security to be granted to the Lenders with the outstanding liability amount to be settled in the event of Default.

Further to this, RG 111 states that a transaction is reasonable if it is fair. It might also be reasonable if despite being 'not fair' the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid.

Having regard to the above, BDO has completed this comparison in two parts:

- A comparison between the value of the security to be granted and the value of the Liabilities to be settled (fairness - see Section 10 'Is the Proposed Transaction fair?').
- An investigation into other significant factors to which Shareholders might give consideration, prior to approving the resolution, after reference to the value derived above (reasonableness - see Section 11 'Is the Proposed Transaction reasonable?').

This assignment is a Valuation Engagement as defined by Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services' ('APES 225').

A Valuation Engagement is defined by APES 225 as follows:

*'an Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Member is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Member at that time.'*

This Valuation Engagement has been undertaken in accordance with the requirements set out in APES 225.

## 4. Outline of the Proposed Transaction

### 4.1 Overview

On 29 July 2024, Fluence entered into a Revolving Loan Agreement with the Lenders, its Chairman and Non-executive Director, with both parties holding in excess of 10% of the common shares in Fluence. Upon signing the Loan Agreement, the Company began using the proceeds to pay down outstanding debts owed to Upwell Water LLC ('Upwell') and remaining balances due on its Bimini Project. Subsequently, on 30 July 2024, the Company announced that it had repaid the \$30.3 million loan with Upwell, and the associated collateral underlying this loan was released.

The terms of the Loan Agreement initially allowed the Company to draw a maximum Advance of up to \$15,000,000, which could be used towards funding for working capital, repayment of other debt, or other general corporate purposes - with any funds drawn in excess of the maximum Advance repayable within 30 days from the date of being drawn. Interest on Advances would be charged at a rate ('the Prime Rate') set according to, first, the variable rate of interest per annum reported in the Money Rates Section of the Eastern Edition of The Wall Street Journal, second, the interest per annum last reported by The Wall Street Journal, third, the highest bank prime loan rate published by the Federal Reserve Board, or fourth, any similar rate quoted therein or similar releases by the Federal Reserve Board.

### 4.2 Amendments to the Loan Agreement

In subsequent 26 September 2024 and 30 October 2024 amendments, the Company and Lenders agreed to update certain terms of the Loan Agreement as outlined below:

- Interest on unpaid borrowings drawn from the Loan could be deferred to a single lump sum payable on 30 June 2025 ('the Deferral Period'), rather than become payable five days after the end of each calendar quarter, as was the case prior
- No default interest would be applied to unpaid interest due on any Advance during the Deferral Period. Initially, the 26 September 2024 amendment exempted both compounding and default interest from outstanding interest owed, but in the 30 October 2024 amendment, compounding interest charged at the Prime Rate was re-introduced
- The maximum Advance was increased from \$15,000,000 to \$20,000,000.

### 4.3 Default

The Loan Agreement defines what constitutes a Default by the Company as the following:

- The Company fails to pay any outstanding amount due to the Lenders, within five business days after either of the Lenders provide notice of non-receipt
- The Company fails to comply or breaches the terms of the Loan Agreement
- The Company admits in writing that it is unable to pay its debts as they come due, files a voluntary petition of bankruptcy, or undergoes any reorganisation, arrangement, insolvency, or liquidation proceedings.

Should the Company Default, the Lenders, by unanimous decision, can declare all outstanding amounts ('Liabilities') due and immediately payable and cease being obligated to make further Advances to the Company. It is under these conditions that the Lenders would have power through a grant of security to ensure prompt payment of any outstanding Liabilities from the Company's right, title and interest in as well as to company collateral. The collateral included and excluded under the Loan Agreement has been summarised in the below table:

Collateral to be granted security over as per the Loan Agreement

| Included  | Excluded   |
|---|--|
| All Company receivables   | Any property, contract, or licence where a grant of security is prohibited by law of a governmental authority or that violates a contract, license, agreement, instrument, or other document relating to these items   |
| All other tangible and intangible property  | Any application for registration of a trademark filed with the US Patent and Trademark Office that has not yet been granted  |
| All accessions, attachments, accessories, parts, supplies and replacements for the foregoing      | Letter of credit rights with a face value of less than \$100,000 individually or \$500,000 in aggregate for all such rights (except to the extent constituting supporting obligations defined under the Loan Agreement in which a security interest can be perfected with the filing of a UCC-1 financing statement) |
| All products, proceeds and collections of the foregoing and all records and data relating thereto | Commercial tort claims with a value of less than \$500,000 individually, or \$1,000,000 in aggregate for all claims  |
|   | Deposit accounts used exclusively for payroll accounts, employee benefits, security deposit, withholding, escrow, trust or tax withholding (and similar fiduciary accounts and zero balance accounts)  |
|   | Any assets to the extent that the granting of a lien thereon would reasonably be expected to result in material adverse tax consequences, as reasonably agreed by the Borrower and the Lenders in writing  |
|   | Other assets if, and for so long as, in each case, reasonably agreed by the Lenders and the Borrower in writing (which may include email), the cost of creating or perfecting such pledges or security interests in such assets exceed the practical benefits to be obtained by the Lenders therefrom                |
|   | All assets and property of the Borrower with an aggregate fair market value in excess of the Maximum Amount  |

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We note that in the Company's Notice of Meeting, the amount of the security granted to the Lenders in the event of Default is limited to 50% of any outstanding Advances, and will therefore at no point exceed a value of \$10 million.

#### 4.4 Grant of security

Whilst the Company has been utilising Advances provided under the Loan Agreement, granting security to the Lenders over the included collateral in the Company in the event of Default still requires Shareholder approval as per ASX Listing Rule 10.1 to be fully enforceable. The terms of the Loan Agreement required that, upon request from the Lenders, the Company would seek Shareholder approval for the grant of security at an upcoming Shareholder meeting. Until this is approved, less than 5% of the collateral secured as part of the Loan Agreement is granted as security to the Lenders.

## 5. Profile of Fluence

### 5.1 History

Fluence is an ASX listed company that specialises in providing water and wastewater treatment solutions for its clients. With its head office in the US state of Minnesota, Fluence was formed as a result of a merger between Emefcy and RWL Water in 2017, with the Company originally being incorporated in 2007.

The Company's Board of Directors comprises:

- Mr. Douglas Brown - Chairman
- Mr. Tom Pokorsky - Managing Director and CEO
- Mrs. Melanie Leydin - Company Secretary
- Mr. Paul Donnelly - Non-Executive Director
- Mr. Mel Ashton - Non-Executive Director
- Mr. Nikolaus Oldendorff - Non-Executive Director.

Fluence's most well-known products include its Aspiral, SUBRE, and NIROBOX products. Its Aspiral units provide containerised wastewater treatment solutions and have been utilised in numerous applications around the world. Its SUBRE products also assist in wastewater treatment, by providing submergible towers for use in existing wastewater management plants, increasing their capacity and reducing the amount of biological nutrient present. Its NIROBOX products provide water treatment for seawater, brackish water, and fresh water.

### 5.2 Historical Statements of Financial Position

| Historical Statement of Financial Position | Audited as at<br>31-Dec-24 | Reviewed as at<br>30-Jun-24 | Audited as at<br>31-Dec-23 |
|--|----------------------------|-----------------------------|----------------------------|
|  | \$'000                     | \$'000                      | \$'000                     |
| <b>CURRENT ASSETS</b>                      |                            |                             |                            |
| Cash and cash equivalents                  | 8,945                      | 7,923                       | 24,635                     |
| Other financial assets                     | 26                         | 3,406                       | 3,645                      |
| Trade and other receivables                | 38,902                     | 34,678                      | 35,296                     |
| Inventories                                | 5,797                      | 6,522                       | 5,690                      |
| Prepayments                                | 2,647                      | 2,329                       | 2,513                      |
| Concession arrangement assets              | 271                        | 271                         | 271                        |
| Other assets                               | 229                        | 317                         | 407                        |

| Historical Statement of Financial Position                              | Audited as at<br>31-Dec-24 | Reviewed as at<br>30-Jun-24 | Audited as at<br>31-Dec-23 |
|---|----------------------------|-----------------------------|----------------------------|
|   | \$'000                     | \$'000                      | \$'000                     |
| Assets directly associated with assets classified as held for sale      | -                          | -                           | 1,839                      |
| <b>TOTAL CURRENT ASSETS</b>   | <b>56,817</b>              | <b>55,446</b>               | <b>74,296</b>              |
| <b>NON-CURRENT ASSETS</b>   |                            |                             |                            |
| Investments accounted for using the equity method                       | 311                        | 237                         | 332                        |
| Deferred tax  | 1,893                      | 1,113                       | 1,968                      |
| Property, plant and equipment   | 8,006                      | 8,140                       | 8,146                      |
| Intangible assets   | 970                        | 1,021                       | 1,140                      |
| Concession arrangement assets   | 2,499                      | 2,636                       | 2,770                      |
| Long-term deposits  | 3,576                      | 4,344                       | 4,340                      |
| Other assets  | 39                         | 185                         | 136                        |
| <b>TOTAL NON-CURRENT ASSETS</b>   | <b>17,294</b>              | <b>17,676</b>               | <b>18,832</b>              |
| <b>TOTAL ASSETS</b>   | <b>74,111</b>              | <b>73,122</b>               | <b>93,128</b>              |
| <b>CURRENT LIABILITIES</b>  |                            |                             |                            |
| Trade and other payables and other liabilities                          | 34,799                     | 27,534                      | 32,363                     |
| Borrowings  | 3,171                      | 12,388                      | 15,752                     |
| Lease liabilities   | 478                        | 849                         | 977                        |
| Current tax liabilities   | 90                         | 20                          | 714                        |
| Provisions  | 3,126                      | 2,984                       | 4,490                      |
| Contract liabilities  | 21,486                     | 23,200                      | 22,130                     |
| Liabilities directly associated with assets classified as held for sale | -                          | -                           | 1,127                      |
| <b>TOTAL CURRENT LIABILITIES</b>  | <b>63,150</b>              | <b>66,975</b>               | <b>77,553</b>              |
| <b>NON-CURRENT LIABILITIES</b>  |                            |                             |                            |
| Borrowings  | 17,500                     | 1,869                       | 2,085                      |
| Lease liabilities   | 297                        | 363                         | 496                        |
| Deferred tax  | 33                         | 48                          | 46                         |
| Provisions  | 468                        | 461                         | 505                        |
| Contract liabilities  | 154                        | 162                         | 226                        |
| <b>TOTAL NON-CURRENT LIABILITIES</b>                                    | <b>18,452</b>              | <b>2,903</b>                | <b>3,358</b>               |
| <b>TOTAL LIABILITIES</b>  | <b>81,602</b>              | <b>69,878</b>               | <b>80,911</b>              |
| <b>NET ASSETS</b>   | <b>(7,491)</b>             | <b>3,244</b>                | <b>12,217</b>              |
| <b>EQUITY</b>   |                            |                             |                            |
| Contributed equity  | 232,614                    | 232,629                     | 232,313                    |
| Reserves  | (1,608)                    | (3,078)                     | (3,252)                    |
| Accumulated losses  | (236,279)                  | (224,376)                   | (214,878)                  |
| <b>EQUITY ATTRIBUTABLE TO THE OWNERS OF FLUENCE CORPORATION LIMITED</b> | <b>(5,273)</b>             | <b>5,175</b>                | <b>14,183</b>              |
| Non-controlling interest  | (2,218)                    | (1,931)                     | (1,966)                    |
| <b>TOTAL EQUITY</b>   | <b>(7,491)</b>             | <b>3,244</b>                | <b>12,217</b>              |

Source: Fluence's audited financial statements for the years ended 31 December 2023 and 31 December 2024, and reviewed financial statements for the half year ended 30 June 2024.

## Commentary on Historical Statements of Financial Position

- Cash and cash equivalents decreased from approximately \$24.6 million as at 31 December 2023 to \$8.9 million as at 31 December 2024. This decrease was primarily due to lower financing obtained in the 2024 period amounting to \$20 million through debt compared to the 26.6 million in equity obtained in the 2023 period. The Company also devoted more of its cash to repaying its debt, with a \$17.7 million total outflow in the 2024 period compared to a \$13.4 million outflow in the 2023 period. Negative operating cash flow during this period were primarily a consequence of reduced revenues arising from delays in the Ivory Coast Addendum project and a slowdown in China.
- Total liabilities increased from approximately \$80.9 million as at 31 December 2023 to \$81.6 million as at 31 December 2024. Initially, the Company had current borrowings of \$15.8 million and \$12.4 million between 31 December 2023 and 30 June 2024, before this fell to \$3.2 million in 31 December 2024. Fluence was in the process of repaying back its loan facility with Upwell and paying off the remaining balance owed on its Bimini Project, with these repayments totalling \$14.1 million. To assist in paying off these loans, Fluence drew from the newly signed Loan Agreement, explaining the decrease in current borrowings to \$3.2 million and the increase in non-current borrowings to \$17.5 million for the December 2024 period.
- Total equity decreased from approximately \$12.2 million as at 31 December 2023 to negative \$7.5 million as at 31 December 2024, as total liabilities in the Company exceeded the value of total assets. Larger accumulated losses for the Company in 2024 amounting to \$236.3 million compared to a loss of \$214.9 million in the 2023 period and the declining cash and cash equivalents balance between these periods explain much of this decrease.

### 5.3 Historical Statements of Profit or Loss and Other Comprehensive Income

| Statement of Profit or Loss and Other Comprehensive Income           | Audited for the year ended 31-Dec-24<br>\$'000 | Reviewed for the half year ended 30-Jun-24<br>\$'000 | Audited for the year ended 31-Dec-23<br>\$'000 |
|--|--|--|--|
| Revenue from continuing operations                                   | 51,495   | 20,070   | 70,037   |
| Other income   | -  | -  | 8  |
| <b>Expenses</b>  |  |  |  |
| Cost of sales  | (36,334)                                       | (14,014)   | (50,960)                                       |
| Research and development expenses                                    | (1,988)  | (1,062)  | (171)  |
| Sales and marketing expenses   | (5,806)  | (3,253)  | (6,620)  |
| General and administration expenses                                  | (15,965)                                       | (7,588)  | (16,501)                                       |
| Other losses   | (10,499)                                       | (2,591)  | (6,459)  |
| Finance costs  | (2,816)  | (882)  | (5,678)  |
| <b>Loss before income tax benefit from continuing operations</b>     | <b>(21,913)</b>                                | <b>(9,320)</b>                                       | <b>(16,344)</b>                                |
| Income tax benefit   | 170  | (229)  | 1,027  |
| <b>Loss after income tax benefit from continuing operations</b>      | <b>(21,743)</b>                                | <b>(9,549)</b>                                       | <b>(15,317)</b>                                |
| Profit/(loss) after income tax expense from discontinued operations  | 90   | 86   | (667)  |
| <b>Loss after income tax benefit/(expense) for the year</b>          | <b>(21,653)</b>                                | <b>(9,463)</b>                                       | <b>(15,984)</b>                                |
| <b>Other comprehensive income</b>                                    |  |  |  |
| <b>Items that may be reclassified subsequently to profit or loss</b> |  |  |  |

| Statement of Profit or Loss and Other Comprehensive Income | Audited for the year ended 31-Dec-24 | Reviewed for the half year ended 30-Jun-24 | Audited for the year ended 31-Dec-23 |
|--|--------------------------------------|--|--------------------------------------|
| Foreign currency translation                               | (333)                                | (638)                                      | (1,466)                              |
| <b>Other comprehensive income for the year, net of tax</b> | <b>(333)</b>                         | <b>(638)</b>                               | <b>(1,466)</b>                       |
| <b>Total comprehensive income for the year</b>             | <b>(21,986)</b>                      | <b>(10,101)</b>                            | <b>(17,450)</b>                      |

Source: Fluence's audited financial statements for the years ended 31 December 2023 and 31 December 2024, and reviewed financial statements for the half year ended 30 June 2024.

## Commentary on Historical Statements of Profit or Loss and Other Comprehensive Income

- Revenue from continuing operations fell from approximately \$70.0 million as at 31 December 2023 to \$51.5 million as at 31 December 2024. Lower earned revenues from smart product and custom engineering solutions for the 2024 period amounting to approximately \$39.0 million compared to \$60.5 million for the 2023 period made up for much of this difference. This was primarily a consequence of the delays occurring at the Ivory Coast Addendum project and a slowdown in China.
- Total comprehensive losses increased from approximately \$17.5 million as at 31 December 2023 to \$22.0 million as at 31 December 2024, driven primarily by declining revenue from continuing operations.

### 5.4 Capital structure

The share structure of Fluence as at 3 March 2025 is outlined below:

|  | Number        |
|--|---------------|
| Total ordinary shares on issue             | 1,080,966,412 |
| Top 20 shareholders                        | 886,142,347   |
| Top 20 shareholders - % of shares on issue | 81.98%        |

Source: Fluence's audited financial statements for the year ended 31 December 2024.

The range of shares held in Fluence as at 3 March 2025 is as follows:

| Range of shares held | No. of ordinary shareholders | No. of ordinary shares | Percentage of issued shares (%) |
|----------------------|------------------------------|------------------------|---------------------------------|
| 1 - 1,000            | 495                          | 104,221                | 0.01%                           |
| 1,001 - 5,000        | 735                          | 2,124,854              | 0.20%                           |
| 5,001 - 10,000       | 430                          | 3,418,764              | 0.32%                           |
| 10,001 - 100,000     | 1,011                        | 35,569,011             | 3.29%                           |
| 100,001 - and over   | 319                          | 1,039,749,562          | 96.19%                          |
| <b>TOTAL</b>         | <b>2,990</b>                 | <b>1,080,966,412</b>   | <b>100.00%</b>                  |

Source: Fluence's audited financial statements for the year ended 31 December 2024.

The ordinary shares held by the most significant shareholders as at 31 December 2024 are detailed below:

| Name  | No. of ordinary shares | Percentage of issued shares (%) |
|---|------------------------|---------------------------------|
| Mr Douglas R Brown                                    | 160,656,696            | 14.86%                          |
| Mr Nikolaus Egon Moritz Oldendorff                    | 116,122,116            | 10.74%                          |
| Regal Funds Management Pty Limited and its associates | 83,853,462             | 7.76%                           |
| <b>Subtotal</b>                                       | <b>360,632,274</b>     | <b>33.36%</b>                   |
| Others  | 720,334,138            | 66.64%                          |
| <b>Total ordinary shares on issue</b>                 | <b>1,080,966,412</b>   | <b>100.00%</b>                  |

Source: Fluence's audited financial statements for the year ended 31 December 2024 and Fluence's Appendix 3Y Change of Director's Interest Notice filed 13 December 2024.

The most significant option holder of Fluence as at 31 December 2024 is detailed below:

| Name            | No. of Options |
|-----------------|----------------|
| Thomas Pokorsky | 42,734,375     |

Source: Fluence's audited financial statements for the year ended 31 December 2024.

## 6. Profile of the Lenders

Mr. Douglas Brown was appointed as Chairman of Fluence in March 2023, and has extensive experience in areas of water and wastewater treatment. Mr. Brown was the founder, Chairman and CEO of AquaVenture Holdings prior to its \$1.2 billion sale to Culligan Water, the former CEO of Seven Seas Water, and former CEO of Ionics Inc., which was sold to GE Water for \$1.3 billion. As discussed in Section 5.4 of this Report, Mr. Brown holds 14.86% of the common shares in Fluence as at 31 December 2024.

Nikolaus Oldendorff was appointed as Non-Executive Director of Fluence in April 2024, with an extensive background working within the shipping and container transportation sectors, as well as the start-up and venture capital space. Mr. Oldendorff serves as the Managing Director of international shipping company Reederei Nord GmbH and is on the board of Maritime & Merchant Bank ASA. As discussed in Section 5.4 of this Report, Mr. Oldendorff holds 10.74% of the common shares in Fluence as at 31 December 2024.

## 7. Industry analysis

### 7.1 Water supply and wastewater processing

The supply of potable water and the processing of wastewater is critical in supporting a safe and healthy society and environment. Governments around the world consider fresh water supply and wastewater management critical to their national security and continued function.

The water supply industry for most nations operates within a framework of distinct competitive forces, shaped by geographic segmentation and the industry's essential nature. State-owned entities typically dominate the industry, leveraging natural geographic monopolies to deliver vital services to specific regions, while some nations have more of a mix of public and private entities. In either case, as a centralised and essential service, water supply faces minimal competition from substitutes. With few substantive alternatives beyond rainwater collection, households and businesses depend heavily on regulated, large-scale providers to fulfill their needs.

Potential industry operators typically face notable barriers to entry due to substantial legal requirements and considerable capital expenses. Strict regulations ensure that drinking water meets rigorous quality standards, while regulatory bodies monitor and address any anti-competitive practices to safeguard consumers. Although the sector is typically heavily influenced by government entities, private operators can contribute through contracts for operational services or capital works on behalf of state-owned water suppliers. Water utilities rely on capital-intensive infrastructure, including dams and water treatment facilities, to deliver services. While labour plays a vital role in maintaining water quality, the significant capital investments required to supply water to population centres pose a major challenge for new entrants. These factors create a competitive environment that limits the feasibility of market entry for prospective participants.

### 7.2 Outlook

Water suppliers globally face growing challenges from climate change, population growth, and ageing infrastructure, prompting significant capital investment to secure their country's water future. Changing weather patterns, rising sea levels, and more extreme weather events are expected to reduce water availability, quality, and create overcapacity in sewage and wastewater treatment facilities. Key to achieving the United Nation's ('UN') Sustainable Development Goals ('SDG'), specifically SDG 4: Clean Water and Sanitation, will require greater global supply of potable water suitable for drinking and sanitation, with a World Bank estimate showing around 2 billion people globally presently lack access to safe water services.

The US International Trade Administration reports that the water and wastewater treatment subsector for US industry generated approximately \$200 billion in revenue for 2022. Innovative solutions and the development of new technologies within the industry, such as Zero Liquid Discharge, more efficient and effective nutrient removal methods from wastewater, and the gains achieved from utilising smart water technologies, are some examples of how the industry is in the process of innovating towards meeting global water supply and treatment demands.

## 8. Valuation approach adopted

There are a number of methodologies which can be used to value a business or the shares in a company. The principal methodologies which can be used are as follows:

- Capitalisation of future maintainable earnings ('FME')
- Discounted cash flow ('DCF')
- Quoted market price basis ('QMP')
- Net asset value ('NAV')
- Market based assessment.

A summary of each of these methodologies is outlined in Appendix 2 of our Report.

Different methodologies are appropriate in valuing particular companies, based on the individual circumstances of that company and available information.

As outlined in Section 3 of our Report, RG 111.57 states that a proposed related party transaction is 'fair' if the value of the financial benefit to be provided by the entity to the related party, is equal to, or less than the value of the consideration being provided to the entity.

For the purpose of assessing whether the Proposed Transaction is fair for Shareholders for the purposes of ASX Listing Rule 10.1, we have considered the terms of the Loan Agreement that grant security of the Company's assets in the event of default or bankruptcy. We have undertaken this analysis by considering the various scenarios that may arise under the terms of the Loan. Therefore, we do not consider it necessary or appropriate to value the Company or its assets. As such, the above methodologies are not utilised in forming our opinion.

## 9. Valuation of the grant of security provided under the Proposed Transaction

Fluence is proposing to provide the Lenders with a first ranking security interest in the assets of the Company outlined as collateral under the terms of the Loan Agreement. In the event of default or bankruptcy, the Lenders would be entitled to recover any outstanding Liabilities owed from the collateral up to 50% of the value of any Advances and not exceeding a value of \$10 million.

For the purposes of this Report, we do not need to consider the value of the Company or its assets, as the Lenders will not receive any amount more than the value of the Liabilities to be settled in the event of Default whereby the Lenders demand payment from the secured collateral. As such, we consider the value of the security to be granted to be less than the value of the Liabilities that would be settled in the event of Default.

In the event of Default, the Lenders may at any time, declare that the secured collateral is immediately due and payable. The Lenders would therefore be entitled to seek repayment of the Liabilities via the sale of the secured collateral. 50% of the value of the secured collateral represents the value of the Liabilities to be settled, noting an upper limit of \$10 million where the value of any excess collateral will not be granted to the Lenders in the event of Default.

## 10. Is the Proposed Transaction fair?

As outlined in Section 3 of our Report, the Proposed Transaction is fair if the value of the security granted is equal to, or less than, the value of the Liabilities to be settled. We have considered the various scenarios which could occur in the event that Fluence defaults under the terms of the Loan Agreement, which are outlined below.

In the scenario where the value of the security to be granted is greater than, or equal to the value of the Liabilities to be settled, the Lenders would only be entitled to recover an amount limited to the secured collateral up to 50% of any Advance drawn and not exceeding a value of \$10 million. Any excess amount would be retained by Fluence.

These scenarios can be summarised as follows:

| Scenario   | Consequence  | Fairness |
|--|--|----------|
| Security to be granted > Liabilities to be settled | Security to be granted < Liabilities to be settled | Fair     |
| Security to be granted = Liabilities to be settled | Security to be granted < Liabilities to be settled | Fair     |

Source: BDO analysis

Based on the above, the value of the security to be granted is less than the value of the Liabilities to be settled in all scenarios. This means that the value of the financial benefit provided to Fluence from the Lenders, is greater than the value of the consideration being provided to the Lenders. Accordingly, in the event of Default, the Lenders will only be entitled to an amount less than the amount owing. Therefore, we consider the Proposed Transaction to be fair for Shareholders.

## 11. Is the Proposed Transaction reasonable?

### 11.1 Advantages of approving the Proposed Transaction

We have considered the following advantages in our assessment of whether the Proposed Transaction is reasonable.

| Advantage   | Description   |
|---|---|
| The Proposed Transaction is fair  | As set out in Section 10 the Proposed Transaction is fair. RG 111 states that an offer is reasonable if it is fair.   |
| The Proposed Transaction provides flexible financing for the Company and provides greater liquidity | As set out in Section 4 the terms of the Loan Agreement allow Fluence to draw from the Loan to fund working capital requirements, repay existing debt, and fund general corporate purposes as it sees fit. Additionally, the subsequent amendments to the Loan Agreement provide the Company more time to repay outstanding interest on Advances up to the Deferral Period. These conditions are favourable for Shareholders as they provide flexible financing to assist the Company to continue as a going concern and alternative debt arrangements available to a company of similar size to Fluence are unlikely to grant similar terms. |
| The interest rate and terms of repayment on Advances are favourable for the Company                 | As set out in Section 4 the Prime Rate charged on Advances and unpaid interest is lower than what a company of similar size to Fluence could reasonably expect to obtain through other debt financing arrangements. Additionally, for accrued interest on unpaid principal, there is no default interest, only the compounded Prime Rate is applied during the Deferral Period.   |

### 11.2 Disadvantages of approving the Proposed Transaction

We have considered the following disadvantages in our assessment of whether the Proposed Transaction is reasonable.

| Disadvantage   | Description  |
|--|--|
| Fluence will grant a first ranking security over a large part of the Company's assets to the Lenders | In the event of default or bankruptcy, the Lenders may enforce their right to declare the any outstanding Advance payable, requiring Fluence to sell the collateralised assets under the Loan Agreement to repay the outstanding Advance. Notwithstanding, we note that the Lenders will only be entitled to an amount less than the amount owing (see Section 4). |

### 11.3 Consequences of not approving the Proposed Transaction

If the Proposed Transaction is rejected, the Company may be required to repay any current outstanding Liabilities to the Lenders, as failure to grant this security could be interpreted as a violation of the conditions of the Loan Agreement by virtue of breaching a Post-Closing Covenant. Without Shareholder approval, the Lenders would still be entitled to any collateral that is less than 5% of the equity interest in the Company. But to repay any remaining Liabilities owed to the Lenders, Fluence would be required to draw down on its cash balances, sell company assets, or seek alternative financing arrangements to pay back any remaining amount owed to the Lenders.

With consideration to the financial position of the Company as at 31 December 2024, Fluence may not have sufficient liquidity to repay any outstanding Liabilities owed to the Lenders should the Proposed Transaction not be approved. The consequences for Shareholders are that the Company may need to rapidly raise capital. Therefore, if Shareholders do not approve the Proposed Transaction, this will likely result in the distressed sale of assets, the dilution of shareholdings through an equity raise, or the Company obtaining debt financing with inferior terms to those currently provided under the Loan Agreement. We note that total liabilities in the Company exceed the value of total assets as at 31 December 2024, and as such a liquidity event could threaten the Company as a going concern.

### 11.4 Alternative proposal

We are unaware of any alternative proposal that might offer Shareholders a superior debt arrangement than the Proposed Transaction. Management have advised that alternative debt arrangements were sought but none provided superior terms to those under the Loan Agreement.

## 12. Conclusion

We have considered the terms of the Proposed Transaction as outlined in the body of this Report and have concluded that, in the absence of a superior offer, the Proposed Transaction is fair and reasonable to Shareholders.

## 13. Sources of information

This report has been based on the following information:

- Draft Notice of Meeting on or about the date of this report
- Audited financial statements of Fluence for the years ended 31 December 2024 and 31 December 2023
- Unaudited management accounts of Fluence for the half year ended 30 June 2024
- Revolving Loan Agreement
- Share registry information
- Announcements made by Fluence available through the ASX
- Information in the public domain
- Discussions with Directors and Management of Fluence.

## 14. Independence

BDO Corporate Finance Australia Pty Ltd is entitled to receive a fee of AU\$20,000 (excluding GST and reimbursement of out of pocket expenses). The fee is not contingent on the conclusion, content or future use of this Report. Except for this fee, BDO Corporate Finance Australia Pty Ltd has not received and will

not receive any pecuniary or other benefit whether direct or indirect in connection with the preparation of this report.

BDO Corporate Finance Australia Pty Ltd has been indemnified by Fluence in respect of any claim arising from BDO Corporate Finance Australia Pty Ltd's reliance on information provided by Fluence, including the non-provision of material information, in relation to the preparation of this report.

Prior to accepting this engagement BDO Corporate Finance Australia Pty Ltd has considered its independence with respect to Fluence, the Lenders, and any of their respective associates with reference to ASIC Regulatory Guide 112 'Independence of Experts'. In BDO Corporate Finance Australia Pty Ltd's opinion it is independent of Fluence, the Lenders, and their respective associates.

Neither the two signatories to this report nor BDO Corporate Finance Australia Pty Ltd, have had within the past two years any professional relationship with Fluence, or their associates, other than in connection with the preparation of this report.

The provision of our services is not considered a threat to our independence as auditors under Professional Statement APES 110 - Professional Independence. The services provided have no material impact on the financial report of Fluence.

A draft of this report was provided to Fluence and its advisors for confirmation of the factual accuracy of its contents. No significant changes were made to this report as a result of this review.

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## 15. Qualifications

BDO Corporate Finance Australia Pty Ltd has extensive experience in the provision of corporate finance advice, particularly in respect of takeovers, mergers and acquisitions.

BDO Corporate Finance Australia Pty Ltd holds an Australian Financial Services Licence issued by the Australian Securities and Investments Commission for giving expert reports pursuant to the Listing rules of the ASX and the Corporations Act.

The persons specifically involved in preparing and reviewing this report were Adam Myers and Sherif Andrawes of BDO Corporate Finance Australia Pty Ltd. They have significant experience in the preparation of independent expert reports, valuations and mergers and acquisitions advice across a wide range of industries in Australia and were supported by other BDO staff.

Adam Myers is a Fellow of Chartered Accountants Australia & New Zealand and a member of the Joint Ore Reserves Committee. Adam's career spans over 25 years in the audit and corporate finance areas. Adam is a CA BV Specialist and has considerable experience in the preparation of independent expert reports and valuations in general for companies in a wide number of industry sectors.

Sherif Andrawes is a Fellow of the Institute of Chartered Accountants in England & Wales and a Fellow of Chartered Accountants Australia & New Zealand. He has over 35 years' experience working in the audit and corporate finance fields with BDO and its predecessor firms in London and Perth. He has been responsible for over 700 public company independent expert's reports under the Corporations Act or ASX Listing Rules and is a CA BV Specialist. Sherif Andrawes is the Corporate Finance Practice Group Leader of

BDO in Western Australia, the Global Head of Natural Resources for BDO and a former Chairman of BDO in Western Australia.

## 16. Disclaimers and consents

This report has been prepared at the request of Fluence for inclusion in the Notice of Meeting which will be sent to all Fluence shareholders. Fluence engaged BDO Corporate Finance Australia Pty Ltd to prepare an independent expert's report to consider the proposal to grant security over company assets to the Lenders, who are substantial holders of the Company through their ownership of common shares.

BDO Corporate Finance Australia Pty Ltd hereby consents to this report accompanying the above Notice of Meeting. Apart from such use, neither the whole nor any part of this report, nor any reference thereto may be included in or with, or attached to any document, circular resolution, statement, or letter without the prior written consent of BDO Corporate Finance Australia Pty Ltd.

BDO Corporate Finance Australia Pty Ltd takes no responsibility for the contents of the Notice of Meeting other than this report.

We have no reason to believe that any of the information or explanations supplied to us are false or that material information has been withheld. It is not the role of BDO Corporate Finance Australia Pty Ltd acting as an independent expert to perform any due diligence procedures on behalf of the Company. The Directors of the Company are responsible for conducting appropriate due diligence in relation to Fluence. BDO Corporate Finance Australia Pty Ltd provides no warranty as to the adequacy, effectiveness, or completeness of the due diligence process.

The opinion of BDO Corporate Finance Australia Pty Ltd is based on the market, economic and other conditions prevailing at the date of this report. Such conditions can change significantly over short periods of time.

With respect to taxation implications it is recommended that individual Shareholders obtain their own taxation advice, in respect of the Proposed Transaction, tailored to their own particular circumstances. Furthermore, the advice provided in this report does not constitute legal or taxation advice to the shareholders of Fluence, or any other party.

The statements and opinions included in this report are given in good faith and in the belief that they are not false, misleading or incomplete.

The terms of this engagement are such that BDO Corporate Finance Australia Pty Ltd is required to provide a supplementary report if we become aware of a significant change affecting the information in this report arising between the date of this report and prior to the date of the meeting or during the offer period.

Yours faithfully

**BDO CORPORATE FINANCE AUSTRALIA PTY LTD**



**Adam Myers**  
Director



**Sherif Andrawes**  
Director

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# Appendix 1 - Glossary of Terms

| Reference           | Definition  |
|---------------------|---|
| \$                  | United States Dollars   |
| The Act             | The Corporations Act 2001 Cth   |
| Advance             | The loan amount drawn from Fluence Corporation Limited under the Revolving Loan Agreement to a maximum amount of \$20,000,000 |
| AFCA                | Australian Financial Complaints Authority   |
| APES 225            | Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services'                         |
| ASIC                | Australian Securities and Investments Commission  |
| ASX                 | Australian Securities Exchange  |
| BDO                 | BDO Corporate Finance Australia Pty Ltd   |
| the Company         | Fluence Corporation Limited   |
| DCF                 | Discounted Future Cash Flows  |
| Default             | Occurs in the event where Fluence Corporation Limited defaults on its payment to the Lenders or files for bankruptcy          |
| the Deferral Period | 30 June 2025 where interest on Advances from the Loan can be deferred and paid in a single lump sum payment                   |
| Fluence             | Fluence Corporation Limited   |
| FME                 | Future Maintainable Earnings  |
| FOS                 | Financial Ombudsman Service   |
| FSG                 | Financial Services Guide  |
| the Lenders         | Mr. Douglas Brown and Mr. Nikolaus Oldendorff   |
| Liabilities         | Outstanding Advances and interest due to the Lenders from Fluence Corporation Limited   |

| Reference                   | Definition   |
|-----------------------------|--|
| the Loan                    | The Revolving Loan Agreement between Fluence Corporation Limited and Mr. Douglas Brown and Mr. Nikolaus Oldendorff |
| Loan Agreement              | The Revolving Loan Agreement between Fluence Corporation Limited and Mr. Douglas Brown and Mr. Nikolaus Oldendorff |
| NAV                         | Net Asset Value  |
| Non-Associated Shareholders | Shareholders of Fluence Corporation Limited not associated with the Proposed Transaction                           |
| our Report                  | This Independent Expert's Report prepared by BDO   |
| the Prime Rate              | The interest rate charged on outstanding Advances under the Loan Agreement   |
| Proposed Transaction        | The grant of security over collateralised assets to the Lenders as specified in the Loan Agreement                 |
| QMP                         | Quoted market price  |
| RG 111                      | Content of expert reports (March 2011)   |
| RG 112                      | Independence of experts (March 2011)   |
| RG 76                       | Related party transactions   |
| SDG                         | Sustainable Development Goal   |
| Shareholders                | Shareholders of Fluence Corporation Limited not associated with the Proposed Transaction                           |
| UN                          | United Nations   |
| Upwell                      | Upwell Water LLC   |
| US                          | United States  |
| USD                         | United States Dollars  |

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# Appendix 2 - Valuation Methodologies

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Methodologies commonly used for valuing assets and businesses are as follows:

## **1 Net asset value**

Asset based methods estimate the market value of an entity's securities based on the realisable value of its identifiable net assets. Asset based methods include:

- Orderly realisation of assets method
- Liquidation of assets method
- Net assets on a going concern method

The orderly realisation of assets method estimates fair market value by determining the amount that would be distributed to entity holders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the entity is wound up in an orderly manner.

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the entity may not be contemplated, these methods in their strictest form may not be appropriate. The net assets on a going concern method estimates the market values of the net assets of an entity but does not take into account any realisation costs.

Net assets on a going concern basis are usually appropriate where the majority of assets consist of cash, passive investments or projects with a limited life. All assets and liabilities of the entity are valued at market value under this alternative and this combined market value forms the basis for the entity's valuation.

Often the FME and DCF methodologies are used in valuing assets forming part of the overall Net assets on a going concern basis. This is particularly so for exploration and mining companies where investments are in finite life producing assets or prospective exploration areas.

These asset based methods ignore the possibility that the entity's value could exceed the realisable value of its assets as they do not recognise the value of intangible assets such as management, intellectual property and goodwill. Asset based methods are appropriate when an entity is not making an adequate return on its assets, a significant proportion of the entity's assets are liquid or for asset holding companies.

## **2 Quoted market price basis**

A valuation approach that can be used in conjunction with (or as a replacement for) other valuation methods is the quoted market price of listed securities. Where there is a ready market for securities such as the ASX, through which shares are traded, recent prices at which shares are bought and sold can be taken as the market value per share. Such market value includes all factors and influences that impact upon the ASX. The use of ASX pricing is more relevant where a security displays regular high volume trading, creating a liquid and active market in that security.

## **3 Capitalisation of future maintainable earnings**

This method places a value on the business by estimating the likely FME, capitalised at an appropriate rate which reflects business outlook, business risk, investor expectations, future growth prospects and other entity specific factors. This approach relies on the availability and analysis of comparable market data.

The FME approach is the most commonly applied valuation technique and is particularly applicable to profitable businesses with relatively steady growth histories and forecasts, regular capital expenditure requirements and non-finite lives.

The FME used in the valuation can be based on net profit after tax or alternatives to this such as earnings before interest and tax or earnings before interest, tax, depreciation and amortisation. The capitalisation rate or 'earnings multiple' is adjusted to reflect which base is being used for FME.

#### **4 Discounted future cash flows**

The DCF methodology is based on the generally accepted theory that the value of an asset or business depends on its future net cash flows, discounted to their present value at an appropriate discount rate (often called the weighted average cost of capital). This discount rate represents an opportunity cost of capital reflecting the expected rate of return which investors can obtain from investments having equivalent risks.

Considerable judgement is required to estimate the future cash flows which must be able to be reliably estimated for a sufficiently long period to make this valuation methodology appropriate.

A terminal value for the asset or business is calculated at the end of the future cash flow period and this is also discounted to its present value using the appropriate discount rate.

DCF valuations are particularly applicable to businesses with limited lives, experiencing growth, that are in a start-up phase, or experience irregular cash flows.

#### **5 Market-based assessment**

The market based approach seeks to arrive at a value for a business by reference to comparable transactions involving the sale of similar businesses. This is based on the premise that companies with similar characteristics, such as operating in similar industries, command similar values. In performing this analysis it is important to acknowledge the differences between the comparable companies being analysed and the company that is being valued and then to reflect these differences in the valuation.

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## ANNEXURE B – MATERIAL TERMS AND CONDITIONS OF THE DIRECTOR SHARE PURCHASE PLAN

|                               |  |
|-------------------------------|--|
| <b>Name of Plan</b>           | Director Share Purchase Plan   |
| <b>Eligible Participants</b>  | Directors only   |
| <b>Type of Plan</b>           | Share Purchase plan  |
| <b>Applicable Securities</b>  | Fully paid ordinary shares   |
| <b>Purchase Price</b>         | Where the Shares are issued by the Company, the volume weighted average market price (as defined in the Listing Rules) of the Company's Shares traded on the ASX for the relevant Acquisition Period<br><br>and/or<br><br>where the Shares have been acquired on the ASX or by other means, the price actually paid per Share by the Company to acquire those Shares (excluding any costs of acquisition) during that Acquisition Period |
| <b>Acquisition Period</b>     | Calendar quarters unless otherwise determined  |
| <b>Funding of acquisition</b> | Directors to nominate the percentage of their directors fees to be applied to the plan   |
| <b>Nominees</b>               | Allowed  |
| <b>Dealings</b>               | No dealing until Shares are issued.<br><br>Hedging prohibited.   |

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## YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 10:00am (AEST) Monday 26<sup>th</sup> May 2025**

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- STEP 1: VISIT** [www.votingonline.com.au/flcagm2025](http://www.votingonline.com.au/flcagm2025)
- STEP 2: Enter your Postcode (if within Australia) OR Country of Residence (if outside Australia)**
- STEP 3: Enter your Voting Access Code (VAC):**

**PLEASE NOTE:** For security reasons it is important you keep the above information confidential.

### 📱 BY SMARTPHONE



Scan QR Code using smartphone QR Reader App

### TO VOTE BY COMPLETING THE VOTING FORM

The voting form can be used to either vote directly (Section 1) OR appoint a proxy to vote on your behalf (Section 2).

#### SECTION 1: DIRECT VOTING

If you wish to vote directly, you should clearly mark the box in Section 1 and the boxes in Section 3 to indicate your voting instruction for each resolution. Please only mark either "for" or "against" for each resolution. Do not mark the "abstain" box if you are voting directly. If no direction is given on a resolution, or if you complete both the boxes in Section 1 and 2, your vote may be passed to the Chairman of the Meeting as your proxy. Securityholders, custodians and nominees may identify on the Voting Form the total number of votes in each of the categories "for" and "against" and their votes will be valid. The Chairman's decision as to whether a direct vote is valid is final and conclusive.

#### SECTION 2: APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.  
If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Section 2. If you wish to appoint someone other than the Chairman of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting or does not vote on a poll in accordance with your instructions, the Chairman of the Meeting will be your proxy by default. A proxy need not be a Securityholder of the company. Do not write the name of the issuer company or the registered Securityholder in the space.

#### Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy you must:

- (a) complete two forms. On each form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together in the same envelope.

#### SECTION 3: VOTING DIRECTIONS

To cast your direct vote or to direct your proxy how to vote, place a mark in one of the boxes opposite each resolution. All your securities will be voted in accordance with such a direction unless you indicate only a portion of securities are to be voted on any resolution by inserting the percentage or number that you wish to vote in the appropriate box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%. If you do not mark any of the boxes on a given resolution, your proxy may vote as he or she chooses (subject to any voting restrictions that apply to your proxy). If you mark more than one box on a resolution for all your securities your vote on that resolution will be invalid.

#### Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the Meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

#### SECTION 4: SIGN THE FORM

The form **must** be signed as follows:

**Individual:** This form is to be signed by the Securityholder.

**Joint Holding:** where the holding is in more than one name, all the Securityholders should sign.

**Power of Attorney:** to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

#### LODGEMENT

Voting Forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the Meeting, therefore by **10:00am (AEST) Monday 26<sup>th</sup> May 2025**. Any Voting Form received after that time will not be valid for the scheduled Meeting.

**Voting forms may be lodged using the enclosed Reply Paid Envelope or:**

- 💻 **Online** [www.votingonline.com.au/flcagm2025](http://www.votingonline.com.au/flcagm2025)
- 📱 **By Smartphone** Scan the QR Code
- 📠 **By Fax** +61 2 9290 9655
- ✉ **By Mail** Boardroom Pty Limited  
GPO Box 3993,  
Sydney NSW 2001 Australia
- 👤 **In Person** Boardroom Pty Limited  
Level 8, 210 George Street,  
Sydney NSW 2000 Australia

#### Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration

**Your Address**

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes. **Please note, you cannot change ownership of your securities using this form.**

**VOTING FORM**

**SECTION 1: DIRECT VOTING**

I/We being a Securityholder/s of **Fluence Corporation Limited** (Company) and entitled to attend and vote hereby elect to vote directly at the Annual General Meeting of the Company to be held virtually via [https://vistra.zoom.us/webinar/register/WN\\_MW9WEeekRXaAfr-RWrf64w](https://vistra.zoom.us/webinar/register/WN_MW9WEeekRXaAfr-RWrf64w) on **Wednesday, 28 May 2025 at 10:00am (AEST), Tuesday, 27 May 2025 at 8:00pm (US EDT)** and at any adjournment of that Meeting.

**SECTION 2: APPOINTMENT OF PROXY**

I/We being a Securityholder/s of **Fluence Corporation Limited** (Company) and entitled to attend and vote hereby appoint:

the **Chairman of the Meeting (mark box)**

**OR** if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered Securityholder ) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the **Chairman of the Meeting** as my/our proxy at the Annual General Meeting of the Company to be held at the **held virtually via internet webinar conferencing facility on Wednesday, 28 May 2025 at 10:00am (AEST), Tuesday, 27 May 2025 at 8:00pm (US EDT)** at any adjournment or of that Meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

Chair of the Meeting authorised to exercise undirected proxies on remuneration related matters: If I/we have appointed the Chair of the Meeting as my/our proxy or the Chair of the Meeting becomes my/our proxy by default and I/we have not directed my/our proxy how to vote in respect of Resolutions 1 & 4 I/we expressly authorise the Chair of the Meeting to exercise my/our proxy in respect of these Resolutions even though Resolutions 1 & 4 are connected with the remuneration of a member of the key management personnel for the Company.

The Chair of the Meeting will vote all undirected proxies in favour of all Items of business (including Resolutions 1 & 4). If you wish to appoint the Chair of the Meeting as your proxy with a direction to vote against, or to abstain from voting on an item, you must provide a direction by marking the 'Against' or 'Abstain' box opposite that resolution.

**SECTION 3: VOTING DIRECTIONS**

|              |   | For                      | Against                  | Abstain                  |
|--------------|---|--------------------------|--------------------------|--------------------------|
| Resolution 1 | Adoption of the Remuneration Report   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 2 | Re-election of Douglas Brown as a Director of the Company   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 3 | Approval to grant security pursuant to the Revolving Credit Facility to Douglas Brown and Nikolaus Oldendorff, as Lenders | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 4 | Approval of Director Share Purchase Plan  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 5 | Approval of 10% Placement Capacity (Special Resolution)   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

\* If you mark the Abstain box for a particular resolution, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in calculating the required majority if a poll is called.

**SECTION 4: SIGN THE FORM**

This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / /2025