

## Company announcement

Release date: 14 April 2023

# Appendix 3G and Issue of Supplier Performance Rights

Coinciding with this announcement is an Appendix 3G in relation to a grant of a total of 2,700,000 performance rights under the terms of the Board approved Supplier Performance Rights Plan. The Supplier Performance Rights were granted under the plan rules approved by the Board to officers of an eligible Supplier in relation to the supply of the product, Phosflow to PET.

The Supplier Performance Rights are subject to the satisfaction of certain performance and time hurdles. To the extent that the hurdles are satisfied (if at all), the Supplier Performance Rights will vest and become fully paid ordinary shares in the Company. No consideration is payable for the grant of these rights or subsequent issue of shares.

The Supplier Performance Rights were approved in order to better align the interest of important suppliers to the Company and its subsidiaries with those of shareholders generally and also to incentivise and retain valuable suppliers. By issuing these Supplier Performance Rights, our strategically aligned suppliers are further encouraged to help promote the product it sells or distributes and to become engaged in the Company's activities and its broader business.

The details of the terms of the Supplier Performance Rights including the specific performance hurdles and tranches they relate to are detailed in the accompanying document.

**This announcement has been approved by the Managing Director and Chairman**

**Mr David Krasnostein AM**  
Chairman

**Mr Lachlan McKinnon**  
Managing Director & CEO

**Matthew Parker**  
Company Secretary

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**Further information:**

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### **About PET**

Phoslock Environmental Technologies Limited (ASX: PET) specialises in water treatment products to remediate nutrient polluted fresh waterbodies including, lakes, rivers, canals, municipal and private ponds, recreational and drinking water reservoirs.

Headquartered in Melbourne, PET also has offices in Shanghai and the UK, sales resources in China, ANZ, Europe and the US. PET also has registered entities in Canada, USA and Belgium, and manufacturing operations based in Changxing, China. PET is represented by licensees, distributors and agents in numerous other countries including HydroScience in Brazil.

Phoslock® is a proprietary and unique water treatment product that permanently binds excess phosphorus in the water column and sediments.

Phosflow is a proprietary and unique water remediation product that removes excess phosphorus in flowing water applications.

Phoslock is certified for use in drinking water in North America, Europe, Brazil, Australia, and China. Along with Phoslock, PET also supplies zeolites and specialised solutions that address water pollution issues.

[www.phoslock.com.au](http://www.phoslock.com.au)



## Phoslock Environmental Technologies Limited ACN 099 555 290

### Summary of Supplier Performance Rights

A summary of the Performance Rights granted to officers of an eligible Supplier of the Company is set out below:

<b>Supplier</b>	Water Warriors Inc., the supplier of Phosflow
<b>Company</b>	Phoslock Environmental Technologies Limited
<b>Grant Price</b>	No amount is payable for the grant of the Performance Rights.
<b>Number of Performance Rights</b>	<p>2,700,000 Performance Rights, each conferring an entitlement to be issued one fully paid ordinary share in the Company at the Exercise Price, in the following tranches:</p> <p><b>Tranche 1:</b> 900,000 Performance Rights; and</p> <p><b>Tranche 2:</b> 1,800,000 Performance Rights.</p>
<b>Issue Price</b>	No amount is payable on the issue of an ordinary share in the Company on vesting of a Performance Right.
<b>Vesting</b>	The Performance Rights will vest subject to the Performance Conditions being met or satisfied. The Board may at any time waive any terms or conditions including Performance Conditions in relation to a Participant's Performance Rights.
<b>Tranche 1 Performance Conditions</b>	<p><b>Performance Hurdle</b> – the Company or its subsidiaries in aggregate has invoiced sales of Phosflow of not less than A\$1.74 million (approximately 90 tonnes) for the period of 1 January 2023 to 31 December 2023 (both inclusive); and</p> <p><b>Time Hurdle</b> – the Supplier remaining, in the reasonable opinion of the Company, as a consultant or supplier to the Company or its subsidiaries until 1 March 2024.</p>



**Tranche 2 Performance Conditions**

**Performance Hurdle** – the Company or its subsidiaries in aggregate invoiced sales of Phosflow of not less than A\$3.085m (approximately 160 tonnes) for the period of 1 January 2024 to 31 December 2024 (both inclusive); and

**Time Hurdle** – the Supplier remaining, in the reasonable opinion of the Company, as a consultant or supplier to the Company or its subsidiaries until 1 March 2025.

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**Expiry Date**

**For Tranche 1** – 1 June 2024  
**For Tranche 2** – 1 June 2025

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**Transfer of Performance Rights**

A Performance Right is only transferable: (1) with the prior written consent of the Board, or (2) by force of law upon death to the Participant's legal personal representative or upon bankruptcy to the Participant's trustee in bankruptcy.

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**Disposal and transfer of shares**

Shares issued on the vesting of Performance Rights may not be transferred or assigned for a period of 12 months after their date of issue without the prior consent of the Company's Board.

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**Lapse of unvested Performance Right**

An unvested Performance Right will lapse upon the earliest to occur of:

- (a) for each Tranche, the Expiry Date identified above;
- (b) the Participant ceases to be a supplier of a Group Company before a Performance Right has vested, unless the Board determines otherwise;
- (c) the Participant ceases to satisfy any other relevant conditions imposed by the Board at the time of grant;
- (d) the Participant becomes insolvent;
- (e) the Board deems that any unvested Performance Rights have lapsed due to fraud, dishonesty, or any other breach by the Participant or Supplier (as applicable) of their obligations to the Company or a subsidiary;
- (f) the Participant purports to transfer or otherwise dispose of a Performance Right other than as permitted and outlined above;
- (g) any failure to meet the Performance Right's Performance Condition in the prescribed period; or
- (h) the 3rd anniversary of the date of grant of the Performance Right.

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**Takeovers**

In the event of a Takeover Bid, any Performance Rights will vest, where, in the Board's absolute discretion, pro rata performance is in line with the Performance Condition applicable to those Performance Rights over the period from the date of grant to the date of the Takeover Bid. Any unvested Performance Right which the Board determines does not vest will automatically lapse, unless the Board determines otherwise.

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**Compromise or arrangement**

Where:

(1) a court orders a meeting to be held in relation to a proposed compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies,

(2) a person becomes bound or entitles to acquire shares in the Company under section 414 of the Corporations Act or Chapter 6A of the Corporations Act,

(3) the Company passes a resolution for voluntary winding up, or

(4) an order is made for the compulsory winding up of the Company,

and the Board determines that the Performance Condition applicable to those Performance Rights has been satisfied on a pro rata basis over the period from the date of grant to the relevant date, any or a specified number of unvested Performance Rights determined by the Board will vest. If no determination is made or the Board determines that some or all of the Performance Rights do not vest, unvested Performance Rights will automatically lapse.

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**Quotation**

The Company will apply for quotation of shares issued under the Supplier Performance Rights Plan within the period required by the ASX. No application will be made to ASX for the quotation of the Performance Rights.

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**Bonus issues and participation rights**

If:

(1) shares are issued pro rata to the Company's shareholders generally by way of bonus issue (other than an issue in lieu of dividends or by way of dividend reinvestment) involving capitalisation of reserves or distributable profits, or

(2) any reorganisation (including consolidation, subdivision, reduction or return) of the issued capital of the Company is effected,

the number of Performance Rights to which each Participant is entitled, or any amount payable on vesting of the Performance Rights, or both as appropriate, will be adjusted in the manner determined by the Board to ensure that no advantage or disadvantage accrues to the Participant as a result of such corporate actions.

There are no participating rights or entitlements inherent in the Performance Rights and a Participant will not be entitled to participate in a new issue of securities of the Company unless the Performance Rights have vested and the corresponding shares have been issued.

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**Tranche 3**

The Company may, in its absolute discretion, grant additional Performance Rights in Tranche 3, if certain performance hurdles are satisfied or met. Up to 1,500,000 Performance Rights may be granted in Tranche 3. Once the number of Performance Rights have been determined, they will be offered pursuant to a separate invitation letter.

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