



BHAGWAN^{BM}
marine



Prospectus

Initial public offering of shares

Bhagwan Marine Limited

ACN 009 154 349

The Offer is fully underwritten by Euroz Hartleys Limited

IMPORTANT INFORMATION

This is an important document and it should be read in its entirety. If after reading this Prospectus, you do not fully understand it or the rights attaching to the Shares offered by it, you should consult an accountant, solicitor or other professional adviser for assistance.

LEAD MANAGER AND UNDERWRITER OF THE OFFER	CORPORATE ADVISER	INVESTIGATING ACCOUNTANT	AUSTRALIAN LEGAL ADVISER
EUROZ HARTLEYS	Azure Capital		CLAYTON UTZ

IMPORTANT NOTICES

Offer

The Offer contained in this Prospectus is an invitation to acquire fully paid ordinary shares (**Shares**) in Bhagwan Marine Limited ACN 009 154 349 (**Bhagwan** or **Company**). This Prospectus is issued by the Company for the purposes of Chapter 6D of the Corporations Act 2001 (Cth) (**Corporations Act**). The Offer contained in this Prospectus is an initial public offering comprised of an offer of new Shares being issued by the Company. Refer to Section 7 for further details on the Offer.

Lodgement and Listing

This Prospectus is dated 28 June 2024 (**Prospectus Date**) and a copy was lodged with the Australian Securities and Investments Commission (**ASIC**) on that date. This Prospectus is a replacement prospectus which replaces the prospectus issued by the Company on 21 June 2024 (**Original Prospectus**) and lodged with ASIC on that date (**Original Prospectus Date**). For the purposes of this document, this replacement prospectus will be referred to as the Prospectus. This Prospectus differs from the Original Prospectus in the following areas:

- Letter from the Chair to include additional disclosure to refer to the risks in Section 5;
- Section 2.11.3 to include additional disclosure as to how Bhagwan intends to fund the activities outlined in that Section;
- Section 3.3.1.1 to include additional disclosure to note that the forecasts in Figures 3.1 and 3.2 relating to forecasted LNG exports by country and LNG demand growth in Australia's high potential markets from 2021 and 2022 respectively are the most recent ones identified by the Company and may have changed due to certain factors;
- Section 4.6 to include additional information as to how Bhagwan has calculated its expectation to generate net cash from operations on a statutory basis of \$19.5 million in H2 FY24F;
- Section 4.6.2 to include additional notes to Table 4.12;
- Section 4.9.3 to include additional disclosure explaining the reason Bhagwan considers the ratio of administrative expenses to net revenue will fall;
- Section 4.9.8.7 to correct a typographical error;
- Section 4.10 to remove references to Bhagwan's intentions regarding payment of its first dividend;

- Sections 5.2.10 and 5.2.15 to include additional risk disclosure associated with Bhagwan's related party transactions summarised in Sections 6.7, 9.6.4.3 and 9.6.4.4;
- Section 6.6.3 to include additional detail regarding Bhagwan's policy in place for considering and approving any transactions with related parties;
- Section 6.7 to include additional disclosure regarding Bhagwan's related party arrangements in accordance with ASIC Regulatory Guide 228;
- Sections 6.7.1 and 6.7.2 to include additional disclosure relating to the rate payable under the related party leases;
- Section 9.6.3.1 to include further details as to a further renewal of the Asset Maintenance Contract between Bhagwan and a large Australian port authority;
- Section 9.6.4.1 to include additional disclosure regarding the purpose of the CBA Facilities and how funds received by Bhagwan under those facilities were spent;
- Section 9.6.4.2 to include additional disclosure regarding the purpose of the Catalyst Facilities and how funds received by Bhagwan under those facilities were spent;
- Section 9.6.4.3 to include additional disclosure regarding the purpose of the Kannikoski Shareholder Loan and how funds received by Bhagwan under the loan were spent; and
- Section 9.6.4.4 to include additional disclosure regarding the purpose of the BM Fleet Loan and the interest rate payable to Bhagwan on the BM Fleet Loan.

The lodgement of a replacement prospectus has also required certain references to reflect the fact the Company has now applied to ASX Limited (**ASX**) for admission to the official list and for quotation of its Shares on ASX.

The Company has applied to ASX for admission of the Company to the official list of ASX and quotation of its Shares on ASX. None of ASIC, ASX or their officers take any responsibility for the content of this Prospectus or for the merits of the investment to which this Prospectus relates.

The Company and its respective directors and officers, the Lead Manager and the Share Registry disclaim all liability, whether in negligence or otherwise, to persons who trade Shares before receiving their holding statement.

Expiry Date

This Prospectus expires on the date that is 13 months after the Original Prospectus Date (**Expiry Date**). No Shares will be allotted or issued on the basis of this Prospectus after the Expiry Date.

Exposure Period

The Corporations Act prohibits the Company from processing Applications in the seven-day period after lodgement of the Original Prospectus with ASIC (**Exposure Period**). The Exposure Period may be extended by ASIC by up to a further seven days. The purpose of the Exposure Period is to enable the Prospectus to be examined by market participants prior to the raising of funds. The examination may result in the identification of deficiencies in the Prospectus, in which case any application may need to be dealt with in accordance with section 724 of the Corporations Act. Applications received during the Exposure Period will not be processed until after the expiry of the Exposure Period. No preference will be conferred on any Applications received during the Exposure Period.

Note to Applicants

The information in this Prospectus is not financial product advice and does not take into account your investment objectives, financial situation or particular needs.

It is important that you read this Prospectus carefully and in its entirety before deciding whether to invest in the Company.

In particular, you should consider the basis of preparation of the Financial Information and the best estimate assumptions underlying the Forecast Financial Information (see Section 4) and the risk factors (see Section 5) that could affect the business, operational and financial performance of the Company. You should carefully consider these risks in light of your personal circumstances (including financial and tax issues) and seek professional guidance from your stockbroker, solicitor, accountant or other independent professional adviser before deciding whether to invest in the Shares. Some of the key risk factors that should be considered by prospective investors are set out in Section 5. There may be risk factors in addition to these that should be considered in light of your personal circumstances. You should also consider the assumptions underlying the financial information and the risk factors that could affect the Company's business, financial condition and results of operations. No person named in this Prospectus, nor any other person, guarantees the performance of the Company or the repayment of capital or any return on investment made pursuant to this Prospectus.

No cooling-off rights

Cooling-off rights do not apply to an investment in Shares offered under this Prospectus. This means that, in most circumstances, you cannot withdraw your application once it has been accepted.

No offering where offering would be illegal

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the Shares or the Offer, or to otherwise permit a public offering of the Shares in any jurisdiction outside Australia. The distribution of this Prospectus outside Australia (including electronically) may be restricted by law and persons who come into possession of this Prospectus outside Australia should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

This Prospectus has been prepared for publication in Australia and may not be released or distributed in the United States. This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The Shares and Existing Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold in the United States, except in a transaction exempt from the registration requirements of the US Securities Act and applicable United States state securities laws. The Offer is not being extended to any investor outside Australia other than to Institutional Investors as part of the Institutional Offer. This Prospectus does not constitute an offer or invitation to potential investors to whom it would not be lawful to make such an offer or invitation.

Statements of past performance

This Prospectus includes information regarding the past performance of the Company. Past performance information given in this Prospectus is given for illustrative purposes only. Investors should be aware that past performance does not represent, and should not be relied upon as being indicative of, future performance. Actual results could differ materially from the past performance information contained in this Prospectus.

Financial information presentation

Section 4 sets out in detail the Financial Information referred to in this Prospectus. The basis of preparation of the Financial Information is set out in Section 4.2. All references to FY21, FY22 and FY23 appearing in this Prospectus are references to the financial years ended 30 June 2021, 30 June 2022 and 30 June 2023, respectively, and all references to FY24 appearing in this Prospectus are to the financial year ending 30 June 2024, unless otherwise indicated.

Historical Financial Information is presented on both a statutory and a pro forma basis and has been prepared in accordance with the recognition and measurement principles prescribed by the Australian Accounting Standards (AAS). This Prospectus also includes Forecast Financial Information for FY24 based on general and specific assumptions as set out in Sections 4.7.1 and 4.7.2, including the sensitivity analysis set out in Section 4.8 and the risk factors set out in Section 5. The basis of preparation and presentation of the Forecast Financial Information, to the extent applicable, is consistent with the basis of preparation and presentation of the Historical Financial Information. The Forecast Financial Information presented in this Prospectus is presented on both a statutory basis and a pro forma basis and is unaudited.

Investors should note that certain financial information included in the Prospectus is not recognised under the AAS and classified as “non-IFRS financial information” under Regulatory Guide 230 ‘Disclosing non-IFRS financial information’ published by ASIC. The Company believes that this non-IFRS financial information provides useful information to users in measuring the financial performance and condition of the Company. The non-IFRS financial measures do not have standardised meanings under the AAS and therefore may not be comparable to similarly titled measures presented by other entities, nor should they be interpreted as an alternative to other financial measures determined in accordance with the AAS. Investors are cautioned therefore not to place undue reliance on any non-IFRS financial information and ratios included in this Prospectus.

Rounding

A number of figures, amounts, percentages, estimates, calculations of value and fractions in this Prospectus are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this Prospectus. References to minimum application amounts, and similar amounts may vary slightly compared to actual amounts due to rounding.

Forward-looking statements

Various statements in this Prospectus may be in the nature of forward-looking statements, including statements of current intentions, statements of opinion and predictions as to future events. These statements include the Company’s expectations about the performance of the Company’s business, growth strategy and the Forecast Financial Information in Section 4, as well as expected trends in the industry sectors in which the Company currently operates. Forward-looking statements can be identified by the use of “forward-looking” terminology, including, without limitation, the terms “believes”, “estimates”, “anticipates”, “expects”, “predicts”, “intends”, “plans”, “proposes”, “goals”, “targets”, “aims”, “outlook”, “guidance”, “forecasts”, “may”, “will”, “would”, “could” or “should” or, in each case, their negative or other variations or comparable terminology. You should be aware that such statements are not statements of fact and there can be no certainty of outcome in relation to the matters to which the statements relate. These forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, and speak only as of the Prospectus Date.

Any forward-looking statements are subject to various inherent risks and uncertainties (many of which are outside the Company’s control) that could cause the Company’s actual results to differ materially from the results expressed or anticipated in these statements. As a result, forward looking statements should be read in conjunction with risk factors as set out in Section 5, the general assumptions, specific assumptions and sensitivity analysis contained in the Financial Information set out in Section 4, and other information in this Prospectus. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the Company’s control. None of the Company, or the Lead Manager or the other Lead Manager Parties (defined below), or any other person guarantees that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements. The Company does not have any obligation (or intention) to update or revise forward-looking statements contained in this Prospectus, or publish any prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

Industry and third party market data

This Prospectus, including the overviews of the industry in which the Company operates in Sections 2 and 3, uses market data and third party estimates and other information (including industry forecasts and projections). The Company has obtained portions of this information from databases and research prepared by third parties, including those listed in Section 9.8. Certain information contained in the Prospectus has been extracted by the Company from these reports and based on the Company's analysis of such information. None of the authors of the reports noted in this paragraph have authorised or approved the publication of the Prospectus.

The market and industry data has not been independently prepared or verified and neither the Company nor the Lead Manager nor the other Lead Manager Parties (defined below) can assure you as to its accuracy or the accuracy of the underlying assumptions used to estimate such data. Industry assumptions, estimates and forecasts involve risk and uncertainties and are subject to change based on various factors, including those described in the risk factors set out in Section 5. There is no assurance that any of the third party estimates or projections contained in this Prospectus will be achieved.

Market data and statistics are inherently subject to a range of limitations and possible errors, including errors in data collection and the possibility that relevant data has been omitted. As a result, this data is subject to uncertainty and not necessarily reflective of actual market conditions. Moreover, in choosing what third party sources to reference in the Prospectus, the Company has given due regard to the latest available industry sources that are publicly available. As such, investors are cautioned not to place undue reliance on such information. A third party is not obliged to, and will not, update or revise any content of their reports, other than where required by law, irrespective of any changes, events, conditions, availability of new information or other factors which may occur subsequent to the date of their report. These reports do not represent investment advice nor do they provide an opinion regarding the merits of the Offer.

Disclaimer

The Lead Manager has acted as lead manager and underwriter to the Offer. The Lead Manager, together with its related bodies corporate, shareholders and affiliates and their respective officers, directors, employees, partners, affiliates, agents and advisors (each a **Lead Manager Party**) have not authorised, permitted or caused the issue or lodgement, submission, dispatch or provision of this Prospectus, and do not make or purport to make any statement in this Prospectus, and there is no statement in this Prospectus which is based on any statement made by a Lead Manager Party. To the maximum

extent permitted by law, each Lead Manager Party expressly disclaims any and all liabilities (including, without limitation, any liability arising out of fault or negligence for any direct, indirect, consequential or contingent loss or damage) in respect of, and makes no representations or warranties (express or implied) regarding, and takes no responsibility for, and has not independently verified, any part of this Prospectus or the Offer (other than in the case of the Lead Manager, references to its name) and makes no representation or warranty as to the currency, accuracy, reliability, completeness or fairness of this Prospectus. The Lead Manager Parties make no recommendations as to whether you or your related parties should participate in the Offer nor do they make any representations or warranties to you concerning the Offer, and you represent, warrant and agree that you have not relied on any statements made by a Lead Manager Party in relation to the Offer and you further expressly disclaim that you are in a fiduciary relationship with any of them.

The Lead Manager Parties are involved in, or in the provision of, a wide range of financial services and businesses including (without limitation) securities trading and brokerage activities and providing retail, private banking, commercial and investment banking, investment management, corporate finance, securities issuing, credit and derivative, trading and research products and services, including (without limitation) to, or in connection with, persons directly or indirectly involved with the Offer (such as existing securityholders and members of the Board) or interests associated with such persons, out of which conflicting interests or duties may arise. In the ordinary course of these activities, each of the Lead Manager Parties may at any time hold long or short positions, and may trade or otherwise effect transactions, for its own account or the accounts of customers, including (without limitation) in debt or equity securities, loans, financing arrangements, or other financial accommodation, financial products or services, in connection with, or which rely on the performance of obligations by, interests associated with the existing securityholders, members of the Board or other persons that may be involved in the Offer.

Unless specifically noted in Section 9.8, statements made by, attributed to, or based on statements made by third parties have not been consented to for the purpose of section 729 of the Corporations Act and are included in this Prospectus by the Company on the basis of ASIC Corporations (Consents To Statements) Instrument 2016/72 relief from the Corporations Act for statements used from books, journals or comparable publications.

No person is authorised to give any information or to make any representation in connection with the Offer described in this Prospectus which is not contained in this Prospectus. Any information not so contained may not be relied upon as having been authorised by the Company or any other person in connection with the Offer. You should rely only on information in this Prospectus.

Obtaining a copy of this Prospectus

This Prospectus is available to Australian resident investors in electronic form at the Offer website, <https://events.miraqle.com/bhagwan-ipo>. During the Exposure Period, the electronic form of the Prospectus will not contain an Application Form. Application Forms will not be made available until after the Exposure Period has expired. The Offer constituted by this Prospectus in electronic form is available only to Australian residents accessing the website from Australia and it is not available to persons in any other jurisdiction (including the United States). Persons who access the electronic version of this Prospectus should ensure that they download and read the entire Prospectus.

A paper copy of the Prospectus is available free of charge to any person in Australia by calling the Offer Information Line on 1800 129 386 (within Australia) or +61 1800 129 386 (outside Australia) from 8.30 am until 5.00 pm (Sydney time) opening Monday to Friday before the close of the Offer.

Applications for Shares may only be made during the Offer Period on the appropriate Application Form attached to, or accompanying, this Prospectus in its paper copy form, or in its electronic form which must be downloaded in its entirety from <https://events.miraqle.com/bhagwan-ipo>. By making an Application, you declare that you were given access to the Prospectus, together with an Application Form. The Corporations Act prohibits any person from passing the Application Form on to another person unless it is attached to, or accompanied by, this Prospectus in its paper copy form or the complete and unaltered electronic version of this Prospectus.

Defined terms, abbreviations, times and dates

Defined terms and abbreviations used in this Prospectus are explained in Section 10. Unless otherwise stated or implied, references to times and dates in this Prospectus are to Perth time.

Privacy

By completing an Application Form, you are providing personal information to the Company and the Share Registry, which is contracted by the Company to manage Applications. The Company and the Share Registry on their behalf, collect, hold and use that personal information to process your Application, service your needs as a Shareholder, provide facilities and services that you request and carry out appropriate administration. Some of this personal information is collected as required or authorised by certain laws including the Income Tax Assessment Act 1997 (Cth) and the Corporations Act.

If you do not provide all the information requested, your Application Form may not be able to be processed or accepted.

Your personal information may also be provided to members, agents and service providers of the Company on the basis that they deal with such information in accordance with the privacy policy of the Company and applicable laws. These members, agents and service providers may be located outside Australia where your personal information may not receive the same level of protection as that afforded under Australian law. The types of agents and service providers that may be provided with your personal information and the circumstances in which your personal information may be shared include:

- the Share Registry for ongoing administration of the register of members;
- printers and other companies for the purposes of preparation and distribution of statements and for handling mail;
- market research companies for the purposes of analysing the shareholder base and for product development and planning; and
- legal and accounting firms, auditors, contractors or consultants and other advisors for the purposes of administering, and advising on, the Shares and for associated actions.

Under the Corporations Act some of this information must be included in the Company's securities register, which will be accessible by the public (including name, address and details of the securities held) in its public register of members. If you do not provide all the information requested, your Application Form may not be able to be processed or accepted.

The information contained in the Company's register of members must remain there even if a person ceases to be a shareholder. Information contained in the Company's register of members is also used to facilitate dividend payments and corporate communications (including financial results, annual reports and other information that the Company may wish to communicate to its shareholders) and compliance by the Company with legal and regulatory requirements. An Applicant

has a right to gain access to the information that the Company and the Share Registry may hold about that person, subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing or by telephone call to the Company's registered office or the Share Registry's office, details of which are disclosed in the Corporate Directory of this Prospectus. Applicants can obtain a copy of the Company's privacy policy by visiting the Company's website, <https://www.bhagwanmarine.com>. The privacy policy contains further details regarding access, correction and complaint rights and procedures.

By submitting an Application, you agree that the Company and the Share Registry may communicate with you in electronic form or contact you by telephone in relation to the Offer.

Photographs and diagrams

Photographs used in this Prospectus which do not have descriptions are for illustration only and should not be interpreted to mean that any person endorses this Prospectus or that assets shown in them are owned by the Company.

Diagrams used in this Prospectus are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in graphs, charts and tables is based on information available as at the date of this Prospectus.

Investigating Accountant's report and financial services guide

The provider of the Investigating Accountant's report on the Financial Information is required to provide Australian retail clients with a financial services guide in relation to the review under the Corporations Act. The Investigating Accountant's report and accompanying financial services guide are provided in Section 8.

If you have any questions

If after reading this Prospectus, you do not fully understand it or the rights attaching to the Shares offered by it, you should consult an accountant, solicitor or other professional adviser for assistance. The Company is unable to advise Applicants on the suitability or otherwise of an investment in the Company.

Instructions on how to apply for Shares are set out in Section 7 of this Prospectus and on the back of the provided Application Form. If you have any questions about how to apply for Shares, please call your share broker. Alternatively, you can call the Offer Information Line on 1800 129 386 (within Australia) or +61 1800 129 386 (outside Australia) from 8.30 am until 5.00 pm (Sydney time) opening Monday to Friday.

This document is important and should be read in its entirety.



Bhagwan Marine is a leading marine solutions provider operating in the oil & gas, resources, civil construction, marine logistics, offshore wind and defence industries



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KEY OFFER INFORMATION

Key Offer Statistics¹

DESCRIPTION	VALUE/NUMBER
Offer Price per Share	\$0.63
Existing Shares on issue	148,216,111
New Shares to be issued under the Offer	126,984,127
Total number of Shares on issue at Completion	275,200,238
Gross proceeds from the Offer	\$80.0 million
Market capitalisation at the Offer Price ²	173.4 million
Pro forma Net Debt (as at 31 December 2023) ³	\$17.9 million
Enterprise Value (fully diluted) ⁴	\$191.3 million
Enterprise Value (fully diluted) / pro forma FY24 EBITDA ⁵	4.9 times
Enterprise Value (fully diluted) / pro forma FY24 EBIT ⁵	12.1 times
Market capitalisation at the Offer Price / pro forma FY24 NPAT ⁵	16.7 times

Notes:

- The Key Offer Statistics contain Forecast Financial Information, which is prepared on the basis of the general and specific assumptions set out in Sections 4.7.1 and 4.7.2, including the sensitivity analysis set out in Section 4.8 and the risk factors set out in Section 5. The above table also contains non-IFRS measures, which are discussed in Section 4.2.5.
- Market capitalisation at the Offer Price is the Offer Price multiplied by the total number of Shares on issue at Completion.
- Pro forma Net Debt is as at 31 December 2023, calculated, on a pro forma basis assuming completion of the Offer, as cash and cash equivalents less loans and borrowings of \$1.9 million (Refer Section 4.6.1), less lease liabilities of \$19.8 million (Refer Section 4.5).
- Enterprise Value is the market capitalisation of the Company at the Offer Price plus the pro forma Net Debt as at 31 December 2023 of \$17.9 million. The Company has \$49.5 million of carried forward tax losses (Refer Section 4.3.1). The cash value of the tax shield associated with these carried forward losses is not included in the calculation of the Enterprise Value.
- The Pro Forma Financial Information incorporates the adjustments set out in Section 4. Certain Financial Information included in this Prospectus is described as pro forma for the reasons described in Section 4.

Indicative Key Dates

DESCRIPTION	DATE
Original Prospectus lodged with ASIC	Friday, 21 June 2024
Replacement Prospectus lodged with ASIC (date of this Prospectus)	Friday, 28 June 2024
Opening date of the Institutional Offer, Broker Firm Offer, Employee Priority Offer and Priority Offer	Monday, 1 July 2024
Closing date of the Institutional Offer, Broker Firm Offer, Employee Priority Offer and Priority Offer	Thursday, 4 July 2024
Settlement of the Offer	Tuesday, 23 July 2024
Expected date for the issue of Shares	Wednesday, 24 July 2024
Expected date for despatch of holding statements to Shareholders	Thursday, 25 July 2024
Expected date for quotation of the Company's securities on ASX and commencement of trading on ASX on a normal settlement basis	Tuesday, 30 July 2024

Note:

This timetable is indicative only and may change without notice. Unless otherwise indicated, all times are stated in Perth time. The Company reserves the right to vary the dates and times, either generally or in particular cases, without notification (including, subject to ASX Listing Rules and the Corporations Act, to close the Offer early, to extend the date the Offer closes, to accept late Applications or bids, either generally or in particular cases, or to cancel or withdraw the Offer before settlement, in each case without notifying any recipient of this Prospectus or any applicants). The Company may accept Applications in its discretion, and the Offer remains open for it to do so, under this Prospectus until admission of the Company to the Official List. If the Offer is cancelled or withdrawn before the allocation of Shares, then all Application monies will be refunded in full (without interest) as soon as possible in accordance with the requirements of the Corporations Act. Investors are encouraged to submit their Applications as soon as possible after the Offer opens.

Currency in this Prospectus

All financial amounts contained in this Prospectus are expressed in Australian dollars (**A\$** or **\$**) unless otherwise stated. Some numerical figures included in this Prospectus have been subject to rounding adjustments. Any discrepancies between totals and sums of components in tables contained in this Prospectus are due to rounding.

How to Invest

Applications for Shares can only be made by completing and lodging the Application Form attached to or accompanying this Prospectus.

Instructions on how to apply for Shares are set out in Section 7.3.2 of this Prospectus and on the Application Form.

Questions

Please call the Offer Information Line on 1800 129 386 (toll free from within Australia) or +61 1800 129 386 (from outside of Australia) between 8:30 am to 5:00 pm (Sydney time) opening Monday to Friday during the offer period, or via email at capitalmarkets@linkmarketservices.com.au. If you have any questions about whether to invest in Bhagwan you should seek professional advice from your financial adviser, stockbroker, lawyer, accountant, tax adviser or other independent and qualified professional adviser before deciding whether to invest in the Shares.

LETTER FROM THE CHAIR





LETTER FROM THE CHAIR

Dear Investor,

On behalf of the Directors, I am pleased to offer you the opportunity to become a shareholder in Bhagwan Marine Limited (**Bhagwan** or the **Company**). Bhagwan is a leading marine solutions provider operating in the oil and gas, resources, civil construction, marine logistics, offshore wind and defence industries.

The Bhagwan business was founded in 2000 by the Kannikoski family in Geraldton, Western Australia, with a single vessel. Since then, the Company has grown substantially and now operates a diversified fleet of approximately 100 vessels. This increase was primarily driven by the oil and gas sector in the North-West of Australia maturing.

To support the growth of the business since 2000, Bhagwan has made a number of strategic acquisitions. These acquisitions have accelerated Bhagwan's growth into industries, expanded its fleet of vessels and provided further exposure to new customers and projects.

The diversification strategy has seen the company expand its offerings to sectors outside of oil and gas. Bhagwan has successfully won, and performed work under, a number of contracts for clients in sectors such as ports, resources, civil construction, defence and renewables.

The Company is now entering a new and exciting growth phase with the emergence of the oil and gas decommissioning sector and the future development of an Australian offshore wind energy sector. Both these sectors will provide further opportunities for Bhagwan into the future. More details on these and other growth opportunities are provided in Section 2.7.4. Section 5 contains further details on the risks of investing in Bhagwan. I encourage you to read that Section and the whole Prospectus carefully and in its entirety before making your investment decision.

I am excited by the opportunity presented by Bhagwan and the potential for the Company to expand into new industry segments in order to maintain and enhance its performance into the future. The Company's strong operational and safety performance and passionate focus on its clients, personnel, culture and service delivery will no doubt continue to benefit the Company moving forward. I look forward to the next phase of Bhagwan's evolution and the opportunities that lie ahead.

On behalf of the Directors, I recommend this Offer to you and look forward to your support and future participation as a shareholder.

Yours faithfully,

Anthony Wooles

**Non-Executive Chairman
Bhagwan Marine Limited**

1. INVESTMENT OVERVIEW



1. INVESTMENT OVERVIEW

This section is a **summary only** of the information contained in this Prospectus. Investors should read and carefully consider this Prospectus in its entirety before applying for Shares in the Company.

1.1 Company and Business Overview

TOPIC	SUMMARY	FOR MORE INFORMATION
Who is Bhagwan?	<p>Bhagwan Marine Limited (ACN 009 154 349) (Bhagwan or the Company) is a national Australian marine services company that provides a diverse range of marine solutions within ports, nearshore, offshore and subsea locations.</p> <p>Bhagwan has an extensive marine services offering and services a number of industries such as oil and gas, subsea, port, civil construction, renewables and defence. Bhagwan's operations are primarily conducted from its major facilities in Dampier, Brisbane, Darwin and Melbourne. These facilities are strategically located close to the assets and operations of the Company's key clients around Australia.</p>	Section 2.1
What is the history of Bhagwan?	<p>The Bhagwan business was founded in 2000 by the Kannikoski family in Geraldton, Western Australia, with a single vessel. The business began its journey primarily servicing the oil and gas industry. The Company grew its fleet of vessels throughout the 2000s as a consequence of increased demand for its services arising from the significant increase in the amount of construction work on a number of new liquified natural gas (LNG) projects in the North-West of Australia during that period.</p> <p>In around 2015, the Company embarked on a strategy of diversifying, and expanding its offerings, by undertaking services for customers in sectors outside of oil and gas. Since that time, Bhagwan has successfully won, and performed work under, a number of contracts for clients in industry sectors such as ports, resources, civil construction and defence.</p>	Section 2.2

TOPIC	SUMMARY	FOR MORE INFORMATION
What industries / sectors does Bhagwan operate in?	<p>Bhagwan's services are applicable to, and provided across, clients in a range of industry sectors as follows:</p> <ul style="list-style-type: none"> • Offshore oil and gas industry: This is a major sector for the Company, with Bhagwan providing vessels and services to support exploration, development, and production activities. Bhagwan provides services to offshore oil and gas industry clients across the various project phases typical of an oil and gas project. • Port operations: Bhagwan provides port services that are important for the safe and efficient operations of a number of Australian ports. These services include harbour towage, survey support, geotechnical support and infrastructure maintenance, with respect to the vessel activity within the ports, and the Company's logistics activities undertaken from its strategically located facilities close to the waterfront at multiple ports. • Civil construction: Bhagwan supports various construction activities that have a marine aspect, including the construction of bridges, ports, jetties, and other marine infrastructure. Some of this work includes supporting the mining and resources sector where Bhagwan has been engaged by clients to undertake activities such as transporting equipment by sea to and from remote mining sites. <p>There are also several growth segments that Bhagwan is targeting outlined in Section 2.7.4.</p>	Section 2.7
What is Bhagwan's business model?	<p>Bhagwan obtains new clients, and engages with existing clients, to provide services primarily through:</p> <ul style="list-style-type: none"> • direct tendering for service contracts on certain projects; • establishing long term contractual relationships with clients for the provision of various services over the course of an agreed term by way of Master Services Agreements (MSAs). MSAs provide the framework or general terms and conditions under which the Company's services will be provided, with details for each service set out in a separate contract, often referred to as a service order; and • having strategically located facilities at ports around Australia as described in Section 2.3. 	Section 2.8
How does Bhagwan generate revenue?	<p>Bhagwan receives payment for its services in accordance with a schedule that is agreed with the client. Depending on the nature of the service, the basis of compensation is either fixed price or based on a day rate.</p>	Section 2.8
Where does Bhagwan operate?	<p>Bhagwan is headquartered in Perth, Western Australia and has offices and operating facilities in the key locations of Dampier, Brisbane, Darwin and Melbourne, as well as other satellite premises around Australia.</p> <p>These strategically located operating facilities are in close proximity to a number of large ports and major projects, including proposed offshore wind areas.</p>	Section 2.3

TOPIC	SUMMARY	FOR MORE INFORMATION
<p>Who are Bhagwan's customers?</p>	<p>Bhagwan's customers include:</p> <ul style="list-style-type: none"> • shipping agents and brokers; • port authorities and Government agencies; • exporting resources companies; • nearshore oil and gas operators; and • engineering, procurement and construction management (EPCM) companies and other service providers. 	<p>Section 2.8</p>
<p>What is the Company's growth strategy?</p>	<p>Bhagwan is focused on continuing to achieve sustainable earnings growth for its shareholders, and the Company has identified a number of growth strategies.</p> <ul style="list-style-type: none"> • Continue to build the core business: Bhagwan will continue to focus on providing high quality service and project delivery for its existing clients. • Pursue work in growth industry sectors: The Company will adopt a targeted business development and operational team approach to securing further work in the industry sectors of decommissioning, offshore wind energy and defence. • Pursuit of targeted accretive acquisition opportunities: The Company continually monitors the market for opportunities to acquire vessels and businesses which may broaden the Company's capabilities, particularly with respect to the growing segments of decommissioning, offshore wind energy and defence. • Continued assessment of fleet and replacement of old vessels: Bhagwan aims to continue upgrading the capabilities and specifications of its fleet through its fleet renewal program. Under the fleet renewal program, the Company intends to develop a process of analysis and assessment to replace older vessels with newer, more efficient and environmentally friendly models, and which are equipped with improved technology to enhance performance and safety. • Enhanced utilisation rates through longer terms contracts: Approximately 30% of Bhagwan's revenue in FY23 was derived from short term work on spot contracts. Bhagwan is seeking to continue to transition a higher proportion of its vessel fleet to longer term contracts, which has the potential to result in higher (and more stable) utilisation rates across the Company's fleet and higher operating margins. 	<p>Section 2.11</p>

1.2 Key strengths

TOPIC	SUMMARY	FOR MORE INFORMATION
Fleet size/diversity	The size and diversity of Bhagwan’s fleet (as described in Section 2.6) provides the Company with the ability to participate in a greater number of tender opportunities for a wider range of clients in multiple industries.	Section 2.10.1
Strong existing fleet where global vessel supply is limited	The limited supply of new vessels globally has resulted in the increased utilisation of existing vessels. With an existing large and diverse fleet of vessels, Bhagwan has also experienced the increased utilisation of its vessels, particularly in the past three years.	Section 2.10.2
Experience in maintaining Health, Safety and Environmental (HSE) requirements	<p>Major resources and construction clients will only select operators who meet strict HSE requirements, which require significant time, effort and cost to attain. Bhagwan is pre-qualified to work with several major resources and construction clients as a result of meeting, and often exceeding, the strict HSE requirements required.</p> <p>The Company is also compliant with a number of International Organisation for Standardisation (ISO) standards. By adhering to these standards, Bhagwan is able to demonstrate to its clients and employees the Company’s commitment to upholding and continually improving quality, environmental, and health and safety standards.</p>	Section 2.10.3
Holding an array of marine related operating licences	<p>A marine services company operating in Australia must navigate a complex regulatory landscape that includes international conventions, national regulations, client-specific standards, and ongoing compliance requirements to ensure safe and environmentally responsible operations.</p> <p>Bhagwan has had regulatory compliant operations since the commencement of its operations in 2000. The Company’s vessels hold the requisite Classification Society Certifications and International Maritime Organisation (IMO) Certificates. These IMO Certificates are not readily available to obtain and certification may take an extended period of time for the relevant authority to diligence and approve the relevant certification.</p>	Section 2.10.4
Relationship with workers’ unions	<p>Bhagwan’s long working relationship with various maritime unions has meant it is able to:</p> <ul style="list-style-type: none"> • maintain a stable labour environment, which is important for meeting client timelines and contractual commitments; and • undertake constructive negotiations when changes affecting the Company’s workforce need to be implemented, such as shifts in scheduling, job roles or work practices – enabling Bhagwan to adapt quickly to market demands. 	Section 2.10.5

TOPIC	SUMMARY	FOR MORE INFORMATION
Founder led, with a strong culture	<p>Bhagwan's Managing Director and Chief Executive Officer, Loui Kannikoski, is the founder of the Company and, as at the Prospectus Date, one of the largest shareholders. Bhagwan considers that being a founder-led business provides Bhagwan with several advantages including:</p> <ul style="list-style-type: none"> • Commitment: a deep, personal commitment to the success of Bhagwan; • Alignment of interest: Mr Kannikoski's Shareholding is aligned with Bhagwan's success, helping to ensure that the Company's Managing Director and Chief Executive Officer is focused on creating value for the shareholders over the longer term; and • Client confidence and trust: being a founder-led company may instil Bhagwan's clients with confidence, knowing that decisions and commitments are backed by Mr Kannikoski, who has a vested interest in maintaining the Company's reputation and success. 	Section 2.10.6
Long Term Customer Relationships	<p>Bhagwan has long term relationships with its clients, including a number of major oil and gas companies, major mining companies, construction companies, and Government entities.</p>	Section 2.10.7
National Scale and Presence	<p>Having a national presence in the availability of its fleet and certain facilities, as outlined in Section 2.3, enables the Company to serve a broad range of clients across the country. Each of the Company's local offices facilitate personalised, timely assistance and foster stronger relationships with local clients and stakeholders.</p> <p>Bhagwan also has the ability to move vessels between various of its operating locations, as may be required.</p>	Section 2.10.8

1.3 Key financial information

TOPIC	SUMMARY	MORE INFORMATION																																																																														
<p>On what basis has the financial information been prepared?</p>	<p>The Financial Information included in this Prospectus is intended to present potential investors with information to assist them in understanding Bhagwan's:</p> <ul style="list-style-type: none"> • Statutory and Pro Forma historical financial performance and cash flows during FY22, FY23, H1 FY23 and H1 FY24; • Statutory and Pro Forma forecast financial performance and cash flows during FY24; and • Statutory and Pro Forma financial position at 31 December 2024. <p>Investors should note that past results are not a guarantee of future performance.</p> <p>The Statutory Financial Information in this Prospectus has been prepared in accordance with the measurement and recognition principles of Australian Accounting Standards (AAS) adopted by the AASB, which are consistent with IFRS issued by IASB.</p> <p>The Financial Information is presented in abbreviated form and does not include all of the disclosures, statements or comparative information required by AAS and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act.</p> <p>The Significant Accounting Policies adopted in the preparation of the Financial Information are set out in Annexure A of this Prospectus and have been consistently applied in the preparation of the Financial Information, including in relation to the Pro Forma Financial Information.</p>	<p>Section 4.2</p>																																																																														
<p>What is Bhagwan's historical and forecast financial performance and pro forma financial position?</p>	<p>Condensed versions of Bhagwan's Pro Forma and Statutory Historical and Forecast Income Statements are set out below.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">\$millions</th> <th style="text-align: center;">Historical FY22</th> <th style="text-align: center;">Historical FY23</th> <th style="text-align: center;">Forecast FY24F</th> <th style="text-align: center;">Historical H1 FY23</th> <th style="text-align: center;">Historical H1 FY24</th> </tr> </thead> <tbody> <tr> <td colspan="6">PRO FORMA</td> </tr> <tr> <td>Gross revenue</td> <td style="text-align: right;">134.7</td> <td style="text-align: right;">169.0</td> <td style="text-align: right;">291.7</td> <td style="text-align: right;">83.3</td> <td style="text-align: right;">109.5</td> </tr> <tr> <td>Net revenue</td> <td style="text-align: right;">134.7</td> <td style="text-align: right;">169.0</td> <td style="text-align: right;">264.8</td> <td style="text-align: right;">83.3</td> <td style="text-align: right;">109.5</td> </tr> <tr> <td>EBITDA</td> <td style="text-align: right;">21.5</td> <td style="text-align: right;">36.4</td> <td style="text-align: right;">38.8</td> <td style="text-align: right;">18.5</td> <td style="text-align: right;">20.6</td> </tr> <tr> <td>EBIT</td> <td style="text-align: right;">2.1</td> <td style="text-align: right;">15.4</td> <td style="text-align: right;">15.8</td> <td style="text-align: right;">7.5</td> <td style="text-align: right;">9.2</td> </tr> <tr> <td>NPAT</td> <td style="text-align: right;">3.7</td> <td style="text-align: right;">20.4</td> <td style="text-align: right;">10.4</td> <td style="text-align: right;">5.9</td> <td style="text-align: right;">5.9</td> </tr> <tr> <td colspan="6">STATUTORY</td> </tr> <tr> <td>Gross revenue</td> <td style="text-align: right;">134.7</td> <td style="text-align: right;">169.0</td> <td style="text-align: right;">291.7</td> <td style="text-align: right;">83.3</td> <td style="text-align: right;">109.5</td> </tr> <tr> <td>Net revenue</td> <td style="text-align: right;">134.7</td> <td style="text-align: right;">169.0</td> <td style="text-align: right;">264.8</td> <td style="text-align: right;">83.3</td> <td style="text-align: right;">109.5</td> </tr> <tr> <td>EBITDA</td> <td style="text-align: right;">22.7</td> <td style="text-align: right;">37.6</td> <td style="text-align: right;">37.4</td> <td style="text-align: right;">19.2</td> <td style="text-align: right;">21.0</td> </tr> <tr> <td>EBIT</td> <td style="text-align: right;">3.4</td> <td style="text-align: right;">16.6</td> <td style="text-align: right;">14.4</td> <td style="text-align: right;">8.1</td> <td style="text-align: right;">9.5</td> </tr> <tr> <td>NPAT</td> <td style="text-align: right;">2.4</td> <td style="text-align: right;">17.3</td> <td style="text-align: right;">3.8</td> <td style="text-align: right;">4.6</td> <td style="text-align: right;">4.4</td> </tr> </tbody> </table>	\$millions	Historical FY22	Historical FY23	Forecast FY24F	Historical H1 FY23	Historical H1 FY24	PRO FORMA						Gross revenue	134.7	169.0	291.7	83.3	109.5	Net revenue	134.7	169.0	264.8	83.3	109.5	EBITDA	21.5	36.4	38.8	18.5	20.6	EBIT	2.1	15.4	15.8	7.5	9.2	NPAT	3.7	20.4	10.4	5.9	5.9	STATUTORY						Gross revenue	134.7	169.0	291.7	83.3	109.5	Net revenue	134.7	169.0	264.8	83.3	109.5	EBITDA	22.7	37.6	37.4	19.2	21.0	EBIT	3.4	16.6	14.4	8.1	9.5	NPAT	2.4	17.3	3.8	4.6	4.4	<p>Section 4</p>
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	<p>A condensed version of Bhagwan's Pro Forma Statement of Financial Position as at 31 December 2023 is set out below.</p> <table border="1"> <thead> <tr> <th style="text-align: left;">PRO FORMA at 31 December 2023</th> <th style="text-align: right;">\$millions</th> </tr> </thead> <tbody> <tr> <td>Cash and cash equivalents</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Total assets</td> <td style="text-align: right;">213.7</td> </tr> <tr> <td>Total liabilities</td> <td style="text-align: right;">(71.4)</td> </tr> <tr> <td>Net assets</td> <td style="text-align: right;">142.3</td> </tr> </tbody> </table> <p>The information presented above contains measures which are not recognised under IFRS or Australian Accounting Standards and should be read in conjunction with the more detailed financial overview set out in Section 4, including the assumptions, management discussion and analysis and sensitivity analysis, as well as the key risks set out in Section 5. Detail on the reconciliation of the pro forma historical and forecast results to the statutory historical and forecast results is provided in Section 4.</p>	PRO FORMA at 31 December 2023	\$millions	Cash and cash equivalents	-	Total assets	213.7	Total liabilities	(71.4)	Net assets	142.3																											
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<p>What is the sensitivity analysis of the Forecast Financial information?</p>	<p>The Forecast Financial Information is based on a number of specific and general assumptions, as described in Sections 4.7.1 and 4.7.2. These specific and general assumptions are subject to business, economic and competitive uncertainties and contingencies, many of which are beyond the control of Bhagwan, the Directors and management, and upon assumptions with respect to future business decisions, which are subject to change.</p> <p>For the purposes of the analysis below, the effect of the changes in key assumptions on average utilisation and wages is presented. The sensitivity analysis is intended as a guide only and variations in actual performance could exceed the ranges shown.</p> <table border="1"> <thead> <tr> <th style="text-align: left;">PRO FORMA \$millions</th> <th style="text-align: right;">FY24F</th> <th style="text-align: right;">FY24F</th> <th style="text-align: right;">FY24F</th> </tr> </thead> <tbody> <tr> <td colspan="4">Vessel utilisation rate</td> </tr> <tr> <td>Forecast average utilisation</td> <td style="text-align: right;">50.2%</td> <td style="text-align: right;">50.2%</td> <td style="text-align: right;">50.2%</td> </tr> <tr> <td>Utilisation rate (decrease) / increase</td> <td style="text-align: right;">(2.5%)</td> <td style="text-align: right;">-</td> <td style="text-align: right;">2.5%</td> </tr> <tr> <td>Utilisation rate</td> <td style="text-align: right;">47.7%</td> <td style="text-align: right;">50.2%</td> <td style="text-align: right;">52.7%</td> </tr> <tr> <td>NPAT</td> <td style="text-align: right;">8.0</td> <td style="text-align: right;">10.4</td> <td style="text-align: right;">12.8</td> </tr> <tr> <td colspan="4">Wages</td> </tr> <tr> <td>(Decrease) / increase in wages</td> <td style="text-align: right;">(2.5%)</td> <td style="text-align: right;">-</td> <td style="text-align: right;">2.5%</td> </tr> <tr> <td>NPAT</td> <td style="text-align: right;">11.8</td> <td style="text-align: right;">10.4</td> <td style="text-align: right;">9.0</td> </tr> </tbody> </table>	PRO FORMA \$millions	FY24F	FY24F	FY24F	Vessel utilisation rate				Forecast average utilisation	50.2%	50.2%	50.2%	Utilisation rate (decrease) / increase	(2.5%)	-	2.5%	Utilisation rate	47.7%	50.2%	52.7%	NPAT	8.0	10.4	12.8	Wages				(Decrease) / increase in wages	(2.5%)	-	2.5%	NPAT	11.8	10.4	9.0	Section 4.8
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<p>How does Bhagwan intend to fund its operations?</p>	<p>Bhagwan believes that from Completion it will have sufficient funds available from the proceeds of the Offer and from its operations and banking facilities to fulfil the purposes of the Offer and meet Bhagwan's stated business objectives.</p>	Section 7.1.5																																				

TOPIC	SUMMARY	FOR MORE INFORMATION
What is Bhagwan's Dividend Policy?	The payment of a dividend by the Company is at the discretion of the Board and will be a function of a number of factors (many of which may be outside the control of the Company and its Directors and Management, and are not reliably predictable), including the general business environment, operating results, cash flows and financial condition of the Company, future funding requirements, capital management initiatives, taxation considerations, any contractual, legal or regulatory restrictions on the payment of dividends by the Company, and any other factors the Directors may consider relevant.	Section 4.10
When will the first post-Listing dividend be paid?	<p>Subject to the available profits, the conditions and capital requirements of Bhagwan's business, the Directors intend to target a payout ratio of 20% to 40% of free cash flow (operating cash flow less capital expenditure and lease repayments). The level of payout ratio is expected to vary between periods depending on a number of factors including the uncertainties outlined in Section 5 and, in particular, should strategic growth, acquisition or investment opportunities arise, it may result in a payout ratio in the future that is less than the above target.</p> <p>No assurances can be given by any person, including the Directors, about the payment of any dividend or the level of franking credits attaching to any such dividend.</p>	Section 4.10

1.4 Key Risks

TOPIC	SUMMARY	MORE INFORMATION
Reliance on resources and oil and gas exploration, development, production and decommissioning activity	<p>Bhagwan's performance and future growth is largely dependent on the level of activity that relates to the resources and oil and gas industry. The level of activity in the resources and oil and gas industry may impact the demand for Bhagwan's services in ports, nearshore, offshore and subsea locations.</p> <p>The level of the use of Australia's ports and marinas by the resources and oil and gas sectors, particularly in the geographical areas in which Bhagwan operates, may impact the amount of spot market and short term contracts that Bhagwan can obtain for port services, and the number of port services that Bhagwan can provide. Bhagwan also provides services supporting civil construction for resource exploration and production companies in inshore and nearshore locations. A reduction in resources activity may reduce the level of civil construction projects related to resource production and may impact the demand for Bhagwan's services in these locations.</p> <p>There can be no assurance that the current levels of demand for Australian resources and levels of offshore oil and gas activity will be maintained or grow in the future. With a material proportion of Bhagwan's revenue derived from its oil and gas clients, any prolonged period of low oil and gas activity would have a materially adverse impact on Bhagwan's business, financial position, performance and prospects of Bhagwan.</p>	Section 5.2.1

TOPIC	SUMMARY	FOR MORE INFORMATION
Reliance on key clients	<p>Bhagwan's business relies on a number of key clients and Bhagwan derives a significant proportion of its revenue from a small number of key long-term clients. Approximately 40% of Bhagwan's FY23 revenue was derived from three key clients of Bhagwan. These clients provide revenue for Bhagwan for the provision of services including (without limitation) civil construction, subsea, offshore and port services.</p> <p>In the event that any of these clients reduces exploration activity, production activity, scales back operations, terminates the MSA and its relationship with Bhagwan, defaults on the MSA or fails to renew their MSA with Bhagwan, this may have an adverse impact on the revenue generated from these key clients and the financial performance and financial position of Bhagwan.</p>	Section 5.2.2
Failure to renew existing contracts or win new contracts	<p>Bhagwan's ability to renew existing contracts with existing clients and win new contracts is fundamental to maintaining its business, profitability and to drive growth with existing clients in terms of expanding the range of services provided and to attract new clients. Bhagwan has contracts at various stages and of varying lengths (refer to Section 9 for a discussion on the types of contracts typically used by Bhagwan), including contracts that are due to expire in the next 12 months.</p> <p>The ability of Bhagwan to retain existing clients and expand its service offerings with existing clients depends on a range of factors, including the quality of the services provided by Bhagwan, the ability of Bhagwan to deliver the services required, pricing, location of key personnel and facilities.</p> <p>Any failure by Bhagwan to renew existing contracts (including a number of long-term MSAs with key clients), expand its service offerings under existing contracts or continue to win new contracts and clients could negatively impact its financial performance and position and adversely impact Bhagwan's growth prospects into certain industry segments.</p> <p>For example, a large decommissioning contract contributes approximately 22.9% of the revenue generated in FY24F and approximately 60% of the Company's growth in gross revenue from FY23 to FY24F. All work under this decommissioning contract is due to be completed by mid-late August 2024 and there will be no further revenue to be generated under this contract. Should the Company fail to secure large contracts of a similar nature on a consistent basis in the future, this may impact the Company's financial performance and its ability to grow its business in the decommissioning industry sector.</p>	Section 5.2.3
Ability to retain and engage skilled personnel	<p>Casual employees make up the majority of Bhagwan's workforce, representing over 81% of Bhagwan's total employees as of the Prospectus Date (see Section 2.5 for further details in relation to Bhagwan's employees). Many of these casual employees are highly skilled individuals who are critical to the provision of Bhagwan's services and the operation of Bhagwan's vessels. These casual employees are typically engaged by Bhagwan to deliver specific services for specific contracts or projects. These casual employees generally do not have an obligation to be engaged to provide services when called upon and can generally terminate their employment at short notice.</p>	Section 5.2.4

TOPIC	SUMMARY	FOR MORE INFORMATION
Industrial relations and employee risks	<p>A substantial portion of Bhagwan’s employees are members of various labour unions under several collective bargaining agreements. As at the Prospectus Date, Bhagwan employs personnel under 16 collective bargaining agreements, which can be for a term of up to four years. Of the collective bargaining agreements, seven are due to commence negotiations with labour union representatives.</p> <p>Bhagwan’s business also utilises a mix of full-time and casual employees and contractors paid on either a salary, daily or job specific basis. Bhagwan also operates across multiple Australian states which are subject to differing award rates, statutory entitlements and employment laws that are complex and can be the subject of differing interpretations. In the event that Bhagwan did not comply with any of these employment requirements, including the underpayment of its workforce, or any contractors were deemed to be employees, Bhagwan may be exposed to risks of regulatory action, potential prosecution and may result in an adverse impact on Bhagwan’s financial performance and reputation.</p>	Section 5.2.5
Large and highly skilled workforce	<p>Bhagwan employs a large and highly skilled workforce of more than 900 employees across Australia, with over 761 casual employees as of 15 May 2024. Bhagwan’s service quality is dependent on its ability to attract, develop, motivate and retain appropriately skilled and qualified personnel and on Bhagwan’s ability to provide sufficient training and oversight to its employees to achieve consistent service standards.</p> <p>If Bhagwan does not manage its workforce effectively, this may affect Bhagwan’s reputation as an employer in the marine services industry, and as a consequence, it may not be able to attract and retain personnel or may not be able to find suitable replacement personnel in a timely manner.</p>	Section 5.2.6
Bhagwan may fail to meet its workplace health and safety obligations	<p>Bhagwan is subject to laws and regulations in respect of health and safety in Australia (refer to Section 2.10.3 for further information). Changes in laws and regulations may increase the cost of compliance, adversely impact Bhagwan’s ability to comply, or expose Bhagwan to greater potential liabilities (for example, where changes to regulations result in more stringent regulatory standards with increased penalties).</p> <p>It may also impact Bhagwan’s ability to obtain insurance coverage or result in higher costs of insurance.</p>	Section 5.2.7
Delay in projects and new contracts’ commencement	<p>There is a possibility of delays in the commencement of any new projects or new contracts past the expected commencement date, for example, due to project pre-requisites for commencement not being met, delays in the supply of certain materials, adverse weather events and the failure by Bhagwan to mobilise resources needed to provide the services under the contract in a timely manner. Consequently, any delays in contract commencement or issues affecting mobilisation or supply of any resources could lead to revenue delays and additional costs, potentially having adverse impact on Bhagwan’s operations and financial performance. This could also impact Bhagwan’s ability to achieve its business forecasts.</p>	Section 5.2.8

TOPIC	SUMMARY	FOR MORE INFORMATION
Quality of work and delivery of services	<p>An important part of the Bhagwan's business is its ability to add value to its clients by delivering high quality services in a consistent and timely manner. Whilst Bhagwan has a strong record of delivering its services and has systems and processes in place to ensure the continuation of its service standards, there is no guarantee that all Bhagwan's service will always meet its client's expectations as to the quality and timing of the work performed. This could have an adverse impact on the Bhagwan's financial performance and growth prospects.</p>	Section 5.2.9
Competition and supply of vessels	<p>The marine service industry is competitive and is comprised of many global and regional owners and operators of vessels and marine providers. Bhagwan expects to continue to have a broad range of competitors across all of its operations and in the various locations where Bhagwan operates, which could impact Bhagwan's ability to retain existing clients, attract new clients, obtaining attractive margins on new contracts and other similar or favourable terms when seeking new, or renewing existing, engagements.</p>	Section 5.2.10
Other risks	<p>A number of other risks that may impact an investment in Bhagwan relating to the below:</p> <ul style="list-style-type: none"> • Potential for litigation, claims and disputes • Third party injury or commercial operations interruption • Reputation • Securing funding on acceptable terms • Related party arrangements • Environment and cultural protection • Project management and cost management • Maintenance and capital expenditure risk • Inability to maintain adequate insurance • Cyber security • Contingent liabilities <p>In addition, Section 5.3 outlines some general investment risks. Investors should review all these carefully before making an investment decision.</p>	Section 5.2.11 to 5.2.21 and 5.3

1.5 Board and Management

TOPIC	SUMMARY	MORE INFORMATION
Who are the Directors of the Company?	<p>The Directors of Bhagwan are:</p> <ul style="list-style-type: none"> • Anthony Wooles - Non-Executive Chairman; • Loui Kannikoski - Managing Director & CEO; • Andrew Wackett - Executive Director - Finance; and • Tracey Horton - Independent Non-Executive Director. 	Section 6.1
Who are the members of Bhagwan's Management team?	<p>The members of Bhagwan's Management team are:</p> <ul style="list-style-type: none"> • Loui Kannikoski - Managing Director and Chief Executive Officer • Andrew Wackett - Executive Director - Finance • Cheryl Williams - Chief Financial Officer and Joint Company Secretary • Kerren Kannikoski - General Manager - Corporate Services • Tom Kannikoski - General Manager - Corporate and Strategic Development • Andy Cowan - General Manager - Quality Management, Occupational Health and Safety Management • Grant Bedford - General Manager - Commercial and Business Development • Peter Carmichael - General Manager - West Coast Operations • Gregory Standish - General Manager - Subsea • Kevin Clifford - General Manager - Operations East Coast • Luke Morand - General Manager -Northern Territory 	Section 6.2

TOPIC

SUMMARY

FOR MORE INFORMATION

<p>Who are the substantial Shareholders and what will their interests in the Company be on Completion?</p>	<p>Details of Shareholders who hold 5% or more of the Shares on issue as at the date of this Prospectus, and who will hold more than 5% after Completion, are set out below.</p> <table border="1" data-bbox="387 461 1185 618"> <thead> <tr> <th>Shareholder name</th> <th>Shares held as at date of Prospectus</th> <th>% of total Shares at date of Prospectus</th> <th>Shares held after Completion</th> <th>% of total Shares held after Completion</th> </tr> </thead> <tbody> <tr> <td>The Kannikoski Family¹</td> <td>111,051,811</td> <td>74.93%</td> <td>111,528,011</td> <td>40.5%</td> </tr> <tr> <td>Anthony Wooles²</td> <td>22,870,077</td> <td>15.43%</td> <td>23,392,021</td> <td>8.5%</td> </tr> </tbody> </table> <p>Notes:</p> <ol style="list-style-type: none"> The Shares held by the Kannikoski Family comprise Shares held directly by Loui Kannikoski (27,042,947 Shares), an indirect interest through Guru Pty Ltd (10,373,195 Shares), an entity that Loui and his wife, Kerren Kannikoski, control, and an indirect interest in the Shares held by Loui's mother, Matilda Kannikoski, who has provided Loui (jointly with Loui's sister) with an enduring power of attorney over Matilda's Shares (73,635,669 Shares). Loui has informed Bhagwan that he, or entities that he is associated with, intends to apply for 476,200 Shares under the Offer. Anthony Wooles holds indirect interests in Shares through AEW Holdings Pty Ltd, an entity that Anthony controls. Anthony has informed Bhagwan that he, or entities that he is associated with, intends to apply for 521,944 Shares under the Offer. 	Shareholder name	Shares held as at date of Prospectus	% of total Shares at date of Prospectus	Shares held after Completion	% of total Shares held after Completion	The Kannikoski Family ¹	111,051,811	74.93%	111,528,011	40.5%	Anthony Wooles ²	22,870,077	15.43%	23,392,021	8.5%	<p>Section 9.7</p>			
Shareholder name	Shares held as at date of Prospectus	% of total Shares at date of Prospectus	Shares held after Completion	% of total Shares held after Completion																
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Anthony Wooles ²	22,870,077	15.43%	23,392,021	8.5%																
<p>Will any shares be subject to restrictions on disposal following Completion?</p>	<p>At Completion, approximately 134.9 million of the Shares will be subject to voluntary escrow. Each Escrowed Shareholder has entered into an escrow deed in respect of their Shareholding at Completion which restricts them in dealing with their respective Escrowed Shares for the applicable Escrow Periods as described in Section 6.5 subject to the terms of their escrow deeds.</p>	<p>Section 6.5</p>																		
<p>What significant benefits are payable to Directors in connection with the Company or the Offer?</p>	<p>Directors are not required by the Constitution to hold any Shares.</p> <p>It is expected that the following Directors will personally (or through entities with which they are associated) hold the following Shares and/or Performance Rights on Completion:</p> <table border="1" data-bbox="387 1328 1185 1552"> <thead> <tr> <th>Director</th> <th>Shares on Completion</th> <th>Performance Rights on Completion¹</th> </tr> </thead> <tbody> <tr> <td>Anthony Wooles²</td> <td>23,392,021</td> <td>-</td> </tr> <tr> <td>Loui Kannikoski³</td> <td>111,528,011</td> <td>-</td> </tr> <tr> <td>Andrew Wackett⁴</td> <td>160,000</td> <td>74,627</td> </tr> <tr> <td>Tracey Horton⁵</td> <td>30,000</td> <td>74,627</td> </tr> <tr> <td>Total</td> <td>134,426,888</td> <td>149,254</td> </tr> </tbody> </table> <p>Notes:</p> <ol style="list-style-type: none"> Details of the Performance Rights issued to certain Directors and employees of Bhagwan are described in Section 6.4.6. Anthony Wooles holds indirect interests in Shares through AEW Holdings Pty Ltd, an entity that Anthony controls. Anthony has informed Bhagwan that he, or entities that he is associated with, intends to subscribe apply for 521,944 Shares under the Offer Loui Kannikoski holds direct interests in Shares (27,042,947 Shares) and indirect interests in Shares through Guru Pty Ltd (10,373,195 Shares), an entity that Loui and his wife, Kerren Kannikoski, control, and an indirect interest in the Shares held by Loui's mother, Matilda Kannikoski, who has provided Loui (jointly with Loui's sister) with an enduring power of attorney over Matilda's Shares (73,635,669 Shares). Loui has informed Bhagwan that he, or entities that he is associated with, intends to apply for 476,200 Shares under the Offer. As at the Prospectus Date, Andrew Wackett does not hold any Shares in Bhagwan. Andrew has informed Bhagwan that he intends to apply for 160,000 Shares under the Offer. On Completion, Andrew will hold an indirect interest in Shares and Performance Rights registered in the name of Andrew Crawford Wackett and Kathryn Jane Wackett as Trustees for the Wackett Family Super Fund, of which Andrew is a beneficiary. As at the Prospectus Date, Tracey Horton does not hold any Shares in Bhagwan. Tracey has informed Bhagwan that she, or entities that she is associated with, intends to apply for 30,000 Shares under the Offer. 	Director	Shares on Completion	Performance Rights on Completion ¹	Anthony Wooles ²	23,392,021	-	Loui Kannikoski ³	111,528,011	-	Andrew Wackett ⁴	160,000	74,627	Tracey Horton ⁵	30,000	74,627	Total	134,426,888	149,254	<p>Section 6.4.3.6</p>
Director	Shares on Completion	Performance Rights on Completion ¹																		
Anthony Wooles ²	23,392,021	-																		
Loui Kannikoski ³	111,528,011	-																		
Andrew Wackett ⁴	160,000	74,627																		
Tracey Horton ⁵	30,000	74,627																		
Total	134,426,888	149,254																		

TOPIC	SUMMARY	FOR MORE INFORMATION
Will there be a controlling interest in the Company?	The Directors do not expect that any Shareholder will control the Company on Completion of the Offer.	Section 7.1.4
Are there any significant related party transactions?	<p>Bhagwan leases some of its vessels from related parties. For the purposes of Chapter 2E of the Corporations Act, the Directors consider each lease to be on arm's length terms. Bhagwan also leases a premises in Dampier from a related party.</p> <p>Bhagwan is also a party to certain related party loans, including a shareholder loan from Managing Director and CEO, Loui Kannikoski, which is intended to be repaid from the proceeds of the Offer.</p>	Section 6.7 and 9.6.4

1.7 Summary of the Offer

TOPIC	SUMMARY	MORE INFORMATION
Who is the issuer of this Prospectus?	Bhagwan Marine Limited (ACN 009 154 349)	Section 9
What is the Offer?	<p>The Offer is an initial public offer of 126,984,127 new Shares to be issued by the Company.</p> <p>All Shares under the Offer will be issued at the Offer Price of \$0.63 per Share to raise total proceeds of \$80 million (before costs). Shares being issued under the Offer will represent approximately 46.1% of the total Shares on issue on Completion.</p> <p>All Shares issued under this Prospectus will be fully paid and will rank equally in all respects with the Shares already on issue. A summary of the rights attaching to the Shares is set out in Section 7.12.</p>	Section 7.1
How is the Offer structured and who is eligible to participate?	<p>The Offer comprises:</p> <ul style="list-style-type: none"> • the Broker Firm Offer, which is open to Australian resident retail clients of Brokers who receive a firm allocation of Shares from their Broker; • the Institutional Offer, which consists of an offer to Institutional Investors in Australia, New Zealand, the United Kingdom, Hong Kong and Singapore to apply for Shares; • the Employee Priority Offer, which is open to Bhagwan employees in Australia who have received an invitation from the Company; and • the Priority Offer, which is open to selected Australian residents who have received a Priority Offer invitation from the Company. <p>No general public offer of Shares will be made under the Offer.</p>	Section 7.1.1
What is the purpose of the Offer?	<p>The purpose of the Offer is to:</p> <ul style="list-style-type: none"> • raise capital to repay debt, strengthening the Company's balance sheet and facilitating the ability of the Company to pursue growth opportunities; • increase the Company's profile and brand recognition; • facilitate the listing of Bhagwan on the ASX and to enable access to capital markets; and • provide a liquid market for Shares and an opportunity for people to invest in Bhagwan. 	Section 7.1.2

TOPIC	SUMMARY	FOR MORE INFORMATION																		
What is the proposed use of funds raised under the Offer?	<p>The Offer proceeds received by Bhagwan will be applied as described in Section 7.1.3.</p> <table border="1"> <thead> <tr> <th>Sources of funds</th> <th>Million (A\$)</th> </tr> </thead> <tbody> <tr> <td>Cash proceeds received from issue of new Shares</td> <td>80.0</td> </tr> <tr> <td>Total</td> <td>80.0</td> </tr> <tr> <th>Use of Funds¹</th> <th>Million (A\$)</th> </tr> <tr> <td>Repayment of bank loans</td> <td>44.5</td> </tr> <tr> <td>Repayment of other payables</td> <td>4.4</td> </tr> <tr> <td>Repayment of shareholder loans²</td> <td>24.6</td> </tr> <tr> <td>Expenses of the Offer</td> <td>6.5</td> </tr> <tr> <td>Total</td> <td>80.0</td> </tr> </tbody> </table> <p>Notes:</p> <ol style="list-style-type: none"> <i>This table is a statement of current intentions as at the date of this Prospectus. Actual use of funds may differ from the budgeted use of funds as a result of the Company's obtained results from ongoing business activities, intervening events and new circumstances. The Board may alter the way funds are applied in the future, acting in the best interests of Shareholders and as circumstances require.</i> <i>This includes \$12.7 million owed to the Kannikoski family as at 31 December 2023 (as outlined in Section 9.6.4.3) and \$11.9 million owed to the various entities associated with Catalyst Investment Managers (previous Shareholder) (as outlined in Section 9.6.4.2).</i> 	Sources of funds	Million (A\$)	Cash proceeds received from issue of new Shares	80.0	Total	80.0	Use of Funds ¹	Million (A\$)	Repayment of bank loans	44.5	Repayment of other payables	4.4	Repayment of shareholder loans ²	24.6	Expenses of the Offer	6.5	Total	80.0	Section 7.1.3
Sources of funds	Million (A\$)																			
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Repayment of shareholder loans ²	24.6																			
Expenses of the Offer	6.5																			
Total	80.0																			
Is the Offer underwritten?	Yes. The Offer is fully underwritten by the Lead Manager and Underwriter, Euroz Hartleys Limited pursuant to the Underwriting Agreement.	Section 9.5																		
Will the Shares be quoted on ASX?	<p>Bhagwan has applied to the ASX for admission to the Official List and quotation of Shares on the ASX (which is expected to be under the code BWN). Completion is conditional on ASX approving this application.</p> <p>If approval is not given within three months after such application is made (or any longer period permitted by law), the Offer will be withdrawn and all Application monies received will be refunded (without interest) as soon as practicable in accordance with the requirements of the Corporations Act.</p> <p>The ASX takes no responsibility for this Prospectus or the investment to which it relates. The fact that ASX may admit the Company to the Official List is not to be taken as an indication of the merits of an investment in the Company.</p>																			

TOPIC	SUMMARY	FOR MORE INFORMATION
How do I apply for Shares?	<p>Broker Firm Offer Applicants Broker Firm Offer Applicants may apply for Shares by completing a valid Broker Firm Offer Application Form attached to or accompanying this Prospectus and following the instructions provided by the Broker who invited them to participate in the Broker Firm Offer.</p> <p>Institutional Offer Applicants The Lead Manager and Underwriter has separately advised Institutional Investors of the application procedure under the Institutional Offer.</p> <p>Employee Priority Offer Applicants Applicants under the Employee Priority Offer must apply online in accordance with the instructions provided in their Employee Priority Offer invitation made under this Prospectus.</p> <p>Priority Offer Applications Applicants under the Priority Offer must apply online in accordance with the instructions provided in their Priority Offer invitation made under this Prospectus.</p>	Section 7.3, 7.4, 7.5 and 7.6
What is the allocation policy?	<p>The allocation of Shares between the Broker Firm Offer, the Employee Priority Offer, the Priority Offer and the Institutional Offer will be determined by the Lead Manager and Underwriter in consultation with the Company.</p> <p>The allocation of Shares among Applicants in the Institutional Offer will be determined by the Lead Manager and Underwriter in consultation with the Company.</p> <p>The allocation of Shares among Applicants in the Employee Priority Offer will be determined by the Company in consultation with the Lead Manager and Underwriter.</p> <p>The allocation of Shares among Applicants in the Priority Offer will be determined by the Company in consultation with the Lead Manager and Underwriter.</p> <p>With respect to the Broker Firm Offer, it is a matter for the Lead Manager and Underwriter and any Brokers as to how they allocate Shares among their retail clients.</p> <p>The Company reserves the right to authorise the issue of a lesser number of Shares than those for which an Application has been made or to reject any Application. Where no issue or allocation is made or the number of Shares issued is less than the number applied for, surplus Application monies will be refunded without interest.</p> <p>If an Application Form is not completed correctly, or if the accompanying payment is for the wrong amount, it may still be treated as valid. The Company's decision as to whether to treat an Application as valid, and how to construe, amend or complete it, will be final. The Company's decision on the number of Shares to be allocated to an Applicant will also be final.</p>	Section 7.3, 7.4, 7.5 and 7.6
Has any ASIC relief or ASX waiver been sought or obtained?	Yes. Details are provided in Section 9.9.	Section 9.9

TOPIC	SUMMARY	FOR MORE INFORMATION
Are there any brokerage, commission or stamp duty considerations?	No brokerage, commission or stamp duty is payable by applicants on the acquisition of Shares under the Offer. Refer to Section 6.4.1 for details of the fees payable by the Company to the Lead Manager.	Section 7.2
Are there any taxation considerations?	The tax consequences of any investment in the Shares will depend upon an investor's particular circumstances. Applicants should obtain their own tax advice prior to deciding whether to invest. Refer to Section 9.11 for general Australian taxation considerations.	Section 9.11
Can the Offer be withdrawn?	The Company reserves the right to not proceed with the Offer at any time before the issue of Shares to successful Applicants. If the Offer does not proceed, Application monies will be fully refunded. No interest will be repaid on any Application monies refunded as a result of the withdrawal of the Offer.	Section 7.8
Where can I find more information about this Prospectus or the Offer?	Further information can be obtained by reading this Prospectus in its entirety. For advice on the Offer you should speak to your stockbroker, accountant or other professional adviser. If you require assistance or additional copies of this Prospectus, please contact the Offer Information Line on 1800 129 386 (within Australia) or +61 1800 129 386 (outside Australia) from 8.30 am until 5.00 pm (Sydney time) Monday to Friday during the offer period.	

2. COMPANY AND BUSINESS OVERVIEW



2. COMPANY AND BUSINESS OVERVIEW

2.1 Introduction

Bhagwan is a national Australian marine services company that provides a diverse range of marine solutions within ports, nearshore, offshore and subsea locations (as described in Figure 2.4 below). Marine solutions refers to services, or works performed, in connection with vessels on navigable waters. Bhagwan has an extensive marine services offering and services a number of industries such as oil and gas, subsea, port, civil construction, renewables and defence. Bhagwan's operations are primarily conducted from its major facilities in Dampier, Brisbane, Darwin and Melbourne. These facilities are strategically located close to the assets and operations of the Company's key clients around Australia.

Since its inception, Bhagwan has grown to have approximately 936 employees and a fleet of 96 vessels (of which 26 are leased). This makes Bhagwan one of the largest marine vessel operators and service providers in Australia. Bhagwan services a number of blue chip clients, including multinational oil and gas companies, large miners, construction companies, port authorities and Government organisations. Bhagwan has its head office located in Perth, Western Australia.

Bhagwan is led by its founder and Managing Director and Chief Executive Officer, Lauri 'Loui' Kannikoski, who believes that Bhagwan's employees are the Company's biggest asset, with Bhagwan placing significant importance on instilling a strong "can do" culture, and family values throughout its workforce.

2.2 History of Bhagwan

The Bhagwan business was founded in 2000 by the Kannikoski family in Geraldton, Western Australia, with a single vessel. The business began its journey primarily servicing the oil and gas industry. Bhagwan grew its fleet of vessels throughout the 2000s as a consequence of increased demand for its services arising from the significant increase in the amount of construction work on a number of new liquified natural gas (LNG) projects in the north-west of Australia during that period.

As the LNG projects in the North-West of Australia that Bhagwan serviced transitioned from the construction phase into the production phase, so too did the nature of the services provided by the Company. For example, the changeover to production inevitably led to the demand for Bhagwan's inspection, maintenance and repair services. Similarly, once fields are depleted or production has ceased, the projects that Bhagwan serviced began transitioning to the decommissioning phase. In late 2023, Bhagwan began undertaking work relating to the decommissioning phase of projects of its offshore oil and gas clients, which is a growth segment that Bhagwan seeks to target (see Section 3.4.1 for further information on the services provided by Bhagwan for the offshore oil and gas project cycle).

In around 2015, Bhagwan embarked on a strategy of diversifying, and expanding its offerings, by undertaking services for customers in sectors outside of oil and gas. Since that time, Bhagwan has successfully won, and performed work under, a number of contracts for clients in industry sectors such as ports, resources, civil construction and defence.

To support the growth of Bhagwan's business over the past 24 years, Bhagwan has made a number of strategic acquisitions of complementary businesses to accelerate Bhagwan's growth into different industries, expand its fleet of vessels, attract new talent with specialised qualifications and technical skillsets, provide further exposure to new clients and to support Bhagwan's strategy to become a diversified marine services provider across Australia.

Figure 2.1: History of Bhagwan

YEAR	MILESTONE
1985 - 2007	Fennoclean Pty Ltd (Fennoclean) was formed in 1985 by the Kannikoski Family. In 2000, Fennoclean began trading as Bhagwan Marine. In October 2007, Fennoclean changed its name to Bhagwan Marine Pty Ltd.
2009	Acquired Dalmarine allowing Bhagwan to establish an operating presence in Dampier, providing Bhagwan with the ability to service the oil and gas market in the north west of Western Australia.
2009	Awarded a construction support contract for the Gorgon gas project, one of the world's largest natural gas projects, and the largest single resource development in Australia's history.
2011	Catalyst Investment Partners and Anthony Wooles invested in the Company, providing additional capital for further acquisitions.
2011	Launched Bhagwan's internal maintenance and engineering division.
2013	Acquired Workboats Northern Australia Pty Ltd, allowing Bhagwan to expand its operations to Darwin and provide services to the Northern Territory oil and gas industry, including the Ichthys LNG project.
2014	Acquired Marine and Towage Services Limited (MTS), a UK based business, allowing Bhagwan to remobilise under-utilised Australian vessels to the North Sea. MTS was subsequently divested in 2020.
2014	Acquired MDT Maritime Pty Ltd, to establish an operating presence in Queensland with a vessel fleet and service yard.
2015	Launched Bhagwan's subsea division.
2016	Acquired Broadsword Marine Contractors expanding Bhagwan's fleet of vessels and clients in the Northern Territory.
2016	Acquired Perth-based subsea engineering consultancy Delta Subsea Pty Ltd, enhancing Bhagwan's subsea engineering capabilities.
2017	Awarded a subsea and inspection, maintenance, and repair master services agreement by a multinational oil and gas company in relation to its Pilbara operations.
2019	Awarded the Port of Melbourne maintenance contract, after a competitive tender.
2022	Engaged by the head contractor on the Spoilbank Marina Project, being the construction of a new marina and associated facilities on the Port Hedland waterfront.
2023	Awarded five-year contract with a multinational oil and gas company to provide various marine services at an offshore gas processing platform in the North West Shelf.
2023 - 2024	Engaged to provide services for a decommissioning project for a major oil and gas company of its offshore infrastructure in the North West Shelf.

2.3 Bhagwan's Operating Footprint

Bhagwan is headquartered in Perth, Western Australia and has offices and operating facilities in the key locations of Dampier, Brisbane, Darwin and Melbourne, as well as other satellite premises around Australia (see Figure 2.2). These strategically located operating facilities are in close proximity to a number of large ports and major projects, including proposed offshore wind areas (see Section 3.4.2).

Figure 2.2: Bhagwan operating locations

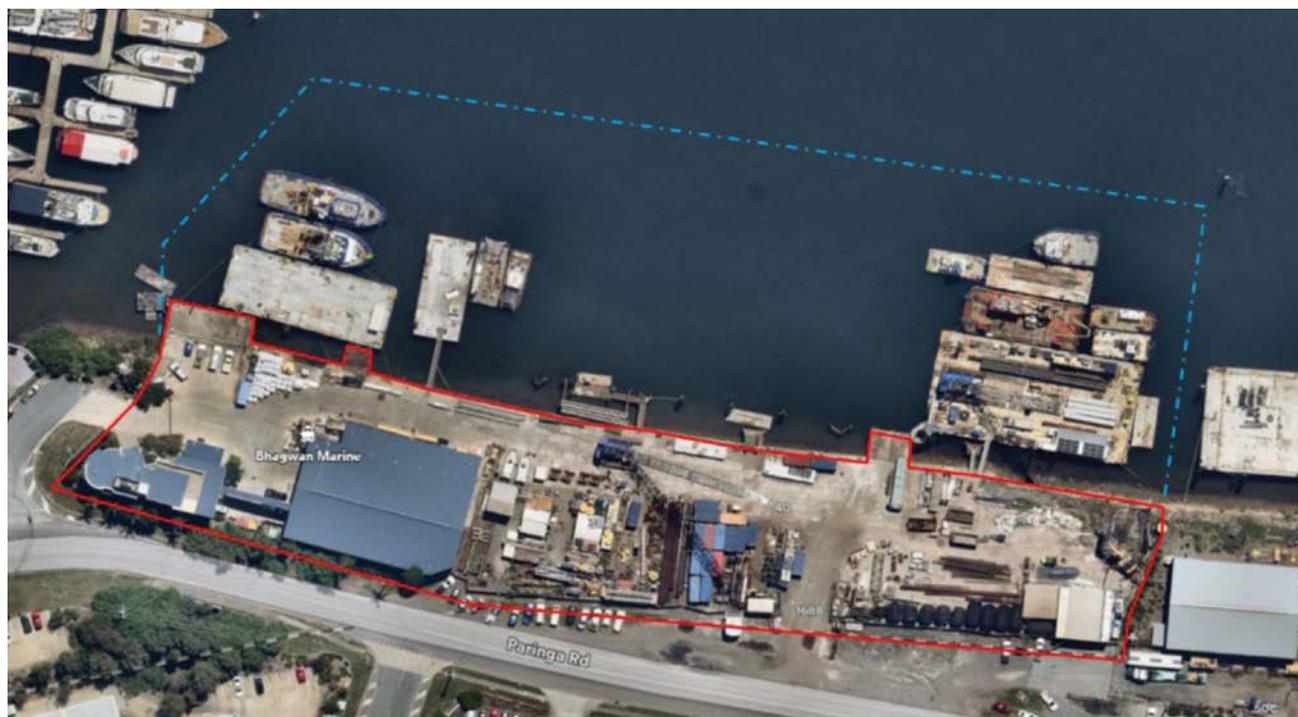


In respect of the Port of Brisbane and the Port of Melbourne, Bhagwan provides storage and laydown areas that are in close proximity to the wharf areas at the port, which provides the Company with a number of advantages when servicing clients at these ports:

- **Efficient Logistics:** Bhagwan is able to directly transfer equipment, materials, and personnel between the storage facilities, laydown areas and vessels, minimising transportation times and costs.
- **Rapid Response Capability:** Bhagwan can mobilise vessels, personnel and resources at short notice, significantly improving its response time compared to some of its competitors who may need additional time to transport resources from more distant facilities.
- **Increased Flexibility:** Having vessels and resources located close to the port, Bhagwan is able to manage its, and its clients', inventory and assets that are located in port areas quickly and can adapt quickly to the service demands of its clients. This flexibility in managing logistics can be a significant advantage in project execution, allowing for adjustments to be made without significant delays.

To illustrate the proximity of Bhagwan's facilities to wharf areas, Figure 2.3 provides an aerial view of the Company's leased facilities at the Port of Brisbane, with the approximate boundary of the land area of the lease marked in red, and the approximate boundary of the water area of the lease marked in blue, which is located next to the wharf area on the left of the image. Bhagwan's facilities are the closest facilities of marine services providers to the wharf areas at the Port of Brisbane and at the Port of Melbourne.

Figure 2.3: Bhagwan's leased facilities at Port of Brisbane



Bhagwan believes that the strategic location of its port facilities and the advantages that it provides (as noted above) has allowed Bhagwan to develop strong relationships with its port-based clients.

2.4 Bhagwan's Service Offerings

2.4.1 Overview of service offerings

Bhagwan provides a diverse range of marine services in the Australian market. Bhagwan has built up a diverse fleet of vessels (see Section 2.6) manned by teams of qualified personnel and can tailor its services to meet a wide range of requirements from its clients. Bhagwan has also built up capabilities over time to provide an array of services to a wide range of clients with operations in various locations, such as in ports, nearshore, offshore and subsea (see Figure 2.4 below). Bhagwan's strategy is to build up a diverse service offering and capabilities, with the aim to service clients in an expanding range of markets and industries (see Section 3), and to potentially reduce Bhagwan's exposure to a cyclical downturn in a particular market, such as the oil and gas market in the event of a sustained fall in the oil price.

The services provided by Bhagwan can be categorised depending on the location where they are undertaken (relative to the shoreline and waterline), as set out in the table below.

Figure 2.4: Categories of locations of operations of Bhagwan's clients

LOCATION	DESCRIPTION
Ports	Services performed within or around a port, and generally within approximately 30 nautical miles of the shoreline
Nearshore	Operations that are undertaken within approximately 200 nautical miles of the shoreline, but outside the immediate port area
Offshore	Operations that take place further out to sea, away from the immediate coastal areas, in deeper waters beyond approximately 200 nautical miles of the shoreline
Subsea	Relates to operations occurring beneath the sea surface

Depending on the service provided, vessels can operate across locations. Certain clients that engage Bhagwan may require services that span different locations, for example, requiring port services and nearshore services.

Bhagwan will typically provide the vessel and crew to undertake the support services described in Sections 2.4.2 to 2.4.5 below. Bhagwan provides transport and support services for a client's specialist personnel (such as geotechnical, geophysical, surveying, operation of remote operated vehicles (**ROVs**), or civil engineering personnel), including providing certain specialist equipment on its vessels that are used by these specialist personnel (such as surveying equipment on certain vessels). Occasionally, Bhagwan will be engaged by clients to provide these specialist personnel and will sub-contract the specialist personnel for a particular engagement.

2.4.2 Port services

Ports serve as essential nodes for trade, transport, and industry. Ports are often the supply points for nearshore, offshore and subsea operations. The types of marine services provided by Bhagwan in harbours and ports includes:

- **“Hotshot” services for shipping agents and port authorities:** “hotshot” services refer to quick, on-demand operations catering to urgent requirements. This entails the transport of essential supplies, such as fuel, food, fresh water, and equipment, to ships docked in, and outside the harbour limits. For example, “hotshot” services are regularly used by vessels with extended dock time or those in need of immediate supplies before leaving or arriving to port.
- **Harbour towage:** this service involves tugboats assisting larger vessels in docking, undocking, or navigating within the confined space of a harbour or port. It is an essential service for the safe manoeuvring of large cargo ships, oil tankers, or cruise ships, especially when a harbour is congested or facing challenging weather conditions.
- **Survey support:** this service includes supporting third party specialists which conduct monitoring and surveying activities in the nearshore areas of a harbour, primarily to ensure safe navigation. The Company’s vessels are regularly used to assist specialists in mapping out the seabed, identifying potential hazards, and ensuring water channels remain navigable.
- **Geotechnical support:** geotechnical support services involve third party specialists using the Company’s vessels to study the physical properties of the seabed, assessing its suitability for infrastructural projects. The Company operates vessels that contain specialist surveying equipment that are used by geotechnical specialists. These services are essential before the construction of piers, wharves, or other maritime structures to ensure stability and longevity of such structures.
- **Construction support:** this service offers specialised vessels for marine construction projects within the harbour. Common types of construction occurring in ports include the expansion of port facilities, the building of new docks, and the installation of underwater pipelines. Bhagwan assists with the supply of labour (e.g. riggers, crane drivers and stevedores, through casual employees or contractors) and equipment (e.g. cranes, piling hammers and winches) to assist with these civil construction projects that have a marine aspect.
- **Infrastructure maintenance:** the provision by the Company of vessels and personnel to conduct regular check-ups, repairs, and maintenance of existing port structures such as wharves and jetties. These services are required to ensure the safety of port infrastructure, and to prevent unexpected breakdowns or accidents related to such infrastructure.
- **Navigational aid maintenance:** the provision by the Company of vessels and maintenance personnel to conduct check-ups, repairs and maintenance navigational aids like buoys, lighthouses, and signal systems. Functioning navigational aids are vital for safe navigation within the port areas, especially during night-time or adverse weather conditions.
- **Production support for mining and resources clients:** this includes the provision of vessels for the transportation of mined resources, equipment, and personnel in the mining sector. These services would typically be provided to clients in ports located near mining areas, ensuring efficient transfer of resources to global markets.
- **Port logistics:** Bhagwan provides port logistics services tailored to meet the diverse needs of its clients. The Company has strategically located facilities in close proximity of the Port of Brisbane and the Port of Melbourne as shown in Figure 2.2, which include a laydown area and secure storage facilities, in close proximity to the wharf areas of those ports. The location of these facilities enables efficient loading of goods and equipment directly from Bhagwan’s storage facilities onto Bhagwan’s vessels, for onward transportation to other vessels, or to client locations.

2.4.3 Nearshore services

The nearshore zone, with its proximity to deep-water environments, hosts a range of marine activity – from oil and gas exploration and extraction to renewable energy installations and marine research. The types of marine services provided by Bhagwan to support nearshore operations includes:

- **Jack-up barges or rig moves:** jack-up barges or rigs are floating platforms equipped with extendable legs that can be anchored to the seabed and are widely used in the oil and gas industry for exploration and drilling in shallow waters. Once these legs are “jacked-up”, the platform provides a stable workspace above the water. Rig moves refer to the process of relocating these platforms from one location to another. Bhagwan provides vessels and crew to support these jack-up barges and rig moves, but does not own or lease any such jack-up barges.
- **Environmental survey support:** this encompasses a wide range of activities, typically undertaken by third parties with the assistance of the Company’s vessels and crew, aimed at collecting data about the marine and coastal environment. Environmental surveys can include seabed mapping, water quality testing, and marine life studies. Environmental surveys inform decisions about maritime projects, conservation efforts, and are important for compliance with environmental protection laws.
- **Coastal towage:** refers to the provision by Bhagwan of vessels and crew for the transport of goods by sea along the coast, which can be more economical and faster than overland transport and also helps to ease road congestion in certain populated areas. Coastal towage is also an attractive alternative to overland transport in areas with challenging terrains or poor road infrastructure.
- **Cargo and crew transfer:** this service involves the provision by Bhagwan of vessels and crew for the transport of goods and personnel between the wharf and nearshore installations, such as oil rigs, wind farms, or research platforms. Transfers of personnel allow for regular crew rotations on nearshore projects to improve worker safety and efficiency, while cargo transfers keep installations supplied with necessary equipment and provisions to keep them operating and for timely maintenance.
- **Supply and transport of specialised labour, marine plant and equipment:** the Company provides vessels to transport specialised personnel (typically provided by third parties), plant and equipment for nearshore projects. The equipment and marine plant is usually supplied by the client, but may be supplied by the Company (typically through leasing arrangements) depending on its specifications and availability of such plant and equipment.

2.4.4 Offshore services

Bhagwan's clients that operate in offshore locations face certain challenges such as having to cover vast distances, traversing and operating in deep waters, harsh weather conditions, and stringent safety requirements. Operating in such challenging conditions often will require the deployment of specialised vessels, advanced technology, and highly skilled personnel. Bhagwan provides a number of marine services that are crucial for the successful and safe operation of offshore activities, which includes:

- **Crew change and pilot transfers:** this involves the transportation of crew members and pilots to and from offshore installations or vessels. Clients often require regular rotations of their personnel working on offshore platforms, drilling rigs, and certain offshore vessels such as offshore construction vessels (being cable lay, subsea construction and decommissioning vessels), and floating production, storage and offloading (**FPSO**) units, which is a floating vessel used for the production and processing of hydrocarbons and the storage of oil.
- **Decommissioning:** involves the safe dismantling and removal of oil and gas infrastructure located offshore, and which is no longer in use having typically reached the end of its productive life. The work needs to be undertaken in a manner that satisfies environmental and regulatory requirements. The Company provides specialised vessels and crew to provide the necessary support for the decommissioning activities. Bhagwan considers the provision of decommissioning services to represent a significant growth opportunity for the Company (see Section 2.7.4.1)
- **FPSO offtake assist:** involves vessels assisting with the transport of oil from the FPSO to tankers for transport to refineries, and is common in oil and gas fields where there is no existing pipeline and pipeline construction is impractical. Bhagwan employs highly skilled personnel to service such offtake operations due to the risk of oil spills and associated environmental impacts.
- **Anchor handling:** the Company supplies and operates anchor handling tug supply (**AHTS**) vessels, equipped with powerful winches and deck machinery to handle and position anchors for offshore structures.
- **Dive and ROV support:** these services involve providing support for underwater diving operations and the operation of remote operated vehicles (**ROVs**). Support is typically provided by dive support vessels (**DSVs**) which are equipped with decompression chambers for divers, and specialist equipment for the control and monitoring of ROVs. The divers, DSVs and ROVs are used for inspection, maintenance, and repair of subsea infrastructure, scientific research, and salvage operations. ROVs are particularly useful in deep or hazardous environments.
- **Geophysical and geotechnical survey support:** geophysical surveys involve mapping the seabed and sub-seabed using techniques like seismic reflection, while geotechnical surveys assess the physical properties of the seabed for construction suitability. Both types of surveys are typically undertaken by third parties using the Company's vessels, some of which contain specialist equipment used by surveyance personnel. These surveys are crucial for planning any subsea construction, including oil and gas platforms, pipelines, and renewable energy structures such as wind farms.
- **Oilfield support services:** these cover a broad category of vessel services for offshore oil field facilities (such as oil rigs and FPSO units), including supply runs (transporting equipment, supplies, and waste to and from offshore installations), and providing standby vessels for emergency response and safety purposes.

2.4.5 Subsea marine services

Subsea marine services support and facilitate a range of operations conducted beneath the sea surface. Subsea operations can be challenging due to the hostile and unpredictable nature of the underwater environment. The depth (with high pressures, limited visibility and low temperatures), remoteness, and environmental conditions require sophisticated equipment and highly skilled personnel. The advancement in technology, particularly in ROVs, autonomous underwater and surface vehicles, and specialised subsea construction vessels has expanded the breadth of these services. While these subsea vessels do not form part of Bhagwan's fleet, they are supported by services using the Company's vessels and personnel.

Bhagwan has a subsea team that is capable of project managing work scopes on behalf of clients. The types of subsea services provided by Bhagwan include:

- **Inspection, maintenance, and repair, asset integrity, and life extension:** Bhagwan provides and transports a team of appropriate personnel to conduct regular inspections, maintenance, and necessary repairs of subsea infrastructure such as pipelines, cables, offshore platforms, wind turbines, aquacultural assets, marine infrastructure and other subsea structures. Bhagwan also provides personnel for clients to maintain subsea infrastructure assets through regular monitoring, maintenance and repairs, with the aim to extend the operational life of these assets. Asset monitoring services can either be delivered offshore visits of the asset on the Company's vessels or by installing monitoring equipment to send live data onshore to a remote-control centre.
- **Commercial diving:** Bhagwan employs professional divers that can assist clients with performing various underwater tasks, such as inspection of assets and construction operations. The Company's divers typically undertake "air diving" (where divers breathe compressed air) to a depth of approximately 50 metres. Bhagwan's vessels are equipped with specialised equipment (e.g. decompression chambers) to support third party commercial divers who undertake "saturation diving" (where divers breathe a helium-oxygen mix, and undergo a decompression process) in order to perform deeper dives.
- **ROV support:** Bhagwan's fleet supports ROVs, which are highly manoeuvrable underwater robots controlled from the surface, either from a vessel or remotely, equipped with cameras, sensors, and other tools. Bhagwan provides integrated ROV services which can facilitate a range of subsea operations, including inspection, survey, and intervention tasks to maintain the integrity, safety and functionality of underwater infrastructure. ROVs are widely used in deep-water environments as a lower risk alternative to diving or where diving is not feasible.
- **Subsea survey support:** surveys in subsea areas include a range mapping, exploration, subsurface characterisation, oceanographic and environmental observation activities. These can involve the use of sonar, seismic technology, and other sensing equipment to map the seafloor, study marine geology, or locate underwater resources. Surveys are crucial for planning subsea construction projects, environmental monitoring, laying submarine cables, and exploring the seabed prior to new hydrocarbon or renewable developments. Bhagwan provides the transport for the surveyors, and may also be engaged by the client to project manage (and sub-contract) the surveyors.
- **Decommissioning and light construction:** as stated in Section 2.4.4, offshore infrastructure is required to be recovered at the end of its operational life to satisfy environmental and regulatory requirements. There is typically a subsea component to this activity, and Bhagwan is able to assist clients by providing the vessel transport and maintenance personnel to support the engineering, procurement, recovery and disposal of these offshore infrastructure assets.

2.5 Bhagwan's Employees

As of 15 May 2024, Bhagwan has a skilled workforce comprising of approximately 936 employees, of which approximately 761 employees are employed on a casual basis with the balance being permanent full time or part time employees. The workforce possesses a diverse and specialised set of skills, reflecting the broad range of marine services offered by the Company. These skills, which are required in order to mobilise, co-ordinate and operate the Company's diverse fleet and service offerings include:

- project planning and execution, from conception to completion;
- supply chain management, to co-ordinate logistics and ensure the timely delivery of equipment and supplies;
- ship handling and navigation, with proficiency in various marine environments and weather conditions;
- crew management, with experience across multiple vessel types;
- commercial diving (being "air diving" to depths of approximately 50 metres);
- risk management (with expertise in identifying, assessing and mitigating risks in marine environments);
- health and safety; and
- environmental compliance.

The wages, working conditions and other terms of employment of Bhagwan's workforce is governed by enterprise bargaining agreements entered into with a number of relevant maritime unions, including the Maritime Union of Australia (**MUA**), the Australian Marine Officers' Union (**AMOU**), the Australian Institute of Marine and Power Engineers (**AIMPE**) and the Construction, Forestry, Maritime, Mining and Energy Union (**CFMMEU**). Bhagwan has a long working relationship with these unions representing maritime workers in Australia, having negotiated numerous industrial agreements with them historically in respect of Bhagwan's employees.

The Company also has a small number of corporate and administration staff providing management, finance and human resources services to the Company. Bhagwan endeavours to employ its staff from the regional locations where the Company is undertaking work.

A percentage breakdown of Bhagwan's approximate 936 employees by location are shown in Figure 2.5 below, and by employment basis, in Figure 2.6 below.

Figure 2.5:
Bhagwan employees by location (%)

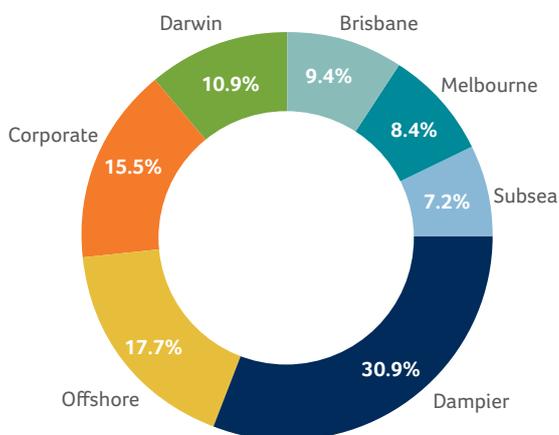
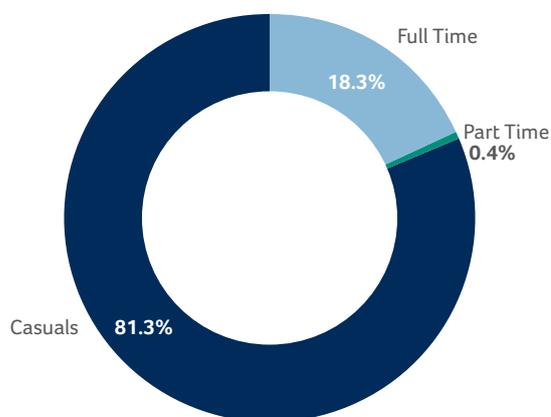


Figure 2.6:
Bhagwan employees by employment basis (%)



2.6 Vessel Fleet

2.6.1 Overview of Bhagwan's fleet

As at the Prospectus Date, Bhagwan has access to a fleet of 96 vessels, of which 70 are owned by Bhagwan. The balance of 26 vessels are leased on terms ranging from 3 months to 5 years.

2.6.2 Fleet breakdown

2.6.2.1 Vessels owned by Bhagwan

The various vessel types owned by Bhagwan are summarised in Figure 2.7 below, outlining the number of vessels owned by vessel type and the book value of the vessels by type. The total book value of the 70 vessels owned by Bhagwan is approximately \$105 million, and forms part of the \$118.4 million of "Property, Plant and Equipment" in the Company's Statement of Financial Position as at 31 December 2023. Historically, Bhagwan has grown its vessel fleet through contracting to build new vessels and buying used vessels (either a direct acquisition of vessels, or via the acquisition of other marine services business that own a fleet of vessels).

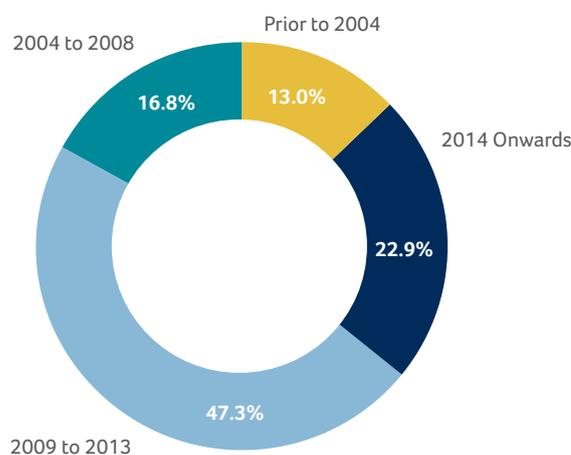
Figure 2.7: Summary of Bhagwan's owned vessels

VESSEL TYPE	EXAMPLE IMAGE	NUMBER	AGGREGATE BOOK VALUE \$MILLION
Dive Support Vessels		2	\$27.0
Tug Boats		13	\$33.1
Multi-Cats		7	\$18.1
Utility Vessels		11	\$14.2
Barges		13	\$6.7
Crew Transfer Vessels		14	\$5.6
Other		10	\$0.2
TOTAL		70	\$105

Note: Other vessels include smaller vessels utilised mainly in ports for various transport related services.

The book value of Bhagwan's fleet is supported by the fact that Bhagwan's vessels are relatively new with substantial remaining asset life. Figure 2.8 below illustrates that approximately 70%, by book value, of the fleet that is owned by the Company was constructed in 2009 or later.

Figure 2.8: Percentage of total book value of Bhagwan's owned vessels by build year



2.6.2.2 Vessels leased by Bhagwan

Bhagwan currently leases 26 vessels of various types, including an AHTS, a landing craft and a number of barges. Bhagwan's decision as to whether to lease, rather than buy, a vessel is influenced by a number of considerations including the:

- economics of purchasing the particular vessel rather than leasing it, including the upfront purchase price of the vessel and the ability to finance the purchase of the vessel;
- flexibility of leasing to meet changing client requirements and services offered, with leasing allowing Bhagwan to change or upgrade vessels as needed under an engagement when Bhagwan does not have the particular vessel available; and
- ability of Bhagwan to respond quickly to market opportunities where it can tender for contracts requiring a certain vessel that it does not own but is available to lease.

Bhagwan typically aligns the lease term of a vessel with the duration of the specific client project for which the vessel is needed. The lease terms also typically include an extension option(s) which provides the Company with the flexibility to continue using the vessel without interruption, and without the need to renegotiate the lease or find a new vessel, in the event of a delay or extension to the client's project.

The lease contracts are entered into based on standard form contracts that are widely used and recognised in the marine services industry and which are developed by the Baltic and International Maritime Council (**BIMCO**).

The BIMCO contracts contain a number of standard terms and conditions, with key items listed in a schedule that set out matters such as the:

- time, date and place of delivery of the vessel;
- term of the lease, including options to extend;
- hire fee, which is typically expressed as a day rate;
- covenants in relation to the leased vessel (including, for example, restrictions on modifications to the vessel, inspection rights for the lessor, and the prudent operation and maintenance of the leased vessel);
- limited circumstances where the lease can be terminated (including, for example, non-payment of fees, breach of covenants of the lease, or other events of default);
- party responsible for insurance (typically the lessee) and the amount for which the vessel is to be insured; and
- whether the lessee has the option to purchase the vessel at the end of the lease period.

2.7 Industry Sectors Serviced by Bhagwan

Bhagwan's specialised services are applicable to, and provided across, clients in a range of industry sectors set out below. Further information regarding these sectors is also contained in Section 3.

2.7.1 Offshore oil and gas industry

This is a major sector for the Company, with Bhagwan providing vessels and services to support exploration, development, and production activities as described in Section 3.3.1.3. The subsea services conducted by Bhagwan, as described in Section 2.4.5 above, are currently conducted predominantly for clients in the offshore oil and gas industry.

Bhagwan provides services to offshore oil and gas industry clients across the various project phases typical of an oil and gas project. These phases are outlined in Section 3.3.1.3 in relation to the typical vessels used by marine services providers for these clients.

The level of services that Bhagwan's clients require may be connected to the level of activity of Bhagwan's clients in the oil and gas industry. The level of activity of Bhagwan's clients may be impacted by various impacts to the oil and gas industry (see Section 3.3.1 for an outline of the key trends and demand drivers for the offshore oil and gas industry), including the price of oil and gas.

In relation to Bhagwan's offshore oil and gas clients, Bhagwan's services are currently largely provided to oil and gas projects in the development, production and decommissioning phases with only a small percentage attributed to services provided for projects in the exploration phase. The level of services required (and the attributable revenue that can be generated by Bhagwan) for projects during the development, production and decommissioning stages are less sensitive to changes in the price of oil and gas for the following reasons:

- in relation to projects in the development phase, Bhagwan's revenue is largely derived from services provided to support the development of infrastructure, which involves capital expenditure approved by the oil and gas project developer which are less correlated with the prevailing oil and gas price;
- in relation to projects in the production phase, Bhagwan's revenue is largely derived from services relating to the proper operation and maintenance of oil and gas infrastructure, such services which are less correlated to levels of production and the prevailing oil and gas prices; and
- in relation to projects in the decommissioning phase, the level of expenditure for decommissioning offshore oil and gas infrastructure is driven more by regulatory requirements and environmental and social governance standards, than prevailing oil and gas prices, which will have less of an impact on whether these decommissioning activities (of infrastructure that is no longer producing oil and gas) will be carried out and completed.

The expected exposure and sensitivity outlined above is based on Bhagwan's observations on historical changes to its revenue based on the changes in oil and gas prices at the time. Please refer to Section 5.2.1 for further information in relation to risks in relation to Bhagwan's exposure to its clients in the offshore oil and gas industry.

2.7.2 Port operations

Bhagwan provides port services that are important for the safe and efficient operations of a number of Australian ports. These services include many of those described in Section 2.4.2 above with respect to the vessel activity within the ports, and the Company's logistics activities undertaken from its strategically located facilities close to the waterfront at multiple ports. Currently, these ports include natural resources and agricultural driven ports at Dampier and Darwin, and general cargo and industrial ports in Melbourne and Brisbane.

2.7.3 Civil construction

Bhagwan supports various construction activities that have a marine aspect, including the construction of bridges, ports, jetties, and other marine infrastructure. For example, Bhagwan has previously provided tugs and barges to support the construction of bridges and for construction upgrades to port areas. Some of this work includes supporting the mining and resources sector where Bhagwan has been engaged by clients to undertake activities such as transporting equipment by sea to and from remote mining sites. Please refer to Section 3.3.4 for further information in relation to marine services provided to the civil construction sector.

2.7.4 Growth segments

2.7.4.1 Decommissioning

As outlined in Section 3.4.1, the Australian offshore oil and gas industry will be facing a significant decommissioning portfolio over the next few decades. Bhagwan considers itself to be in a strong position to capitalise on these decommissioning opportunities given that, out of all of the potential decommissioning projects expected in Australian territory in the next approximately fifty years:

- the North Carnarvon basin in Western Australia has the greatest level of decommissioning potential, as it accounts for 42% of the number of oil and gas wells, 55% of the overall fixed facility mass (being the overall weight of the stationary structures) to be removed and 45% of the floating facility count (being the number of facilities floating on the surface rather than fixed to the seabed). Bhagwan's experience and relationships with clients who own assets in the North Carnarvon basin, together with the Company's strategically located facilities and personnel nearby, means that the Company is well positioned to undertake decommissioning work in the North Carnarvon basin; and
- over 80% of topsides (being the portion of an oil and gas platform that is above the water) and substructure mass (the weight of the portion of an oil and gas platform that is below the water) to be removed is in shallow water (<120m water depth), where Bhagwan's relative strength lies given the size and nature of its fleet, and its capabilities with respect to nearshore services.

2.7.4.2 Offshore wind

The Australian Government is committed to establishing an offshore wind industry and has established the regulatory framework to do so (see Figure 2.2 for a map of proposed offshore wind zones and Section 3.4.2 for further information). Bhagwan is currently performing work in the sector by providing vessels and personnel to assist with surveying work (refer Section 2.4.4) associated with the feasibility of proposed areas for offshore wind farms. The ongoing development of the industry will require a diversity of marine services and vessels, for example to support with engineering and construction, and for ongoing monitoring, repairs and maintenance. Bhagwan believes that it is well positioned, with its fleet composition and facility locations, to participate in this growth and the future offshore wind energy development opportunities outlined in Section 3.4.2. This is because it is able to provide services across all the project phases associated with offshore wind, from initial feasibility through to development, construction and ongoing operations and maintenance as outlined in Table 3.2 in Section 3.4.2.

2.7.4.3 Defence and security

Bhagwan provides support to the defence sector, including the provision of vessels to support naval exercises and training, patrol, and surveillance activities. This support includes the transport of supplies and equipment between sites. The Company believes that there are a growing number of opportunities for Bhagwan to assist the Department of Defence with the HydroScheme Industry Partnership Program (HIPP) by providing vessels and services to undertake the hydrographic surveying, data collection, and analysis (see Section 3.4.3.1 for more information about HIPP).

2.7.4.4 Maintenance services

Bhagwan provides a number of inspection, maintenance and repair services under its services agreements with its clients. As these structures deteriorate over time due to harsh marine environments, including exposure to saltwater, wind, and waves, they require regular inspection, repair, and reinforcement to ensure their continued safety and functionality. Bhagwan, with its fleet of specialised vessels and skilled crews, expects growing demand for the services that it provides which have a maintenance aspect (such as underwater inspections, performing structural repairs, and carrying out routine maintenance tasks).

Bhagwan expects there to be increased levels of maintenance and repair services required by its clients, and increases in the number of new contracts for the support of maintenance activities, for the reasons outlined below.

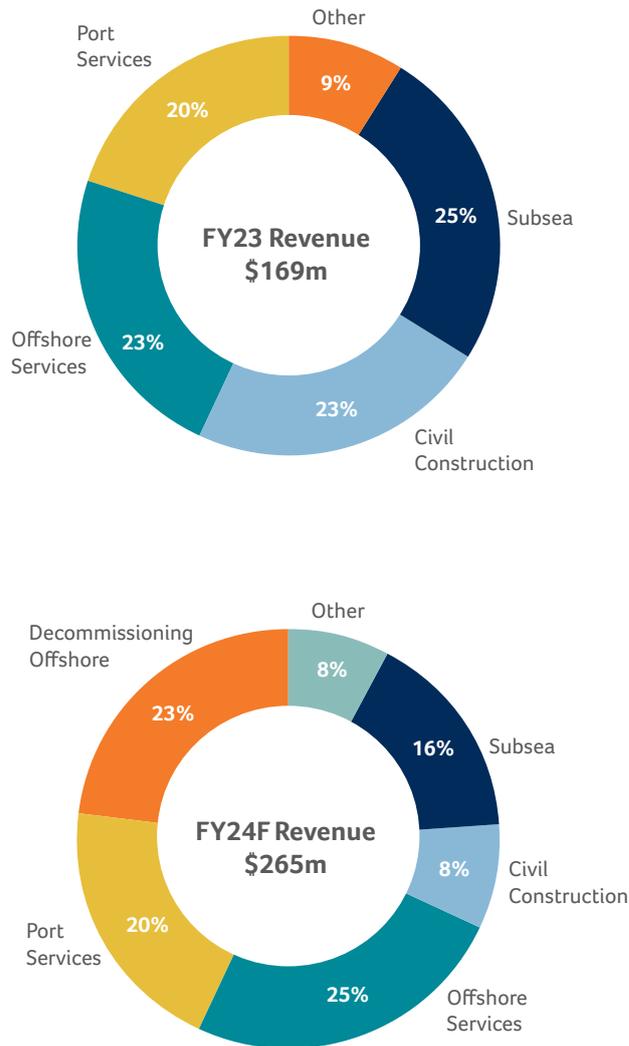
The ageing of marine infrastructure assets, such as offshore oil and gas platforms, ports, jetties, bridges and navigational aids is expected to drive demand for maintenance-related services provided by the Company.

The Company's maintenance services are important for extending the lifespan of marine infrastructure assets which can be located at ports, nearshore, offshore or subsea and which are owned by clients across the various industry sectors described in Sections 2 and 3.

2.7.5 Historical and expected revenue by industry sector

The split of revenue by the above industry sectors for FY23 and pro-forma forecast FY24 is shown in the charts in Figure 2.9 below. Offshore Services, Decommissioning Offshore and Subsea services are predominantly undertaken for clients in the oil and gas industry. Offshore Wind, and Defence and Security form part of "Other" in the charts below, while Maintenance is spread across all sectors.

Figure 2.9: Revenue by industry sector (FY23 and FY24(F))



2.8 Business Model

The Company obtains new clients, and engages with existing clients, to provide services primarily through:

- direct tendering for service contracts on certain projects;
- establishing long term contractual relationships with clients for the provision of various services over the course of an agreed term by way of Master Services Agreements (**MSAs**). MSAs provide the framework or general terms and conditions under which the Company's services will be provided, with details for each service set out in a separate contract, often referred to as a service order; and
- having strategically located facilities at ports around Australia as described in Section 2.3.

Engagements with clients can range from spot market and short-term contracts, typically for services provided to clients in the port/harbour or nearshore, to longer term MSAs of up to 5 years, typically for services provided to clients operating in offshore and subsea areas. The duration of the contracts is typically either time based (i.e. for a set term) or project based (i.e. until the specified project has been completed).

Examples of the types of clients serviced by Bhagwan and contract type and duration are shown in the table in Figure 2.10 below.

Figure 2.10: Contract type and duration by client type

	CONTRACT TYPE		
	Ad hoc / spot market	Spot market and short term contracts up to 12 months	Long term contracts up to 5 years
Shipping agents & brokers	✓		
Port authorities & government agencies	✓	✓	✓
Exporting resources companies	✓	✓	✓
Nearshore oil and gas operators	✓	✓	✓
Offshore oil and gas operators	✓	✓	✓
EPCM companies and other service providers		✓	

Note: EPCM means engineering, procurement and construction management

Bhagwan receives payment for its services in accordance with a schedule that is agreed with the client. The compensation is typically broken down into the categories set out below.

Figure 2.11: Basis of compensation for service category

CATEGORY	BASIS OF COMPENSATION	COMMENT
Mobilisation/Demobilisation	Fixed Price	The Company mitigates fixed price risk through allowances for weather and other delays, and its experience with mobilisation and demobilisation activities
Project Management	Day Rates	Commercially negotiated with client, depending on size, nature and complexity of project
Vessel	Day Rates	Commercially negotiated with client, and which varies by nature of vessel
Personnel/Crew	Day Rates	Listed by job title/description and in line with rates in the relevant enterprise bargaining agreement between the Company and the relevant union
Equipment	Day Rates	Reduced rates if the Company is providing vessels and crew on standby



2.9 Examples of Key Projects

A selection of the Company's key projects which highlights Bhagwan's expertise and capabilities is set out in Figure 2.12 below.

Figure 2.12: Examples of projects by industry sector

SEGMENT	SERVICE EXAMPLE	STATUS
Oil and Gas- Offshore	Provision and management of the standby support vessel for an offshore platform.	Current
	Provision of a supply vessel to service an island gas facility in the North West Shelf.	Current
Oil and Gas - Subsea	Provision of DSVs and divers for diving operations to support oil and gas major's assets in the North West Shelf. Typical operations include inspection, light construction, maintenance and repair.	Current
	Provision of vessels and maintenance personnel to provide IMR services for a FPSO in the Laminaria and Corallina oil fields and utilising ROV, in support of the first phase of a decommissioning project.	Complete
	Provision of vessels to support the field survey of entire field assets and gas export pipeline, while adhering to regulations imposed by both NOPSEMA and a foreign regulator.	Complete
Civil Construction	Supply and management of the marine services package (13 barges, 10 vessels plus other various marine assets) relating to a road widening project in Brisbane, Queensland.	Complete
	Provision of specialised vessels such as multicats and shallow draft tugs to service construction works for an island gas plant development.	Complete
	Lead contractor to a large mining company for the provision of a marine services package in support of the removal and replacement of a berth and ship loader.	Complete
	Long term asset maintenance contract with an Australian port authority. The provision of services under the contract includes client inventory management and the inspection, maintenance, and repairs of all wharf structures within the port, as well as all aids to navigation, which are essential to the safe navigation of all shipping traffic to/ from the port.	Current
Port Services	The Company is contracted by an Australian port authority to provide a marine services package on a four (4) year remediation. This contract is subject to strict timeframes and the services provided (including those of subcontractors) must not impact the general public. In addition to the provision of vessels, the Company is also contracted to provide project management services, specialised equipment and labour, and procurement and inventory management of materials. The Company is currently providing and managing multiple teams of third party contractor on various aspects of the remediation project.	Current
	Asset maintenance and inventory management for sea channels supporting the North West Shelf project and Karratha gas plant, and the channel entrance to King Bay Supply Base and Burrup Materials Facility.	Current

2.10 Competitive Strengths

Bhagwan's growth into becoming a leading marine services provider can be attributable to a number of competitive strengths, which are set out in this Section 2.10.

2.10.1 Fleet size/diversity

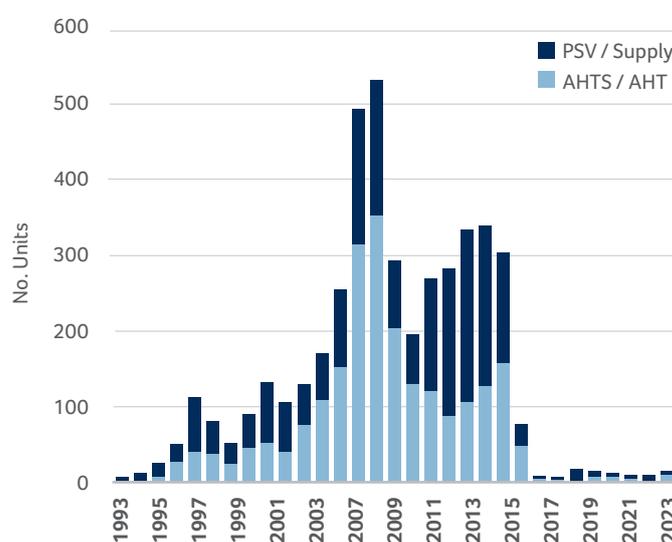
The size and diversity of the Company's fleet (as described in Section 2.6 above) provides the Company with the ability to participate in a greater number of tender opportunities for a wider range of clients in multiple industries. It also means that there is often additional capacity in Bhagwan's fleet that enables the Company to continue servicing clients while a vessel may be undergoing repair or maintenance.

2.10.2 Strong existing fleet where global vessel supply is limited

The limited supply of new vessels globally has resulted in the increased utilisation of existing vessels. With an existing large and diverse fleet of vessels, Bhagwan has also experienced the increased utilisation of its vessels, particularly in the past three years.

A decline in the oil price from mid-2014 led to a global fall in the utilisation of vessels, and a decline in the construction of new marine vessels. This global decline in the construction of new vessels is illustrated in the chart below, which shows the number of newbuild contracts for the construction of offshore vessels (production support vessels (**PSV**), supply vessels, anchor handling tug supply vessels (**AHTS**) and anchor handling tugs (**AHT**)) globally since 1993.

Figure 2.13: Global newbuild contracting activity

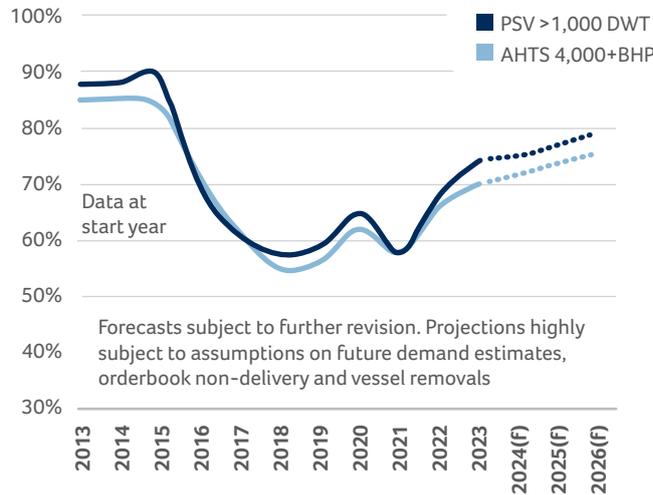


Source: Clarksons Research

In recent years, there has been a resurgence in demand for marine services in relation to the offshore oil and gas, and renewable energy sectors, which has resulted in an increase in global vessel utilisation and the increase in charge out rates for vessels.

The Chart in Figure 2.14 below from Clarkson’s Research shows the growth in utilisation of offshore supply vessels (**OSVs**), being AHTSs with over 4,000 brake horsepower and PSVs with a deadweight tonnage of greater than 1,000 tonnes.

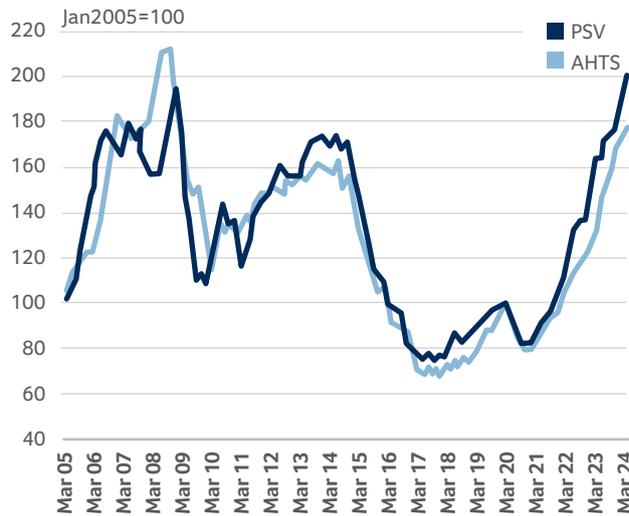
Figure 2.14: Global offshore vessel utilisation



Source: Clarksons Research

The chart in Figure 2.15, also from Clarkson’s Research shows the rates for AHTSs and PSVs (from an indexed base of 100 as at January 2005), with a noticeable uptick post the COVID-19 pandemic, from around December 2020 onwards.

Figure 2.15: Global Newbuild Contracting Activity



Source: Clarksons Research

Bhagwan’s experience in the Australian market with respect to increasing vessel charge out rates, increased utilisation and the reduced supply of vessels, is consistent with what has occurred globally. The market dynamic of higher charge out rates and constrained vessel supply is favourable for the owners of a large and diversified existing fleet, such as Bhagwan. The tight supply of vessels, and the cost of vessels, means that it is challenging for new entrants seeking to establish a fleet, or for existing marine services providers to grow their fleet.

2.10.3 Experience in maintaining Health, Safety and Environmental (HSE) requirements

Major resources and construction clients will only select operators who meet strict HSE requirements, which require significant time, effort and cost to attain. Bhagwan is pre-qualified to work with several major resources and construction clients as a result of meeting, and often exceeding, the strict HSE requirements required.

The Company is also compliant with a number of International Organisation for Standardisation (**ISO**) standards, as described below. By adhering to these standards, Bhagwan is able to demonstrate to its clients and employees the Company's commitment to upholding and continually improving quality, environmental, and health and safety standards. This commitment can also support compliance with regulatory requirements and help manage risks associated with these areas.

- **ISO 9001:2015 Quality Management System:** This standard provides a framework for companies to ensure that they consistently meet customer requirements. It is based on several quality management principles, including a strong customer focus, the motivation of top management, and continual improvement.
- **ISO 14001:2015 Environmental Management System:** This standard helps organisations improve their environmental performance through more efficient use of resources and reduction of waste.
- **ISO 45001:2018 Occupational Health & Safety Management System:** This standard provides a framework to increase safety, reduce workplace risks, and enhance health and well-being at work, enabling an organisation to proactively improve its occupational health and safety performance in preventing injury and ill-health.



Figure 2.16: Bhagwan health and safety statistics

YEAR	TOTAL HOURS	LTIS ¹	TRC ²	LTIFR ³	TRIFR ⁴	FAC ⁵	FACFR ⁶
2019	905,854	2	6	2.21	6.62	19	20.97
2020	756,650	5	11	6.61	14.54	19	25.11
2021	701,013	1	3	1.43	4.28	20	28.53
2022	871,627	7	15	8.03	17.21	20	22.95
2023	1,597,467	3	13	1.88	8.14	29	18.15

Notes:

1. Lost time injuries.
2. Total recordable injuries.
3. Lost time injury frequency rate per million hours worked.
4. Total recordable injury rate per million hours worked.
5. First aid cases.
6. First aid cases per million hours worked.

2.10.4 Holding an array of marine related operating licences

A marine services company operating in Australia must navigate a complex regulatory landscape that includes international conventions, national regulations, client-specific standards, and ongoing compliance requirements to ensure safe and environmentally responsible operations.

Bhagwan has had regulatory compliant operations since the commencement of its operations in 2000. The Company's vessels hold the requisite Classification Society Certifications and International Maritime Organisation (**IMO**) Certificates. These IMO Certificates are not readily available to obtain and certification may take an extended period of time for the relevant authority to conduct due diligence and approve the relevant certification. In particular, Bhagwan confirms:

- it regularly undergoes International Marine Contractors Association (**IMCA**) audits, and vessel inspections for registration in the Offshore Vessel Inspection Database (**OVID**);
- all of its vessels comply with Australian Maritime Safety Authority (**AMSA**) regulations, which include regular surveys and inspections to ensure safety, environmental protection, and seafarer welfare standards are maintained;
- it complies with Australia's biosecurity regulations, by ensuring that vessels undergo necessary quarantine inspections and treatments; and
- it has Safety Cases with the National Offshore Petroleum Safety and Environmental Management Authority (**NOPSEMA**) and the Department of Mines, Industry Regulation and Safety in Western Australia (**DMIRS**). Safety Cases are comprehensive documents that an operator must have to demonstrate that the operator has a thorough understanding of all major accident hazards, and the ability to manage health and safety risks associated with their operations.

2.10.5 Relationship with workers' unions

The various unions that represent maritime workers in Australia (as set out in Section 2.5), and their influence, can affect labour relations, wage negotiations, and working conditions for companies operating in the maritime sector. Bhagwan has a long working relationship with these maritime unions, having negotiated numerous industrial agreements with them historically.

The working relationship that Bhagwan has with the unions has meant that it is able to:

- maintain a stable labour environment, which is important for meeting client timelines and contractual commitments; and
- undertake constructive negotiations when changes affecting the Company's workforce need to be implemented, such as shifts in scheduling, job roles or work practices – enabling Bhagwan to adapt quickly to market demands.

2.10.6 Founder-led, with a strong culture

Bhagwan's Managing Director and Chief Executive Officer, Loui Kannikoski, is the founder of the Company and, as at the Prospectus Date, one of the largest shareholders (see Section 6 for further details of the interests of Directors and the Company's capital structure). Bhagwan considers that being founder-led business provides Bhagwan with several advantages including:

- **Commitment:** As founder, Mr Kannikoski, has a deep personal commitment to the success of Bhagwan which can assist in motivating the Company's workforce, and embedding the family values and work ethic into Bhagwan's culture;
- **Alignment of interest:** Mr Kannikoski's interests in the Company's shares are aligned with the Company's success, helping to ensure that the Company's Managing Director and Chief Executive Officer is focused on creating value for the shareholders over the longer term; and
- **Client confidence and trust:** Being a founder-led company may instil Bhagwan's clients with confidence, knowing that decisions and commitments are backed by Mr Kannikoski, who has a vested interest in maintaining the Company's reputation and success.

2.10.7 Long term customer relationships

Bhagwan has long term relationships with its clients, including a number of major oil and gas companies, major mining companies, construction companies, and Government entities. These relationships provide Bhagwan with a number of advantages including providing the Company with:

- stable revenue streams pursuant to long term contracts and/or MSAs;
- enhanced credibility and reputation, which may be an important factor for potential new clients that are seeking reliable and proven service providers; and
- opportunities for innovation and improvement, with regular interaction with major clients providing feedback to assist Bhagwan to innovate and improve its services.

2.10.8 National scale and presence

Having a national presence in the availability of its fleet and certain facilities, as outlined in Section 2.3, enables the Company to serve a broad range of clients across the country. Each of the Company's local offices facilitate personalised, timely assistance and foster stronger relationships with local clients and stakeholders.

Bhagwan also has the ability to move vessels between various of its operating locations, as may be required. Transporting vessels across long distances can be expensive and time-consuming. By having strategically located facilities around the country with the flexibility to relocate its vessels, Bhagwan can reduce the logistical costs associated with repositioning vessels, berthing vessels and moving and storing assets.

2.11 Growth Strategy

Bhagwan has a track record of successful service and project delivery to its clients which, together with targeted acquisitions in new regions, has underpinned the Company's growth to date. Bhagwan's track record is illustrated by its long term relationships with its clients. The Company's forecast pro-forma FY24 revenue of \$264.8 million and EBITDA of \$38.8 million represents growth of 97% and 80% respectively on its FY22 pro-forma results (please refer to Section 4.3 for a reconciliation of the Company's pro forma and statutory statements of financial performance).

It is noted that 63.4% of the increase in the Company's net revenue from FY23 to FY24F is driven by a single large decommissioning contract, with all work due to be completed by mid-late August 2024. While the Company may secure similar large decommissioning projects in the future, there is no assurance that such projects will arise, or be awarded to the Company on a consistent basis. As a result, the Company's future revenue may be subject to variability that is contingent upon the timing and occurrence of these large decommissioning projects.

Bhagwan is focused on continuing to achieve sustainable earnings growth for its shareholders, and the Company has identified a number of growth strategies. The reduction in the Company's gearing levels through the application of funds raised under the Offer also provides Bhagwan with the financial strength and flexibility to pursue these growth initiatives.

2.11.1 Continue to build the core business

Bhagwan will continue to focus on providing high quality service and project delivery for its existing clients. Bhagwan's strong long-term relationships with many of its core clients are an important aspect of its business. These clients promote stable and increasing revenues, cross selling opportunities and enhance the reputation of Bhagwan's business. Bhagwan will continue to develop its relationships with core clients, to improve charter renewals and vessel utilisation. The ability to source and customise vessels for clients facilitates the maintenance of strong relationships with these clients.

2.11.2 Pursue work in growth industry sectors

The Company will adopt a targeted business development and operational team approach to securing further work in the industry sectors of decommissioning, offshore wind energy and defence. As outlined in Section 2.7.4, Bhagwan is already engaged by clients in these industry sectors and its intention is to invest in the capacity and expertise of its personnel, to provide it with the best prospects of securing work and increasing market share in these sectors. The Company will also endeavour to identify innovative techniques to undertake each subsequent engagement in these growth sectors more efficiently, and at improved margins.

2.11.3 Pursuit of targeted accretive acquisition opportunities

Historically, the Company has successfully grown its vessel fleet and service offerings through strategically targeted acquisitions. The Company continually monitors the market for opportunities to acquire vessels and businesses which may broaden the Company's capabilities, particularly with respect to the growing segments of decommissioning, offshore wind energy and defence. The Company may fund any such activities via operating leases, cash, equity or debt capital and would only reach final decisions regarding such funding in light of material facts and circumstances at the relevant time.

2.11.4 Continued assessment of fleet and replacement of old vessels

Bhagwan aims to continue upgrading the capabilities and specifications of its fleet through its fleet renewal program. Under the fleet renewal program, the Company intends to develop a process of analysis and assessment to replace older vessels with newer, more efficient and environmentally friendly models, and which are equipped with improved technology to enhance performance and safety. The replacement of vessels may be conducted through newbuild contracts or through the acquisition of newer secondhand vessels.

Under its fleet renewal program, the Company currently has a focus on adding to its fleet where it is likely to be in long term demand. Vessels of particular focus include those likely to be in high demand for work associated with decommissioning, offshore wind energy and defence in the future. However, there is no guarantee that the Company will be able to acquire the vessels that it requires given the decline in the supply of new vessels globally as outlined in Section 2.10.2.

2.11.5 Enhanced utilisation rates through longer term contracts

Approximately 30% of Bhagwan's revenue in FY23 was derived from short term work on spot contracts. Bhagwan is seeking to continue to transition a higher proportion of its vessel fleet to longer term contracts, which has the potential to result in higher (and more stable) utilisation rates across the Company's fleet and higher operating margins. While spot contracts are generally more lucrative from an operating margin perspective for each short term engagement, this is offset by the loss in utilisation over the longer term. The Company also expects to be engaged in longer term contracts if it is able to secure work on decommissioning projects, offshore wind energy development projects and defence related civil construction projects, in line with its expected growth segments as outlined in Section 2.7.4.

2.12 Environmental, Social and Governance

Bhagwan is committed to sustainability, social responsibility, and ethical governance. With a fleet of approximately 100 vessels, the Company appreciates the need to provide sustainable marine services through comprehensive environmental, social and governance (ESG) initiatives.

2.12.1 Environmental initiatives

Bhagwan is evaluating initiatives to potentially upgrade its existing vessels to improve fuel efficiency and reduce carbon emissions. This may include the upgrading of engines and systems with more efficient and environmentally friendly alternatives, such as electric. Additionally, if and when Bhagwan commissions the construction of new vessels, there will be an opportunity for the Company to incorporate green technologies in vessel engine construction, such as the use of hybrid or fully electric engine systems.

The nature of the work that the Company is currently undertaking in the growth segments of decommissioning and offshore wind energy may also have positive impacts on the environment, namely:

- decommissioning of offshore oil and gas infrastructure is critical for mitigating the environmental impacts of aging and redundant offshore facilities. By safely dismantling and removing these structures, the Company can help restore marine ecosystems and reduce pollution risks; and
- offshore wind energy projects are important for Australia's transition to renewable energy and reduction of carbon emissions. The Company's involvement in surveying work in the near term, and construction and maintenance in the medium term, supports the development of offshore wind as a sustainable source of energy.

2.12.2 Social initiatives

Bhagwan recognises the importance of contributing to the social and economic development of the communities in which the Company operates. Bhagwan has established key sponsorships and partnerships with community organisations that align with the Company's core values, particularly in relation to Indigenous engagement and training.

2.12.3 Governance

Bhagwan's commitment to strong governance practices is integral to the Company's ESG strategy. The Company's governance framework includes robust policies and procedures for compliance, risk management, and stakeholder engagement and are described in more detail in Section 6.6.

3. INDUSTRY OVERVIEW



3. INDUSTRY OVERVIEW

3.1 Introduction

Bhagwan operates within the marine industry. Whilst no universal definition of the marine industry exists, the Organisation for Economic Co-operation and Development defines the marine industry as market-based activities in the public and private sectors that are “of, found in, or produced by the sea”. This definition includes established marine sub-sectors such as fisheries, shipping, oil and gas, and maritime and coastal tourism, as well as emerging marine sub-sectors such as ocean renewable energy (including offshore wind) marine biotechnology and high-tech marine products and services.

As a marine services provider, Bhagwan provides vessel and related services to various sectors of the marine industry. As at the Prospectus Date, Bhagwan only provides services to some sub-sectors of the broader marine industry and more specifically provides marine services to clients operating in ports and harbours, nearshore, offshore and subsea locations around Australia (see Section 2.4 for an overview of Bhagwan’s services by location and Section 2.7 for a description of the industry sectors that Bhagwan services). The specific sub-sectors that Bhagwan services within the broader marine industry are outlined below in Section 3.3 (see also Section 2.4 for further information about the types of services it supplies within these sub-sectors).

3.2 Competitive Landscape

Due to the large range of sub-sectors within the marine industry, the varying nature of locations and the services performed, competitors can differ by sub-sector, geography and services required. As a result, the marine services industry in Australia is fragmented and consists of many participants.

3.2.1 Key potential competitors and partners

As at the Prospectus Date, Bhagwan considers that potential competitors in the provision of marine services to the industry sectors in which Bhagwan operates include:

- Fugro;
- Go Offshore;
- Jetwave Marine;
- MMA Offshore;
- Pacific Marine Group;
- Seaswift;
- Shelf Subsea; and
- TAMS Group.

Bhagwan considers these companies to be competitors as they have provided marine services to clients in the industry sectors in which Bhagwan operates, have competed against Bhagwan in tenders for services, or have partnered with Bhagwan to provide services under a specific contract.

Whilst a number of these companies can provide similar services to Bhagwan, the often technical and bespoke nature of services required by many clients means that in certain circumstances some of Bhagwan’s competitors may not be able to provide the same

services that Bhagwan can provide. For example, Bhagwan has a diverse fleet that can support a range of different services, including with technical and specialised equipment to assist clients with technical surveys, operated by a highly skilled maintenance crew employed by Bhagwan to provide monitoring, repair and maintenance services, and DSVs with specialised diving equipment to support diving services.

However, given the specialist needs required to tender and deliver bespoke marine services for specific contracts, it is not uncommon for service providers to tender for contracts with other specialist providers. Therefore, Bhagwan can tender for contracts entirely by itself, or in conjunction with other specialist marine service providers. Depending on the circumstances and what is being tendered for, Bhagwan's competitors for a certain project may potentially be a partner for another project. Refer to Section 5.2.3, which discusses the risks of Bhagwan failing to renew existing contracts.

3.2.2 Barriers to entry for providers of marine services

In relation to the provision of marine services in the industry sectors that Bhagwan operates, Bhagwan considers there are a number of barriers to entry to provide the services typically required by its clients, which often require varying types of vessels and involve highly specialised tasks.

Bhagwan considers the following factors to be the key barriers to entry to compete with it in relation to the provision of marine solutions for clients in the industry sectors in which Bhagwan operates:

- the high level of capital expenditure required to acquire and maintain suitable vessels for the tasks that are required to be performed;
- the time, high costs and resources required to obtain the licences and certifications required to provide services within the marine industry;
- the difficulty in securing the appropriate, and at times, highly specialised vessels, whether by ownership or lease arrangements, to carry out the tasks required in the locations in which Bhagwan operates;
- the time, high costs and resources to train and maintain highly qualified crews to operate certain specialised vessels required for technical tasks in the offshore oil and gas industry;
- in relation to large contracts with multinational clients in the offshore oil and gas industry, having a sufficiently large and diversified fleet to tender for these contracts; and
- the difficulty in accessing remote areas (due to limitations in travel distances for certain vessels) in Australia to provide services to certain clients in the resources and oil and gas industries.

3.3 Overview of the key markets for Bhagwan's marine services

The key markets (sub-sectors within the broader marine industry) that Bhagwan currently provides marine services in are broadly categorised as follows:

- offshore oil and gas industry;
- port operations;
- subsea services for offshore oil and gas and offshore wind energy; and
- civil construction.

The key growth markets that Bhagwan currently operates in, and is seeking to expand its marine services offerings into, are broadly categorised as follows:

- offshore decommissioning services;
- offshore wind energy industry; and
- defence and security industry.

A description of the current key markets for Bhagwan are outlined in this Section 3.3 and a description of the key growth markets for Bhagwan are outlined in Section 3.4.

3.3.1 Offshore oil and gas

Australia's offshore oil and gas industry is a major multi-billion dollar contributor to Australia's economy, energy security, employment and terms of trade. Aggregate investment exceeding \$260 billion in Australia's oil and gas sector since 2007 has fuelled opportunity and growth in this industry and for services provided to this industry.

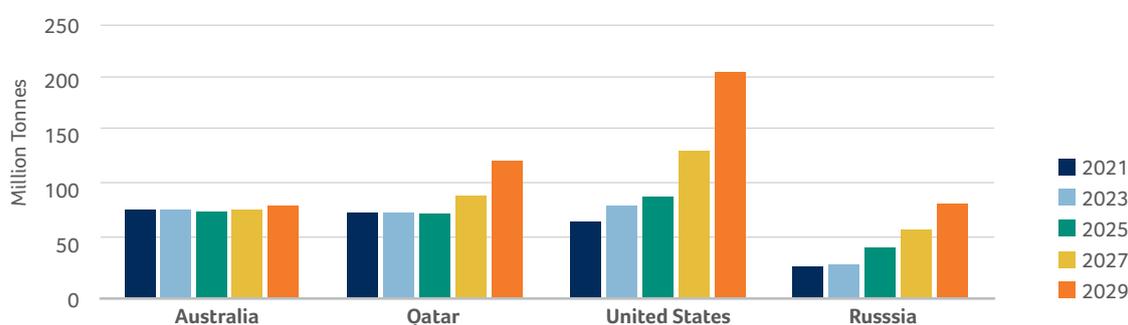
Australia has been successful in attracting, retaining and growing a world-class offshore oil and gas industry. The industry has adapted to global demand patterns, and developed and adopted innovative technologies. Australia's oversight of the industry has ensured a leading reputation in offshore titles management and the regulation of health, safety and the environment. As at 30 June 2022, the Australian Bureau of Statistics estimated that there were 17,000 people employed in the oil and gas industry in Australia.

3.3.1.1 Gas

Australia's giant gas field discoveries have underpinned world-leading projects and first-class infrastructure, mostly developed on a standalone basis, but also where large offshore gas fields consisting of multiple wells are developed as one project, with supporting offshore and onshore processing and transport infrastructure. Offshore conventional reserves make up the majority of Australia's gas reserves, with the largest reserves in Western Australia and the Northern Territory. However, Australia's gas reserves are located throughout the country.

In the Australian Government's 2022 Global Resources and Strategy Commodity Report, it outlined in 2020–21, Liquid Natural Gas (LNG) was Australia's third-largest commodity export by value, exporting 77.7 million tons (Mt) of LNG with a value of \$30.5 billion. It also outlined that in 2021 Wood Mackenzie forecasted LNG exports for Australia to grow leading up to 2029. These are the most recent forecasts the Company has identified from publicly available information and the Company notes that these forecasts may have changed as a result of more recent changes in general economic conditions, outlook for commodities and/or other factors.

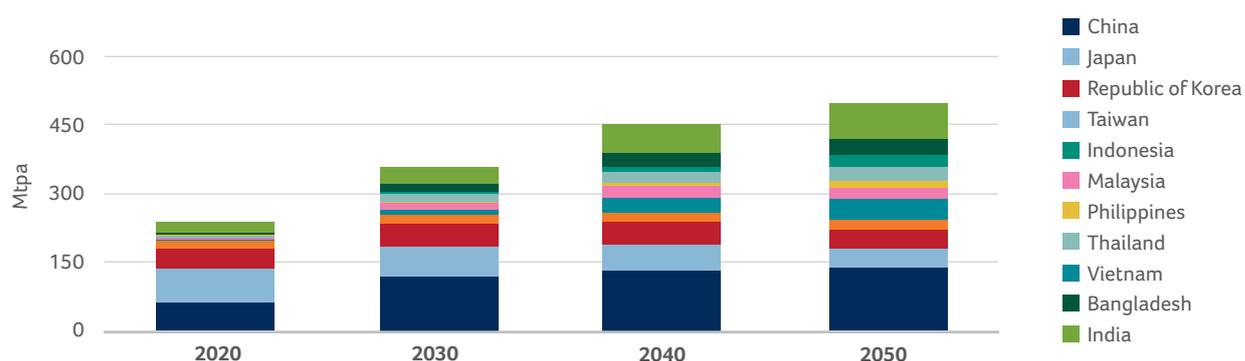
Figure 3.1: Forecasted LNG exports by country



Source: Wood Mackenzie, LNG short-term outlook - December 2021, from the Australian Government's 2022 Global Resources and Strategy Commodity Report

The report also noted that most analysts forecast strong growth in LNG demand in Asia over the coming decades. Asian markets are expected to drive increased demand for Australian gas, with the largest increases forecast in China, India, Indonesia and Bangladesh (see Figure 3.2). Again, these are the most recent forecasts the Company has identified from publicly available information and the Company notes that these forecasts may have changed as a result of more recent changes in general economic conditions, outlook for commodities and/or other factors.

Figure 3.2: LNG demand growth in Australia's high potential markets



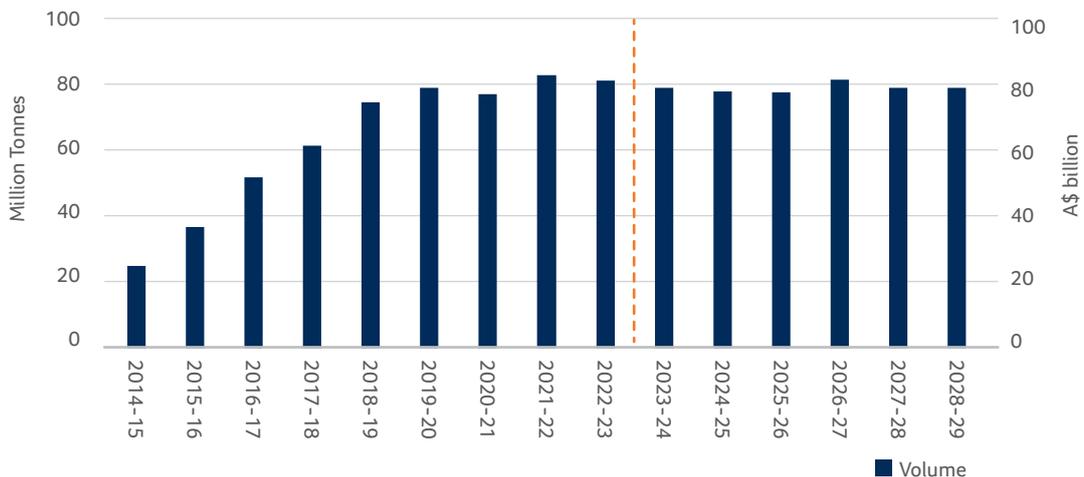
Source: Wood Mackenzie, LNG short-term outlook - December 2021, from the Australian Government's 2022 Global Resources and Strategy Commodity Report

In the Australian Government’s Global Resources Strategy Commodity Report: Liquefied Natural Gas published in 2022, the report outlined 3 key reasons why Australia would remain a major LNG exporter to Asian markets up until 2050:

- Australia’s geographical proximity to Asia;
- Australia will remain a stable investment destination; and
- Australia plays a key role in a cleaner energy through lower carbon or carbon neutral LNG and as a clean hydrogen supplier.

Between 2007 and 2012, Australia had eight final investment decisions (**FIDs**) that increased Australia’s LNG capacity from 20.6 million tonnes per annum (**Mtpa**) to 88.2 Mtpa. The Australian Government’s Resources and Energy Quarterly (March 2024) report noted that Australia’s LNG export volumes are expected to be mostly steady (at just under 80 Mtpa) until 2028-2029, assuming no other significant developments occur (see Figure 3.3).

Figure 3.3: Australia’s LNG exports by volume



Source: Department of Industry, Science and Resources, Resources and Energy Quarterly March 2024

In 2024, Australia had a number of proposed new LNG facilities or upgrades including but not limited to the following:

Figure 3.4: Sample of proposed new Australian LNG facilities or upgrades

FACILITY	LOCATION	EXPECTED CAPACITY (MTPA)	OPERATOR	FID	START UP
Scarborough	Offshore WA	8	Woodside	Nov-21	2026
Barossa	Offshore NT	3.7	Santos	Mar-21	2025
Tamboran	Onshore NT	6.6	Tamboran	2026	2030
Crux	Offshore WA	2.9	Shell	May-22	2027
Jansz-lo	Offshore WA	N/A	Chevron	Jul-21	N/A

Source:

S&P Global, 'Scarborough: A refresher for Australia's major gas development still on track for 2026', William Plampton, 24 April 2023

Santos, 'Santos announces FID on the Barossa gas project for Darwin LNG', 30 March 2021

Tamboran Resources Corporation, Assets, 2024

Shell Australia, The Crux Project: Project Overview, 2024

Woodside Energy, The Scarborough Energy Project, November 2023

The Australian Institute, Emissions from the Tamboran NT LNG facility, Mark Ogge, August 2023

Shell, 'Shell to develop Crux project in Western Australia', 30 May 2022

LNG Prime, 'Chevron, partners take FID on Jansz-lo compression project', LNG Prime Staff, 2 July 2021

LNG Prime, 'Tamboran plans to launch Northern Territory LNG plant by 2030', LNG Prime Staff, 12 June 2023

NS Energy Business, 'Shell reaches FID to develop Crux project offshore Western Australia', 30 May 2022

Ministers for the Department of Industry, Science and Resources, Jansz-lo investment a major win for Australian jobs and exports, The Hon Keith Pitt MP, 2 July 2021

Energy News Bulletin, 'Chevron makes FID on Jansz-lo Compression', Mark Tilly, 2 July 2021

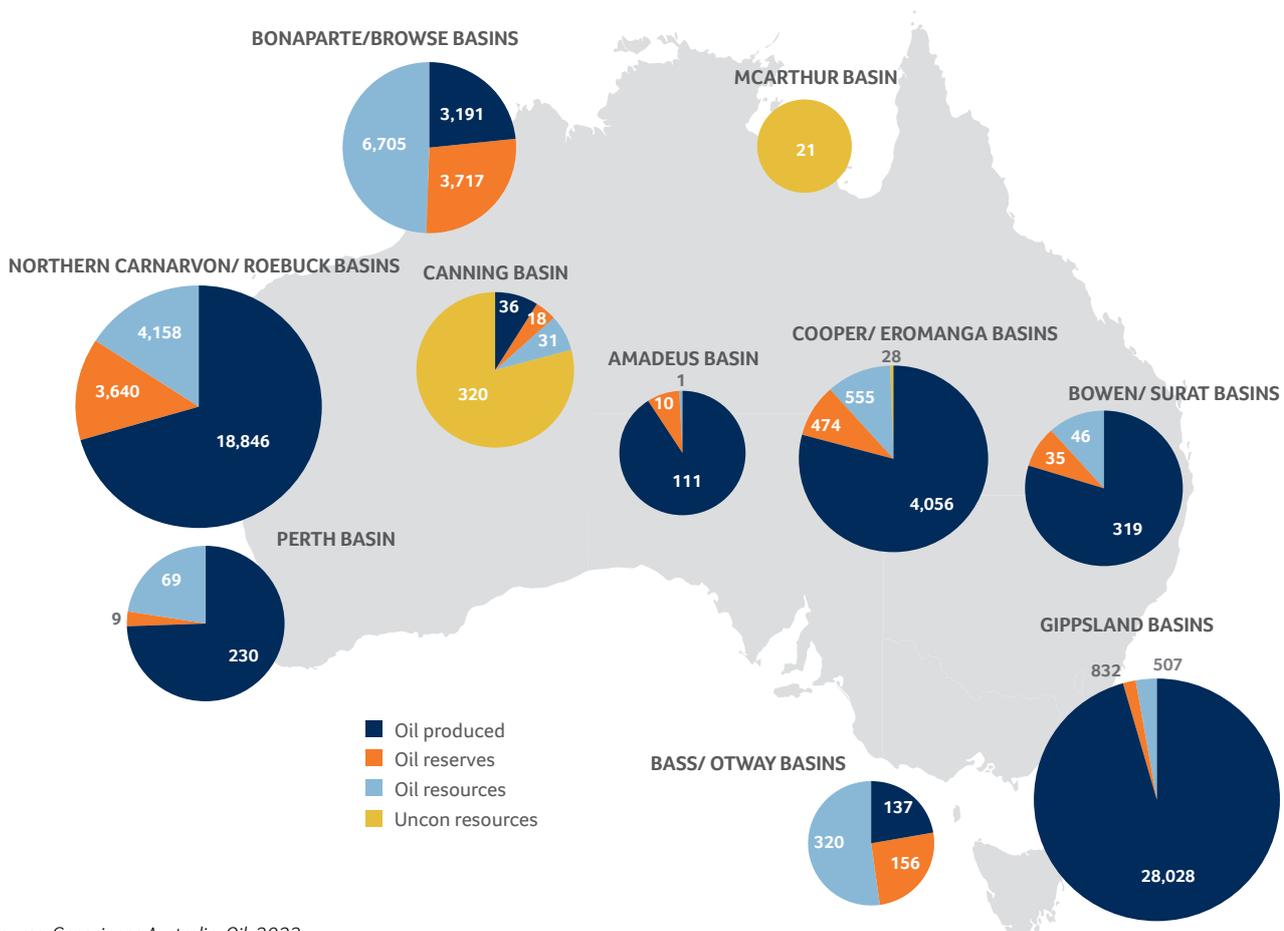
It is expected that the upgrades to existing LNG facilities, or the construction of newly proposed LNG facilities, will require billions of dollars in capital expenditure until 2050. As many of the facilities are located offshore, Bhagwan considers that it has the capabilities to tender for services related to the development of these LNG facilities.

3.3.1.2 Oil

Most of Australia's known remaining oil resources are condensate and liquefied petroleum gas (LPG) associated with giant offshore gas fields in the Browse, Carnarvon and Bonaparte basins (see Figure 3.5).

Australia exports a major share of its crude oil production, predominantly from Western Australia. As most oil in Australia is produced on the North West Shelf (offshore Western Australia) at significant distances from refineries in the eastern part of the country, it is more cost effective to transport crude oil to larger refineries in the Asian region and import refined fuel products into Australia. The oil produced from eastern Australian oil and gas basins is largely consumed domestically.

Figure 3.5: Australia's remaining oil reserves (2P) and contingent resources (2C) during 2021, and cumulative production to end 2021 (petajoules)



Source: Geoscience Australia, Oil, 2023

As outlined in the 2023 Geoscience Australia Oil publication, in 2020-21 about 83% of the domestically produced oil resources were exported, as Australian basins typically produce light sweet oils which need to be blended with other heavier crude oils to produce refined fuel products.

In Western Australia alone, for 2022 to 2023 the value of condensate was \$8.6 billion, making it Western Australia's second most valuable petroleum product (behind LNG). During this period, condensate production was 11.7 gigalitres (GL) or 73.5 million barrels (Mbbbl), a decrease from 12.1 GL or 76 Mbbbl in 2021-22 but still at a historically high level. This decline largely reflected a fall in output from Inpex Corporation's Ichthys FPSO facility in the Browse Basin and the North West Shelf as legacy fields declined. For 2022 to 2023, Western Australia's share of national combined condensate and crude oil production was 78%, around the same level as previous years.

3.3.1.3 Vessel services in offshore oil and gas

Bhagwan deploys its vessels and personnel to engagements covering all of the main phases of the offshore oil and gas cycle, namely: exploration, development, production and decommissioning. Table 3.1 below provides a brief description of these phases, the typical services provided and the vessels typically used for these marine services.

Table 3.1: Summary of typical vessel services throughout the offshore oil and gas cycle

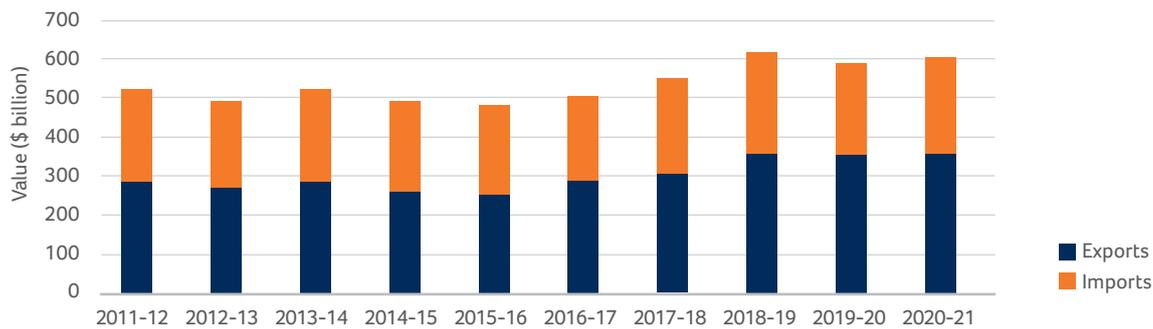
	EXPLORATION	DEVELOPMENT	PRODUCTION	DECOMMISSIONING
Typical Length	1 to 3 years	2 to 4 years	5 to 50+ years	1 to 5 years
Description of typical activities by oil and gas clients	Seismic surveys and exploratory drilling in the search for potential oil and gas reserves	Drilling of appraisal wells, and construction of oil and gas production facilities, including offshore production platforms, FPSOs and submerged pipelines in ocean beds	Extraction, storage and offloading of oil and gas	Safe dismantling and removal of oil and gas infrastructure from the marine environment when resources have been depleted or the facility is no longer economically viable
Typical marine services required	Provision of offshore support vessels Provision of utility Vessels Provision of vessels to support surveyors, including geophysical, geotechnical and environmental baseline surveys Provision of coastal towage vessels Provision of jack-up barges or vessels to facilitate the moving of rigs Supply of labour, equipment and marine plant to facilitate the services noted above	Provision of services for cargo and crew transfers to and from offshore facilities Provision of vessels to supply and transport personnel to and from offshore accommodation Provision of vessels to assist with coastal, harbor and international towage Supply of labour, equipment and marine plant to facilitate the services noted above	Provision of specialised vessels to assist with the delivery of FSPO offtake Provision of vessels for crew change and pilot transfer from offshore facilities (including FPSO) Provision of vessels for the general support of oilfield activities Provision of facilities and maintenance personnel in relation to inspection maintenance and repair of offshore infrastructure Provision of specialised vessels and divers for diving activities and operation of ROVs relating to offshore infrastructure maintenance Provision of vessels for standby support in the event of emergencies	Provision of vessels and divers for dive and ROV support Provision of vessels for coastal towage Provision of vessels to supply and transport personnel to and from offshore accommodation
Vessels typically used for marine services in this phase	Tugs Utility vessels ATHS PSV	Multicats Tugs Barges Crew transfer vessels AHTS PSV Offshore construction vessels Utility vessels	Tugs AHTS PSV Utility vessels Crew transfer vessels Standby support vessels	Multicats Tugs Barges Crew transfer vessels AHTS Offshore construction vessels Utility vessels

3.3.2 Port Operations

The maritime industry is of vital importance to the Australian economy. As an island nation, Australia depends on maritime freight to bring in imported goods and to export Australian goods to foreign markets.

As outlined in the Australian Government’s Bureau of Infrastructure and Transport Research Economics Statistical Report published in 2023, in 2020–21 the value of Australia’s maritime exports was \$354.8 billion, a 1.3% increase in real terms on 2019–20 and an average annual trend increase of 7.8% per annum, in real terms, over the five years to 2020–21. Also outlined in this report, was that in 2020–21, the value of the goods imported by sea were \$246.6 billion, as illustrated in Figure 3.6.

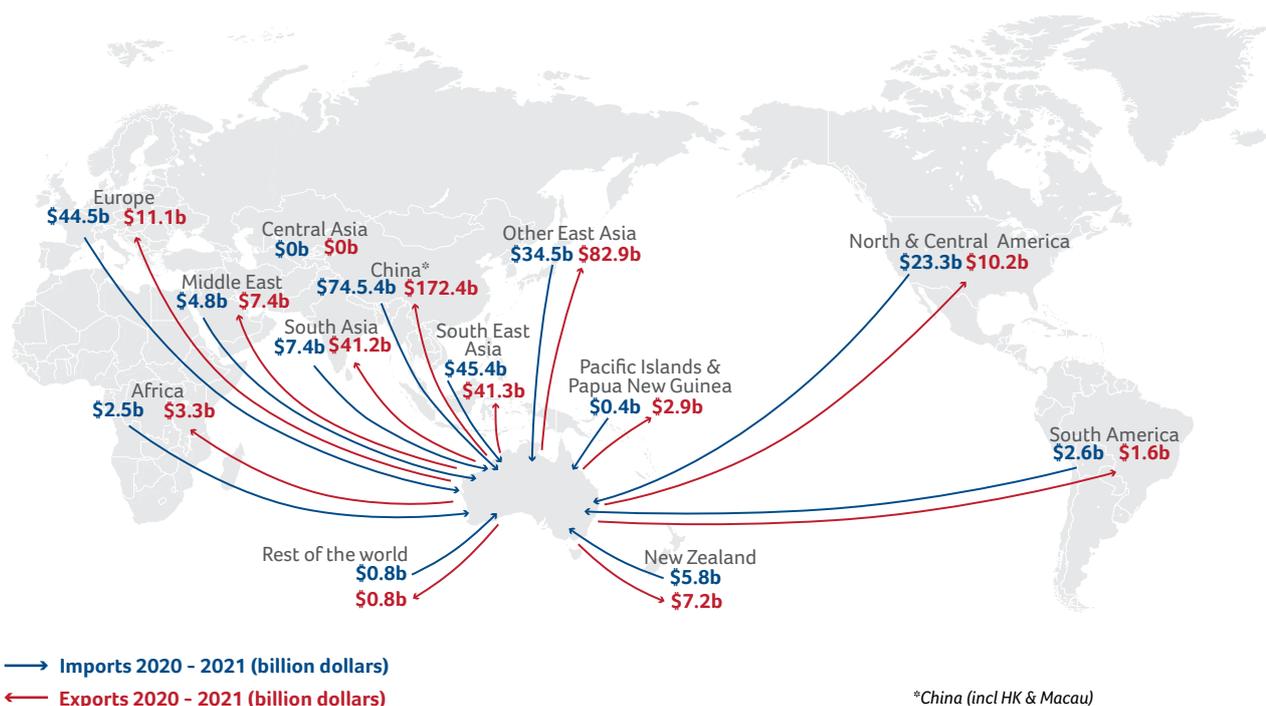
Figure 3.6: Value of Australia’s international sea freight from 2011 to 2021 (2021–2022 prices)



Source: Department of Infrastructure, Transport, Regional Development, Communications and the Arts, Australian Sea Freight 2020–2021, Australian Government, January 2023

As can be seen below in Figure 3.7, Australia engages in maritime import and export activity with its trade partners from around the world.

Figure 3.7: Value of Australia’s international sea freight by trading region of final destination or origin, 2020–21



Source: Department of Infrastructure, Transport, Regional Development, Communications and the Arts, Australian Sea Freight 2020–2021, Australian Government, January 2023

As a nation dependent on maritime trade, Australia's ports are an important gateway for goods. Consequently, it can be considered that ports and associated infrastructure are of economic and social importance to Australia as the nation's productivity, living standards and quality of life may depend on trade performance.

Given the importance of Australia's ports to the national economy, there continues to be ongoing investment in the development of Australia's ports, for example:

- the Australian Government in its 2022-2023 Budget Papers announced it would invest \$7.1 billion in transformational infrastructure projects to continue driving Australia's growth, which included \$2.6 billion for infrastructure that connects the Northern Territory's exports through the port in Darwin and then through to markets in Asia;
- the Western Australian Government in its 2023-2024 State Budget announced a further \$135.8 million in new funding for projects at Western Australia's ports, taking overall investment in Western Australia's ports over the coming four years to nearly \$1.9 billion;
- the Port of Melbourne outlined its net prescribed capital expenditure forecast for the period 1 July 2024 to 30 June 2028 to be a total of \$705.7 million (with an average for \$141.1 million per annum); and
- the Port of Brisbane outlined it has invested approximately \$190 million in port infrastructure in the 2022-23 financial year and expects to invest a further \$466 million in port infrastructure works over the next 5 years.

These projects provide marine services providers with opportunities in relation to civil construction and infrastructure projects in port areas, as well as in relation to the additional port activity associated with more sophisticated and expanding port infrastructure. The typical activities that marine services providers support in port areas and the typical vessels that are used are tugs, barges and crew boats.

3.3.3 Subsea services in offshore oil and gas and offshore wind energy

Subsea services can encompass inspection, repair, surveys and oilfield construction for subsea activities. The demand for subsea services is closely tied to the markets for offshore oil and gas services and offshore wind energy, as those industries are described in Sections 3.3.1 and 3.4.2.

The global subsea services market was estimated to be USD\$12.2 billion as at 2022, and has been estimated to grow to USD\$19.92 billion by 2031. The Company is not aware of estimates for the subsea market size for Australia alone, but the market in Australia, as part of the broader global industry, has potential for growth due to a number of industry trends driving continued activity in the offshore oil and gas industry (such as the expected growing number of decommissioning projects discussed at Section 3.4.1) and the expected development of an offshore wind energy industry in Australia, which both require various subsea services at different times of their life cycle.

3.3.4 Civil construction

Marine services providers are often required to assist with civil construction projects inshore and nearshore (such as bridges and coastal roads), and also for onshore projects (such as ports and onshore highways). These services typically relate to the transportation of personnel and materials for construction, which may be more efficient and cost effective by sea. The role of marine services providers in relation to ports are discussed above in Section 3.3.2.

As an example, in terms of marine related infrastructure, marine services providers play an important role in bridge construction as it relates to structures being built nearshore and over water. As part of the \$17.5 billion, the Australian Government has allocated \$554.5 million across the various states and territories of Australia for the 2021-2026 period (as shown in Figure 3.8) for the Bridges Renewal Program. This program will provide funding to upgrade bridges across the nation by renewing and replacing bridges serving local communities and facilitating higher productivity vehicle access.

Figure 3.8: Australian Government funding under its Bridges Renewal Program

\$MILLION	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	TOTAL
2021 – 22	33.7	10.5	33.5	4.4	2.5	1.4	2.4	1.5	90.0
2022 – 23	47.5	35.4	26.0	12.7	6.2	1.9	1.2	0.2	131.1
2023 – 24	43.6	13.8	49.4	9.9	4.5	5.2	1.2	3.6	131.1
2024 – 25	33.6	10.7	38.1	7.6	3.4	4.0	0.9	2.8	101.1
2025 – 26	31.9	26.7	20.6	10.4	6.8	2.1	1.7	0.9	101.1
Total	190.4	97.1	167.5	45.0	23.4	14.7	7.4	9.1	554.5

Source: Commonwealth of Australia 2022, Federal Financial Relations Budget Paper No. 3 2022–23, 29 March 2022

Marine services providers provide vessel services to parts of the civil construction industry which have a marine aspect. For example, the construction of a port facility or bridge infrastructure will typically require the use of marine vessels to provide marine transport of supplies and personnel, barges for storage of materials, and assistance with moving plant equipment such as anchors and cranes. The increased activity and funding for the upgrade of bridge infrastructure will provide opportunities for marine services providers to support these infrastructure projects.

3.4 Growth Markets

The key growth markets (sub-sectors within the marine industry) for Bhagwan are broadly categorised as follows:

- offshore decommissioning;
- offshore wind energy industry; and
- defence and security industry.

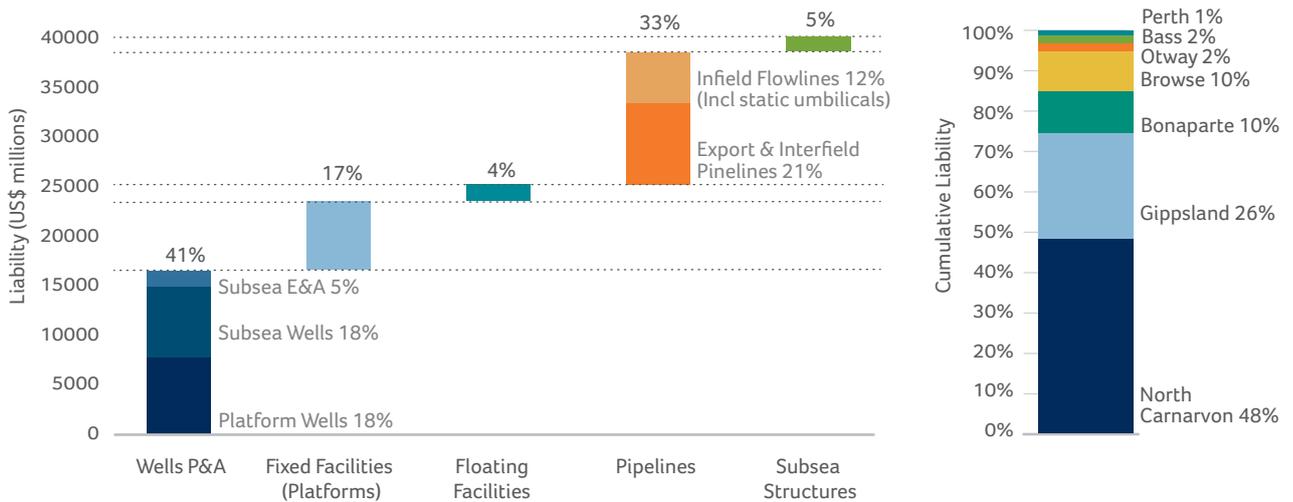
3.4.1 Decommissioning of offshore oil and gas infrastructure

Decommissioning is a normal and inevitable stage in the lifetime of an offshore petroleum project that is typically planned from the outset and matures throughout the life of operations of a particular offshore oil and gas project. Its purpose is to remove, or otherwise satisfactorily deal with, in a safe and environmentally responsible manner, structures, equipment and property previously used to support activities in the offshore area. This includes plugging and abandoning wells, rehabilitating the project site and carrying out any necessary monitoring.

NOPSEMA is the regulator for Australia’s offshore energy industry and plays a key role in implementing the Australian Government’s decommissioning framework.

The Australian offshore oil and gas industry is facing a significant decommissioning portfolio over the next few decades, with the potential for earlier abandonment activities given changing market conditions. A report prepared in 2020 for the Centre of Decommissioning Australia (CODA) (CODA Report) outlined a combined estimated cost of USD\$40.5 billion (including wells and facilities) for decommissioning works forecasted over until 2070. Of this estimated cost, well plugging and abandonment (P&A) and pipeline removal costs comprise the majority of estimated spend under this forecast (See Figure 3.9).

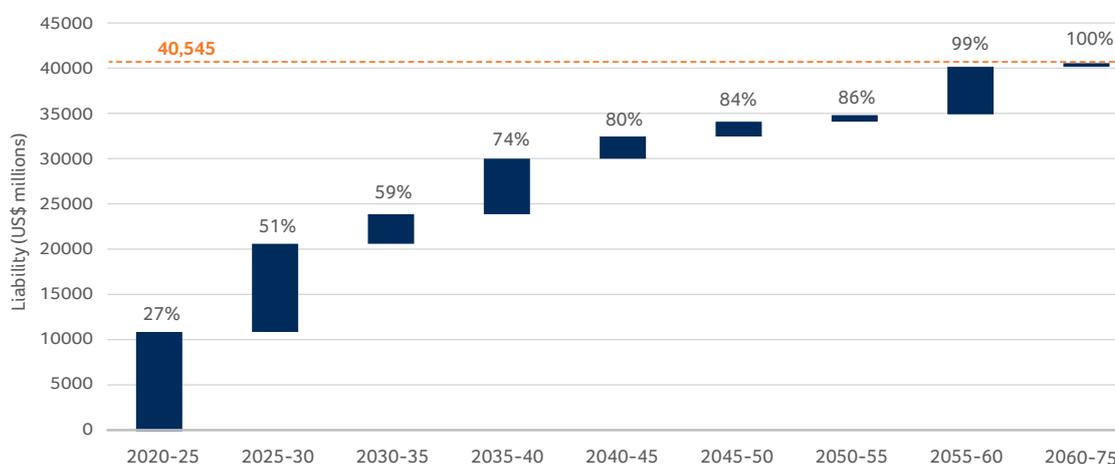
Figure 3.9: Australian offshore oil and gas decommissioning liability by asset typology



Source: Centre for Decommissioning Australia (CODA) (Advisian study), A Baseline Assessment of Australia’s Offshore Oil and Gas Decommissioning Liability, 2022

Approximately 51% of this decommissioning liability estimated in the CODA Report was expected to occur in from 2020 to 2030. A further 23% of the liability is predicted during the period from 2031 to 2040 (74% overall by 2040) as shown in Figure 3.10.

Figure 3.10: Australian offshore oil and gas decommissioning liability timeline



Source: Centre for Decommissioning Australia (CODA) (Advisian study), *A Baseline Assessment of Australia’s Offshore Oil and Gas Decommissioning Liability, 2022*

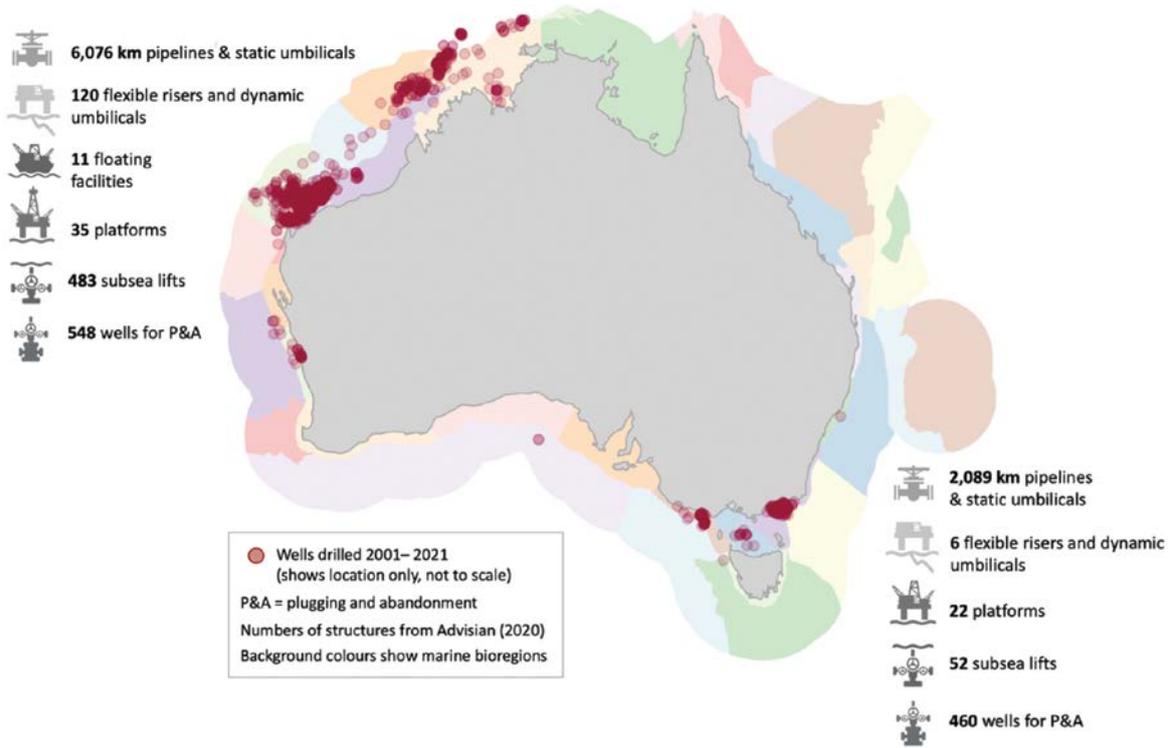
In relation to the decommissioning of existing offshore oil and gas assets, it is expected significant costs will be attributed to the removal and transportation of many of these assets. For example, the operations phase (excluding mobilisation/demobilisation of the pipeline, rig move and removing pipes) represents 64–73% of the US\$16.6 billion Australian well P&A liability as estimated by CODA for the period up to 2070, with asset removal and transportation accounting for approximately US\$5 billion of the estimated liability.

In relation to Australian offshore oil and gas projects, there is also expected growth in decommissioning activity in relation to offshore oil and gas projects within the Australian territory consistent with the commentary provided in a number of public reports:

- the Australian government Department of Industry, Innovation and Science (**DISER**) in 2020 noted that in Australia, “a substantial number of the approximately 136 fixed facilities (including pipelines) are likely to commence decommissioning activities in the coming decade”;
- the Australasian Centre for Corporate Responsibility in its “Offshore oil and gas asset decommissioning” report in 2023 noted that Australia’s decommissioning ‘industry’ is still in its infancy and to date there has been very little decommissioning of infrastructure in Australian Commonwealth waters. It also noted that the process of decommissioning offshore oil and gas infrastructure is very costly at a project level, and to the oil and gas industry more broadly; and
- the Frontiers in Marine Science in 2021 in its “Decommissioning Research Needs for Offshore Oil and Gas Infrastructure in Australia” report noted that there have been estimates that Australia has in the order of 3,500 km of pipeline, 57 platforms, and 11 floating facilities currently operating in Commonwealth waters, with additional pipelines and platforms in Western Australian and Victorian state waters. It also noted that Australia’s National Offshore Petroleum Information Management System in 2021 listed 1,648 wells drilled offshore since January 2001, with most activity concentrated in Australia’s north-west and the south-east regions (see Figure 3.11 below). It further noted that while a few of Australia’s oil fields have been depleted to the point where decommissioning is required, more than half of Australia’s offshore petroleum assets are older than 20 years, with some exceeding 50 years, and as a consequence, would be expected to be approaching end of life in the near future.

In the CODA Report, it was noted that while a handful of high-level liability estimates have been conducted, due to the infancy of Australia’s offshore oil and gas decommissioning industry, many of these estimates had not yet been benchmarked to actual costs as of the date of the CODA Report.

Figure 3.11: Locations of offshore oil and gas activity in Australia



Source: *Frontiers in Marine Science, Decommissioning Research Needs for Offshore Oil and Gas Infrastructure in Australia, 2021*

Note: Red circles show wells drilled by the oil and gas industry in the Australian marine environment between January 2001 and January 2021 (not to scale; data from <https://nopims.dmp.wa.gov.au/Nopims/>). Numbers of structures are indicative based on publicly available information and are derived from Advisian (2020). The diversity of marine environments in which these operations have occurred is shown by IMCRA v4.0 bioregions (pastel colours; Commonwealth of Australia, 2006). Commonwealth waters are those that are more than three nautical miles offshore.

For the reasons outlined above, Bhagwan expects that in the near future there will be many offshore assets which are expected to reach their lifetime and which will require decommissioning work, which will provide various opportunities to marine services providers.



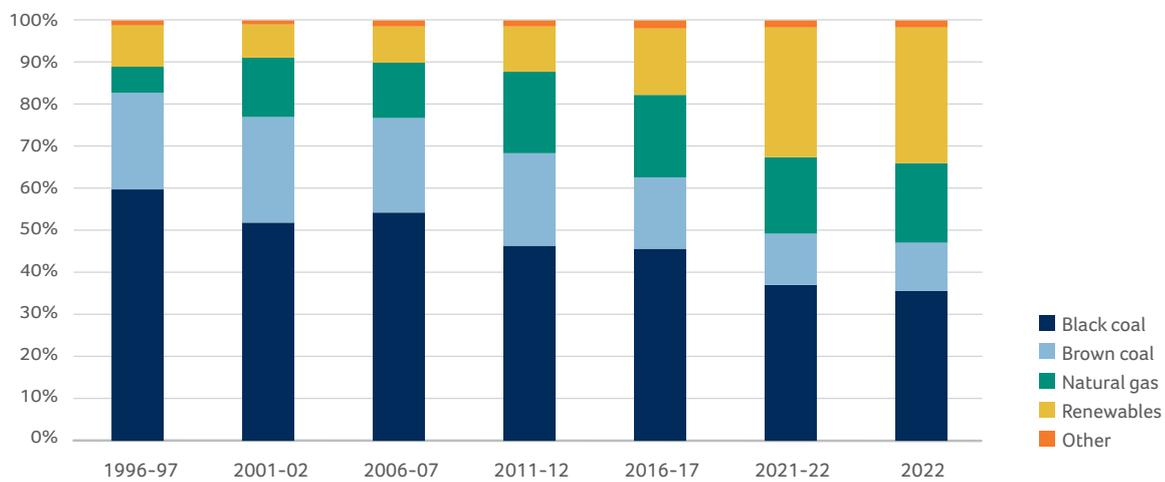
3.4.2 Offshore wind energy

Offshore wind power is the energy taken from the force of winds out at sea, captured by wind turbines, and supplied into the electricity grid via an undersea cable to power homes and businesses. Due to the offshore location of these wind turbines and undersea cables, marine services providers are important for the construction, maintenance and monitoring of these structures.

The Australian government has committed to a 43% reduction in the country's emissions by 2030 and to net zero by 2050. The establishment of an offshore wind sector in Australia is expected play an important role in decarbonisation of the energy sector, with a number of proposed wind areas being allocated by the government for the development of offshore wind energy turbines.

The recent history of Australia's electricity generation fuel mix is shown below in Figure 3.12. Figure 3.12 shows an increasing trend in renewable energy and natural gas (see Section 3.3.1.1 above for a description of the gas industry as it relates to marine services), areas which involve offshore activities serviced by marine services providers such as Bhagwan.

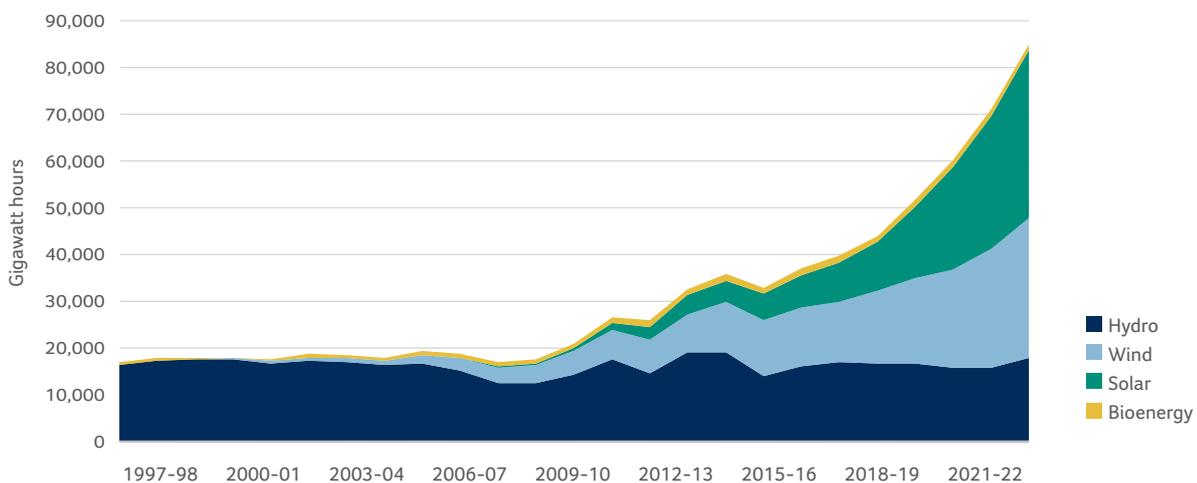
Figure 3.12: Australian electricity generation fuel mix



Source: Department of Climate Change, Energy, the Environment and Water, Australian Energy Update 2023, September 2023

The underlying sources of renewables can then be broken down again into sub-categories (see Figure 3.13 below).

Figure 3.13: Australian electricity generation from renewable sources, by fuel



Source: Department of Climate Change, Energy, the Environment and Water, Australian Energy Update 2023, September 2023

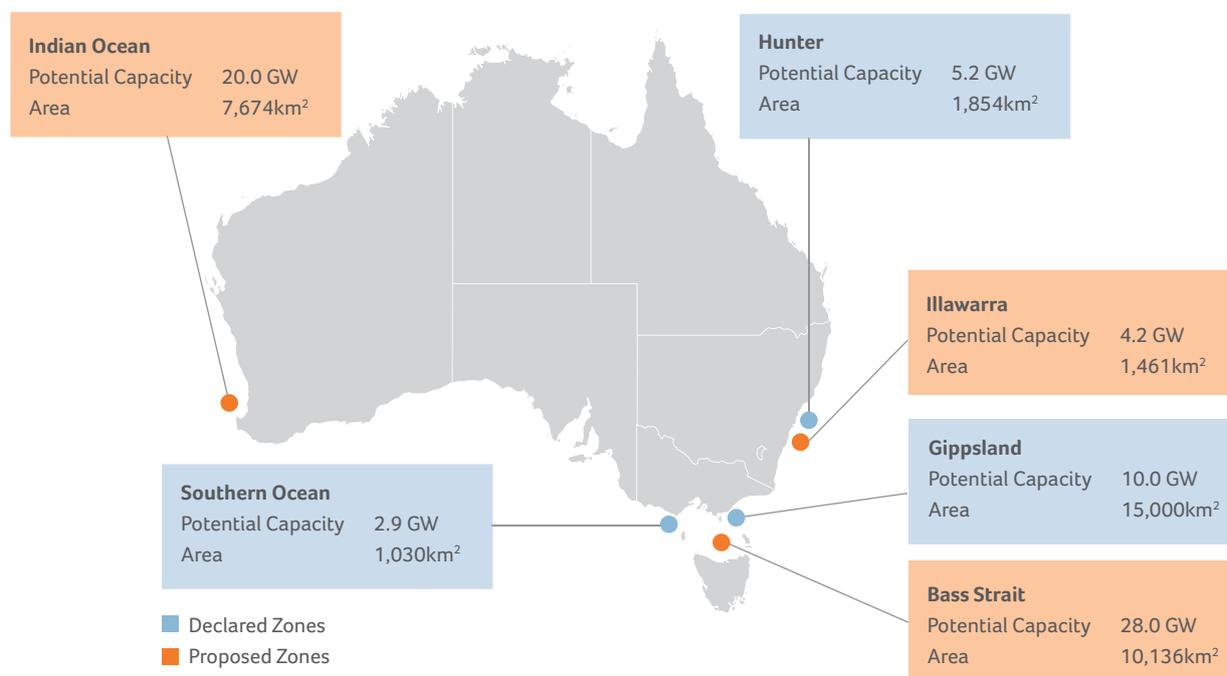
As outlined in the Department of Climate Change, Energy, the Environment and Water, Australian Energy Update in 2023, while the largest contributor to renewable generation in 2021–2022 was solar power (which accounted for 13% of total electricity generation in Australia), wind generation was second contributing 11% of total generation in the same year. While currently the five largest wind farms in Australia by capacity are located in onshore areas, it is anticipated that due to the quality of Australia’s wind resource around the country, together with the growing investment interest from many global offshore wind players, that there will be a growth in the development of offshore wind energy infrastructure.

The Minister for Climate Change and Energy announced the identification of six priority offshore wind areas in Australia for the development of offshore wind infrastructure in August 2022 (see Figure 3.14). These areas have been chosen as:

- they have strong and consistent winds;
- they are close to areas of high electricity demand;
- they have existing electricity transmission infrastructure;
- they have existing transport and port infrastructure; and
- industry is interested in developing projects in these areas.

As Bhagwan operates from its facilities around Australia (see Figure 2.2), Bhagwan considers it is well positioned from a geographic standpoint, and ability to provide marine services standpoint, to tender for marine related work for any of these potential offshore wind projects.

Figure 3.14: The six priority offshore areas in Australia for the development of offshore wind energy infrastructure from the Department of Climate Change, Energy, the Environment and Water



Source: Department of Climate Change, Energy, the Environment and Water, Australia’s offshore wind areas, 6 March 2024

However, projections for the total number of sites and potential capacity for the Australian offshore wind industry are constantly evolving as evidenced by numerous reports and differing statistics. In the Offshore Wind Energy in Australia report by Blue Economy Collaborative Research Centre published in July 2021, it estimated that there were no more than 10 offshore wind projects under development in Australia, totalling 25GW at that time. However, as at August 2023, the 2023 Global Offshore Wind Report by the Global Wind Energy Council estimated Australia's pipeline of offshore wind projects was at potentially 50GW of capacity. In the 2023 Annual Arup report commissioned by the United Kingdom Government on the Australian Offshore Wind Market, it noted that the commercial projects on a low case and high case basis by 2040 was 21.5 GW and 43GW of capacity, respectively, and that the capacity for the cumulative offshore Australian announced projects was 86GW of capacity. The report further noted however that not all the announced projects would be awarded licences, or be developed, therefore it may be more realistic to anticipate the high case model for the Australian offshore wind installations rather than the total cumulative announced projects (see Figure 3.15 below).

Figure 3.15: Projected offshore wind development by number of projects and total gigawatt capacity

ANNOUNCED AREAS	STATE	GW/PROJECT	YEAR OF FIRST POWER	LOW CASE		HIGH CASE	
				No. Projects	Total GW	No. Projects	Total GW
Gippsland	VIC	1.5	2031	3	4.5	5	7.5
Hunter	NSW	2	2032	2	4	3	6
Illawarra	NSW	2	2033	2	4	3	6
Southern Ocean	VIC	1.5	2032	2	3	3	4.5
Bass Strait	TAS	1.5	2033	2	3	3	4.5
Perth / Bunbury	WA	1.5	2033	2	3	3	4.5
Other	OTH	1	2034	0	0	2	2
Other	OTH	1	2035	0	0	2	2
Other	OTH	1	2036	0	0	2	2
Other	OTH	1	2037	0	0	2	2
Other	OTH	1	2038	0	0	2	2
Total				13	21.5 (20)	30	43 (40)

Source: ARUP Report for the UK Government, Australian Offshore Wind Market Study: Supply Chain Analysis and Gap Analysis, 2023

In terms of projected capital expenditure for offshore wind energy projects, PwC estimates that offshore wind energy facilities totalling up to 23 GW of capacity could be built in Australia by 2040 at a cost of \$97.5 billion.

Currently, offshore wind project development in Australia is anticipated to take 6 to 10 years from early stage prefeasibility. Typically, 3 to 5 years is spent in early-stage feasibility and development before approvals and licences are acquired to then begin the 3 to 5 year construction process. In order to realise these offshore projects, a number of challenges such as grid connection, port infrastructure, access to vessels, workforce development and supply chain capacity will need to be addressed to ensure the delivery of these projects can be met.

Marine services providers typically provide the services and vessels for offshore wind energy projects as outlined in Table 3.2 below.

Table 3.2: Typical marine services and vessels used throughout the offshore wind energy development cycle

	FEASIBILITY	DEVELOPMENT	CONSTRUCTION	OPERATIONS
Typical Length	2 to 3 years	4 years	4 to 5 years	30+ years
Description of activity	Site identification, concept design and preliminary Front-End Engineering Design (FEED)	Geological and hydrographical surveys, resource and metocean assessment, environmental surveys, FEED	Final Investment Decision (FID), engineering, procurement, construction, installation, commissioning of offshore wind energy infrastructure	The generation and transmission of electricity from offshore wind farms
Typical marine services provided	Provision of vessels for surveyors, including geophysical, geotechnical, and environmental baseline surveys Environmental baseline survey	Provision of vessels for surveyors, including geological, hydrographical and environmental baseline surveys Provision of vessels for coastal towage Provision of vessels for cargo and crew transfer Supply of labour, equipment and marine plant for the above	Provision of vessels for crew change and pilot transfer on offshore facilities Provision of vessels for general support Provision of vessels and maintenance personnel for IMR activities Provision of vessels (eg. DSVs) and diving personnel to support with diving activities Dive and ROV support Supply of labour, equipment and marine plant for the above	Provision of vessels and maintenance personnel for IMR activities Provision of vessels for general support Provision of vessels (eg. DSVs) and diving personnel to support with diving activities Provision of vessels to support the utilisation of ROVs Provision of vessels for crew transfer between offshore facilities and ports
Vessels typically used to provide marine services	Utility vessels Survey vessels	Utility vessels Survey vessels Tugs Barges Multicats	Cable laying Offshore support vessels (AHTS) Service operations Dive and ROV support Crew transfer Heavy lift Utility Vessel Multicats Tugs Barges	Service operations Dive support Crew transfer Heavy lift Multi-purpose

3.4.3 Defence and security industry

There are a number of activities in the Australian defence and security industry that require marine services. Activities that require marine services include construction of infrastructure to support naval vessels, construction of military infrastructure in close proximity to the coastline, support for surveying activities for defence departments.

In 2020, the Australian Federal Government announced a commitment to grow the defence budget to \$73.7 billion in 2030 with total funding over the decade of \$575 billion. Since then, the Australian Federal Government has announced in-excess of an additional \$42 billion in Defence spending over the planning decade to 2033, without the provision of any additional allocation in the Commonwealth Budget. The most recent defence budget for 2023-2024 illustrates spending will reach \$52.558 billion for 2023-2024, up from \$49.131 billion in 2022-2023 and is expected to reach \$59.816 billion by 2026-2027.

Included in the 2023-2024 defence budget, the Australian Federal Government has announced a number of maritime related initiatives aimed at providing new and upgraded facilities and infrastructure around Australia to support the introduction into service and sustainment of new frigates, offshore patrol vessels and replenishment of ships.

Infrastructure such as bases, ports, airfields, training areas and logistics facilities aim to support the Australian Defence Force's ability to prepare for, conduct and sustain military operations including in response to disasters. Planned investments include a new Australian army watercraft base in Northern Australia, upgrades to key maritime ports to support the Australian navy's operations, upgrades or new facilities to support the Australian navy's expanded submarine fleet and provisions for significant enhancements for Australia's airbases.

As a number of Australian Defence Force initiatives announced by the Australian Government relate to upgrades to ports or new maritime facilities being expanded or built, it is expected that there will be marine services contracts relating to these projects to be tendered in the future.

3.4.3.1 The HydroScheme Industry Partnership Program

In addition to support to the defence and security industry in the construction and maintenance of defence related infrastructure, marine services providers also provide support services to defence related surveying of marine territory. Marine services providers provide specialised vessels to transport and support technical personnel to conduct surveys of various marine areas. These personnel may also require the use of technical surveying equipment which are installed on certain vessels.

Since 1920, the Department of Defence, on behalf of the Australian Government, has been responsible for providing both national and military hydrographic services across the vast Australian Charting Area (**ACA**). Hydrography relates to the measurement and description of the physical features of oceans, seas, coastal areas, lakes and rivers, as well as with the prediction of their change over time, for the primary purpose of safety of navigation and in support of all other marine activities, including economic development, security and defence, scientific research, and environmental protection. The SEA 2400 Phase 1 – Hydrographic Data Collection Capability project devised by the Australian Government is a national surveying program (**SEA 2400 Phase 1**) which aims to implement a combination of military and commercial environmental data collection capabilities to create greater efficiencies in conducting a national survey of Australia's maritime territory. To support this national survey programme, the Australian Government established the HydroScheme Industry Partnership Program (**HIPP**) to engage third party marine services providers (as opposed to the use of Government owned vessels) to assist with the SEA 2400 Phase 1 surveying program.

HIPP strategic objectives include (but are not limited to):

- obtaining full, high quality bathymetric coverage of Australia's Exclusive Economic Zone by 2050;
- providing environmental data that contributes to national efforts in establishing a baseline dataset of Australia's marine estate through data acquisition for safety of navigation; and
- supporting hydrographic, meteorological and oceanographic survey in remote locations.

As at the date of this Prospectus, HIPP is in its fourth year of operation. Under HIPP, a panel of pre-approved industry providers are invited to tender to undertake the survey tasks listed each year. Whilst Bhagwan is not currently an approved industry provider at the date of this Prospectus, and has not provided any services as part of HIPP, Bhagwan may in the future take steps towards becoming an approved industry provider with the aim of undertaking HIPP related work. If it did, the services to support SEA 2400 Phase 1 as a HIPP approved industry provider would likely involve the use of survey, support and crew vessels.

3.5 Regulatory Landscape

A marine services company operating in Australia must navigate a complex regulatory landscape that includes international conventions, national regulations, client-specific standards, and ongoing compliance requirements to ensure safe and environmentally responsible operations.

In relation to marine services providers servicing the industries that Bhagwan operates in, marine services providers are required to comply with the following laws and regulations:

- the health, safety and environmental certification requirements outlined in Section 2.10.3 in the form of compliance with a number of ISO standards which can also support compliance with other regulatory requirements and help manage risks associated with these areas; and
- the requisite classifications and certificates for Bhagwan's vessels as outlined in Section 2.10.4 to ensure that the marine services provider and its vessels comply with a number of specific safety, vessel and environmental laws and regulations.

As a marine services provider that operates across multiple Australian jurisdictions, there are various other Commonwealth, state and local laws and regulations which Bhagwan has to navigate and comply with in order to provide its services. These include, without limitation:

- the Offshore Petroleum and Greenhouse Gas Storage Act 2006 (Cth) and the Offshore Petroleum and Greenhouse Gas Storage (Safety) Regulations 2009 (Cth) relating to health and safety and pollution in relation to marine services;
- Petroleum (Submerged Lands) Act 1982 (WA), Petroleum (Submerged Lands) (Environment) Regulations 2012 (WA) in relation to pollution for oil and gas industry participants;
- International Convention for the Prevention of Pollution from Ships (**MARPOL**) relating to standards required for marine vessels relating to pollution; and
- International Maritime Dangerous Goods Code (**IMDG Code**) relating to the regulations for carrying dangerous goods, including petrochemicals and chemicals, for marine vessels.

Changes to these laws and regulations may have an impact on the services provided by marine services providers, including changes to the way services are provided or the requirement to obtain, or renew, licences under these laws.

4. FINANCIAL INFORMATION



4. FINANCIAL INFORMATION

4.1 Introduction

The financial information in this Prospectus comprises the **Statutory Financial Information** and the **Pro Forma Financial Information** as defined in Figure 4.1 (together referred to as the **Financial Information**) and a reconciliation of the two.

Figure 4.1: Overview of Financial Information

DEFINITIONS	STATUTORY FINANCIAL INFORMATION	PRO FORMA FINANCIAL INFORMATION
Historical Financial Information	<p>Statutory Historical Financial Information comprises:</p> <ul style="list-style-type: none"> summary statutory historical consolidated statements of profit or loss for FY22, FY23, H1 FY23 and H1 FY24 (Statutory Historical Income Statements); summary statutory historical consolidated statement of cash flows for FY22, FY23, H1 FY23 and H1 FY24 (Statutory Historical Statements of Cash Flows); and summary statutory historical consolidated statement of financial position as at 31 December 2023 (Statutory Historical Statement of Financial Position). 	<p>Pro Forma Historical Financial Information comprises:</p> <ul style="list-style-type: none"> summary pro forma historical consolidated statements of profit or loss for FY22, FY23, H1 FY23 and H1 FY24 (Pro Forma Historical Income Statements); summary pro forma historical consolidated statement of cash flows for FY22, FY23, H1 FY23 and H1 FY24 (Pro Forma Historical Statements of Cash Flows); and summary pro forma historical consolidated statement of financial position as at 31 December 2023 (Pro Forma Historical Statement of Financial Position).
Forecast Financial Information	<p>Statutory Forecast Financial Information comprises the:</p> <ul style="list-style-type: none"> summary statutory forecast consolidated statement of profit or loss for FY24F (Statutory Forecast Income Statement); and summary statutory forecast consolidated statement of cash flows for FY24F (Statutory Forecast Statement of Cash Flows). 	<p>Pro Forma Forecast Financial Information comprises the:</p> <ul style="list-style-type: none"> summary pro forma forecast consolidated statement of profit or loss for FY24F (Pro Forma Forecast Income Statement); and summary pro forma forecast consolidated statement of cash flows for FY24F (Pro Forma Forecast Statement of Cash Flows).

The Pro Forma Historical and Forecast Financial Information presented in this Prospectus has been reviewed by KPMG Financial Advisory Services (Australia) Pty Limited (**Investigating Accountant**) in accordance with the Australian Standard on Assurance Engagements (**ASAE**) ASAE 3450 Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information, as stated in its Independent Limited Assurance Report. Investors should note the scope and limitations of the Independent Limited Assurance Report (please refer to Section 8 of this Prospectus).

The Financial Information in this Section 4 should be read in conjunction with Bhagwan's Significant Accounting Policies, as set out in Annexure A, the risk factors described in Section 5, the Independent Limited Assurance Report on Financial Information set out in Section 8 and the other information in this Prospectus.

Unless otherwise noted, all amounts disclosed in Section 4 are presented in Australian dollars (AUD or \$), which is the Company's presentational and functional currency, and are rounded to the nearest \$0.1 million. Some numerical tables included in this Prospectus have been subject to rounding adjustments. Any differences between totals and the sum of components in tables contained in this Prospectus are due to rounding.

Also summarised in Section 4 are:

- the basis of preparation and presentation of the Financial Information (please refer to Section 4.2);
- an explanation of certain non-IFRS financial measures that are neither recognised by the Australian Accounting Standards Board (**AASB**) or under the International Financial Reporting Standards (**IFRS**) issued by the International Accounting Standards Board (**IASB**) that are used by the Company and included in this Prospectus to assist investors in understanding the financial performance of the business (please refer to Section 4.2.5);
- a summary of key pro forma operating and financial metrics (please refer to Section 4.3.4);
- pro forma adjustments and reconciliations of the Pro Forma Financial Information to the Statutory Financial Information (please refer to Section 4.3.3, Section 4.4.3 and Section 4.5);
- details of the cash and cash equivalents of Bhagwan and its pro forma cash position at the assumed date of Completion of the Offer (please refer to Section 4.6.1);
- information regarding the liquidity and capital resources available to Bhagwan (please refer to Section 4.6);
- information regarding the contractual obligations, commitments, contingent liabilities and off-balance sheet arrangements of Bhagwan (please refer to Section 4.6.3);
- general and specific assumptions underlying the Forecast Financial Information (please refer to Section 4.7);
- Management's discussion and analysis of the Pro Forma Financial Information (please refer to Section 4.9);
- an analysis of the sensitivity of the Company's Pro Forma Forecast Financial Information to changes in certain key assumptions (please refer to Section 4.8); and
- a summary of the proposed dividend policy of the Company (please refer to Section 4.10).

4.2 Basis of Preparation and Presentation of the Financial Information

4.2.1 Overview

Bhagwan is responsible for the preparation and presentation of the Financial Information.

The Financial Information included in this Prospectus is intended to present potential investors with information to assist them in understanding Bhagwan's underlying historical financial performance, cash flows and financial position, together with the forecast financial performance and cash flows for FY24F. Investors should also note that past results are not a guarantee of future performance.

The Statutory Financial Information in this Prospectus has been prepared in accordance with the measurement and recognition principles of Australian Accounting Standards (**AAS**) adopted by the AASB, which are consistent with IFRS issued by IASB.

The Financial Information is presented in abbreviated form and does not include all of the disclosures, statements or comparative information required by AAS and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act.

The Significant Accounting Policies adopted in the preparation of the Financial Information are set out in Annexure A of this Prospectus and have been consistently applied in the preparation of the Financial Information, including in relation to the Pro Forma Financial Information.

The Pro Forma Financial Information has been prepared solely for inclusion in this Prospectus and has been derived from the Statutory Financial Information adjusted for certain transactions and other pro forma adjustments as described further below.

Due to its nature, the Pro Forma Financial Information does not reflect the actual financial results and cash flows of Bhagwan for the periods indicated. Bhagwan believes that the Pro Forma Historical Financial Information provides useful information as it permits investors to examine what they consider to be the underlying financial performance and cash flows of the business presented on a consistent basis with the Pro Forma Forecast Financial Information.

The Prospectus includes Forecast Financial Information based on the specific and general assumptions set out in Section 4.7.

In addition to the Financial Information, this Section 4 includes non-IRFS financial measures that Bhagwan uses to manage and report on its business that are not defined under or recognised by AAS or IFRS.

The information in this Section 4 should also be read in conjunction with the Management discussion and analysis in Section 4.9 and the general and specific assumptions and commentary underlying the Forecast Financial Information in Section 4.7.

4.2.1.1 Segment information

Bhagwan manages its operations as a single business operation and there are no parts of the business that qualify as operating segments under AASB 8 Operating Segments. The Board assesses the financial performance of Bhagwan on an integrated basis only and accordingly, Bhagwan is managed on the basis of a single segment.

4.2.2 Preparation of the Statutory Historical Financial Information

The Statutory Historical Financial Information has been extracted from the audited general purpose consolidated financial statements of the Company and its controlled entities for FY22 and FY23, and the reviewed general purpose interim consolidated financial statements of the Company and its controlled entities for H1 FY24 (which included comparative financial information for H1 FY23). During FY22 and FY23 (and until 14 June 2024) Bhagwan was a proprietary company known as Bhagwan Marine Pty Ltd. The audited financial statements for FY22 and FY23 therefore refer to the Company as Bhagwan Marine Pty Ltd.

The general purpose consolidated financial statements for FY22 and FY23 were audited by KPMG in accordance with the Australian Auditing Standards. KPMG issued an unqualified audit opinion in respect of the general purpose consolidated financial statements for FY22 and FY23.

The general purpose interim consolidated financial statements for H1 FY24 were reviewed by KPMG in accordance with the Australian Auditing Standards applicable to review engagements. KPMG issued an unmodified review conclusion in respect of the general purpose interim consolidated financial statements H1 FY24.

4.2.3 Preparation of the Pro Forma Historical Financial Information

The Pro Forma Historical Financial Information has been prepared solely for inclusion in this Prospectus and has been derived from the Statutory Historical Financial Information and adjusted for the effects of certain pro forma adjustments outlined in this Section.

The Pro Forma Historical Income Statements and Pro Forma Historical Statements of Cash Flows have been derived from the Statutory Historical Income Statements and the Statutory Historical Statements of Cash Flows to illustrate the net profit after tax and cash flows of the Company adjusted for the following pro forma adjustments:

- the impact of the capital structure and proposed dividend policy that will be in place following Completion of the Offer as if it were in place from 1 July 2021;
- certain incremental costs of being a publicly listed company (e.g. compliance and regulatory costs) as if they were incurred from 1 July 2021;
- the removal of certain costs relating to the Offer incurred in FY24F; and
- the income tax effect of the above pro forma adjustments.

Refer to Section 4.3.3 and Section 4.4.3 for a reconciliation of the Statutory Historical Income Statements to the Pro Forma Historical Income Statements and Statutory Historical Statements of Cash Flows to the Pro Forma Historical Statements of Cash Flows respectively along with an explanation of the pro forma adjustments.

The Pro Forma Historical Statement of Financial Position is derived from the Statutory Historical Statement of Financial Position and is adjusted to reflect the following pro forma adjustments:

- the expected impact of the Offer and directly attributable Offer costs being offset against equity (with the remainder expensed in retained earnings);
- the repayment of PAYG amounts owed to ATO;
- the repayment of shareholder loans and partial repayment of outstanding amounts on the Debt Facilities; and
- the income tax effect of the above pro forma adjustments.

The Pro Forma Historical Statement of Financial Position is provided for illustrative purposes only and is not represented as being necessarily indicative of the future financial position of Bhagwan.

Refer to Section 4.5.1 for the pro forma adjustments made to the Statutory Historical Statement of Financial Position and a reconciliation of the Statutory Historical Statement of Financial Position to the Pro Forma Historical Statement of Financial Position.

4.2.4 Preparation of the Forecast Financial Information

The Forecast Financial Information has been prepared solely for the inclusion in this Prospectus. The Forecast Financial Information is presented on both a statutory and pro forma basis for FY24F.

The basis of preparation and presentation of the Statutory Forecast Financial Information and the Pro Forma Forecast Financial Information is consistent with the basis of preparation and presentation of the Statutory Historical Financial Information and Pro Forma Historical Financial Information, respectively.

The Forecast Financial Information has been prepared by Bhagwan with due care and attention based on an assessment of current economic and operating conditions and on best estimate general and specific assumptions regarding future events and actions set out in Section 4.7. The disclosure of these assumptions is intended to assist investors in assessing the reasonableness and likelihood of the assumptions occurring and the effect on the Forecast Financial Information if they do not occur and is not intended to be a representation that the assumptions will occur. Investors should be aware that the assumptions may not eventuate in full or in part

and investors are cautioned not to place undue reliance on the Forecast Financial Information. The Forecast Financial Information should be read in conjunction with the general and specific assumptions set out in Section 4.7, the sensitivity analysis set out in Section 4.8, the risk factors set out in Section 5, the Significant Accounting Policies included in Annexure A, the Independent Limited Assurance Report included in Section 8 and the other information included in this Prospectus.

Bhagwan believes the general and specific assumptions set out in Section 4.7, when taken as a whole, to be reasonable at the time of preparing the Prospectus. Investors should be aware that the timing of actual events and the magnitude of their impact might differ from that assumed in preparing the Forecast Financial Information and that this may have a material positive or negative effect on the Company's actual financial performance, financial position and cash flows. In addition, the assumptions upon which the Forecast Financial Information is based are by their very nature subject to significant uncertainties and contingencies, many of which will be outside the control of the Company or its Directors, and are not reliably predictable. Accordingly, none of the Company or its Directors or any other person can give investors any assurance that the outcomes disclosed in the Forecast Financial Information will be realised. Events and outcomes might differ in amount and timing from the assumptions, with a material consequential impact on Bhagwan's financial performance, cash flows or financial position.

The Company does not intend to update or revise the Forecast Financial Information or other forward-looking statements or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law, regulation or ASX continuous disclosure obligations.

The Statutory Forecast Financial Information represents the Company's best estimate of the financial performance and cash flows that it expects to report in its consolidated financial statements for FY24F. The Statutory Forecast Financial Information for FY24F includes the reviewed half-year results of the Company for the six months to 31 December 2023, and three months of actual (but unaudited and unreviewed) results and three months of forecast results for the six months ending 30 June 2024.

The Pro Forma Forecast Income Statement and Pro Forma Forecast Statements of Cash Flows have been derived from the Statutory Forecast Income Statement and the Statutory Forecast Statements of Cash Flows, respectively, after applying pro forma adjustments (as if those adjustments took effect from 1 July 2021) to reflect Bhagwan's expected operating and capital structure following Completion of the Offer, including:

- the impact of the capital structure that will be in place following Completion of the Offer;
- certain incremental costs of being a publicly listed entity; and
- the removal of certain costs associated with the Offer; and
- the income tax effect of the above pro forma adjustments.

Refer to Section 4.3.1 for the pro forma adjustments made to the Statutory Forecast Income Statements and Section 4.4.1 for the pro forma adjustments made to the Statutory Forecast Statements of Cash Flows.

Reconciliations of the Statutory Forecast Income Statements to the Pro Forma Forecast Income Statements are outlined in Section 4.3.3. Reconciliations of the Statutory Forecast Statements of Cash Flows to the Pro Forma Forecast Statements of Cash Flows are outlined in Section 4.4.3.

Due to its nature, the Pro Forma Forecast Financial Information does not represent the actual or prospective financial performance or cash flows of the Company for the periods presented.

4.2.5 Explanation of certain non-IFRS and other financial measures

In addition to Bhagwan's financial information presented in accordance with AAS and IFRS, Bhagwan uses certain measures to manage and report on its business that are not recognised under AAS or IFRS. These measures are collectively referred to in this Section 4 and under Regulatory Guide 230 Disclosing Non-IFRS Financial Information published by ASIC as **non-IFRS financial measures**. The principal non-IFRS financial measures that are referred to in this Prospectus are outlined in this Section 4.2.5.

Although Bhagwan believes that these measures provide useful information about the financial performance of the business because they provide consistency and comparability with past financial and operational performance, they are presented for supplemental informational purposes only, have limitations as analytical tools, and should not be considered in isolation or as a substitute to the financial information measures that have been presented in accordance with AAS and IFRS.

As these financial measures are not based on AAS or IFRS, they do not have standard definitions, and the way Bhagwan calculates and presents these measures may differ from similarly titled measures used by other companies, and may therefore not be comparable to similarly titled metrics used by other companies. Further, as these financial measures are defined by the Company, these definitions may be revised over time or may no longer represent a useful indication of financial performance. Investors should not place undue reliance on these non-IFRS financial measures. These non-IFRS financial measures that are referred to in this Prospectus include the following:

- **Gross revenue** represents Bhagwan's statutory revenue;
- **Pass through revenue** represents revenue collected by Bhagwan on behalf of third parties and remitted to them at a nil gross profit margin;
- **Net revenue** is Gross Revenue less Pass Through Revenue;
- **Gross Profit** represents Bhagwan's Net Revenue less Cost of Sales;
- **Gross Profit Margin** or **Gross Margin** represents Gross Profit expressed as a percentage of Bhagwan's Net Revenue;
- **EBITDA** represents earnings or losses before interest, taxation, depreciation and amortisation. EBITDA can be useful to help understand the cash generation potential of the business;
- **EBITDA Margin** represents EBITDA expressed as a percentage of Bhagwan's Net Revenue. EBITDA and EBITDA Margin should not be considered as an alternative to measures of cash flow under AAS and investors should not consider EBITDA in isolation from, or as a substitute for, an analysis of the results of Bhagwan's operations;
- **EBIT** represents earnings or losses before interest and taxation, including unrealised currency revaluations from forward foreign exchange contracts;
- **EBIT Margin** represents EBIT expressed as a percentage of Bhagwan's Net Revenue;
- **NPAT** represents net profit or losses after taxation, including unrealised currency revaluations from forward foreign exchange contracts;
- **Return on Invested Capital** represents NPAT divided by average invested capital (being the average of the beginning and ending balance of total equity plus net debt including other financial assets and lease liabilities over the specified period);
- **Net Cash/(Debt)** represents total borrowings and lease liabilities less cash and cash equivalents;
- **Working Capital** represents the sum of trade and other receivables, inventory, prepayments and other current assets less trade and other payables, accruals, contract liabilities, provisions and other current liabilities;
- **Capital Expenditure** represents costs related to the acquisition of property, plant and equipment; and
- **Non-Cash Items** represents expenses included in EBITDA of a non-cash nature.

4.2.6 Foreign currency

Unrealised currency revaluations relating to customer and supplier invoices that are denominated in foreign currency and translated into A\$ at each reporting date are recognised in the respective line items of the Income Statement (i.e. other income/expense).

4.3 Historical and Forecast Income Statements

4.3.1 Pro Forma Historical and Forecast Income Statements

Table 4.1 sets out Bhagwan's Pro Forma Historical Income Statements for FY22, FY23, H1 FY23 and H1 FY24, and the Pro Forma Forecast Income Statement for FY24F.

Table 4.1: Pro Forma Income Statements

PRO FORMA \$millions	Notes	Historical FY22	Historical FY23	Forecast FY24F	Historical H1 FY23	Historical H1 FY24
Gross revenue		134.7	169.0	291.7	83.3	109.5
Pass through revenue		-	-	(26.9)	-	-
Net revenue		134.7	169.0	264.8	83.3	109.5
Net cost of sales	1	(94.5)	(111.6)	(195.8)	(55.4)	(74.7)
Gross profit		40.2	57.4	69.0	27.9	34.8
Administrative expense	2	(17.2)	(20.7)	(30.3)	(9.6)	(14.3)
Impairment of assets		(1.5)	(0.3)	(0.1)	-	(0.1)
Other income (portion included in EBITDA)		-	0.0	0.2	0.2	0.2
EBITDA		21.5	36.4	38.8	18.5	20.6
Depreciation and amortisation expense	3	(19.4)	(21.0)	(23.0)	(11.1)	(11.5)
EBIT		2.1	15.4	15.8	7.5	9.2
Other income (portion not included in EBITDA)	4	3.8	0.1	0.5	(0.2)	0.3
Finance income	5	0.0	0.0	0.1	0.0	0.1
Finance costs	6	(2.1)	(2.5)	(1.7)	(1.4)	(1.2)
Profit before income tax benefit		3.7	13.1	14.8	5.9	8.5
Income tax benefit / (expense)	7	-	7.3	(4.4)	-	(2.5)
Net profit after tax		3.7	20.4	10.4	5.9	5.9

Notes:

- 1. Cost of sales:** Largely consists of marine employee related expenses including salaries and wages of marine staff, marine fuel expenses, vessel hire / lease charges, and other costs associated with marine employees and vessel costs (such as vessel maintenance costs).
- 2. Administrative expense:** Largely consists of employee related expenses including salaries and wages of administrative staff, travel expenses for on site employees, site accommodation and safety equipment hire, and training related expenses for on site employees (after adding incremental public company costs and removing costs associated with the Offer on a pro forma basis).
- 3. Depreciation and amortisation expense:** Includes the depreciation of plant and equipment, and right-of-use assets. Assets are depreciated over their useful lives in accordance with Bhagwan's Significant Accounting Policies set out in Annexure A.
- 4. Other income:** Includes profit and loss on the sale of property, plant and equipment.
- 5. Finance income:** Reflects interest income earned when cash balance is positive on a monthly basis.
- 6. Finance costs:** Reflects interest expenses on lease liabilities (after removing interest expenses relating to shareholder loans that will be paid down, and the Debt Facilities that will be partially paid down, with the proceeds of the Offer on a pro forma basis).
- 7. Income tax benefit / (expense):** FY24F tax expense represents accounting profits at 30%. No tax expense was recognised in FY22 due to significant prior tax losses carried forward, which were utilised to offset any tax expense. In FY23 a tax benefit arose as Bhagwan recognised a deferred tax asset in respect of its carried forward tax losses. Bhagwan had \$49.5 million in tax losses as at 30 June 2023.

4.3.2 Statutory Historical and Forecast Income Statements

Table 4.2 sets out the Statutory Historical Income Statements for FY22, FY23, H1 FY23 and H1 FY24 and the Statutory Pro Forma Forecast Income Statement for FY24F.

Table 4.2: Statutory Income Statements

STATUTORY \$millions	Notes	Historical FY22	Historical FY23	Forecast FY24F	Historical H1 FY23	Historical H1 FY24
Gross revenue		134.7	169.0	291.7	83.3	109.5
Pass through revenue		-	-	(26.9)	-	-
Net revenue		134.7	169.0	264.8	83.3	109.5
Net cost of sales	1	(94.5)	(111.6)	(195.8)	(55.4)	(74.7)
Gross profit		40.2	57.4	69.0	27.9	34.8
Administrative expense	2	(16.0)	(19.5)	(31.8)	(9.0)	(13.9)
Impairment of assets		(1.5)	(0.3)	(0.1)	-	(0.1)
Other income (portion included in EBITDA)		-	0.0	0.2	0.2	0.2
EBITDA		22.7	37.6	37.4	19.2	21.0
Depreciation and amortisation expense	3	(19.4)	(21.0)	(23.0)	(11.1)	(11.5)
EBIT		3.4	16.6	14.4	8.1	9.5
Other income (portion not included in EBITDA)	4	3.8	0.1	0.5	(0.2)	0.3
Finance income	5	0.0	0.0	0.1	0.0	0.1
Finance costs	6	(4.7)	(6.7)	(9.7)	(3.3)	(3.8)
Profit before income tax benefit		2.4	10.0	5.4	4.6	6.2
Income tax benefit / (expense)	7	-	7.3	(1.6)	-	(1.9)
Net profit after tax		2.4	17.3	3.8	4.6	4.4

Notes: Please refer to the Notes for Table 4.1 for further detail

4.3.3 Reconciliation of Pro Forma to Statutory Income Statements

Table 4.3 summarises the pro forma adjustments applied to the Statutory Historical Income Statements for FY22 and FY23 and the Statutory Forecast Income Statements for FY24F to derive the Pro Forma Historical Income Statements for FY22 and FY23 and Pro Forma Forecast Income Statements for FY24F respectively.

Table 4.3: Reconciliation of Statutory Historical Income Statements to Pro Forma Historical Income Statements for FY22 and FY23, and Statutory Forecast Income Statements to Pro Forma Forecast Income Statements for FY24F

\$millions	Notes	FY22 Historical			FY23 Historical			FY24F Forecast		
		Statutory	Adj	Pro Forma	Statutory	Adj	Pro Forma	Statutory	Adj	Pro Forma
Gross revenue		134.7	-	134.7	169.0	-	169.0	291.7	-	291.7
Pass through revenue		-	-	-	-	-	-	(26.9)	-	(26.9)
Net revenue		134.7	-	134.7	169.0	-	169.0	264.8	-	264.8
Net cost of sales		(94.5)	-	(94.5)	(111.6)	-	(111.6)	(195.8)	-	(195.8)
Gross profit		40.2	-	40.2	57.4	-	57.4	69.0	-	69.0
Administrative expense	1,2	(16.0)	(1.2)	(17.2)	(19.5)	(1.2)	(20.7)	(31.8)	1.4	(30.3)
Impairment of assets		(1.5)	-	(1.5)	(0.3)	-	(0.3)	(0.1)	-	(0.1)
Other income (portion included in EBITDA)		-	-	-	0.0	-	0.0	0.2	-	0.2
EBITDA		22.7	(1.2)	21.5	37.6	(1.2)	36.4	37.4	1.4	38.8
Depreciation and amortisation expense		(19.4)	-	(19.4)	(21.0)	-	(21.0)	(23.0)	-	(23.0)
EBIT		3.4	(1.2)	2.1	16.6	(1.2)	15.4	14.4	1.4	15.8
Other income (portion not included in EBITDA)		3.8	-	3.8	0.1	-	0.1	0.5	-	0.5
Finance income		0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.1
Finance costs	3	(4.7)	2.6	(2.1)	(6.7)	4.3	(2.5)	(9.7)	8.0	(1.7)
Profit before income tax benefit		2.4	1.3	3.7	10.0	3.0	13.1	5.4	9.4	14.8
Income tax benefit / (expense)	4	-	-	-	7.3	-	7.3	(1.6)	(2.8)	(4.4)
Net profit after tax		2.4	1.3	3.7	17.3	3.0	20.4	3.8	6.6	10.4

The pro forma adjustments are as follows:

- Administrative expense has been increased in each of FY22, FY23 and FY24F by \$1.2 million to reflect the estimated extra costs that Bhagwan will incur as a result of being a listed company. These costs include Directors' fees, share registry costs, ASX listing fees and Directors' and officers' insurance premiums and audit and legal fees.
- Administrative expense in Pro Forma Forecast Income Statement for FY24F is reduced by \$2.7 million to reflect the total non-contingent transaction costs related to the Offer, comprising of corporate advisory, legal and accounting fees.
- Finance costs have been reduced in each of FY22, FY23 and FY24F to reflect reduced interest costs from the repayment of all shareholder loans and the partial repayment of outstanding amounts on the Debt Facilities the Company would have carried had the Offer proceeds been available to pay down those loans from 1 July 2021.
- The income tax effect of the above adjustments has been reflected in the income tax benefit / (expense) line of the Income Statement.

Table 4.4 summarises the pro forma adjustments applied to the Statutory Historical Income Statements for H1 FY23 and H1 FY24 to derive the Pro Forma Income Statements for H1 FY23 and H1 FY24 respectively.

Table 4.4: Reconciliation of Statutory Historical Income Statements for H1 FY23 and H1 FY24 to Pro Forma Historical Income Statements for H1 FY23 and H1 FY24

Smillions	Statutory	H1 FY23 Adj	Pro Forma	Statutory	H1 FY24 Adj	Pro Forma
Gross revenue	83.3	-	83.3	109.5	-	109.5
Pass through revenue	-	-	-	-	-	-
Net revenue	83.3	-	83.3	109.5	-	109.5
Net cost of sales	(55.4)	-	(55.4)	(74.7)	-	(74.7)
Gross profit	27.9	-	27.9	34.8	-	34.8
Administrative expense	(9.0)	(0.6)	(9.6)	(13.9)	(0.4)	(14.3)
Impairment of assets	-	-	-	(0.1)	-	(0.1)
Other income (portion included in EBITDA)	0.2	-	0.2	0.2	-	0.2
EBITDA	19.2	(0.6)	18.5	21.0	(0.4)	20.6
Depreciation and amortisation expense	(11.1)	-	(11.1)	(11.5)	-	(11.5)
EBIT	8.1	(0.6)	7.5	9.5	(0.4)	9.2
Other income (portion not included in EBITDA)	(0.2)	-	(0.2)	0.3	-	0.3
Finance income	0.0	0.0	0.0	0.1	0.0	0.1
Finance costs	(3.3)	1.9	(1.4)	(3.8)	2.6	(1.2)
Profit before income tax benefit	4.6	1.3	5.9	6.2	2.2	8.5
Income tax benefit / (expense)	-	-	-	(1.9)	(0.7)	(2.5)
Net profit after tax	4.6	1.3	5.9	4.4	1.5	5.9

The pro forma adjustments are as follows:

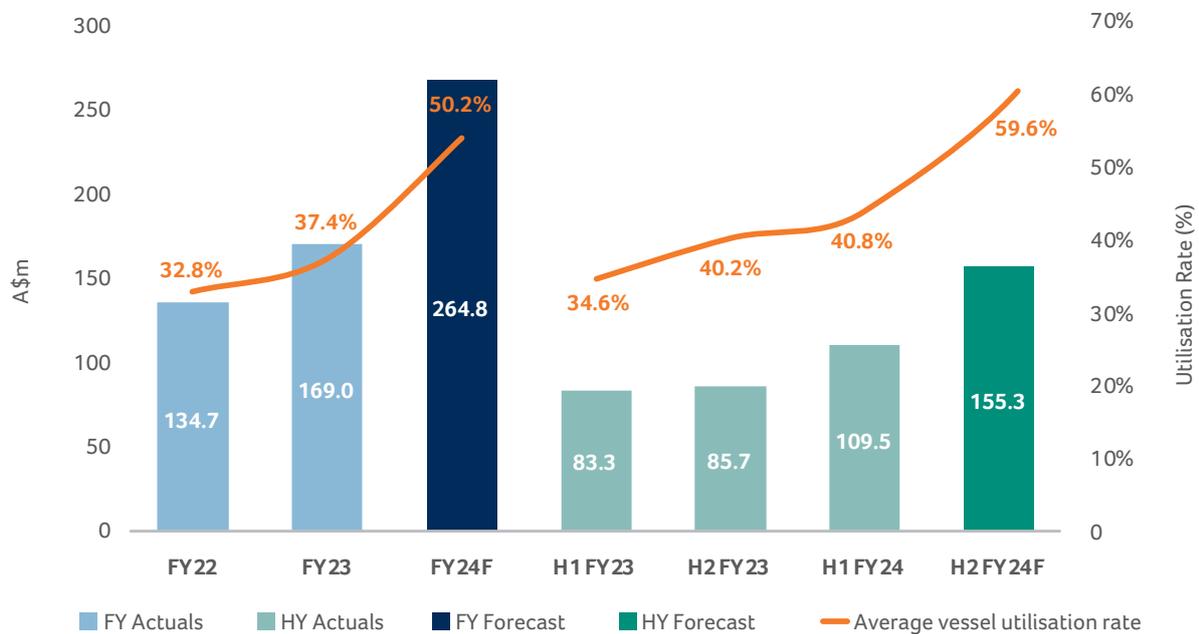
- Administrative expense has been increased in H1 FY23 and H1 FY24 by \$0.6 million to reflect the estimated extra costs that Bhagwan will incur as a result of being a listed company. These costs include Directors' fees, share registry costs, ASX listing fees, Directors' and officers' insurance premiums and audit and legal fees.
- Additional administrative expense in the Pro Forma Income Statement for H1 FY24 is reduced by \$0.2 million to reflect the total transaction costs related to the Offer, comprising of corporate advisory and legal fees incurred in the period.
- Finance costs have been reduced in each period to reflect reduced interest costs from the repayment of all shareholder loans and the partial repayment of outstanding amounts on the Debt Facilities the Company would have carried had the Offer proceeds been available from 1 July 2021.
- The income tax effect of the above adjustments has been reflected in the income tax benefit / (expense) line of the Income Statement.

4.3.4 Key operating metric – utilisation rate

Bhagwan uses certain operating and financial metrics to manage and report on the business which are not recognised by IFRS or AAS. The key operating metric used by Bhagwan is the vessel utilisation rate, which aims to measure the capacity of Bhagwan's vessel fleet on a daily basis over a period of time. The vessel utilisation rate is measured as vessels working by day as a percentage of total vessels owned and leased across the fleet. The denominator of total vessels owned and leased across the fleet includes 'laid up' vessels (vessels that are currently not being utilised and not undergoing maintenance) and vessels undergoing maintenance, both planned and unplanned.

The chart in Figure 4.2 outlines the utilisation rate of Bhagwan's vessel fleet for FY22 and FY23, and the forecast utilisation rate of Bhagwan's vessel fleet for FY24F. The chart also aims to illustrate the relationship between the utilisation rate of Bhagwan's vessel fleet and Bhagwan's statutory net revenue. This information is derived from the Statutory Financial Information presented in this Prospectus.

Figure 4.2: Utilisation rate and net revenue



The chart above illustrates that an increase in Bhagwan's utilisation rate for its fleet of vessels has been a major driver to growth in net revenue over the period from FY22 to FY23 and the expected statutory net revenue in FY24F. The increase in utilisation rates for Bhagwan's fleet has been driven by increased demand for marine services, tighter supply for vessels globally and in Australia, and Bhagwan's expansion into different industry segments from FY22 into subsea locations and decommissioning projects (the latter from H1 FY24), which have increased the demand for Bhagwan's vessels and provision of services.

4.4 Historical and Forecast Statements of Cash Flows

4.4.1 Pro Forma Historical and Forecast Statements of Cash Flows

Table 4.5 sets out Bhagwan's Pro Forma Historical Statements of Cash Flows for FY22, FY23, H1 FY23 and H1 FY23, and the Pro Forma Forecast Statement of Cash Flows for FY24F. The Statutory Historical and Forecast Statements of Cash Flows are reconciled to the Pro Forma Historical and Forecast Statements of Cash Flows respectively in Section 4.4.3.

Table 4.5: Pro Forma Statements of Cash Flows

PRO FORMA \$millions	Historical FY22	Historical FY23	Forecast FY24F	Historical H1 FY23	Historical H1 FY24
EBITDA	21.5	36.4	38.8	18.5	20.6
Change in working capital	(8.0)	2.0	4.7	0.7	(2.0)
Other non-cash adjustments	(0.7)	1.0	(0.7)	0.9	(0.2)
Cash generated from operations	12.7	39.4	42.8	20.1	18.4
Net capital expenditure	0.6	(11.3)	(10.8)	(6.8)	(4.8)
Net cash flow before financing and tax	13.3	28.1	32.0	13.4	13.6

Pro Forma Historical Statements of Cash Flow information relating to financing cash flows is not provided as Bhagwan does not consider this information to be meaningful to investors. The relevant pro forma adjustments for financing cash flows relate to adjustments to reflect the repayment of shareholder loans and the partial repayment of outstanding amounts on the Debt Facilities from the Offer proceeds from 1 July 2022. Had the Offer proceeds been available at 1 July 2022, the Company would have had a different capital structure under which the subsequent timing and quantum of financing cash flows that would have occurred cannot be reliably deduced.

Rather, investors should refer to the Pro Forma Historical Income Statements which outline the estimated interest charged on a reduced amount outstanding on Bhagwan's bank loan. The financing cash flows from Bhagwan's Statutory Historical Statements of Cash Flows are outlined in Section 4.4.2 below.

4.4.2 Statutory Historical and Forecast Statements of Cash Flows

Table 4.6 sets out Bhagwan's Statutory Historical Statements of Cash Flows for FY22, FY23, H1 FY23 and H1 FY24 and Forecast Statements of Cash Flows for FY24F.

Table 4.6: Statutory Statements of Cash Flows

STATUTORY \$millions	Historical FY22	Historical FY23	Forecast FY24F	Historical H1 FY23	Historical H1 FY24
EBITDA	22.7	37.6	37.4	19.2	21.0
Change in working capital	1.4	(4.0)	(1.3)	(2.3)	(5.0)
Other non-cash adjustments	(0.7)	1.0	(0.7)	0.9	(0.2)
Cash generated from operations	23.5	34.6	35.3	17.7	15.8
Net capital expenditure	0.6	(11.3)	(10.8)	(6.8)	(4.8)
Net cash flow before financing and tax	24.0	23.3	24.6	11.0	11.0
Proceeds / (repayment) of borrowings	(8.2)	(7.5)	9.5	(3.6)	(0.6)
Principal element of lease payments	(10.4)	(10.6)	(13.3)	(5.3)	(6.4)
Repurchase of share capital	-	-	(0.6)	-	(0.6)
Other cash inflows / (outflows)	(1.7)	(0.8)	(0.0)	-	-
Interest and other finance costs paid	(3.5)	(4.9)	(7.7)	(2.4)	(3.0)
Tax paid	-	-	-	-	-
Net cash flow	0.2	(0.5)	12.4	(0.4)	0.4

4.4.3 Reconciliation of Pro forma to Statutory Statements of Cash Flows

Table 4.7 summarises the pro forma adjustments applied to the Statutory Historical Statements of Cash Flows for FY22 and FY23 and Statutory Forecast Statements of Cash Flows for FY24F to derive the Pro Forma Historical Statements of Cash Flows for FY22 and FY23 and Pro Forma Forecast Statements of Cash Flows for FY24F respectively.

Table 4.7: Reconciliation of the Statutory Historical Statements of Cash Flows to Pro Forma Historical Statements of Cash Flows for FY22 and FY23, and Statutory Forecast Statements of Cash Flows to Pro Forma Statements of Cash Flows for FY24F

\$millions	Notes	FY22			FY23			FY24		
		Statutory	Historical Adj	Pro Forma	Statutory	Historical Adj	Pro Forma	Statutory	Forecast Adj	Pro Forma
EBITDA	1	22.7	(1.2)	21.5	37.6	(1.2)	36.4	37.4	1.4	38.8
Change in working capital	2	1.4	(9.5)	(8.0)	(4.0)	6.0	2.0	(1.3)	6.0	4.7
Other non-cash adjustments		(0.7)	-	(0.7)	1.0	-	1.0	(0.7)	-	(0.7)
Cash generated from operations		23.5	(10.7)	12.7	34.6	4.8	39.4	35.3	7.4	42.8
Net capital expenditure		0.6	-	0.6	(11.3)	-	(11.3)	(10.8)	-	(10.8)
Net cash flow before financing and tax		24.0	(10.7)	13.3	23.3	4.8	28.1	24.6	7.4	32.0
Proceeds / (repayment) of borrowings		(8.2)			(7.5)			9.5		
Principal element of lease payments		(10.4)			(10.6)			(13.3)		
Repurchase of share capital		-			-			(0.6)		
Other cash inflows / (outflows)		(1.7)			(0.8)			(0.0)		
Interest and other finance costs paid		(3.5)			(4.9)			(7.7)		
Tax paid		-			-			-		
Net cash flow before Offer impacts		0.2			(0.5)			12.4		

Table 4.8 summarises the pro forma adjustments applied to the Statutory Historical Statements of Cash Flows for H1 FY23 and H1 FY24 to derive the Pro Forma Historical Statements of Cash Flows for H1 FY23 and H1 FY24 respectively.

Table 4.8: Reconciliation of Statutory Historical Statements of Cash Flows to Pro Forma Historical Statements of Cash Flows for H1 FY23 and H1 FY24

\$millions	Notes	H1 FY23			H1 FY24		
		Statutory	Historical Adj	Pro Forma	Statutory	Historical Adj	Pro Forma
EBITDA	1	19.2	(0.6)	18.5	21.0	(0.4)	20.6
Change in working capital	2	(2.3)	3.0	0.7	(5.0)	3.0	(2.0)
Other non-cash adjustments		0.9	-	0.9	(0.2)	-	(0.2)
Cash generated from operations		17.7	2.4	20.1	15.8	2.6	18.4
Net capital expenditure		(6.8)	-	(6.8)	(4.8)	-	(4.8)
Net cash flow before financing and tax		11.0	2.4	13.4	11.0	2.6	13.6
Repayment of borrowings		(3.6)			(0.6)		
Principal element of lease payments		(5.3)			(6.4)		
Repurchase of share capital		-			(0.6)		
Other cash inflows / (outflows)		-			-		
Interest and other finance costs paid		(2.4)			(3.0)		
Tax paid		-			-		
Net cash flow before Offer impacts		(0.4)			0.4		

The pro forma adjustments in the above Table 4.7 and Table 4.8 are as follows:

1. EBITDA has been reduced by the pro forma increase in administrative expense by \$ 1.2 million in FY22, FY23 and FY24F, and by \$0.6 million in 1H FY23 and 1H FY24, to reflect the estimated extra costs that Bhagwan will incur as a result of being a listed company referred to in Table 4.3 and Table 4.4 in Section 4.3.3. In 1H FY24 and FY24F the administrative expenses are partially offset by the transaction costs associated with the IPO incurred during those periods.
2. Working capital has been adjusted to reflect the timing and quantum of payments for PAYG amounts owed to the ATO that would have occurred had they been settled on their due dates in FY22, FY23 and FY24F.

4.5 Pro Forma Historical Statement of Financial Position

Table 4.9 sets out the Statutory and Pro Forma Historical Statement of Financial Position for Bhagwan. The Pro Forma Statement of Financial Position is intended to show the impact of the Offer proceeds, transaction costs, and use of proceeds to repay shareholder loans and the partial repayment of outstanding amounts on the Debt Facilities on the Statutory Statement of Financial Position at 31 December 2023 as if they had occurred on that date.

The Pro Forma Historical Statement of Financial Position is provided for illustrative purposes only and is not represented as being necessarily indicative of Bhagwan's view of its financial position upon Completion of the Offer or at a future date.

Table 4.9: Statutory and Pro Forma Historical Statements of Financial Position

\$millions	Notes	Statutory 31 Dec 23	Pro forma adjustments				Pro Forma 31 Dec 23
			Impact of the offer	Shareholder loans	Other payables	Bank loans	
Cash and cash equivalents	1	0.5	73.5	(24.6)	(4.4)	(44.9)	-
Trade and other receivables		49.6	-	-	-	-	49.6
Inventories		2.2	-	-	-	-	2.2
Other current assets		5.1	-	-	-	-	5.1
Assets held for sale		-	-	-	-	-	-
Total current assets		57.4	73.5	(24.6)	(4.4)	(44.9)	56.9
Other investments		1.5	-	-	-	-	1.5
Deferred tax assets	1, 5	5.4	1.0	-	-	-	6.4
Property, plant and equipment		118.4	-	-	-	-	118.4
Right-of-use assets		19.7	-	-	-	-	19.7
Intangible assets		-	-	-	-	-	-
Non-current financial assets		10.8	-	-	-	-	10.8
Total non-current assets		155.8	1.0	-	-	-	156.8
Total assets		213.2	74.4	(24.6)	(4.4)	(44.9)	213.7
Trade and other payables	3	43.1	-	-	(4.4)	-	38.6
Loans and borrowings	2	33.5	-	(11.9)	-	(21.6)	-
Lease liabilities		9.7	-	-	-	-	9.7
Employee benefits		3.6	-	-	-	-	3.6
Total current liabilities		89.9	-	(11.9)	(4.4)	(21.6)	52.0
Loans and borrowings	2	44.9	-	(12.7)	-	(23.3)	8.8
Lease liabilities		10.1	-	-	-	-	10.1
Employee benefits		0.5	-	-	-	-	0.5
Total non-current liabilities		55.5	-	(12.7)	-	(23.3)	19.4
Total liabilities		145.4	-	(24.6)	(4.4)	(44.9)	71.4
Net assets		67.9	74.4	-	-	-	142.3
Issued capital	4, 5	65.3	76.7	-	-	-	141.9
Reserves		47.9	-	-	-	-	47.9
Accumulated losses	5	(45.3)	(2.2)	-	-	-	(47.5)
Total equity		67.9	74.4	-	-	-	142.3

4.5.1 Pro forma adjustments

The pro forma adjustments in the above Table 4.9 are as follows:

1. Cash and cash equivalents are expected to be impacted by \$0.5 million as a result of the proceeds of the offer of \$80 million, less (a) the cash to pay the Offer costs of \$6.5 million; (b) \$24.6 million to repay shareholder loans; (c) \$4.4 million to pay PAYG amounts owing to ATO; and (d) \$44.9 million to partially repay an existing bank loan. The deferred tax impact of the Offer is \$1.0 million, calculated as 30% of Transaction costs (excluding the Underwriting fee).
2. Repayment of all shareholder loans and the partial repayment of the outstanding amounts on the Debt Facilities, which remains as a non-current liability.
3. Repayment of PAYG amounts owed to ATO.
4. Issued capital expected to increase by \$76.7 million as a result of the issue of 126,984,127 new Shares issued under the Offer.
5. The \$3.3 million costs of the Offer that relate solely to the issue of new shares have been set off against Issued Capital with the after tax balance borne against accumulated losses.

4.6 Liquidity and Capital Resources

Following Completion of the Offer, Bhagwan's principal sources of funds are expected to be cash flow from operations and committed Debt Facilities on Completion of the Offer.

Following Completion, Bhagwan expects that cash raised from the Offer will be primarily used to:

- pay the Offer costs;
- repay all related party and shareholder loans;
- pay PAYG amounts owing to the ATO;
- partially repay outstanding amounts on the Debt Facilities; and
- provide additional working capital headroom to support Bhagwan's future growth initiatives.

Pro forma loans and borrowings after paying the Offer costs, repayment of all related party loans and partial repayment of the Debt Facilities is \$8.8 million. The Company expects to generate net cash from operations on a statutory basis of \$19.5 million in H2 FY24F (being the difference between the full year FY24 forecast net cash from operations of \$35.3 million and the \$15.8 million already achieved in H1FY24 both shown in Table 4.6 in Section 4.4.2), which is not reflected in the Pro Forma Balance Sheet as at 31 December 2023.

The Company believes that from Completion of the Offer it will have sufficient cash (based on existing cash holdings, the proceeds of the Offer and forecast cash collections) to meet its operational and working capital requirements and stated business objectives during the Forecast Period.

The Company's ability to generate sufficient cash depends on its future performance, which, to a certain extent, is subject to a number of factors beyond the Company's control including general economic, financial and competitive conditions.

Over time, the Company may seek additional funding from a range of sources to diversify its funding base.

4.6.1 Cash and cash equivalents and borrowings

Table 4.10 summarises the reconciliation between statutory and pro forma cash and cash equivalents and borrowings after Completion of the Offer.

Table 4.10: Cash and cash equivalents and borrowings (excluding AASB16 recognition of lease liabilities)

Smillions	Statutory 31 Dec 23	Pro Forma adjustments	Pro Forma 31 Dec 23
Cash and cash equivalents	0.5	(0.5)	-
Non-current financial assets	10.8	-	10.8
Current loans and borrowings	33.5	(33.5)	-
Non-current loans and borrowings	44.9	(36.0)	8.8
Net cash position	(67.1)	69.0	1.9

4.6.2 Debt Facilities

Bhagwan has a number of existing debt facilities with Commonwealth Bank of Australia trading as Bankwest (**Lender**) (**Debt Facilities**). Table 4.11 summarises the Debt Facilities established, and their statutory balance as at 31 December 2023 and the pro forma balance at the Completion of the Offer.

Table 4.11: Overview of the Debt Facilities

Type of facility Smillions	Statutory Balance at 31 Dec 23	Pro Forma Repayment from Proceeds	Pro Forma Balance at Completion	Facility limit	Interest rate (p.a)	Maturity date
Commercial advance facility	32.1	(32.1)	-	32.1	6.87%	30 Sep 25
Term debt facility	3.3	(3.3)	-	9.8	6.66%	30 Sep 25
Bank overdraft Tranche 1	10.0	(9.5)	0.5	10.0	5.90%	31 Jan 25
Bank overdraft Tranche 2	8.3	-	8.3	12.5	10.00%	31 Jan 25
Total Debt Facilities	53.7	(44.9)	8.8	64.4		

The Debt Facilities are expected to be used to support Bhagwan's business and for general working capital purposes.

The Debt Facilities are subject to the following covenants:

Table 4.12: Covenants to the Debt Facilities

Facility type	Company	Ratio	Covenant
Total bank debt	Bhagwan Marine Limited	Financial debt to EBITDA	At all times the group's financial debt to EBITDA ratio is required to be less than 2.5x
		Financial debt to ATO Plan Debt ¹	At all times the group's financial debt to ATO Plan Debt ratio is required to be less than 3.25x
		Financial debt to Vessel Value ²	At all times the group's financial debt to Vessel Value can not be greater than 65%

Notes:

1. ATO Plan Debt is the outstanding taxes which are owing by Bhagwan to the ATO and subject of the payment plan agreed with the ATO on the relevant testing date of the financial covenant.
2. Vessel Value is the aggregate of the value of each vessel owned by Bhagwan on the relevant testing date of the financial covenant. The value of each vessel is determined as: (a) where the bank has received an external valuation for the vessel that is dated less than two (2) years from the relevant testing date, the value specified in the external valuation; or (b) where the bank has not received an external valuation for the vessel, or if an external valuation received for the vessel is dated more than two (2) years before the relevant testing date, the book value of the vessel.

The financial and reporting covenants to the Debt Facilities are tested on a quarterly basis each year. As of the Prospectus Date, Bhagwan is currently in compliance with its financial and reporting covenants and expects to remain in compliance with them.

The Debt Facilities are secured by general security over all existing and future assets and undertakings given by all Bhagwan subsidiaries and an indemnity given by all Bhagwan subsidiaries.

The Debt Facilities contain certain events of default which are usual for facilities of their nature.

4.6.3 Commitments and contingent liabilities

There is no significant capital expenditure contracted for at 31 March 2024 which has not been recognised as a liability.

Various subsidiaries in the Group have in the normal course of business issued guarantees to certain customers, suppliers and landlords to guarantee the performance obligations of a controlled entity.

No contingent liability has been provided for litigation, as it is unlikely to have any material impact on the financial result of the Company given litigation risk is mitigated due to Bhagwan's standard terms and condition of sales with its clients and its insurance policies.

As of the Prospectus Date, Bhagwan currently has no material contractual obligations or commitments other than its long-term leases.

4.7 Forecast Financial Information

The Forecast Financial Information is based on various best estimate general and specific assumptions, including those set out in this Section 4.2.4. In preparing the Forecast Financial Information, the Company has undertaken an analysis of historical performance and applied assumptions where appropriate in order to forecast future performance for FY24F. Bhagwan believes that the Forecast Financial Information has been prepared with due care and attention and considers all assumptions, when taken as a whole, to be reasonable at the time of preparing the Prospectus. However, actual results are likely to vary from those forecasts and any variation may be materially positive or negative.

The assumptions upon which the Forecast Financial Information are based are prepared to the best of Management's knowledge and belief based on the expected results of operations and sources and uses of cash for the forecast period. This is by nature subject to significant uncertainties and contingencies, many of which are outside the control of the Company and its Directors, and are not reliably predictable. Accordingly, none of the Company or its Directors or any other person can give any assurance that the Forecast Financial Information or any prospective statement contained in this Prospectus will be achieved.

The assumptions set out in Section 4.7 should be read in conjunction with the Significant Accounting Policies and critical accounting estimates and judgements set out in Annexure A, the sensitivity analysis described in Section 4.8, the risk factors described in Section 5, the Independent Limited Assurance Report set out in Section 8 and the other information in this Prospectus. A reconciliation of the Pro Forma Forecast Income Statement to the Statutory Forecast Income Statement is set out in Section 4.3.3.

Having regard for the nature of the business, the amount of long term contracted work versus that which is either contracted but awarded and delivered in the same financial period, and/or awarded on a spot basis, Bhagwan does not believe there would be reasonable grounds to include a forecast for the financial year ending 30 June 2025. A further discussion in relation to the prospects of the Company is contained in Section 4.7.

4.7.1 General assumptions

The following general assumptions are relevant to the Forecast Financial Information:

- no material change in the competitive and operating environments in which the Company operates;
- no material deviation from current market expectations of economic and trading conditions relevant to the industry in which the Company operates and the industries of the Company's clients, including business confidence, consumer sentiment, economic growth, inflation, fiscal and taxation policies throughout the geographies in which the Company operates;
- no material changes in key personnel, and the Company being able to continue to recruit and retain personnel who will be required to support the future growth of Bhagwan;
- no material industrial or employee relations disputes, actions or other disturbances, litigation, legal claims or environmental costs;
- no material changes in foreign currency exchange rates;
- no material industry disturbances, disruptions to the continuity of operations of the Company or other material changes in its business, including acquisitions, disposals, restructurings, strategic partnerships or investments or commencement of

operations in new jurisdictions or changes in the corporate or funding structure of the Company other than as contemplated by this Prospectus;

- no material client or contract losses;
- the Offer proceeds are received in accordance with the timetable set out in the Key Offer Statistics and Important Dates on pages 1 and 2 of this Prospectus;
- no material change in applicable IFRS, AAS, Corporations Act, ASX Listing Rules or other mandatory professional reporting requirements which have a material effect on the financial performance or cash flows of the Company, its financial position, accounting policies, or financial reporting or disclosures other than those set out in this Prospectus;
- no material changes in government regulations and policies, including taxation rates, import duties and tariffs, in any of Bhagwan's trading jurisdictions that materially impact the Company;
- none of the key risks listed in Section 5 occur, or if they do, none of them has a material adverse impact on the operations, financial position or performance of the Company; and
- no significant further impact on operations as a result of COVID-19 (please refer to Section 4.7.2.1).

For the purposes of ASX Listing Rule 1.2.6, the Directors have made enquiries and nothing has come to their attention to suggest that Bhagwan is not continuing to earn profit from continuing operations up to the Prospectus Date.

4.7.2 Specific assumptions

The forecast financial information for FY24F includes the reviewed results of Bhagwan for the six months ended 31 December 2023, and three months of actual (but unaudited and unreviewed) results and three months of forecast results for the six months ending 30 June 2024. Bhagwan's forecast for the six months ending 30 June 2024 has regard to the current trading performance, vessel and manning hire activities being undertaken on existing contracts and un-invoiced pending sales contracts prior to the lodgement of this Prospectus.

4.7.2.1 Impact of COVID-19 and challenging global supply chain environment

The COVID-19 pandemic and global supply chain challenges experienced during 2020, 2021 and 2022 have impacted Bhagwan's historical and forecast results in many different ways, many of which are not reliably quantifiable.

4.7.2.2 Revenue assumptions

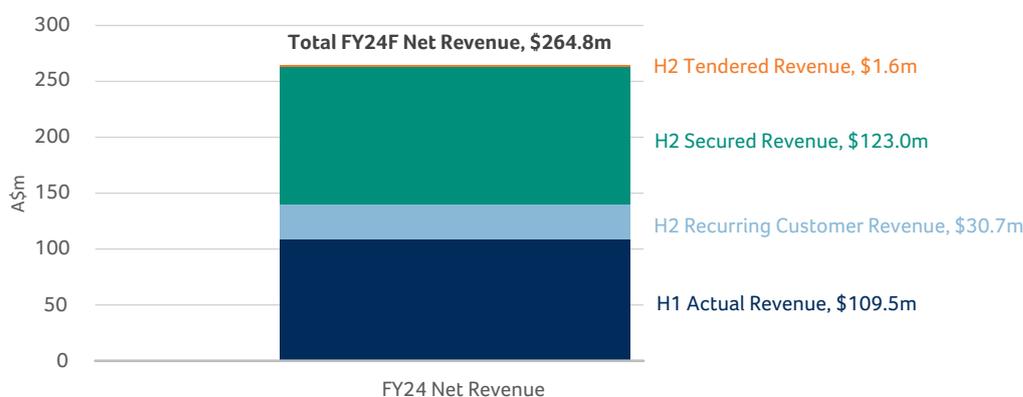
Pro forma gross revenue is forecast to increase by 72.6% or \$122.7 million from FY23 to \$291.7 million in FY24F.

The growth in gross revenue from FY23 to FY24F (**the Forecast Period**) is being primarily driven by a large oil and gas decommissioning contract in Western Australia. This contract is responsible for all of the \$26.9 million in pass through revenue in FY24F. The terms of Bhagwan's material client contracts are summarised in Section 9.6.

Net revenue is forecast to grow by 56.7% or \$95.8 million from FY23 to \$264.8 million. 63.4% (\$60.7 million) of this growth is from the abovementioned decommissioning contract. The net revenue generated under this contract contributes 22.9% of the Company's FY24F net revenue, with all work due to be completed by mid-late August 2024 and no further revenue to be generated under this contract. While the Company may secure similar large decommissioning projects in the future, there is no assurance that such projects will arise, or be awarded to the Company on a consistent basis. As a result, the Company's future revenue may be subject to variability that is contingent upon the timing and occurrence of these large decommissioning projects. As mentioned in Section 3.4.1, contracts or clients undertaking decommissioning projects represent an attractive long term growth opportunity for the business.

H1 FY24 net revenue was \$109.5 million with the remaining \$155.3 million expected to be achieved in H2 FY24F. Revenue in FY24F is being driven by an increased demand for marine services and a tight global vessel supply market.

Key assumptions underpinning forecast net revenue growth for the Forecast Period (1 April 2024 to 30 June 2024) include the run off of several significant Western Australian based offshore and subsea contracts currently in progress and a strong pipeline of secured and recurring spot revenue.

Figure 4.3: Breakdown of forecast net revenue in FY24F

Revenue is classified as secured when it relates to current contracts or purchase orders for clients under master service agreements. The H2 FY24 forecast has \$123.0 million or 79% of the 2H FY24 forecast revenue classified as secured. Recurring or spot revenue, represents expected demand and purchase orders for customers based on a track record of work completed for projects and customers in prior periods. This is largely supported by historical activity and daily activities in various ports. The H2 FY24 forecast has \$30.7 million or 20% of the 2H FY24 forecast revenue classified as recurring.

Tendered revenue represents opportunities where a tender has been submitted to a customer prior to 30 April 2024. The probability of converting these opportunities into signed purchase orders or contracts during the forecast period is considered during the forecasting process. The H2 FY24 forecast has \$1.6 million or 1% of the 2H FY24 forecast revenue classified as tendered.

4.7.2.3 Gross profit assumptions

Bhagwan is forecasting gross profit of \$69.0 million in FY24F, representing an increase of 20% (\$11.6 million) compared to gross profit of \$57.4 million in FY23. The increase is primarily attributable to revenue growth partially offset by a lower gross margin when compared to FY23.

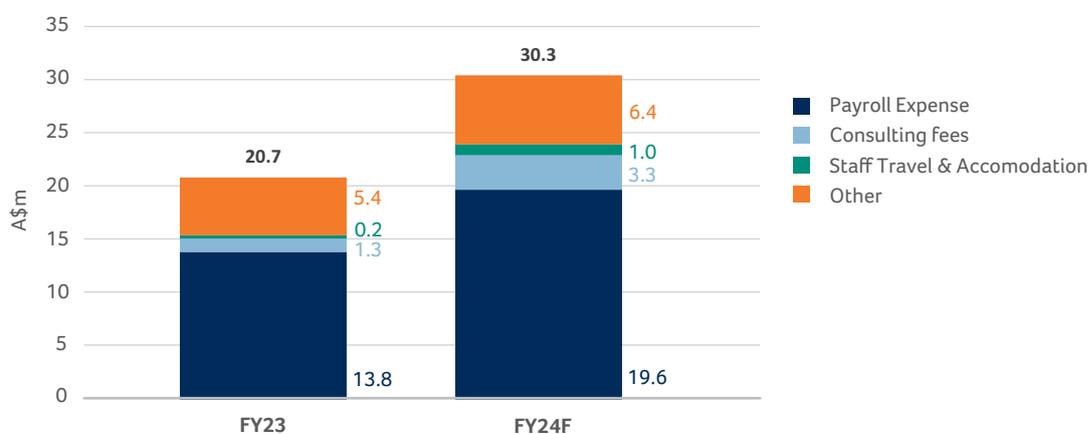
Net gross margin is forecast to fall from 34% in FY23 to 26% in FY24F due mostly to the lower gross margin on the large decommissioning contract referred to above. This is a material and first expansion into the decommissioning market, which is an attractive potential long term growth market for Bhagwan. See Section 3.4.1 for further information in relation to the decommissioning market.

Excluding this contract (EBITDA contribution of \$3.2 million), gross margins would be 32% in FY24F.

4.7.2.4 Administrative expenses assumptions

Pro forma administrative expenses are forecast to increase by 46% from FY23 to \$30.3 million in FY24F. However, the ratio of administrative expenses to net revenue is forecast to fall from 12.3% to 11.5%.

Figure 4.4: Breakdown of pro forma administrative expenses for FY23 and FY24F



Overhead employee costs are forecast to grow with additional headcount to support business growth and increased remuneration levels. Additionally, other overhead costs including consulting and professional fees, travel, utilities and rates and other administration expenses are forecast to rise with business growth.

4.7.2.5 Depreciation and amortisation assumptions

Pro forma depreciation and amortisation is forecast to increase from \$21.0 million in FY23 to \$23.0 million in FY24F.

Table 4.13: Summary of depreciation and amortisation

\$millions	FY23 Pro Forma	FY24F Pro Forma	FY24F Statutory
Depreciation and amortisation	10.5	10.5	10.5
Depreciation and amortisation of RoU assets	10.5	12.5	12.5
Total depreciation and amortisation	21.0	23.0	23.0

The increase in depreciation and amortisation forecasts is being driven by increased vessel numbers, both owned and leased.

4.7.2.6 Net finance costs

Pro forma net finance costs of \$2.4 million in FY23 are forecast to decrease to \$1.6 million in FY24F reflecting the expected repayment of the shareholder loans and partial repayment of the outstanding amounts on the Debt Facilities on a pro forma basis.

4.7.2.7 Income Tax Expense

Income tax assumes a current corporate tax rate of 30%, and where applicable has been adjusted to reflect the tax impact of any pro forma adjustments.

4.7.2.8 Franking Account Balance

At 30 June 2024, the Company's franking account balance is forecast to be approximately \$23.5 million.

4.8 Sensitivity Analysis

The Forecast Financial Information is based on a number of estimates and assumptions described in Section 4.7 that are subject to business, economic and competitive uncertainties and contingencies, many of which are beyond the control of the Company, its Directors and Management, and based upon assumptions with respect to future business developments, which are subject to change.

Investors should be aware that future events cannot be predicted with certainty and as a result, deviations from the figures forecast in this Prospectus are to be expected. To assist investors in assessing the impact of these assumptions on the forecasts, set out in the table below is a summary of the sensitivity of certain Forecast Financial Information to changes in certain key variables. The changes in the key variables as set out in the sensitivity analysis are not intended to be indicative of the complete range of variations that may be experienced. For the purposes of the analysis below, the effect of the changes in key assumptions on average utilisation and wages is presented. The sensitivity analysis is intended as a guide only and variations in actual performance could exceed the ranges shown.

Care should be taken in interpreting these sensitivities. The estimated impact of changes in each of the variables has been calculated in isolation from changes in other variables, in order to illustrate the likely impact on the forecast. In practice, changes in variables may offset each other or be additive, and it is likely that the Company would respond to any adverse change in one variable by seeking to minimise the net effect on the Company's NPAT.

4.8.1 Change in utilisation rates +-2.5%

Table 4.14: Sensitivity analysis for utilisation rates

PRO FORMA \$millions	FY24F	FY24F	FY24F
Forecast average utilisation rate	50.2%	50.2%	50.2%
Utilisation rate (decrease) / increase	(2.5%)	-	2.5%
Utilisation rate	47.7%	50.2%	52.7%
NPAT	8.0	10.4	12.8

4.8.2 Change in wages +-2.5%

Table 4.15: Sensitivity analysis for wages

PRO FORMA \$millions	FY24F	FY24F	FY24F
(Decrease) / increase in wages	(2.5%)	-	2.5%
NPAT	11.8	10.4	9.0

4.9 Management Discussion and Analysis of the Financial Performance of Bhagwan

This Section is a discussion of the key factors that affected the Company's operations and relative financial performance during FY22 and FY23, and a discussion of the key factors and assumptions which the Company expects may affect performance during FY24F.

The discussion of these general factors is intended to provide a summary only and does not detail all factors that have affected the historical operating and financial performance of the Company, nor everything that may affect its operations and financial performance in the future. The information in this Section should be read in conjunction with the basis of preparation of the Forecast Financial Information in Section 4.7 and the risk factors set out in Section 5.

4.9.1 Revenue

Table 4.16: Historical and forecast net revenue growth

Smillions	FY22 Pro Forma	FY23 Pro Forma	FY24F Pro Forma	FY24F Statutory
Net revenue	134.7	169.0	264.8	264.8
Growth		25.4%	56.7%	56.7%

Bhagwan generates the majority of its revenue by delivering specialist marine services a daily rate per vessel and per skilled mariner provided typically either through long-term service arrangements with its clients under MSAs and contracts or through short term recurring or spot placements (see Section 9.6 for further information in relation to Bhagwan's typical contractual arrangements with clients).

Recurring or spot revenue is earned based on a track record of similar work completed for projects and customers in prior periods primarily at Bhagwan's Darwin, Melbourne and Brisbane operations. This is largely generated through short term marine maintenance and infrastructure support activities in various ports.

Revenue growth is generated by fleet expansion and by entering new market segments such as subsea, decommissioning, defence and renewable energy. FY23 revenue was positively impacted by a number of contracts supporting oil & gas clients. Several of these contracts continued into FY24F and contributed to the revenue growth.

Activity in the energy and resources sector has increased since FY22 with higher commodity prices, less operating restrictions from COVID-19 and production increases across the sector. This, coupled with a tighter supply of vessels globally, has driven higher utilisation rates across the Bhagwan fleet from FY23 to FY24F and helped to drive the growth in revenue during this period.

4.9.2 Gross Profit

Table 4.17: Historical and forecast gross profit and gross profit margin

Smillions	FY22 Pro Forma	FY23 Pro Forma	FY24F Pro Forma	FY24F Statutory
Net revenue	134.7	169.0	264.8	264.8
Gross profit	40.2	57.4	69.0	69.0
Gross profit margin	29.9%	34.0%	26.1%	26.1%

Gross profit illustrates the percentage of net revenue remaining after deducting the cost of sales. Cost of sales are costs included in gross profit are directly associated with performing services including labour costs, short term hire charges, direct project costs and direct vessel costs such as fuel. These costs generally move with revenue over time. In any given period, the amount and mix of operating expenses depends on the type of services delivered.

Direct labour costs account for between 40%-50% of the cost of sales from the period from FY22 to FY24F. These direct labour costs incurred are directly associated with performing specialist services for Bhagwan's clients.

Gross profit margin increased in FY23 primarily due to increased vessel utilisation as vessels were deployed in the field for longer durations driving increased vessel and manning revenue.

Bhagwan is forecasting an increased pro forma gross profit to \$69.0 million in FY24F, representing an increase of 20% or \$11.6 million compared to a pro forma gross profit of \$57.4 million in FY23. The increase is primarily attributable to revenue growth partially offset by a lower gross margin when compared to FY23.

Gross margin is forecast to fall from 34% in FY23 to 26% in FY24F due mostly to the large decommissioning contract referred to in Section 4.7.2.2 which due to its size and increased third party vessel and manning requirements generated a lower gross profit margin. This is a material and first expansion into the decommissioning market, an attractive potential long term growth market for Bhagwan.

Excluding this contract, gross margins would be 32% in FY24F.

4.9.3 Administrative expenses

Table 4.18 summarises the administrative expenses incurred in FY22, FY23 and forecast for FY24F.

Table 4.18: Historical and forecast administrative expenses

\$millions	FY22 Pro Forma	FY23 Pro Forma	FY24F Pro Forma	FY24F Statutory
Net revenue	134.7	169.0	264.8	264.8
Admin expenses	17.2	20.7	30.3	31.8
<i>Admin expenses as a portion of net revenue</i>	12.8%	12.3%	11.5%	12.0%

Table 4.19: Historical and forecast salary expenses

\$millions	FY22 Pro Forma	FY23 Pro Forma	FY24F Pro Forma	FY24F Statutory
Salary expenses	10.2	13.8	19.6	19.6
<i>Salary expenses as a portion of Admin expenses</i>	59.0%	66.4%	64.7%	61.8%

Salary costs comprise the majority of administration expenses (approximately 66% in FY23).

Administrative expenses include employee wages and expenses, travel, insurance, professional fees, recruitment, technology, and other office costs and generally move with headcount.

Corporate services are centralised in the Perth office to provide an efficient support function and central management of finance, insurance, information technology, safety and regulatory compliance enabling operating regions to focus on delivering services to customers.

The ratio of pro forma administrative expenses to net revenue fell from 12.8% in FY22 to 12.3% in FY23 as the revenue growth above drove operating efficiency.

Pro forma administrative expenses are forecast to increase by 46% to \$30.3 million in FY24F. However the ratio of administrative expenses to net revenue is forecast to continue to fall from 12.3% in FY23 to 11.5% in FY24F. The fall in the ratio is primarily due to revenue growth (see Section 4.9.1).

4.9.4 Depreciation and amortisation expenses

Table 4.20 summarises the depreciation and amortisation expenses incurred for FY22, FY23 and FY24F on a pro forma basis.

Table 4.20: Depreciation and amortisation expenses

\$millions	FY22 Pro Forma	FY23 Pro Forma	FY24F Pro Forma	FY24F Statutory
Depreciation and amortisation	10.8	10.5	10.5	10.5
Depreciation and amortisation of RoU assets	8.6	10.5	12.5	12.5
Total depreciation and amortisation	19.4	21.0	23.0	23.0

Depreciation is a non-cash expense that relates to the ongoing use of Bhagwan's fixed asset base, principally vessels, that have been previously capitalised. Depreciation is based on an existing useful life profile, with any new capital expenditure being depreciated over its useful life in accordance with Bhagwan's accounting policies.

A component of depreciation also relates to vessel, property and equipment leases over one year in duration. Under AASB 16, the company recognises a right of use asset on entry into a lease equivalent to the present value of minimum future lease payments and this asset is subsequently depreciated over the shorter of the useful life of the asset and the lease term.

Depreciation and amortisation is mostly attributed to the vessel fleet and the growth in depreciation and amortisation expenses is attributable to a growth in the number of vessels in Bhagwan's fleet from FY22 to FY24F.

4.9.5 Net finance costs

Table 4.21 summarises the net finance costs incurred for FY22, FY23 and FY24F.

Table 4.21: Net finance costs

\$millions	FY22 Pro Forma	FY23 Pro Forma	FY24F Pro Forma	FY24F Statutory
Finance income	0.0	0.0	0.1	0.1
Finance costs	2.1	2.5	1.7	9.7
Net finance costs	2.1	2.5	1.6	9.5

Net pro forma interest expense has increased from FY22 to FY23 mostly to increases in official interest rates over the course of these periods. Additionally, in FY24F Statutory interest expense increased due to an interest charge on other creditors of \$2.1 million.

4.9.6 Income tax expense

No income tax expense was recorded in FY22 due to the utilisation of prior period tax losses for which no deferred tax asset had previously been recognised. An income tax benefit (and corresponding deferred tax asset) of \$7.3 million recognised in FY23 related to past tax losses. FY24F tax expense represents accounting profits at 30%.

An accounting tax rate of 30% has been forecast in FY24F.

4.9.7 Operating cash flows

Table 4.22 summarises the net cash flow before financing and tax incurred for FY22, FY23 and FY24F.

Table 4.22: Net cash flow before financing and tax

\$millions	FY22 Statutory	FY23 Statutory	FY24F Statutory	FY24F Pro Forma
EBITDA	22.7	37.6	37.4	38.8
Change in working capital	1.4	(4.0)	(1.3)	4.7
Other non-cash adjustments	(0.7)	1.0	(0.7)	(0.7)
Cash generated from operations	23.5	34.6	35.3	42.8
Net capital expenditure	0.6	(11.3)	(10.8)	(10.8)
Net cash flow before financing and tax	24.0	23.3	24.6	32.0

Cash generated from operations principally comprise receipts from customers, and payments to suppliers and employees, adjusted for movements in working capital balances. Changes in working capital were distorted by a delay in paying PAYG to the ATO in FY22 and the subsequent catch up payments required to be made by Bhagwan to the ATO for the outstanding amounts in FY23 and FY24F.

Cash generated from operations increased from \$23.5 million in FY22 to \$34.6 million in FY23 and is forecast to remain steady at \$35.3 million in FY24F. The trend in operating cash flows broadly follows movements in EBITDA over the FY22 to FY24F period.

Forecast capital expenditure largely relates to vessel refits and small vessel acquisitions.

4.9.8 Management discussion and analysis of the historical half yearly financial information

4.9.8.1 Net revenue

Net revenue generated in H1 FY24 grew 31% from \$83.3 million in H1 FY23 to \$109.5 million in 1H FY24. The key drivers underpinning revenue growth were improved vessel utilisation across Bhagwan's fleet driven by a high volume of contracted project activity in Queensland, Victoria and Western Australia.

Table 4.23: Net revenue

\$millions	H1 FY23 Statutory	H1 FY24 Statutory
Net revenue	83.3	109.5
<i>Growth</i>		31.4%

4.9.8.2 Gross profit

Gross profit generated in H1 FY24 grew 25% from \$27.9 million to \$34.8 million in H1 FY24. While gross profit increased, the gross margin fell from 33.5% to 31.8% due mostly to the large decommissioning contract referred to in Section 4.7.2.2 which required increased third party vessel and manning activities to support the delivery of the project which attracted a lower gross profit margin.

Table 4.24: Gross profit

\$millions	H1 FY23 Statutory	H1 FY24 Statutory
Net revenue	83.3	109.5
Gross profit	27.9	34.8
<i>Growth</i>		24.5%
<i>Gross profit margin</i>	33.5%	31.8%

4.9.8.3 Administrative expenses

Pro forma administrative expenses incurred for H1 FY24 increased by 49% from \$9.6 million to \$14.3 million and from 11.5% of net revenue to 13.1% as the business has increased its commercial, operational and business development employee headcount to support the delivery of large upcoming contracts and tender opportunities.

Table 4.25: Administrative expenses

Smillions	H1 FY23 Statutory	H1 FY24 Statutory
Administrative expenses	9.0	13.9

4.9.8.4 Depreciation and amortisation

Table 4.26 summarises the depreciation and amortisation expenses incurred for H1 FY23 and H1 FY24.

Table 4.26: Depreciation and amortisation

Smillions	H1 FY23 Statutory	H1 FY24 Statutory
Depreciation and amortisation	6.0	5.2
Depreciation and amortisation of right of use assets	5.0	6.2
Total depreciation and amortisation	11.1	11.5

Growth in depreciation and amortisation expense in H1 FY24 from H1 FY23 is mostly attributable to vessel fleet growth during this period. See Section 2.6 for more information on the growth of Bhagwan's fleet between FY22 and FY24F.

4.9.8.5 Net finance costs

Table 4.27 summarises the net finance costs incurred for H1 FY23 and H1 FY24.

Table 4.27: Net finance costs

Smillions	H1 FY23 Statutory	H1 FY24 Statutory
Finance income	0.0	0.1
Finance costs	(3.3)	(3.8)
Net finance costs	(3.3)	(3.6)

Net interest expense increased over H1 FY24 due mostly to increases in official interest rates.

4.9.8.6 Income tax expense

No income tax expense was recorded in H1 FY23 due to the utilisation of prior period tax losses for which no deferred tax asset had previously been recognised. An accounting tax rate of 30% was incurred in H1 FY24.

4.9.8.7 Net cash flow before financing and tax

Table 4.28 summarises the operating cash flow incurred for H1 FY23 and H1 FY24.

Table 4.28: Operating cash flow before financing and tax

\$millions	H1 FY23 Statutory	H1 FY24 Statutory
EBITDA	19.2	21.0
Change in working capital	(2.3)	(5.0)
Other non-cash adjustments	0.9	(0.2)
Cash generated from operations	17.7	15.8
Capital expenditure	(6.8)	(4.8)
Net cash flow before financing and tax	11.0	11.0

Cash flow before interest and tax declined from \$17.7 million in H1 FY23 to \$15.8 million in H1 FY24 as working capital was utilised on major projects.

This was offset by lower capital expenditure in H1 FY24 as compared to H1 FY23, meaning overall net cash flow before financing and tax was essentially flat.

4.10 Dividend Policy

The payment of a dividend by the Company is at the discretion of the Board and will be a function of a number of factors (many of which may be outside the control of the Company and its Directors and Management, and are not reliably predictable), including the general business environment, operating results, cash flows and financial condition of the Company, future funding requirements, capital management initiatives, taxation considerations, any contractual, legal or regulatory restrictions on the payment of dividends by the Company, and any other factors the Directors may consider relevant.

Subject to the available profits, the conditions and capital requirements of Bhagwan's business, the Directors intend to target a payout ratio of 20% to 40% of free cash flow (operating cash flow less capital expenditure and lease repayments). The level of payout ratio is expected to vary between periods depending on a number of factors including the uncertainties outlined in Section 5 and, in particular, should strategic growth, acquisition or investment opportunities arise, it may result in a payout ratio in the future that is less than the above target.

Bhagwan has \$23.5 million in franking credits available to attach to future dividends.

No assurances can be given by any person, including the Directors, about the payment of any dividend or the level of franking credits attaching to any such dividend.

5. RISK FACTORS



5. RISK FACTORS

5.1 Introduction

This Section 5 describes potential risks associated with Bhagwan's business and an investment in its Shares. It does not list every risk that may be associated with Bhagwan and the occurrence or consequences of some of the risks described in this Section 5 are partially or completely outside the control of Bhagwan. The risks have been separated into risk factors specific to an investment in Bhagwan, and general risk factors associated with an investment in Bhagwan.

These risks may individually or in combination materially and adversely affect the business, operations, reputation, financial position, financial performance and prospects of Bhagwan and, the value of Shares. Accordingly, there can be no guarantee that Bhagwan will achieve its stated objectives, deliver on its growth strategy or that any of the forward-looking statements or projections will eventuate. The actual results could differ materially from those anticipated in any such forward-looking statements as a result of certain factors, including the risks described in this Section 5 and elsewhere in the Prospectus. You should note past performance is not a reliable indicator of future performance.

All investors need to be aware that this is not an exhaustive list of risks associated with an investment in Bhagwan and this information needs to be considered in conjunction with all the other information disclosed in this Prospectus. The selection of risks has been based on an assessment of a combination of the probability of the risk occurring, the ability of Bhagwan to mitigate the risk and the impact of the risk if it did occur. The assessment is based on the knowledge of the Directors and management as at the Prospectus Date. The risks may change or other risks may emerge after that date.

Before applying for Shares, you should review this Prospectus carefully and in its entirety, and satisfy yourself that you have a sufficient understanding of the risks involved in making an investment in Bhagwan and whether it is a suitable investment, having regard to your investment objectives, financial circumstances, risk tolerance and taxation position. It is recommended that you seek professional guidance from your financial adviser, stockbroker, lawyer, accountant or other independent professional adviser before deciding whether to invest.

5.2 Specific Business Risks Associated with Bhagwan

5.2.1 Reliance on resources and oil and gas exploration, development, production and decommissioning activity

Bhagwan's performance and future growth is largely dependent on the level of activity that relates to the resources and oil and gas industry. The level of activity in the resources and oil and gas industry may impact the demand for Bhagwan's services in ports, nearshore, offshore and subsea locations.

The level of the use of Australia's ports and marinas by the resources and oil and gas sectors, particularly in the geographical areas in which Bhagwan operates, may impact the amount of spot market and short term contracts that Bhagwan can obtain for port services, and the number of port services that Bhagwan can provide. Bhagwan also provides services supporting civil construction for resource exploration and production companies in inshore and nearshore locations. A reduction in resources activity may reduce the level of civil construction projects related to resource production and may impact the demand for Bhagwan's services in these locations.

Similarly, Bhagwan derives a material proportion of its revenue from clients in the offshore oil and gas industry (see Section 2.7), providing services to these clients in nearshore, offshore and subsea locations, including the breadth of services provided by Bhagwan under its MSAs with oil and gas clients. A reduction in the activity of clients in the oil and gas industry may adversely impact the demand of services including (without limitation) crew and pilot transfers, FPSO offtake assist services, inspection, maintenance and dive support

services. Reduction in capital expenditure by offshore oil and gas clients in exploration and production may adversely impact the demand for surveying support and construction support services provided by Bhagwan. Accordingly, the level of oil and gas activity may have a material impact on the revenue generated.

A reduction in offshore oil and gas activity may also impact the number of decommissioning projects and decommissioning activity in the future. A key growth segment for Bhagwan is in decommissioning projects and there is a risk that the expected level of decommissioning projects will not materialise.

A number of factors affect the resources and oil and gas industries, including but not limited to economic growth, population growth, the prevailing or predicted future commodity prices, infrastructure spending and regulation. Additionally, the oil and gas industry may be affected by other factors such as energy demand, the cost and availability of other energy sources (such as renewable energy including, but not limited to, solar, wind and hydro energy) and changes in energy technology (including developments of 'clean' technology).

There can be no assurance that the current levels of demand for Australian resources and levels of offshore oil and gas activity will be maintained or grow in the future. With a material proportion of Bhagwan's revenue derived from its oil and gas clients, any prolonged period of low oil and gas activity would have a materially adverse impact on Bhagwan's business, financial position, performance and prospects of Bhagwan.

5.2.2 Reliance on key clients

Bhagwan's business relies on a number of key clients and Bhagwan derives a significant proportion of its revenue from a small number of key long-term clients. Approximately 40% of Bhagwan's FY23 revenue was derived from three key clients of Bhagwan. These clients provide revenue for Bhagwan for the provision of services including (without limitation) civil construction, subsea, offshore and port services.

While these clients are contracted under MSAs, services provided are generally provided on a project, on-demand or ad hoc basis and there are no minimum revenue requirements in these agreements. Projects may have varying levels of activity requiring various levels of services and the potential delays in projects or termination of projects may have an adverse impact on the level of services required by the client. The MSAs with these clients are also non-exclusive and there is a potential for the client to engage other marine services providers for certain services that they may require from time to time. If the services that are provided by Bhagwan do not meet the expectations of these key clients, this may impact the demand for Bhagwan's services by these key clients and Bhagwan's relationship with these key clients.

In the event that any of these clients reduces exploration activity, production activity, scales back operations, terminates the MSA and its relationship with Bhagwan, defaults on the MSA or fails to renew their MSA with Bhagwan, this may have an adverse impact on the revenue generated from these key clients and the financial performance and financial position of Bhagwan.

5.2.3 Failure to renew existing contracts or win new contracts

Bhagwan's ability to renew existing contracts with existing clients and win new contracts is fundamental to maintaining its business, profitability and to drive growth with existing clients in terms of expanding the range of services provided and to attract new clients. Bhagwan has contracts at various stages and of varying lengths (refer to Section 9 for a discussion on the types of contracts typically used by Bhagwan), including contracts that are due to expire in the next 12 months.

The ability of Bhagwan to retain existing clients and expand its service offerings with existing clients depends on a range of factors, including the quality of the services provided by Bhagwan, the ability of Bhagwan to deliver the services required, pricing, location of key personnel and facilities.

For example, a large decommissioning contract contributes approximately 22.9% of the revenue generated in FY24F and approximately 60% of the Company's growth in gross revenue from FY23 to FY24F. All work under this decommissioning contract is due to be completed by mid-late August 2024 and there will be no further revenue to be generated under this contract. Should the Company fail to secure large contracts of a similar nature on a consistent basis in the future, this may impact the Company's financial performance and its ability to grow its business in the decommissioning industry sector.

Contract renewals and new contracts (including with certain clients with existing contracts that have expired or are due to expire) are usually subject to a competitive tender process. There is a risk that Bhagwan may not win these contracts, including for example lower pricing from competitors, Bhagwan's inability to deliver certain required services and/or personnel, the failure to maintain the quality and/or efficiency of its services, the failure to adapt to new developments in service delivery technologies, failure to anticipate, identify or react to changes in client preferences or requirements, increased competition in respect of certain service offerings, damage to Bhagwan's reputation as a result of the eventuation of some of the other risk factors outlined in this Section 5. Failure to win new contracts with clients in the oil and gas industry may also be impacted by economic conditions, prevailing or predicted oil and gas prices, energy demand and the overall growth of the oil and gas industry in the locations that Bhagwan operate.

Further, Bhagwan's ability to grow into certain industry segments such as the offshore wind industry and the defence and security industry and win new clients and contracts in these industries may also be impacted by Bhagwan's ability to maintain skilled personnel, economic conditions, changes in government policy and relevant regulatory developments.

Any failure by Bhagwan to renew existing contracts (including a number of long-term MSAs with key clients), expand its service offerings under existing contracts or continue to win new contracts and clients could negatively impact its financial performance and position and adversely impact Bhagwan's growth prospects into certain industry segments.

5.2.4 Ability to retain and engage skilled personnel

Casual employees make up the majority of Bhagwan's workforce, representing over 81% of Bhagwan's total employees as of the Prospectus Date (see Section 2.5 for further details in relation to Bhagwan's employees). Many of these casual employees are highly skilled individuals who are critical to the provision of Bhagwan's services and the operation of Bhagwan's vessels. These casual employees are typically engaged by Bhagwan to deliver specific services for specific contracts or projects. These casual employees generally do not have an obligation to be engaged to provide services when called upon and can generally terminate their employment at short notice. There is a risk that Bhagwan may fail to engage the adequate number of casual employees with the requisite skills to provide the services that it is required to provide, or fail to deliver such services in a timely manner or to the standards required, including the engagement of certain skilled staff to meet certain legal or regulatory requirements (refer to Section 2.10.4 for a summary of Bhagwan's licences and certifications). Further, if key casual employees are not able to continue to provide services for any reason and alternative casual employees are not found in a timely manner, Bhagwan's services may be affected and may impact its ability to deliver under its contractual obligations, relationship with the client and reputation. Bhagwan may also be required to incur additional costs with recruiting and hiring certain skilled casual employees on short notice, such as increases in compensation costs. Accordingly, if Bhagwan fails to retain and engage its casual employees, this may have a material adverse effect on Bhagwan's ability to operate, its ability to meet its obligations under its material contracts and its financial and operating performance.

5.2.5 Industrial relations and employee risks

A substantial portion of Bhagwan's employees are members of various labour unions under several collective bargaining agreements. As at the Prospectus Date, Bhagwan employs personnel under 16 collective bargaining agreements, which can be for a term of up to four years. Of the collective bargaining agreements, seven are due to commence negotiations with labour union representatives.

The timing and complexity of negotiations of collective bargaining agreements varies depending upon the number of employees covered by the agreement, the areas of contention and their resolution with union representation. Bhagwan needs to manage these agreements well to reduce the risk of industrial action. While the Company strives to maintain constructive relationships with these unions, Bhagwan notes the following potential risks related to employing members of labour unions:

- **Labour disputes and strikes:** Bhagwan has engaged in periodic negotiations with unions regarding wages, benefits, and working conditions. Disagreements and conflicts in this negotiation process could result in strikes or work stoppages by union member employees. Such disruptions could materially impact Bhagwan's operations, delay projects, the cost of casual labour or their conversion to permanent employees and the associated loss of flexibility in Bhagwan's casual workforce, or affect the Company's financial performance and reputation.
- **Increased operational costs:** Collective bargaining agreements may result in higher labour costs compared to non-unionised environments. Increases in wages, benefits, and other labour-related costs could adversely affect the Company's profitability unless offset by productivity improvements or cost reductions elsewhere.

- **Regulatory compliance:** Changes in labour laws or regulations affecting unionised workforces could impose additional requirements on the Company's operations, potentially leading to increased legal and compliance costs.
- **Periodic contract negotiations:** The need to renegotiate collective bargaining agreements periodically may result in uncertainty and could have adverse effects on Bhagwan's stability, operational planning and financial performance.

Bhagwan's business also utilises a mix of full-time and casual employees and contractors paid on either a salary, daily or job specific basis. Bhagwan also operates across multiple Australian states which are subject to differing award rates, statutory entitlements and employment laws that are complex and can be the subject of differing interpretations. In the event that Bhagwan did not comply with any of these employment requirements, including the underpayment of its workforce, or any contractors were deemed to be employees, Bhagwan may be exposed to risks of regulatory action, potential prosecution and may result in an adverse impact on Bhagwan's financial performance and reputation.

5.2.6 Large and highly skilled workforce

Bhagwan employs a large and highly skilled workforce of more than 900 employees across Australia, with over 761 casual employees as of 15 May 2024. Bhagwan's service quality is dependent on its ability to attract, develop, motivate and retain appropriately skilled and qualified personnel and on Bhagwan's ability to provide sufficient training and oversight to its employees to achieve consistent service standards.

If Bhagwan does not manage its workforce effectively, this may affect Bhagwan's reputation as an employer in the marine services industry, and as a consequence, it may not be able to attract and retain personnel or may not be able to find suitable replacement personnel in a timely manner. The failure of Bhagwan to minimise employee turnover could result in reduced operational efficiency, a skills gap relative to the services that Bhagwan provides and excessive recruitment costs. All of this could have an adverse impact on Bhagwan's operations, financial performance and future prospects.

5.2.7 Bhagwan may fail to meet its workplace health and safety obligations

Bhagwan is subject to laws and regulations in respect of health and safety in Australia (refer to Section 2.10.3 for further information). Changes in laws and regulations may increase the cost of compliance, adversely impact Bhagwan's ability to comply, or expose Bhagwan to greater potential liabilities (for example, where changes to regulations result in more stringent regulatory standards with increased penalties). Servicing the ports, construction and the oil and gas industry means that Bhagwan's employees are exposed to a number of health and safety risks in the performance of their duties, including from accidents, working in deep waters, remote travel, working at heights, operating heavy machinery, exposure to hazardous substances, piracy, terrorism, natural disasters, equipment or operating failures and environmental incidents. Such risks could lead to injury, workplace fatality, and damage to property or the environment, which may also have an adverse effect on Bhagwan's financial performance, reputation and ability to win new contracts and to retain existing clients. It may also impact Bhagwan's ability to obtain insurance coverage or result in higher costs of insurance.

5.2.8 Delay in projects and new contracts' commencement

There is a possibility of delays in the commencement of any new projects or new contracts past the expected commencement date, for example, due to project pre-requisites for commencement not being met, delays in the supply of certain materials, adverse weather events and the failure by Bhagwan to mobilise resources needed to provide the services under the contract in a timely manner. Additionally, Bhagwan may be a party to a contract where its ability to fulfil its obligations and generate revenue may depend on third parties or its clients fulfilling their commitments in a timely manner. For instance, delays in supply of third party vessels, construction of infrastructure, engagement of third party contractors, or the supply of resources could impact the ability of Bhagwan to commence work and generate revenue. Bhagwan may, in certain circumstances, lack contractual protection against such delays in its contracts, notwithstanding Bhagwan has a strong focus on putting appropriate protections in place during the contract negotiation phase. Consequently, any delays in contract commencement or issues affecting mobilisation or supply of any resources could lead to revenue delays and additional costs, potentially having adverse impact on Bhagwan's operations and financial performance. This could also impact Bhagwan's ability to achieve its business forecasts.

5.2.9 Quality of work and delivery of services

An important part of the Bhagwan's business is its ability to add value to its clients by delivering high quality services in a consistent and timely manner. Whilst Bhagwan has a strong record of delivering its services and has systems and processes in place to ensure the continuation of its service standards, there is no guarantee that all Bhagwan's service will always meet its client's expectations as to the quality and timing of the work performed. The quality of Bhagwan's services may be impacted by some of the risks outlined in this Section 5, including (without limitation) the ability of Bhagwan to retain its highly skilled personnel and to manage its large workforce. Any such failures, or perceived failures, to deliver quality services in a timely manner could impact Bhagwan's relationship with its clients and its reputation, and therefore its ability to renew existing contracts and win new contracts. This could have an adverse impact on the Bhagwan's financial performance and growth prospects.

5.2.10 Competition and supply of vessels

The marine service industry is competitive and is comprised of many global and regional owners and operators of vessels and marine providers. Bhagwan expects to continue to have a broad range of competitors across all of its operations and in the various locations where Bhagwan operates, which could impact Bhagwan's ability to retain existing clients, attract new clients, obtaining attractive margins on new contracts and other similar or favourable terms when seeking new, or renewing existing, engagements.

Demand for Bhagwan's vessels is affected, at a whole of industry level, by the number of vessels available in the market, Bhagwan's ability to secure vessels on acceptable commercial terms and maintain those vessels under contracts with counterparties (including under the related party transactions summarised in Sections 6.7, 9.6.4.3 and 9.6.4.4) and the competitive landscape in which it operates. Increased competition adversely impacts utilisation levels of Bhagwan's vessels, day rates that Bhagwan may charge on engagements and other contract terms. An increase in size or capabilities of Bhagwan's competitors and/or the increased supply or production of new vessels in the industry in which Bhagwan operates may also increase competition and limit the demand for Bhagwan vessels.

There are a number of factors that may affect the supply of, and demand for, vessels in the marine services industry. Demand is largely affected by the level of activity in the key industries that Bhagwan services, and a reduction of work in and around ports, a decline in oil and gas exploration, development and production activities or the level of construction and decommissioning of oil and gas infrastructure may have an adverse effect on Bhagwan's operations, financial performance and prospects.

Further, the demand and supply of specific vessels for any given project will also affect Bhagwan's utilisation and day rates. There is a risk that there is an increase in the number of certain vessels operated by Bhagwan in the markets and locations that Bhagwan operates, which may impact the demand for Bhagwan's services and the financial performance of Bhagwan.

5.2.11 Potential for litigation, claims and disputes

Bhagwan may be exposed to various litigation, claims and disputes in the ordinary course of its business as operator of vessels. These may include property damage claims, contractual disputes, personal injury claims and employment disputes. For example, contractual disputes with clients may arise if Bhagwan is not able to provide the adequate resources to provide the services required by the client under a service contract, such as the appropriate vessel (size or type) or appropriately skilled personnel. The risk of disputes with clients could impact Bhagwan's relationship with the client, its reputation in the industry and its ability to attract new clients and maintain existing clients.

Where litigation, claims and disputes arise, it may be costly for Bhagwan to enforce or protect its contractual rights, defend its position or to exercise remedies that are available to Bhagwan. These costs could be incurred without any guarantee of success. Should Bhagwan be unsuccessful in defending its position with respect to claims from clients or otherwise, Bhagwan's insurance may not be adequate to cover liabilities that it may incur (for example, if the claim arose due to gross negligence) and Bhagwan may not be able to continue to maintain such insurance or obtain comparable insurance at a reasonable cost, or at all.

Litigation, claims and disputes, including legal fees and other costs in defending claims and costs of settling claims or paying sanctions or fines and any associated operational impacts, may be costly and damaging to the reputation of Bhagwan and its standing in the industry, its existing business relationships, any of which could have a material adverse effect on Bhagwan's financial performance, position and prospects.

Refer to Section 6.8 for further information.

5.2.12 Third party injury or commercial operations interruption

Bhagwan provides services to prominent mining and oil and gas companies and government agencies and operates within settings where it interacts with the public and third-party commercial businesses. While delivering its services, Bhagwan's employees or contractors, through the use of Bhagwan's owned or leased vessels, could potentially inflict harm upon individuals, as well as cause damage or disruption to the business operations of third parties. In some instances, Bhagwan is responsible for a client's assets and may be exposed to risk of loss or damage to such assets irrespective as to the cause of that loss or damage. Bhagwan may be liable for such injury, damage or interruption not covered by insurance protection, which may have a material adverse impact on Bhagwan's financial performance and financial position.

5.2.13 Reputation

Bhagwan's ability to maintain its reputation is critical to its ongoing financial performance. Bhagwan's reputation could be impacted if it does not maintain high standards for service quality or if it fails to comply with regulations or accepted practices. Furthermore, the actions of external entities (i.e. clients, contractors, subcontractors, technical service providers or material suppliers), have the potential to negatively impact Bhagwan's reputation. Any consequential negative publicity may reduce the demand for Bhagwan's services. Non-compliance with laws and regulations, inadequacy in maintaining a robust internal control system, or the inability to provide accurate and timely financial information could also impede Bhagwan's reputation and expose it to potential legal action or other unfavourable outcomes, thereby further adversely impacting Bhagwan's reputation and financial performance.

5.2.14 Securing funding on acceptable terms

Bhagwan is party to a number of separate facility agreements with lenders for the purposes of financing acquisitions, providing guarantees and financing other corporate expenses. The specific terms offered by debt financiers are dependent on factors such as prevailing macroeconomic conditions, the duration of the facilities, Bhagwan's future performance, and the risks associated with how the funds will be used. Any deterioration in Bhagwan's financial health, a decline in its creditworthiness, or instability in local and global banking and capital markets might lead to higher borrowing costs for Bhagwan or may impede its ability to secure additional debt or replace existing debt as it matures. An inability for Bhagwan to secure debt funding on favourable terms, or to continue to comply with its financial covenants, could constrain the future growth of its business and could adversely impact Bhagwan's operating and financial performance.

5.2.15 Related party arrangements

As disclosed in Section 6.7, 9.6.4.3 and 9.6.4.4, Bhagwan maintains key contractual relationships with related parties, including related party leases for vessels and a premises in Dampier. Bhagwan is also a party to certain related party loans, which have been entered into for the purpose of acquiring and/or constructing vessels used in the Company's business and operations. Bhagwan has taken care to ensure that the contracts entered into with related parties are on reasonable arm's length terms and consistent with market practice for transactions of the nature of the industry in which Bhagwan operates.

However, there are inherent risks with any related party contract. Despite even the most rigorous pre-contracting due diligence, Bhagwan is unable to completely avoid the risk of the related party leases being terminated by either party, as a result of the default of one of the parties or otherwise. Bhagwan's business is reliant on the on-going availability of these vessels and premises and if this were to occur, there is no guarantee that Bhagwan would be able to find suitable alternative vessels or premises (as applicable) for its operations on materially the same or commercially acceptable terms.

There is also a risk that the related party loans may not be repaid to Bhagwan as a result of an event of default or a termination event. If this were to occur, there is no guarantee the Company would be able to obtain alternative sufficient facilities to fund its growth activities. As noted in Section 7.1.3, Bhagwan intends to apply funds raised from the Offer to repay the Kannikoski Shareholder Loan.

5.2.16 Environment and cultural protection

Many of Bhagwan's operations and proposed activities are subject to laws and regulations concerning the environment and cultural heritage protection. Bhagwan services may have an impact on the environment when servicing its clients. Should any of these services adversely impact or interfere with the environment, this may adversely affect Bhagwan's financial performance. It is Bhagwan's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental and cultural heritage protection laws and regulations.

5.2.17 Project management and cost management

Execution and delivery of projects involves judgment regarding the planning, development and operation of complex operating facilities and equipment. As a result, Bhagwan's operations, cash flows and liquidity could be affected if the resources or time needed to complete a project are miscalculated, if it fails to meet contractual obligations, or if it encounters delays or unspecified conditions.

Cost overruns, unfavourable contract outcomes, serious or continued operational failure, disruption at key projects, disruptions to communication systems or a safety incident has the potential to have an adverse impact on Bhagwan's ability to adequately resource future engagements and its financial performance.

Bhagwan is also exposed to input costs through its operations, such as the cost of fuel and energy sources, equipment and personnel. To the extent that these costs cannot be passed on to clients in a timely manner, or at all, Bhagwan's financial performance could be adversely affected.

5.2.18 Maintenance and capital expenditure risk

Given the nature of the Company's operations, its fleet assets will age and depreciate over time. As its fleet assets age, the cost of maintaining such assets, if not replaced within a certain period of time, will increase. Determining the optimal age of fleet assets is subjective and requires estimates by management with asset management expertise.

Future operating and financial performance of the Company could be adversely affected because:

- maintenance and repair costs associated with its fleet assets may be higher than estimated;
- maintenance and repair could be required to be undertaken earlier than anticipated;
- there may be a significant operational failure requiring unplanned maintenance expenditure; or
- market values of vessels may reduce.

In addition, the cost of the new fleet assets may increase and the Company may be required to replace vessels at a higher cost. The manufacture and delivery of new vessels from third party shipyards could be delayed and could impact Bhagwan's operations. Any such cost increases could also materially and adversely impact the operating and financial performance of the Company.

5.2.19 Inability to maintain adequate insurance

Although the Company maintains insurance, no assurance can be given that adequate insurance will continue to be available to the Company in the future on commercially acceptable terms.

5.2.20 Cyber security

Bhagwan may be adversely affected by malicious third-party applications that interfere with, or exploit, security flaws of Bhagwan's computer or operating systems (some of which may be managed by third parties). Viruses, worms, and other forms of malicious software have the potential to compromise the security of data stored within the computer systems of both clients and Bhagwan's operating systems including private or confidential information collected or retained by Bhagwan on behalf of its clients. Despite Bhagwan's commitment to ensuring appropriate prevention measures are in place, a possibility exists that these efforts may not be sufficient. To a certain extent, Bhagwan's reliance extends to the preventive measures adopted by its clients, its information technology suppliers, and external parties, which might not necessarily be comprehensive or up-to-date. If Bhagwan's efforts to combat these malicious applications are unsuccessful, Bhagwan's reputation and brand name may be impacted, which may result in an adverse effect on its operations and financial position.

Breaches of security, such as cyber-attacks by hackers, could also render Bhagwan's information technology infrastructure and software platforms unavailable through a disrupted denial of service or other disruptive attacks. Moreover, any instances of privacy or data security breaches, or Bhagwan's inability to safeguard private or confidential customer data, could lead to violations of Bhagwan's commitments outlined in its contractual agreements and relevant legal stipulations. Bhagwan's information technology infrastructure, encompassing both software and hardware components, could potentially face susceptibility to harm or disruption arising from system malfunctions, power outages, telecommunication breakdowns, insufficient system upkeep, physical infrastructure damage, unforeseen incidents stemming from natural or human origins, misuse, human errors, or other unexpected circumstances. All these factors have the potential to render the systems intermittently unavailable. If Bhagwan's computer or

operating systems are adversely affected this could also adversely affect Bhagwan's operations, its ability to perform its contractual commitments and its financial performance.

5.2.21 Contingent liabilities

Although Bhagwan has limited contractual security arrangements in place in the form of issued bank guarantees and bonds as at the Prospectus Date, there is a risk that such a performance security may be called upon, requiring Bhagwan to make whole the provider of the security which may in turn adversely impact Bhagwan's financial performance. There is also a risk that such performance securities may become harder or more expensive to secure in the future.

5.3 General Risks to an Investment in Bhagwan

Most of the general risks discussed below are outside the control of the Company and the Directors and cannot be mitigated.

5.3.1 Trading in Shares may not be liquid

Prior to the Offer there has been no public market for the Shares. No assurance can be given that an active market in the Shares will develop or continue or that the Shares will trade at or above the Offer Price after the Shares have been listed on the Official List and after Official Quotation. Further, the market price of Shares may fall or be made more volatile if there is a relatively low volume of trading in Shares.

5.3.2 Prices of Shares may fluctuate

The price of Shares may rise or fall depending upon a range of factors beyond the Company's control and which are unrelated to the Company's operational performance. Investors who decide to sell their Shares after the Company's listing may not receive the entire amount of their original investment. The price of Shares listed on ASX may also be affected by a range of factors including the Company's financial performance and by changes in the business environment.

The Shares carry no guarantee in respect of profitability, dividends, return on capital, or the price at which they may trade on the ASX.

There are a number of national and international market factors that may affect the Share price including movements on international stock markets, economic conditions and general economic outlook, interest rates and exchange rates, inflation rates, commodity supply and demand, inclusion in or removal from market indices, government taxation and royalties, legislation, monetary and other policy changes and general investors' perceptions. Neither the Company nor its Directors have control over these factors.

5.3.3 Dilution

In the future, Bhagwan may elect to issue new securities, including in connection with fundraisings, to raise capital to meet operational and capital expenditure requirements or to support its growth strategy. While Bhagwan will be subject to the constraints of the ASX Listing Rules regarding the percentage of its capital it is able to issue within a 12-month period (other than where exceptions apply), investors may be diluted as a result of such issues of securities.

5.3.4 General economic conditions

The general economic climate may affect the performance of the Company. These factors include the general level of international and domestic economic activity, inflation and interest rates, changes in government policies, taxation and other laws in Australia, the strength of the equity and share markets in Australia and throughout the world, which could affect the performance of all industries and not just the industries of Bhagwan's clients. These factors are beyond the control of the Company and their impact cannot be predicted.

5.3.5 General outlook for commodities

Bhagwan's financial performance is influenced by the level of activity in predominantly the resources and oil and gas industries, which is impacted by a number of factors beyond the control of Bhagwan.

This includes:

- demand for resources;
- demand for oil and gas;
- demand for renewables;
- demand for the commissioning and/or decommissioning of offshore, inshore and coastal marine projects;
- Government policy on offshore and nearshore infrastructure and decommissioning projects; and
- availability and cost of key resources including people, moving people and equipment,

all of which may be influenced by factors including (but not limited to) prices of commodities (including oil and gas), exchange rates, government decisions and the competitiveness of Australian mining and oil and gas operations.

Bhagwan is indirectly exposed to movements in commodity and oil and gas prices, which are volatile and beyond Bhagwan's control. Adverse movements in these prices may reduce the pipeline of work in the resource, renewables and oil and gas sectors that Bhagwan operates in and therefore the level of demand for its services, which could then have a material impact on Bhagwan's operating and financial performance.

5.3.6 Changes in laws and Government policy

Changes in laws and Government policies (including changes to the industries in which the Company operates), both domestically and internationally, may adversely affect the financial performance or the current and proposed operations of the Company and the attractiveness of an investment in the Company.

The Company is not aware of any current or proposed material changes in relevant law or policy. The Company has a subscription for a monthly report which provides details of any changes in laws, government policies and industry requirements for service the Company provides.

5.3.7 Tax consequences for holders of Shares

There are tax implications arising from buying and selling Shares, the receipt of dividends (both franked and unfranked) (if any) from the Company and participation in any on-market Share buy-back. Investors should seek their own independent taxation advice before applying for Shares.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus.

5.3.8 Government actions and other events

The impact of actions by domestic and international governments may affect the Company's activities, including in relation to its infrastructure, compliance with environmental regulations, export, taxation and royalties.

Events may occur within or outside Australia that could impact on the world economy, the market for the Company's services, the Company's operations and the price of the Shares. These events include an outbreak of international hostilities, acts of terrorism, pandemics, civil disturbance, labour strikes, civil wars, political intervention and natural disasters. The Company has only a limited ability to insure against some of these risks.

5.3.9 Dividends

The payment and amount of any potential future dividends declared by Bhagwan are subject to the discretion of the Directors and will depend on a number of factors (many of which may be outside the control of the Company and its Directors and Management, and are not reliably predictable), including the general business environment, operating results, cash flows and financial condition of the Company, future funding requirements, capital management initiatives, taxation considerations, any contractual, legal or regulatory restrictions on the payment of dividends by the Company, and any other factors the Directors may consider relevant. No assurances can be given by any person, including the Directors, about the payment of any dividend or the level of franking credits attaching to any such dividend.

6. BOARD, MANAGEMENT AND CORPORATE GOVERNANCE



6. BOARD, MANAGEMENT AND CORPORATE GOVERNANCE

6.1 Board of Directors

The Directors bring to the Board relevant experience and skills, including industry and business knowledge, financial management and corporate governance experience

Table 6.1: Bhagwan's Board of Directors

DIRECTOR	EXPERIENCE AND BACKGROUND
	<p>Anthony Wooles was appointed as Non-Executive Chairman of Bhagwan on 8 March 2012.</p> <p>He has extensive experience in executive and advisory roles in diverse industries, including mining, oil and gas, power generation, manufacturing, telecommunications, food and beverages, and retail.</p> <p>Anthony currently serves as Chairman of IMDEX Limited, and as a Non-Executive Director of High Peak Royalties Limited.</p> <p>He is also a fellow member of the Australian Institute of Company Directors (AICD) and holds a Bachelor's Degree in Economics and an MBA in Finance from the Wharton School of the University of Pennsylvania.</p> <p>Anthony is the Chair of Bhagwan's Remuneration Committee and a member of the Audit and Risk Committee.</p>
<p>Anthony Wooles <i>BCom, MBA (Finance), FAICD, SA FIN</i> Non-Executive Chairman</p>	<p>Loui Kannikoski is the Founder and Managing Director & CEO of Bhagwan.</p> <p>He began his business career working in the family cray fishing business and led the family business since the mid-1980s. In 1998, Loui expanded the family's growing marine business by securing clients in the oil and gas industry as a marine charter operator. In 2000, he further expanded the business and formed Bhagwan.</p> <p>Loui's strategy and growth expertise, combined with his operational experience, have provided a strong understanding of the success factors driving Bhagwan's performance and business.</p>
	<p>Loui Kannikoski Managing Director and Chief Executive Officer</p>

DIRECTOR

EXPERIENCE AND BACKGROUND



Andrew Wackett

BCom, FCPA, FFIN, GAICD

Executive Director - Finance

Andrew Wackett commenced as Executive Director - Finance on 1 May 2024.

Andrew has extensive experience in investment banking, securities management, and finance. Throughout his career, he has gained significant commercial experience with large Australian and international listed entities. He has developed a deep knowledge of financial matters, leadership, and corporate governance and has worked in executive roles guiding businesses, departments, and teams in formulating and executing strategy.

Andrew was recently the CFO of Fleetwood Limited and a former Division Director of Macquarie Securities Group for 20 years. Before joining Macquarie, Andrew worked at Wesfarmers for over six years.

Andrew holds a Bachelor of Commerce, is a Fellow of CPA Australia, a Fellow of the Financial Services Institute of Australasia and a Graduate of the Australian Institute of Company Directors.



Tracey Horton AO

Bec (Hons), MBA, FAICD

**Independent
Non-Executive Director**

Tracey Horton was appointed as an Independent Non-Executive Director of Bhagwan on 5 June 2024.

Currently, she is a professional director with experience across a wide range of ASX-listed companies, Government, and Not-For-Profit boards. Tracey currently serves as a Non-Executive Director of GPT Group, IDP Education Limited, and IMDEX Limited. Her previous directorships include Nearmap Limited, Skilled Group, and Automotive Holdings Group. She was Chair of Navitas Limited and the Australian Industry and Skills Committee, a member and Acting President of the Takeovers Panel, Commissioner of Tourism WA, and past President of the Chamber of Commerce and Industry (WA).

She has extensive experience in Australia and internationally as a management consultant, with deep knowledge across a broad range of industries, including utilities (gas and electric), resources, healthcare, manufacturing, retail, and technology. Throughout her career, Tracey held executive and senior management roles with Bain & Company in North America, and in Australia with Poynton and Partners and the Reserve Bank of Australia. She was also a Winthrop Professor and Dean of the Business School at the University of Western Australia.

Tracey is a Fellow of the Australian Institute of Company Directors (AICD), and holds a Bachelor of Economics (Hons) from the University of Western Australia as well as a MBA from Stanford Graduate School of Business.

She currently serves as the Chair of Bhagwan's Audit & Risk Committee and is a Member of the Remuneration Committee.

The composition of the Board committees and a summary of the Company's corporate governance policies are set out in Section 6.6.

Each Director has confirmed to the Company that they anticipate being available to perform their duties as a Non-Executive Director or Executive Director (and employee) (as the case may be) of the Company without constraint from other commitments. The Directors will continually evaluate their other commitments, including the number of boards on which they serve, to ensure that proper time and attention is given to their appointment, and role, as a Director.

Directors may have business interests other than those of Bhagwan, and are expected to declare any conflict (or potential conflict) of interest or material personal interests at appointment, or as soon as apparent. The conflict (or potential conflict) of interest or material personal interest may require them to not be present at a Board or Board Committee meeting or vote on a matter which concerns the conflict or material personal interest.

No Director has been:

- the subject of any disciplinary action, criminal conviction, personal bankruptcy or disqualification in Australia or elsewhere; or
- an officer of a company that has entered into any form of external administration as a result of insolvency during the time that they were an officer (or within a 12-month period after which they ceased to be an officer),

in the last 10 years, or which is material to the performance of their duties as a Director of the Company or to an investor's decision as to whether to subscribe for Shares.

6.2 Management

Bhagwan's management team is led by Managing Director and CEO, Loui Kannikoski, who is supported by a number of experienced and skilled personnel, who together have extensive knowledge of the Bhagwan business and the industry in which it operates.

Table 6.2: Bhagwan's Management

EXECUTIVE / POSITION	EXPERIENCE AND BACKGROUND
Loui Kannikoski CEO	See Section 6.1.
Andrew Wackett Executive Director - Finance	See Section 6.1.
Cheryl Williams Chief Financial Officer and Joint Company Secretary	<p>Cheryl is Bhagwan's Chief Financial Officer and Joint Company Secretary, joining the Company in February 2018. Cheryl is responsible for overseeing all aspects of financial planning, analysis, reporting, and management for the Company. Cheryl has over 15 years' experience in senior finance roles across multinational corporations, privately owned companies, and public practice.</p> <p>Cheryl is a Certified Chartered Accountant, and holds a Certificate in Governance Practice from the Governance Institute of Australia, and a BA (Hons) in Accounting and Human Resource Management from the National College of Ireland.</p>
Kerren Kannikoski General Manager - Corporate Services	<p>Kerren is a co-founder of the business and commenced employment with Bhagwan in 2000 alongside her husband, Managing Director and CEO, Loui Kannikoski.</p> <p>Kerren is responsible for Human Resources, crewing of vessels, payroll, information systems and marketing.</p>
Tom Kannikoski General Manager - Corporate and Strategic Development	<p>Tom commenced employment with Bhagwan in 2014 and has worked in various positions across all regions of the company.</p> <p>Tom is also the Deputy Designated Person Ashore (DPA) as appointed under the Company's Safety Management System.</p> <p>Tom is an AMSA qualified Marine Master with 15 years' industry experience.</p>
Andy Cowan General Manager - QHSE	<p>Andy joined Bhagwan in 2008 and is responsible for Quality Management, Occupational Health and Safety Management nationally.</p> <p>Andy holds formal qualifications in Shipbuilding from City and Guilds.</p>

EXECUTIVE / POSITION	EXPERIENCE AND BACKGROUND
Grant Bedford General Manager - Commercial and Business Development	<p>Joining in July 2023, Grant is responsible for the management of commercial functions and business development activities for the Bhagwan businesses nationally.</p> <p>Grant holds a Master of Business Administration (MBA), is a Graduate of the Australian Institute of Company Directors, a CPA (Australia) and has a Bachelor of Commerce (BCom) - Accounting from the University of Western Australia. Previously Grant had 19 years' experience in similar roles globally, including Europe, Middle East and Asia.</p>
Peter Carmichael General Manager - West Coast Operations	<p>Peter is an Australian Maritime Safety Authority (AMSA) qualified Marine Master and Engineer who commenced employment with Bhagwan in 2006 and has operated many vessels across the Bhagwan fleet.</p> <p>Peter is responsible for the safe management of Bhagwan's operations on the West Coast of Australia.</p>
Gregory Standish General Manager - Subsea	<p>Gregory is responsible for Bhagwan's Subsea marine services. This includes business development and technical operations.</p> <p>Gregory has nearly 20 years' experience in the oil and gas and defence sectors with companies including DOF Subsea and defence contractor, Phoenix International. Gregory holds a BEng (Hons), Civil Engineering from the University of Edinburgh.</p>
Kevin Clifford General Manager - Operations East Coast	<p>Kevin commenced employment with Bhagwan in 2014, and is responsible for managing the commercial and operational aspects of tug, barge, towing, marine construction and salvage operations for Bhagwan on the East Coast of Australia.</p> <p>Kevin is an AMSA qualified Marine Master and Engineer.</p>
Luke Morand General Manager - Northern Territory	<p>Luke began his career with Bhagwan in 2014 as the Northern Territory Fleet Manager and grew within the region to his current role due to his extensive operational and technical knowledge.</p> <p>Luke is an AMSA qualified Marine Engineer and has over 15 years of industry experience.</p>

6.3 Interest in Shares of Existing and New Investors

Details of interests in Shares at the Prospectus Date and as expected on Completion are set out below.

Table 6.3: Securityholdings as at the Prospectus Date and Completion

Shareholder	PROSPECTUS DATE				COMPLETION			
	Shares		Performance Rights ¹	Fully diluted ²	Shares		Performance Rights ¹	Fully diluted ²
	Number	%	Number	%	Number	%	Number	%
The Kannikoski Family ³	111,051,811	74.9%	-	74.9%	111,528,011	40.5%	-	40.4%
Anthony Wooles ⁴	22,870,077	15.4%	-	15.4%	23,392,021	8.5%	-	8.5%
Other Board	-	0.0%	-	0.0%	190,000	0.1%	149,254	0.1%
Other employees	377,144	0.3%	-	0.3%	377,144	0.1%	634,332	0.4%
Other	13,917,079	9.4%	-	9.4%	13,917,079	5.1%	-	5.0%
Investors in the Offer	-	0.0%	-	0.0%	125,795,983	45.7%	-	45.6%
Total	148,216,111	100.0%	-	100.0%	275,200,238	100.0%	783,586	100.0%

Notes:

1. Performance Rights comprises the Performance Rights (each over 1 Share) on issue at the Prospectus Date and on Completion (as referred to in Section 6.4.6).
2. Fully diluted refers to the number of Shares as at the Prospectus Date (or Shares on Completion) as described in Note 1 above, plus the number of Shares which would be issued on exercise of Performance Rights (each in respect of one Share).
3. The Kannikoski Family's interest in Bhagwan comprises of Shares held by:
 - a. Loui Kannikoski (27,042,947 Shares);
 - b. Guru Pty Ltd, an entity that Loui and his wife, Kerren Kannikoski, control (10,373,195 Shares); and
 - c. Loui's mother, Matilda Kannikoski, who has provided Loui (jointly with Loui's sister) with an enduring power of attorney which provides Loui with the ability to vote and dispose of Matilda's Shares (73,635,669 Shares).

Loui has informed Bhagwan that he, or entities that he is associated with, intends to apply for 476,200 Shares under the Offer.

4. Anthony Wooles holds indirect interests in Shares through AEW Holdings Pty Ltd, an entity that Anthony controls. Anthony has informed Bhagwan that he, or entities that he is associated with, intends to apply for 521,944 Shares under the Offer.

6.4 Interests and Benefits

This Section 6.4 sets out the nature and extent of the interests and fees of certain persons involved in the Offer. Other than as set out below or elsewhere in this Prospectus, no:

- Director or proposed Director of Bhagwan;
- person named in this Prospectus and who has performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- promoter of Bhagwan; or
- underwriter to the Offer or financial services licensee named in the Prospectus as a financial services licensee involved in the Offer,

holds as at the time of lodgement of this Prospectus with ASIC, or has held in the two years before lodgement of this Prospectus with ASIC, an interest in:

- the formation or promotion of Bhagwan;
- property acquired or proposed to be acquired by Bhagwan in connection with its formation or promotion or the Offer; or
- the Offer,

and no amount (whether in cash, Shares, securities or otherwise) has been paid or agreed to be paid, nor has any benefit been given or agreed to be given, to any such person for services in connection with the formation or promotion of Bhagwan or the Offer or to any Director or proposed Director to induce them to become, or qualify as, a Director of Bhagwan.

6.4.1 Interests of advisers

Bhagwan has engaged the following professional advisers in relation to the Offer:

- Euroz Hartleys Limited has acted as Lead Manager and Underwriter to the Offer. The Company has paid, or agreed to pay, the Lead Manager total fees of \$3,200,000 (plus disbursements and any applicable GST) pursuant to the Underwriting Agreement as described in Section 9.5;
- Clayton Utz has acted as Australian legal adviser to the Company in relation to the Offer. The Company has paid, or agreed to pay, approximately \$1,200,000 (excluding disbursements and GST) for these services up until the Prospectus Date. Further amounts may be paid to Clayton Utz in accordance with its normal time-based charges;
- KPMG Financial Advisory Services (Australia) Pty Ltd has acted as Investigating Accountant and prepared the Investigating Accountant's Report for inclusion in this Prospectus. The Company has paid, or agreed to pay, approximately \$386,000 (excluding disbursements and GST) for these services up until the Prospectus Date. Further amounts may be paid to KPMG Financial Advisory Services (Australia) Pty Ltd in accordance with its normal time-based charges. In addition KPMG has provided tax advice in relation to the Offer for which the Company has paid, or agreed to pay, approximately \$175,000 (excluding disbursements and GST). KPMG is the auditor of Bhagwan and provides ongoing taxation advice for which normal time-based charges are made; and
- Azure Capital Pty Ltd has acted as Corporate Adviser to the Offer and will receive total fees of \$980,000 (exclusive of disbursements and GST) for services provided in connection with this Offer up until the Prospectus Date.

These amounts, and other expenses of the Offer, will be paid by Bhagwan out of funds raised under the Offer or available cash. Further information on the use of proceeds and payment of expenses of the Offer is set out in Section 7.1.2.

6.4.2 Director's interests and benefits

6.4.2.1 Non-Executive Directors appointment letters

Each Non-Executive Director has entered into an appointment letter with Bhagwan, confirming the terms of their appointment, roles and responsibilities and Bhagwan's expectations of them as Directors.

The letter also sets out clauses prohibiting the Non-Executive Directors from allowing their personal interests or other obligations to conflict with their duties as Non-Executive Directors of Bhagwan. Non-Executive Directors agree to disclose any matters that may give rise to a conflict of interest.

Non-Executive Directors may resign, or not stand for re-election as a Director of the Company at the scheduled time for their re-election, with reasonable notice. They will also cease to be a Director if they are not re-elected at the relevant annual general meeting, or if any of the disqualifying events prescribed in the Constitution or as prescribed by law occur.

6.4.2.2 Non-Executive Director compensation

Directors are to be paid or provided remuneration for services provided to Bhagwan on terms decided by the Board. Under the ASX Listing Rules, the total amount or value of remuneration paid to Non-Executive Directors in any year may not exceed the amount approved by Shareholders at Bhagwan's general meeting. This amount is currently fixed at \$800,000 per annum. Table 6.4 below sets out the current remuneration payable to Non-Executive Directors.

Table 6.4: Remuneration of Non-Executive Directors

POSITION	ANNUAL DIRECTORS FEES (INCLUSIVE OF SUPERANNUATION)
Non-Executive Chairman¹	\$260,000
Non-Executive Directors (other than the Non-Executive Chairman)²	\$130,000
Committee Chair (per committee)	\$20,000
Committee Member (per committee)	\$10,000

Notes:

1. Anthony Wooles' total existing remuneration package is \$290,000 (inclusive of superannuation), comprising of \$260,000 for his role as Non-Executive Chairman, \$20,000 for his role as Chair of the Remuneration Committee and \$10,000 for his role as member of the Audit and Risk Committee.
2. Tracey Horton's total existing remuneration package is \$160,000 (inclusive of superannuation), comprising of \$130,000 for her role as Non-Executive Director, \$20,000 for her role as Chair of the Audit and Risk Committee and \$10,000 for her role as member of the Remuneration Committee. Bhagwan is also proposing to issue 74,627 Performance Rights to Tracey (refer to Section 6.4.6).

Bhagwan will contribute statutory superannuation to a complying superannuation fund where required. Remuneration is reviewed annually and any increase to it will be at the discretion of the Board but will not exceed \$800,000 per annum or such other aggregate amount approved by Shareholders.

6.4.3 Executive remuneration

6.4.3.1 Managing Director and CEO

Loui Kannikoski is employed as Chief Executive Officer and Managing Director and the terms of his employment are contractually governed by an employment agreement with Bhagwan. Loui's total fixed remuneration is \$524,761.36, and comprises a base cash salary of \$472,757.80 and superannuation of \$52,003.38. Loui is not entitled to any other benefits under his employment agreement as part of his fixed arrangements, but is eligible to participate in incentive arrangements offered by Bhagwan from time to time.

Loui's employment agreement includes confidentiality provisions covering Bhagwan information, and during his employment, Loui must not act as an officer or employee of any other company without Bhagwan's written consent.

Loui's employment can be terminated by either party on 4 weeks' prior written notice. Loui's employment may be terminated without prior notice in certain circumstances including if Loui engages in a conflict of interest in material breach of his obligations under the employment agreement, is guilty of a serious or persistent misconduct in the discharge of his duties, becomes bankrupt or is prohibited pursuant to the Corporations Act from taking part in the management of Bhagwan.

6.4.3.2 Executive Director - Finance

Andrew Wackett is employed as Executive Director - Finance and the terms of his employment are governed by an employment agreement with Bhagwan. Andrew's total fixed remuneration is \$377,500, and comprises a base cash salary of \$350,000 and superannuation of \$27,500. Andrew is not entitled to any other benefits under his employment agreement as part of his fixed arrangements, but is eligible to participate in incentive arrangements offered by Bhagwan from time to time.

Andrew's employment agreement includes confidentiality provisions covering Bhagwan information, and during his employment, Andrew must not act as an officer or employee of any other company without Bhagwan's written consent.

Andrew's employment can be terminated by either party on 4 weeks' prior written notice. Andrew's employment may be terminated without prior notice in certain circumstances including if Andrew engages in a conflict of interest in material breach of his obligations under the employment agreement, is guilty of a serious or persistent misconduct in the discharge of his duties, becomes bankrupt or is prohibited pursuant to the Corporations Act from taking part in the management of Bhagwan.

6.4.3.3 CFO and Joint Company Secretary

Cheryl Williams is employed as Chief Financial Officer and Joint Company Secretary and the terms of her employment are governed by an employment agreement with Bhagwan. Cheryl's total fixed remuneration is \$288,600, and comprises a base salary of \$260,000 and superannuation of \$28,600.

Cheryl's employment agreement includes confidentiality provisions covering Bhagwan information, and during her employment, Cheryl must not be engaged in any other public or private work or duties in any capacity without Bhagwan's prior written consent. Cheryl's employment agreement includes a restraint of trade period of 6 months post termination of employment within Australia (subject to enforceability).

Cheryl's employment can be terminated by either party on 18 weeks' prior written notice. Cheryl's employment may be terminated immediately with prior written notice if Cheryl engages in serious misconduct, which includes a serious or persistent breach of the employment agreement or any Company policy or procedure, failing or refusing to comply with any reasonable and lawful direction given by Bhagwan, committing any act which Bhagwan reasonably believes brings her, Bhagwan, or any related body corporate of Bhagwan, into disrepute or cause serious damage to those persons reputation or adversely affect the interests of Bhagwan or a related body corporate of Bhagwan, and being precluded under the Corporations Act from managing a company or disqualified from holding an office in Bhagwan or a related body corporate of Bhagwan.

6.4.3.4 Deeds of indemnity, insurance and access

Bhagwan has entered into a deed of indemnity, insurance and access with each Director. Each deed contains the Director's right of access to certain books and records of Bhagwan or a related body corporate of Bhagwan for the period from the date of the deed until seven years after the person ceases to hold office of Bhagwan or a related body corporate of Bhagwan. This seven year period can be extended where certain actions or proceedings commence before the period expires. Pursuant to the Constitution and to the extent permitted by law, Bhagwan may enter into such deeds with any past or present officer of Bhagwan or a related body corporate of Bhagwan.

Pursuant to the Constitution, Bhagwan must indemnify all Directors, executive officers and other officers, past and present, against all liabilities incurred as an officer of Bhagwan, to the maximum extent permitted by law. Under the deed, Bhagwan indemnifies each Director and relevant officers against any liability that may arise from their position as an officer of Bhagwan or of a related body corporate, to the extent permitted by law. The deed provides that Bhagwan must meet the amount of any such liabilities, including legal costs that are reasonably incurred, charges and expenses.

Pursuant to the Constitution, Bhagwan may arrange directors and officer's insurance for each of its Directors and any relevant officers, to the extent permitted by law. Under the deed, Bhagwan must maintain such insurance for the period from the date of the deed until seven years after the Director ceases to hold their position as an officer of Bhagwan except in certain cases. This seven year period can be extended where certain actions or proceedings commence before the period expires.

6.4.3.5 Other information about Directors' interests and benefits

Directors are also entitled to be reimbursed for all reasonable travel, accommodation and other expenses incurred while attending meetings of Bhagwan, the Board or a Board Committee, or when otherwise engaged on business of Bhagwan in carrying out their duties as a Director.

Directors who serve on any Board Committee, who devote special attention to the business of Bhagwan, who otherwise perform services which, in the opinion of the Board, are outside of the scope of the ordinary duties of a Director or who, at the request of the Board, travel on the business of Bhagwan, may be paid extra remuneration as the Board decides.

Additionally, subject to the Corporations Act, any person (including an officer of Bhagwan) may be paid a benefit in connection with the retirement from office (including loss of office, resignation from office or death of a person who held office at the time immediately preceding his or her death) of any officer of Bhagwan. The Board may make arrangements with any officer with respect to providing for or making payment of benefits in accordance with this.

6.4.3.6 Directors' interests in Securities

Directors are not required by the Constitution to hold any Shares.

It is expected that the following Directors will personally (or through entities with which they are associated) hold the following Shares and/or Performance Rights on Completion:

Table 6.5: Director's interests on Completion

DIRECTOR	SHARES ON COMPLETION	PERFORMANCE RIGHTS ON COMPLETION ¹
Anthony Wooles ²	23,392,021	-
Loui Kannikoski ³	111,528,011	-
Andrew Wackett ⁴	160,000	74,627
Tracey Horton ⁵	30,000	74,627
Total	135,110,032	149,254

Notes:

- Details of the Performance Rights issued to certain Directors and employees of Bhagwan are described in Section 6.4.6.
- Anthony Wooles holds indirect interests in Shares through AEW Holdings Pty Ltd, an entity that Anthony controls. Anthony intends to subscribe for 350,000 Shares under the Offer. Anthony has informed Bhagwan that he, or entities that he is associated with, intends to apply for 521,944 Shares under the Offer.
- Loui Kannikoski holds direct interests in Shares (27,042,947 Shares) and indirect interests in Shares through Guru Pty Ltd (10,373,195 Shares), an entity that Loui and his wife, Kerren Kannikoski, control, and an indirect interest in the Shares held by Loui's mother, Matilda Kannikoski, who has provided Loui (jointly with Loui's sister) with an enduring power of attorney over Matilda's Shares (73,635,669 Shares). Loui has informed Bhagwan that he, or entities that he is associated with, intends to apply for 476,200 Shares under the Offer.
- As at the Prospectus Date, Andrew Wackett does not hold any Shares in Bhagwan. Andrew has informed Bhagwan that he intends to apply for 160,000 Shares under the Offer. On Completion, Andrew will hold an indirect interest in Shares and Performance Rights registered in the name of Andrew Crawford Wackett and Kathryn Jane Wackett as Trustees for the Wackett Family Super Fund, of which Andrew is a beneficiary.
- As at the Prospectus Date, Tracey Horton does not hold any Shares in Bhagwan. Tracey has informed Bhagwan that she, or entities she is associated with, intends to apply for 30,000 Shares under the Offer.

Directors are entitled to apply for Shares under the Offer. Final Directors' Shareholdings will be notified following Completion.

6.4.4 Interests and compensation of the Management (other than the CEO)

6.4.4.1 Overview of the Management compensation (other than the CEO, Executive Director - Finance and CFO and Joint Company Secretary)

Members of the management team have employment agreements with Bhagwan. Remuneration packages include a total fixed remuneration component (including base salary and any statutorily required superannuation or benefits) and potential to participate in incentive arrangements offered by Bhagwan from time to time, including under Bhagwan's Incentive Awards Plan (refer to Section 6.4.5).

The employment agreements generally include a restraint of trade clause post termination of employment and can be terminated by either party by providing written notice.

6.4.4.2 Joint Company Secretary

The Company has engaged Boardroom Governance to act as Joint Company Secretary. Darryl Edwards will be the person within Boardroom Governance who will have primary responsibility for the provision of services by Boardroom Governance to Bhagwan. The engagement is for an undefined term and services may be terminated by the Company or Boardroom Governance with 30 days' notice. Fees payable to Boardroom Governance are based on market rates for the hours worked.

6.4.4.3 General Manager, Corporate Services

Kerren Kannikoski is the wife of Bhagwan's Managing Director and CEO, Loui Kannikoski. Kerren is employed as General Manager, Corporate Services and the terms of her employment are governed by an employment agreement with Bhagwan. Kerren's total fixed remuneration is \$278,657.49 and comprises a base salary of \$251,042.78 and superannuation of \$27,614.71.

Kerren's employment agreement includes confidentiality provisions covering Bhagwan information, and during her employment, Kerren must not engage in any other public or private work or duties, or invest in the securities of one of Bhagwan's competitors, without Bhagwan's prior written consent. Kerren's employment includes a restraint of trade period of 6 months post termination of employment within Australia (subject to enforceability).

Kerren's employment can be terminated by either party on 12 weeks' prior written notice. Kerren's employment may be terminated immediately with prior written notice if Kerren engages in serious misconduct, which includes a persistent breach of the employment agreement or other Bhagwan policies, failure to comply with a reasonable direction given by Bhagwan, if Kerren commits an act that brings Bhagwan or herself into disrepute, or is prohibited pursuant to the Corporations Act from taking part in the management of Bhagwan or another company.

6.4.4.4 General Manager - Corporate and Strategic Development

Tom Kannikoski is the son of Bhagwan's Managing Director and CEO, Loui Kannikoski. Tom is employed as General Manager - Corporate and Strategic Development and the terms of his employment are governed by an employment agreement with Bhagwan. Tom's total fixed remuneration is \$238,650 and comprises a base salary of \$215,000 and superannuation of \$23,650.

Tom's employment agreement includes confidentiality provisions covering Bhagwan information, and during his employment, Tom must not engage in any other public or private work or duties, or invest in the securities of one of Bhagwan's competitors, without Bhagwan's prior written consent. Tom's employment is not subject to a restraint of trade period following termination.

Tom's employment can be terminated by either party on 4 weeks' prior written notice. Tom's employment may be terminated immediately with prior written notice if Tom engages in serious misconduct, which includes a persistent breach of the employment agreement or other Bhagwan policies, failure to comply with a reasonable direction given by Bhagwan, if Tom commits an act that brings Bhagwan or himself into disrepute, or is prohibited pursuant to the Corporations Act from taking part in the management of Bhagwan or another company.

6.4.5 Incentive arrangements

The Company has adopted an incentive awards plan that took effect from 10 June 2024 which provides the framework under which individual grants of equity or equity-based incentive awards may be made to Directors, employees and individual service providers of the Company and any Associated Body Corporate of the Company (**Incentive Awards Plan**). The Incentive Awards Plan has been designed to allow the Board to grant Awards to attract and retain talent, and to align the interests of its Directors and employees with those of the Company.

A summary of the key terms of the Incentive Awards Plan is set out in the table below.

Table 6.6: Key terms of Incentive Awards Plan

TERM	DESCRIPTION
Nature of Plan	An incentive awards plan providing for the issue of Shares, Options and Performance Rights (Awards) as incentives to Eligible Participants.
Eligible Participants	Eligible Participants are current or proposed: <ul style="list-style-type: none"> • Directors (whether executive or non-executive) of the Company and any Associated Body Corporate of the Company (each, a Group Company); or • full, part time or casual employees or individual service providers of any Group Company, who are declared by the Board to be eligible to receive grants of Awards under the Incentive Awards Plan.
Invitation and application form	The Board may, in its absolute discretion, make a written invitation to any Eligible Participant to apply for Awards upon the terms set out in the Incentive Awards Plan and upon such additional terms and conditions as the Board determines. On receipt of an Invitation, an Eligible Participant (or their permitted nominee) may apply for the Awards the subject of the invitation by sending a completed application form to the Company. The Board may accept an application from an Eligible Participant in its discretion.
Conditions to acquisition of Awards	The issue of Awards is conditional on any necessary shareholder, constitutional and regulatory approval being obtained.
Nature of Convertible Securities	Each Option or Performance Right (each a Convertible Security) will entitle its holder to subscribe for and be issued or transferred one Share (upon vesting and exercise of that Convertible Security) unless the Incentive Awards Plan or an applicable Invitation otherwise provides.

Vesting and exercise of Convertible Securities

Convertible Securities will not vest and be exercisable unless the vesting conditions (if any) attaching to that Convertible Security (**Vesting Conditions**) have been satisfied and the Board has notified the Eligible Participant of that fact. Subject to compliance with the Corporations Act and the ASX Listing Rules, the Board may, in its absolute discretion, by written notice to a participant, resolve to waive any of the Vesting Conditions applying to Convertible Securities.

Specific invitations can provide that Vesting Conditions are automatically waived in full or pro rata in certain circumstances, for example a person ceasing employment or a Change of Control. A vested Convertible Security may, subject to the terms of the Incentive Awards Plan and any Invitation, be exercised by the holder at any time before it lapses. Automatic vesting of Convertible Securities can be provided for in specific Invitations.

A **Change of Control** means:

- a bona fide takeover bid (as defined in the Corporations Act) is declared unconditional and the bidder has acquired a relevant interest in at least 50.1% of the Company's issued Shares;
- a court approves, under section 411(4)(b) of the Corporations Act, a proposed compromise or arrangement (other than a compromise or arrangement with the Company's creditors) 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; or
- in any other case, an entity obtains voting power (as defined in the Corporations Act) in the Company of at least 50.1%.

Cashless Exercise Facility

The Board may, in its discretion, where the Market Value of Shares is higher than the exercise price of vested Options, permit a participant not to pay the exercise price for exercised Options and instead be issued that number of Shares equal in value to the positive difference between the then Market Value of the Shares at the time of exercise and the exercise price that would otherwise be payable to exercise those Options (with the number of Shares rounded down to the nearest whole Share) (**Cashless Exercise Facility**).

Market Value, in respect of a Share, means:

- where the Company is listed on a stock exchange, the volume weighted average market price for Shares traded on the applicable stock exchange during the seven most recent trading days on which Shares were traded prior to the day on which market value is to be determined, or such longer period as determined by the Board; or
- where the Company is not listed on a stock exchange, the more recent of:
 - » the most recent cash or cash equivalent price at which Shares were issued or sold for valuable consideration in a bona fide, arm's length transaction (not being Shares issued under this Incentive Awards Plan) as determined by the Board acting reasonably and in good faith; and
 - » the fair market value of a Share as determined by application of a valuation methodology approved by the Board, acting reasonably and in good faith, such valuation being no more than twelve (12) months old as at the date the market value is to be determined.

Cash Payment

If an Invitation for a Convertible Security provides for a cash payment alternative, the Board may, in its discretion, in lieu of issuing or transferring a Share on exercise of the vested Convertible Security, pay the participant a cash amount equal to the Market Value of a Share as at the date the Convertible Security is exercised less, in respect of an Option, any Option Exercise Price, and any superannuation or other taxes, duties or other amounts the Company is required to pay or withhold in respect of any cash payment (**Cash Payment**).

Option Exercise Price means, in respect of an Invitation, the exercise price of an Option (if any), as determined by the Board in its discretion.

Lapsing of Convertible Securities

A Convertible Security will lapse upon the earlier of:

- the Board, in its discretion, resolving a Convertible Security lapses as a result of an unauthorised disposal of, or hedging of, the Convertible Security;
- a Vesting Condition not being satisfied or becoming incapable of satisfaction (and not being waived or allowed to continue unvested by the Board in its discretion);
- in respect of an unvested Convertible Security, except as otherwise provided for by an Invitation, the holder ceases to be an Eligible Participant and the Board does not exercise its discretion to vest the Convertible Security or allow it to remain unvested;
- in respect of a vested Convertible Security, a holder ceases to be an Eligible Participant and the Board, in its discretion, resolves that the Convertible Security must be exercised within one (1) month (or such later date as the Board determines) of the date the Relevant Person ceases to be an Eligible Participant, and the Convertible Security is not exercised within that period and the Board resolves, at its discretion, that the Convertible Security lapses as a result;
- upon payment of a Cash Payment in respect of the vested Convertible Security;
- the Board deems that a Convertible Security lapses due to fraud, dishonesty or other improper behaviour of the holder/Eligible Participant under the rules of the Incentive Awards Plan;
- in respect of an unvested Convertible Security, a winding up resolution or order is made, and the Convertible Security does not vest in accordance with rules of the Incentive Awards Plan;
- the participant and the Company agreeing that the Convertible Security is voluntarily forfeited or cancelled; and
- the expiry date of the Convertible Security.

For the purposes of the Incentive Awards Plan:

- “Expiry date” means, in respect of a Convertible Security, the date on which the Convertible Security lapses (if it has not already otherwise lapsed in accordance with the Incentive Awards Plan), which must be a date no more than fifteen (15) years after the acquisition date of the Convertible Security.
- “Acquisition date” means, in respect of an Award, the later of:
 - » the date the Board resolves to accept an application form from an Eligible Participant or nominee (as applicable) and to issue the Award to the applicant; and
 - » the date any conditions precedent to the issue of the Award are satisfied or waived.

Disposal Restriction on Convertible Securities

Except as otherwise provided for by the Incentive Awards Plan, an Invitation, the ASX Listing Rules (if applicable) or required by law, a Convertible Security may only be disposed:

- with the consent of the Board (which may be withheld in its discretion) in Special Circumstances; or
- by force of law upon death to the participant’s legal personal representative or upon bankruptcy to the participant’s trustee in bankruptcy.

Special Circumstances means:

- a Relevant Person ceasing to be an Eligible Participant due to death or Total or Permanent Disability, Retirement or Redundancy of a Relevant Person;
- a Relevant Person suffering Severe Financial Hardship; or
- any other circumstance as determined by the Board to constitute “Special Circumstances” or stated to be “Special Circumstances” in the terms of the relevant Invitation made to and accepted by the Participant.

Disposal Restrictions on Shares

Shares can be made subject to a Restriction Condition and/or a Restriction Period, either of which prohibit disposal until satisfied or waived at the Board's discretion (unless an Invitation otherwise provides).

Shares are deemed to be subject to a Restriction Period to the extent necessary to comply with any escrow restrictions imposed by the ASX Listing Rules.

If a Restriction Condition is not met (and is not waived), the Company may, amongst other remedies, buyback and cancel the Shares for nil consideration, sell the Shares for at least 80% of Market Value and retain the sale proceeds, or declare the Shares to be forfeited and, where held by a trustee, for the Shares to return to the unallocated pool or to be allocated to a different participant.

A Share that is subject to a Restriction Period is not at risk of buyback/forfeiture, it is just unable to be disposed of during the Restriction Period.

The Company may implement any procedure it considers appropriate to restrict a participant from dealing with any Shares for as long as those Shares are subject to a Restriction Period.

The participant agrees to execute a restriction agreement in relation to the Restricted Shares reflecting any Restriction Period applying to the Restricted Shares under the Incentive Awards Plan or any escrow imposed by the ASX Listing Rules.

Other Key Terms

All Shares issued under the Incentive Awards Plan will rank equally in all respects with the Shares of the same class for the time being on issue except as regards any rights attaching to such Shares by reference to a record date prior to the date of their issue.

In the event of a reorganisation of the capital of the Company, all rights of the holder of an Award will be amended to the extent necessary to comply with the Corporations Act and the ASX Listing Rules applying to reorganisations at the time of the reorganisation.

Subdivision 83A-C of the Income Tax Assessment Act 1997 (Cth), which defers taxation, applies to the Awards except to the extent an Invitation provides otherwise.

No issue or allocation of Awards and/or Shares will be made to the extent that it would contravene the Constitution, Listing Rules (if applicable), the Corporations Act or any other applicable law.

6.4.6 Performance Rights

6.4.6.1 Purpose of intended issue of Performance Rights

Prior to Completion, Bhagwan intends to issue 783,586 Performance Rights to specific Directors and employees to provide reasonable remuneration for their assistance throughout the initial public offering (IPO) process and their increased workload pre-IPO, and, in respect of employees, reward them for their outstanding contributions to Bhagwan, incentivise them for their long term and continued future contribution to the success of Bhagwan's business.

6.4.6.2 Timing and proposed recipients of Performance Rights

The Performance Rights are expected to be issued under the Incentive Awards Plan on or around 8 July 2024 to the specific Directors and employees named in Tables 6.7 and 6.8 below.

Bhagwan considers that the number of Performance Rights to be issued to the recipients to be appropriate and equitable, having regard to the services that each recipient has provided to Bhagwan in assisting with the IPO and the increased workload pre-IPO, and to the ongoing success of Bhagwan's business. Bhagwan also considers the employee recipients of Performance Rights to be key members of the business and important for the long term, outstanding and continued future contribution to the success of the business.

Bhagwan considers the grant of Performance Rights to be a cost effective and efficient reward for Bhagwan to appropriately incentivise the performance of the recipients in relation to the performance of Bhagwan's business.

Table 6.7: Performance rights proposed to be issued to specific Directors

DIRECTOR NAME	TITLE	TOTAL PERFORMANCE RIGHTS
Tracey Horton	Non-Executive Director	74,627
Andrew Wackett	Executive Director - Finance	74,627
Total		149,254

Table 6.8: Performance rights proposed to be issued to specific employees

EMPLOYEE NAME	TITLE	TOTAL PERFORMANCE RIGHTS
Cheryl Williams	Chief Financial Officer	74,627
Tom Kannikoski	General Manager - Corporate and Strategic Development	74,627
Peter Carmichael	General Manager - West Coast Operations	111,941
Luke Morand	General Manager - Northern Territory	74,627
Gregory Standish	General Manager - Subsea	59,702
Janine Sirgel	Financial Controller	29,851
Kevin Clifford	General Manager - Operations East Coast	74,627
Blair Fergusson	Operations Manager - Brisbane	29,851
Sarina Antonovich	ERP Lead	29,851
Tom Sage	Project Manager	44,777
Steve Neilson	Operations Manager - Melbourne	29,851
Total		634,332

6.4.6.3 Role in meeting performance milestone

The Directors named in Table 6.7 play a role in meeting the performance milestone. Tracey Horton is a Non-Executive Director of Bhagwan who has a direct role in overseeing Bhagwan's listing on the ASX. Andrew Wackett is an Executive Director of Bhagwan and has a direct role in managing the day-to-day operations of the business of Bhagwan, including throughout the IPO process and the increased workload pre-IPO.

6.4.6.4 Existing remuneration of proposed recipients of Performance Rights who are Directors and key management personnel

Details of the remuneration of Tracey Horton (Non-Executive Director) and Andrew Wackett (Executive Director) are summarised in Sections 6.4.2.2 and 6.4.3.2 respectively. Bhagwan's position is that the Directors are the only key management personnel as that term is defined in the Corporations Act.

6.4.6.5 Key terms of Performance Rights

The table below sets out the key terms of the Performance Rights issued under the Incentive Awards Plan.

Table 6.9: Key terms of Performance Rights

TERM	DESCRIPTION
Grant date	The Performance Rights will be issued on issued on or around 8 July 2024
Right	Each Performance Right gives the holder, subject to the satisfaction of any applicable Vesting Conditions (unless waived by the Board in accordance with the Incentive Awards Plan and the ASX Listing Rules), the right: <ul style="list-style-type: none">• to subscribe for one fully paid ordinary Share in Bhagwan (subject to any adjustments under the Incentive Awards Plan); or• in respect of the Performance Rights proposed to be issued to Tom Kannikoski, at the discretion of the Board, to a cash amount equal to the market value of a Share, less any superannuation, taxes, duties or other amounts Bhagwan is required to pay or withhold. Tom Kannikoski is the son of Bhagwan's Managing Director, Loui Kannikoski.
Acquisition price	-
Exercise price	-
Expiry date	3 years from the date of grant.
Ceasing to be an Eligible Participant	If the holder of Performance Rights ceases to be an "Eligible Participant" (e.g. by ceasing employment or engagement by Bhagwan), any Vesting Conditions in respect of unvested Performance Rights will be automatically waived unless the Board otherwise resolves.
Disposal restrictions	Performance Rights can only be transferred in special circumstances (e.g. death, severe financial hardship). Shares in Bhagwan issued or transferred on exercise of Performance Rights can be made subject to disposal restrictions as set out in the Incentive Awards Plan, the Invitation Letter and subject to Bhagwan's securities trading policy.

Change of Control / Business Sale

In the event of a Change of Control or Business Sale (as defined in the below):

- any Vesting Conditions in respect of unvested Performance Rights will be deemed to be automatically waived unless and to the extent the Board otherwise resolves; and
- the Board may require that all vested Performance Rights be exercised as part of a Change of Control/Business Sale, failing which they lapse.

A “Change of Control” means:

- a bona fide Takeover Bid is declared unconditional and the bidder has acquired a Relevant Interest in at least 50.1% of Bhagwan’s issued Shares;
- a court approves, under section 411(4)(b) of the Corporations Act, a proposed compromise or arrangement (other than a compromise or arrangement with Bhagwan’s creditors) for the purposes of, or in connection with, a scheme for the reconstruction of Bhagwan or its amalgamation with any other company or companies; or
- in any other case, an entity obtains voting power in Bhagwan of at least 50.1%.

A “Business Sale” means Bhagwan sells or otherwise disposes of its interest in all or substantially all of its assets or business.

Vesting Conditions

Subject to the Incentive Awards Plan, the Performance Rights do not vest and become exercisable except to the extent the Vesting Conditions set out below are satisfied (or waived by the Board in accordance with the Incentive Awards Plan).

- the listing of Bhagwan on the ASX by 31 August 2024 or such later date as determined by the Board; and
- the holder remains an Eligible Participant for two years following the listing of Bhagwan on the ASX.

Other Key Terms

The Performance Rights:

- are not quoted;
- are not transferrable;
- do not confer any right to vote, except as otherwise required by law;
- do not permit the holder to participate in new issues of capital such as bonus issues and entitlement issues;
- do not carry an entitlement to a dividend;
- do not permit the holder to participate in a return of capital, whether in a winding up, upon a reduction of capital or otherwise; and
- do not carry an entitlement to participate in the surplus profit or asset of the Company upon winding up of the Company.

Each of the Performance Rights are converted into one fully paid ordinary share on achievement of the relevant milestone.

If the relevant class of Performance Rights is not converted into a Share by the relevant expiry date then all the Performance Rights of that class lapse.

6.5 Escrow arrangements

The parties listed in Table 6.10 have agreed to enter into voluntary escrow arrangements in relation to the Shares indicated in that table and held on Completion under which they will be restricted from dealing their Shares for the period set out in the table below.

The restriction on “dealing” is broadly defined and includes, among other things, selling, assigning, transferring or otherwise disposing of any interest in the Escrowed Shares (including any indirect interest through an intermediate entity), encumbering or granting a security interest over the Escrowed Shares (except to the extent outlined in this Section 6.5), doing, or omitting to do, any act if the act or omission would have the effect of transferring effective ownership or control of any of the Escrowed Shares or agreeing to do any of those things. There are limited circumstances in which the escrow may be released, or Escrowed Shares otherwise dealt with early, including:

- to allow the Escrowed Shareholder (and where relevant, a nominee holder on behalf of the Escrowed Shareholder) to accept an offer under a takeover or similar transaction in relation to its Escrowed Shares if holders of at least half of the Shares the subject of the transaction that are not subject to similar escrow arrangements have accepted the transaction or relevant offer and the takeover is unconditional or all its conditions have been satisfied or waived (subject to a requirement to return the Escrowed Shares to escrow if the offer does not proceed);
- to allow Escrowed Shares to be transferred or cancelled as part of an equal buyback, capital reduction or equal return of capital or other similar pro rata reorganisation, a merger, including by way of a share exchange or an acquisition of all Shares, which has in any such case received all necessary approvals (subject to a requirement to return the Escrowed Shares to escrow if the transaction does not proceed);
- a transfer (in one or more transactions) of any or all Escrowed Shares to an affiliate provided such affiliate agrees to be bound by the voluntary escrow arrangements for the term of those arrangements, or in the case of certain limited reorganisations involving the Escrowed Shareholder;
- the grant of securities over any or all of their Escrowed Shares to a bona fide third party financial institution as security for a loan, hedge or other financial accommodation, provided that the encumbrance does not in any way constitute a direct or indirect disposal of the economic interests, or decrease an economic interest, that the relevant Escrowed Shareholder has in any of its Escrowed Shares and no Escrowed Shares may be transferred to the financial institution in connection with the encumbrance (with the documentation for such an encumbrance making clear that the escrowed Shares remain in escrow and subject to the voluntary escrow arrangements for the term of those arrangements);
- to the extent required by applicable law (including an order of a court of competent jurisdiction); or
- on the death, serious disability or permanent incapacity of the Escrowed Shareholder.

Table 6.10: Escrowed Shares on Completion

SHAREHOLDER	NUMBER OF ESCROWED SHARES AT COMPLETION ¹	PERCENTAGE OF ESCROWED SHARES AT COMPLETION ¹	ESCROW PERIOD
Matilda Kannikoski	73,635,669	26.8%	The date on which Bhagwan releases its financial results for the financial year ending 30 June 2025 to the ASX
Loui Kannikoski	27,042,947	9.8%	
Guru Pty Ltd ²	10,373,195	3.8%	
Loui and Kerren Kannikoski as trustee for Kannikoski Superannuation Fund	476,200	0.2%	
Anthony Wooles ³	23,392,021	8.5%	
Total	134,920,032	49.1%	

1. Number of Escrowed Shares is calculated on an undiluted basis. Percentage of Shares at Completion refers to the number of Escrowed Shares divided by the total number of issued Shares at Completion.

2. Guru Pty Ltd is an entity that Loui and his wife, Kerren Kannikoski, control.

3. Anthony Wooles holds indirect interests in Shares through AEW Holdings Pty Ltd, an entity that Anthony controls.

6.6 Corporate Governance

6.6.1 Overview

This Section 6.6 explains how the Board will oversee the management of Bhagwan's business. Bhagwan's Board is committed to ASX corporate governance principles and fostering a culture, which values integrity, ethical behaviour, accountability, transparency, and respect for all stakeholders.

The Board has implemented and operates in accordance with a set of corporate governance principles, which the Board sees as fundamental to the Company's continued growth and achievement of its corporate ambition and strategy. The Board continues to review the Company's corporate governance framework and practices to ensure they meet the interests of shareholders.

The Board's primary role is to provide leadership and strategic guidance for the Company and provide oversight of management in implementing the Company's strategic objectives and installing a culture that supports the Company's purpose and values. The Board meets regularly to review the Company's performance and progress against its strategy.

The Board strives to deliver sustainable value to its shareholders while taking into account the interests of other stakeholders. The Board recognises its responsibility to act honestly, fairly, diligently and in accordance with the law and instil these values throughout the organisation. The Board is committed to maximising performance, generating appropriate levels of shareholder value and financial returns, and sustaining Bhagwan's growth and success.

With these objectives in mind, the Board is concerned with ensuring that Bhagwan is properly managed to protect and enhance stakeholders' interests and that Bhagwan, its Directors, officers and employees operate in an appropriate environment of corporate governance. Accordingly, the Board has created a framework for managing Bhagwan, including adopting relevant internal controls, risk management processes and corporate governance policies and practices which it believes are appropriate for Bhagwan's business and which are designed to promote the responsible management and conduct of Bhagwan.

The ASX Corporate Governance Council has developed and released its fourth edition of the corporate governance recommendations for Australian listed entities (**ASX Recommendations**) in order to promote investor confidence and to assist companies in meeting stakeholder expectations. The recommendations are not prescriptive, but guidelines. However, under the ASX Listing Rules, Bhagwan will be required to provide an ASX Appendix 4G and a Corporate Governance Statement annually to the ASX and on the Company's website disclosing the extent to which it has followed the ASX Recommendations in the relevant reporting period. Where Bhagwan does not follow any of the ASX Recommendations, it must identify the recommendation that has not been followed and give reasons for not following it and must also disclose what (if any) alternative governance practices it has adopted in lieu of the recommendation during that period.

The key aspects of the Board's charters and policies are summarised below. The Directors have incorporated the ASX Recommendations into the policies to the extent they consider appropriate. These charters and policies are available from Completion on Bhagwan's website at <https://www.bhagwanmarine.com>. The Company's Securities Trading Policy will also be available on ASX from listing.

Except as set out in this Section 6.6, the Board does not anticipate departing from the recommendations of the ASX Recommendations; however, it may do so in the future if it considers such a departure reasonable or appropriate.

6.6.2 Board of Directors

The current Board of Directors of Bhagwan are set out in Section 6.1 along with their expertise, experience and qualifications.

The Board is structured to comprise of individuals with appropriate skills, knowledge, experience, and diversity to develop and support the Company's long-term strategy and enable it to discharge its responsibilities and add value, including facilitating effective discussion and efficient decision making.

The Board determines its size and composition, subject to the Constitution of the Company. The Board has an objective at least 30% female membership of the Board.

Any Director appointed during the year must stand for election at the Company's next annual general meeting.

In addition, at least one Director (excluding the Managing Director and any Director standing for election) must retire by rotation at every annual general meeting of the Company and may stand for re-election.

New Directors are provided with an induction that includes meeting with the Chair, the Managing Director & CEO and other Executives to gain valuable insights into relevant operational and corporate matters. This is followed up by additional meetings or information that the new Director may request.

6.6.2.1 Independence of Directors

The Board Charter sets out guidelines of materiality for determining the independence of Directors in accordance with the ASX Recommendations. The Board has adopted a definition of independence based on that set out in the ASX Recommendations.

The Board considers an independent Director to be a Non-Executive Director who is free of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, his or her capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of Bhagwan and its shareholders generally.

When assessing the independence of a Director, the Board considers the matters potentially affecting the independent status of a Director as described in the ASX Recommendations. Materiality is assessed on a case-by-case basis by reference to each Director's individual circumstances rather than by applying general materiality thresholds. The Board will consider the materiality of any given relationship on a case-by-case basis and has adopted guidelines to assist in this regard. The Board reviews the independence of each Director in light of interests disclosed to the Board from time to time.

The Board considers that Tracey Horton is free from any business, interest, position, association or any other relationship that might influence, or reasonably be perceived to influence, the independent exercise of her judgement and that she is able to fulfil the role of Independent Non-Executive Director for the purpose of the ASX Recommendations.

6.6.2.2 Directors who are not independent

Anthony Wooles is currently considered not to be independent by the Board because he has held the role of a Non-Executive Director for more than 10 years and has held a material business relationship with the Company, including as a major shareholder. Accordingly, ASX Recommendation 2.5, which requires the Chair of the board of a listed entity should be an independent director, will not be followed at Listing. The Directors, other than Anthony Wooles, consider that he is the most appropriate person to act as Chair of the Board given his considerable industry experience, expertise, and deep understanding of Bhagwan's business.

Loui Kannikoski and Andrew Wackett are currently considered not to be independent by the Board because they are employed in an executive capacity by the Company.

As the majority of the Board is not considered independent, ASX Recommendation 2.4, will not be followed upon listing. The Board considers that as the Company grows, the Board will continue to review its composition, which may include the appointment of additional Independent Non-Executive Directors in the future.

6.6.3 Board Charter

The Board has a charter that sets out its authority, responsibilities and membership and the arrangements by which it operates. The charter also describes those matters expressly reserved for the Board and those delegated to management.

The role of the Board includes:

- articulating Bhagwan's long-term strategic direction and approving and overseeing management's implementation of its strategic plan and strategic objectives;
- the appointment and oversight of the Managing Director & Chief Executive Officer (MD/CEO);
- developing and approving key accountabilities and performance measures for the MD/CEO and other executives;
- overseeing the performance of Bhagwan and its controlled entities, including monitoring the use of resources and performance against strategic plans and annual operating budgets;
- approving the annual operating budget and capital expenditure budgets and any re-forecast of the budget;
- overseeing management's actions to instil or reinforce the desired organisational culture and approving Bhagwan's Values, Code of Conduct and Company Policies;
- overseeing and monitoring the effectiveness of Bhagwan's Corporate Governance Framework and practices, including considering and approving any transactions with related parties, subject to any required shareholder approvals;
- approving Bhagwan's Half-Year Financial Report and Annual Report to shareholders, including the statutory financial statements, the Directors' Report, the Directors' Declaration, the Remuneration Report, and accounting policies;

- approving and monitoring capital management and major capital expenditure, acquisitions and divestments;
- monitoring the work health and safety (**WH&S**) culture of Bhagwan and approve Bhagwan's WH&S Policy;
- approving the risk appetite within which the Board expects management to operate and satisfy itself that Bhagwan has an appropriate risk culture in place, supported by an effective risk management framework and resources;
- monitoring material business risks and emerging risks and consider management's plan to manage those risks;
- overseeing Bhagwan's external audit activities, including reviewing findings arising from assurance reports and the independence of the external auditor;
- considering and approving Bhagwan's strategic approach to sustainability and ESG framework, and monitoring performance against sustainability and environmental, social, people, and community-related targets;
- oversight of shareholder and stakeholder engagement programs to facilitate two-way communications with shareholders and the wider investment community; and
- approving Bhagwan's Continuous Disclosure Policy and price-sensitive announcements to the ASX and monitor compliance with the ASX Listing Rules.

The Board Charter allows the Board to delegate powers and responsibilities to committees established by the Board. The Board retains ultimate accountability to Shareholders in discharging its duties.

The Board will periodically review the composition, performance, and appointment of new Directors, taking advice from external advisers where appropriate.

The Board's performance will be subject to an annual assessment, together with a review of the performance of individual Directors, the Chair and Board committees. The Board's performance will be evaluated against the core elements for effective governance and how the Board is adding value to Bhagwan. An external consultant will facilitate the assessment at least every three (3) years, unless the Board determines otherwise. The Chair oversees the Board's performance review process.

The Board has developed protocols to ensure that the consideration of matters by the Board and any Board committees is undertaken free from any actual influence or appearance of influence from persons with conflicts of interest and that the disclosure of Bhagwan's confidential information is subject to appropriate corporate governance controls.

Upon the appointment of additional Independent Non-executive Directors, the Independent Non-Executive Directors may meet separately to discuss critical issues without the presence of the MD/CEO and other Directors who are considered non-independent. This ensures their independence and assists them in exercising their judgment without any internal or external pressures.

Each Director has the right to seek independent professional advice at Bhagwan's expense, subject to prior consultation with and the consent of the Board Chair. The Board Chair must report the Director's request to the Board as soon as practicable.

To the extent permitted by law, Bhagwan indemnifies each Director and Officer against liability of that person and legal costs of that person.

6.6.4 Board Committees

The Board may establish committees from time to time to assist in the discharge of its responsibilities. The Board has established an Audit and Risk Management Committee and a Remuneration Committee.

Other committees may be established by the Board as and when required. Membership of Board committees will be based on the needs of the Company, relevant legislative and other requirements, and the skills and experience of individual Directors.

The Board does not have a Nominations Committee. Accordingly, Recommendation 2.1 of the ASX Recommendations will not be followed upon listing. The Board considers that given the current size of the Board, it is appropriate that it undertake the responsibilities relating to the oversight of nominations and the appointment process for Directors.

6.6.4.1 Audit and Risk Committee

The role and responsibilities, composition and membership requirements of the Audit and Risk Committee are documented in an Audit and Risk Management Committee Charter.

The Audit and Risk Committee comprises two Non-Executive Directors: Tracey Horton, who is Chair, and Anthony Wooles, who

is a member. Accordingly, ASX Recommendation 4.1, which requires there be at least three committee members, all of whom are Non-Executive Directors and a majority of whom are Independent Directors, and ASX Recommendation 7.1, which requires there be at least three committee members, a majority of whom are Independent Directors, will not be complied with on listing. The Board considers that the composition of the Committee will increase in the future as the Company grows and new Independent Non-Executive Directors are appointed.

The purpose of the Audit and Risk Committee is to assist the Board in fulfilling its corporate governance and oversight responsibilities relating to Bhagwan's financial reporting and risk management.

The responsibilities of the Committee include oversight of:

- statutory financial reporting and reporting related to tax, climate change, and modern slavery;
- the external audit function;
- the implementation and operation of the Risk Management Framework and the adequacy of the insurance program;
- the Code of Conduct and Speak-up Policy; and
- information security and cyber security posture.

The Committee will also make recommendations to the Board on the appointment, reappointment or replacement, remuneration, monitoring of the effectiveness and independence of the external statutory auditor, and resolution of disagreements between management and the auditor regarding financial reporting.

Bhagwan does not currently have an internal audit function in place. The Audit and Risk Committee will periodically review the need for an internal audit function. Accordingly, the Company does not comply with ASX Recommendation 7.3. In the absence of a formal internal audit function, the Board relies on management's ongoing monitoring and reporting of material business risks at Board and Committee meetings. The Audit and Risk Committee periodically review the need for an internal audit function and if deemed appropriate, may approve the appointment and scope of work for any outsourced internal audits.

6.6.4.2 Remuneration Committee

The role and responsibilities, composition and membership requirements of the Remuneration Committee are documented in a Remuneration Committee Charter.

The Remuneration Committee comprises two Non-Executive Directors, Anthony Wooles who is Chair, and Tracey Horton, who is a member. Accordingly, ASX Recommendation 8.1, which requires at least three members, a majority of whom are independent directors; and is chaired by an independent, will not be complied with on listing. The Board considers that the composition of the committee will increase in the future as the Company grows and new Independent Non-Executive Directors are appointed.

The key purpose of the Remuneration Committee is to assist the Board in fulfilling its corporate governance and oversight responsibilities regarding Bhagwan's remuneration arrangements for Directors and executives.

The responsibilities of the committee include reviewing, advising, and making recommendations to the Board on:

- reviewing and monitoring the effectiveness of Bhagwan's Executive Remuneration Framework;
- approving the Remuneration Policies for the Board, MD/CEO, and executives;
- reviewing and approving the total remuneration framework for the MD/CEO and his direct reports, including changes to total fixed remuneration, performance-based short-term and long-term incentives, other benefits, and termination payments;
- reviewing the performance of the MD/CEO annually and monitor the performance evaluation process for other executives;
- reviewing and approve any performance-based short-term and long-term incentive plans for the MD/CEO and other executives, including recommendations on award entitlements, performance criteria, vesting payments, and clawbacks;
- reviewing and recommending to the Board for approval the annual remuneration for any Director appointed as a member of a Board Committee; and
- reviewing (in consultation with the Audit & Risk Committee) and recommend to the Board for approval the Annual Remuneration Report on the approach to Director's and executive's remuneration.

6.6.4.3 Company Values and Polices

The Board has established the following values, vision, policies, and code of conduct, which promote ethical and responsible business practices and consider the ASX Recommendations.

Bhagwan's policies and corporate governance practices will continue to be reviewed regularly and developed and refined to meet Bhagwan's needs.

Copies of Bhagwan's Policies are available on its website at <https://www.bhagwanmarine.com>.

6.6.4.4 Vision and Values

a. Bhagwan's Vision

Bhagwan's vision is to be the employer and company of choice while continually evolving to meet and, where possible, exceed customer and industry expectations with the capability to plan, schedule, operate, manage, and safely deliver excellence in all marine areas.

b. Bhagwan's Values

Bhagwan's values are defined by "**STRENGTH**" - The power, vision, integrity and diversity to meet and or exceed Employee and Client expectations.

These values are the guiding principles that define the type of organisation the Company aspires to be and the standards and behaviours that the Company expects of its Directors, executives, and employees.

Safety and Wellbeing - The Safety and wellbeing of our employees drives all that Bhagwan does by promoting a safe, motivating, open, optimistic and rewarding work environment.

Team - Our value as a company is realised by recognising the value of each other; fostering good team work is a key element of a successful business; and providing good leadership and pride in achieving and or exceeding company objectives and targets.

Reliability - Consistently delivering and or exceeding on operational excellence are what set Bhagwan apart from our competitors. Recognition as a reliable company, able to deliver safe, quality services, on time and within budget.

Empowerment - Allowing and encouraging all employees to find solutions, achieve results and be accountable. Empowering and committing our workforce to work safely at all times.

Navigate - Navigating the right path with the knowledge and experience to make the correct decisions in achieving the best outcome necessary in driving and growing the business forward.

Goals - Promote and reward continuous improvement and innovation whilst embracing change to optimise and achieve success. Establishing clear 'Goals and Targets' to achieve and or exceed Company objectives.

Tenacity - "The most difficult thing is the decision to act, the rest is merely tenacity". Overcoming problems with measured solutions then vigorously pursuing these opportunities and achieving business success.

Heritage - We are passionate about our business, our brand, our people and our beginnings. Knowing the origins of the business; respecting cultural heritage; recognition of traditional owners.

6.6.4.5 Code of Conduct

Bhagwan is committed to instilling and continually reinforcing a culture across the organisation of acting lawfully, ethically and responsibly in all business practices. Accordingly, the Board has adopted a formal Code of Conduct that outlines how it expects its representatives to behave and conduct business in the workplace and includes legal compliance and guidelines on appropriate ethical standards.

The Code of Conduct is designed to provide a benchmark for professional behaviour throughout Bhagwan's business, support its business reputation and corporate image within the community and make Bhagwan's Directors and employees aware of the consequences if they breach this policy.

The Code of Conduct is supported by several Company policies that are reviewed regularly to ensure they reflect any changes in law and otherwise remain fit for purpose.

The Board is informed of any material breaches of the Code of Conduct or policies. All suspected breaches of the Code of Conduct will be investigated by Bhagwan and appropriate and proportionate disciplinary and remedial action will be taken.

6.6.4.6 Health, Safety and Wellbeing

Bhagwan is committed in providing a safe and healthy working environment for all employees, contractors, and 3rd party personnel by adopting a risk management approach across all aspects of our work and business activities.

Health and Safety is, therefore, a critical part of the Company's business and decision-making.

Bhagwan has implemented an Integrated Management System (**IMS**) certified to internationally recognised standards ISO 45001:2018 Occupational Health and Safety Management System requirements and compliance with statutory Work Health & Safety laws.

Health and Safety is also an area of focus for the Board, which is regularly briefed on safety performance, strategies to improve safety performance and awareness, and employee and contractor physical and mental well-being. The Occupational Health and Safety Policy is available on its website.

6.6.4.7 Environmental and Sustainability Policies

The Board is committed to the Company taking a sustainable approach to its operations and business practices to create the best long-term outcomes for its shareholders, employees, communities, customers, and other stakeholders.

The Board is responsible for overseeing the Company's environmental, social and governance framework and initiatives.

The Board has established an Environmental Policy, which encourages the business to take a proactive approach to its sustainability efforts in areas that matter to the business, including managing environmental impacts.

Bhagwan recognises that biosecurity is a crucial element in the protection and conservation of the environment. As such, Bhagwan is committed to providing leadership to protect and conserve our environment by implementing biosecurity control measures to minimise these environmental impacts. The Board has adopted a Biosecurity Policy to control measures in compliance with the Biosecurity Act 2015 (Cth).

Bhagwan is committed to the protection of fundamental human rights and freedoms, including eliminating all forms of modern slavery. The Board has established a Modern Slavery Policy that sets out the Company's approach to managing human rights and modern slavery risks in its operations and supply chains.

6.6.4.8 Anti-Bribery and Corruption Policy

Bhagwan takes a zero-tolerance approach to bribery and corruption and is committed to acting professionally, fairly and with integrity in all its business dealings and relationships wherever Bhagwan operates, and implementing and enforcing effective systems to counter bribery and corruption.

The Anti-Bribery and Corruption Policy sets out the responsibilities of Bhagwan's personnel, including in their dealings with, and through, third parties. It addresses protection of Bhagwan's personnel in seeking to comply with this policy, dealing with false reports, investigations, consequences for breach, examples of improper conduct, contact with government officials, donations, in-kind gifts and corporate hospitality, political and charitable contributions and sponsorships, facilitation payments and secret commissions.

6.6.4.9 Communications Policy

Bhagwan is committed to effective communication with its customers, securityholders, market participants, employees, suppliers, financiers, creditors, other stakeholders and the wider community. The Company aims to ensure that all stakeholders, market participants and the wider community are informed of its activities and performance.

Bhagwan's Communications Policy is designed to ensure that the Company:

- provides timely and accurate information equally to all securityholder and market participants regarding the Company including its financial situation, performance, ownership, strategies, activities and governance; and
- adopts channels for disseminating information that are fair, timely and cost efficient.

Bhagwan has implemented a number of processes with the aim to achieve these goals, including an investor relations program that

facilitates effective two way communication with investors, with a focus on both professional and retail investors.

The Board aims to ensure that all Shareholders are kept informed of all material developments affecting the Company's business. Information will be communicated to securityholders through announcements to the ASX, the Company's annual report, annual general meetings, half yearly and full year results, and the Company's website,

<https://www.bhagwanmarine.com>.

6.6.4.10 Continuous Disclosure Policy

Bhagwan will endeavour to make publicly available all information to ensure that trading in its securities takes place in an efficient, competitive and informed market. Accordingly, the Board has adopted a Continuous Disclosure Policy the purpose of which is to:

- ensure that the Company, as a minimum, complies with its continuous disclosure obligations under the Corporations Act and the ASX Listing Rules and as much as possible seeks to achieve and exceed best practice;
- provide securityholders and the market with timely, balanced, direct and equal access to information issued by the Company; and
- promote investor confidence in the integrity of the Company and its securities.

Bhagwan will immediately notify the ASX of any information concerning it that a reasonable person would expect to have a material effect on the price or value of the Company's securities, unless exempted by the ASX Listing Rules. After receiving confirmation from the ASX that an announcement has been released to the market, Bhagwan will disseminate the information as soon as possible by posting the announcement on the Company's website.

Bhagwan will not provide the media with exclusive interviews or information that potentially contains any material price sensitive information prior to disclosing that information to the ASX. The Company has a general "no comments" policy in relation to market speculation and rumours, which must be observed by employees at all times.

6.6.4.11 Diversity Policy

Bhagwan has a diverse workforce in various geographic locations around Australia, which comprises employees from varied ethnic backgrounds, age groups and races across all genders.

Bhagwan values and is proud of its strong and diverse workforce and is committed to supporting and further developing this diversity through attracting, recruiting, engaging and retaining diverse talent and aligning Bhagwan's culture and management systems with this commitment.

The Board has approved a Diversity Policy, which sets out the Company's commitment to an inclusive and diverse workforce. Bhagwan will include in its corporate governance statement each year details of the measurable objectives set under the Diversity Policy of the year to which the corporate governance statement relates, and a summary of Bhagwan's progress towards achieving those measurable objectives.

6.6.4.12 Securities Trading Policy

Bhagwan has adopted a Securities Trading Policy for Directors and employees of the Company. The Securities Trading Policy is intended to explain the types of conduct in relation to dealing in Bhagwan's securities that are prohibited by law and establish procedures for the buying and selling of Bhagwan's securities to ensure that public confidence is maintained in the reputation of the Company and its Directors and employees, and in the trading of the Company's securities.

The Securities Trading Policy also defines 'closed' periods where Directors and certain restricted employees must not deal in the Company's securities. Those 'closed periods' are currently defined as the following periods:

- from Bhagwan's year-end until the business day after the release of the full year results;
- from Bhagwan's half-year end until the business day after the release of the half-year results; and
- any additional period imposed by the Board from time to time.

Directors and restricted employees must receive prior approval for any proposed dealing in Bhagwan's securities outside of the above blackout periods (including any proposed dealing by one of their closely connected persons).

In all instances, the Securities Trading Policy also requires that Directors and employees of the Company in possession of price sensitive information must not at any time deal in securities of the Company, or advise or suggest another person do so, or communicate the price sensitive information to a person who may trade in securities of the Company.

6.6.4.13 Remuneration Policy

Bhagwan is committed to attracting and retaining the best people to work in the organisation, including directors and senior management. A key element in achieving that objective is to ensure that the Company is able to appropriately remunerate its key people.

The purpose of this Remuneration Policy is to establish a framework for remuneration that is designed to:

- ensure that coherent remuneration policies and practices are observed which enable the attraction and retention of directors and management who will create value for shareholders;
- fairly and responsibly reward directors and senior management having regard to the Company's performance, the performance of the senior management and the general pay environment; and
- comply with all relevant legal and regulatory provisions.

Remuneration for executive Directors and senior management may incorporate fixed and variable pay performance elements, which may include a short-term and long-term focus. The incentives for non-executive Directors will be designed so as not to conflict with their obligation to bring an independent judgement to matters before the Board.

Refer to Sections 6.4.3.1, 6.4.3.2, 6.4.3.3 and Section 6.4.2.2 for details regarding the Managing Director & CEO, and Executive Director - Finance, CFO, and Non-Executive Directors remuneration, respectively.

6.6.4.14 Risk Management Policy

Risk recognition and management are viewed by Bhagwan as integral to its objectives of creating and maintaining Shareholder value, and to the successful execution of Bhagwan's strategies.

The purpose of the Risk Management Policy adopted by the Board is to ensure that:

- appropriate systems are in place to identify (to the extent reasonably practicable) all material risks that may impact on the Company's business;
- the financial and non-financial impact of identified risks is understood, and appropriate internal control systems are in place to limit the Company's exposure to such risks;
- appropriate responsibilities are delegated to control the identified risks effectively; and
- any material changes to the Company's risk profile are disclosed in accordance with the Company's Continuous Disclosure Policy.

6.6.4.15 Whistleblower Policy

Bhagwan is committed to the highest standards of conduct and ethical behaviour in all of its business activities and to promoting and supporting a culture of honest and ethical behaviour, corporate compliance and good corporate governance.

The Whistleblowers Policy has been adopted to provide a safe and confidential environment where concerns can be raised by whistleblowers without fear of reprisal or detrimental treatment. The Whistleblowers Policy outlines how Bhagwan will protect such persons for raising concerns and how reported concerns are received and, where appropriate, investigated by Bhagwan.

6.7 Related Party Transactions

Other than as disclosed in this Section 6.7, Section 9.6.4.3 and Section 9.6.4.4, Bhagwan is not a party to any material related party arrangements.

The Company did not obtain shareholder approval for any of the related party arrangements referred to in these Sections on the basis that each of the transactions were entered into at a time when Bhagwan was a proprietary company and such related party arrangements did not attract the operation of Chapter 2E of the Corporations Act. In any event, the Board determined and continue to consider that the related party arrangements are on arm's length terms for the purposes of Chapter 2E of the Corporations Act, on the basis that the terms and conditions of each of those transactions are consistent with market practice for transactions of the nature of the industry in which Bhagwan operates.

For potential risks in relation to related party arrangements, see Section 5.2.15.

6.7.1 Related party leases - vessels

The material terms of the related party leases for certain vessels is summarised in the table below.

For the purposes of Chapter 2E of the Corporations Act, the Directors consider each lease to be on arm's length terms.

Table 6.11: Summary of Related party leases - vessels

ASSET	DESCRIPTION	LESSEE	LESSOR	TERM (INCLUDING ANY OPTION TO EXTEND)	RATE	INITIAL EXPIRY
Matilda Mae	Utility vessel	Bhagwan	KFAMS Pty Ltd ¹	5 years	\$8,335 per month	21 November 2024
AMS 6	Multicat	Bhagwan	KFAMS Pty Ltd ¹	Initial term - 2 years Lessee has three options to renew for 1 year	\$500 per day	2 November 2024
BM2101	Barge	Bhagwan	KFAMS Pty Ltd ¹	5 years	\$1,000 per day	15 September 2026
Rhumb 4113	Barge	Bhagwan	KFAMS Pty Ltd ¹	Initial term - 3 years Lessee has two options to renew for 1 year	\$585 per day	23 November 2025
Phoenix ³	Stern Landing Craft	Bhagwan	BM Fleet Pty Ltd ²	Initial term - 5 years	See Note 3(c) below	5 years from the delivery date of the vessel which the Company estimates to be in October 2024
Bhagwan Mover	Landing Craft	Bhagwan	BM Fleet Pty Ltd ²	5 years	\$2,900 per day	6 October 2026
AMS Henderson	Barge	Bhagwan	BM Fleet Pty Ltd ²	1 year	\$3,500 per day	1 July 2024

Notes:

1. KFAMS Pty Ltd is an entity associated with Tom Kannikoski, the son of Bhagwan's Managing Director and CEO, Loui Kannikoski.
2. BM Fleet Pty Ltd is an entity associated with Loui Kannikoski and Anthony Wooles, both of whom are Directors.

3. As the lease for the Phoenix Stern Landing Craft (**Phoenix SLC**) would result in the acquisition of a substantial asset from a related party of Bhagwan under Listing Rule 10.1, Bhagwan provides the following additional information for the purposes of Listing Rule 10.3:
- a. **Name of person from whom Bhagwan is acquiring the substantial asset** - BM Fleet Pty Ltd (**BM Fleet**).
 - b. **Category in Listing Rules 10.1.1 - 10.1.5 the person falls in** - Listing Rule 10.1.4 as BM Fleet is an entity associated with Loui Kannikoski and Anthony Wooles, both of whom are Directors.
 - c. **Consideration for the acquisition** - Bhagwan will pay a day rate of \$3,000, over the term of the agreement, equal to a total aggregate consideration of \$5.475 million.
 - d. **Intended source of funds to pay for the acquisition** - The operating cash flows of Bhagwan.
 - e. **Timetable to complete the acquisition** - The Phoenix SLC is currently under construction with expected completion in October 2024, upon which it will be delivered to Bhagwan in accordance with the agreement.
 - f. **Summary of other material terms:**
 - i. **Termination** - Both parties may terminate the agreement by written notice if the other party is in breach of certain terms of the agreement. For example, Bhagwan may terminate if BM Fleet is in breach of certain warranties and conditions related to the Phoenix SLC, or if there is breach of BM Fleet's obligations to the extent that Bhagwan is deprived use of the Phoenix SLC. BM Fleet may terminate if Bhagwan is in breach of its payment, trading restrictions or maintenance obligations under the agreement.
 - ii. **Indemnity** - Bhagwan agrees to indemnify BM Fleet against any loss, damage, or expense arising out of or in relation to operation of the Phoenix SLC by Bhagwan. BM Fleet agrees to indemnify Bhagwan against any loss, damage or expense incurred by Bhagwan as a direct consequence of any vessel arrest or detention arising by way of claim against BM Fleet, as set out in the agreement.
 - iii. **Restrictions on assignment and sale** - Bhagwan may not assign the agreement or sub-charter the Phoenix SLC without the prior written consent of BM Fleet (which shall not be unreasonably withheld). BM Fleet shall not sell the Phoenix SLC during the term of the agreement without the prior written consent of Bhagwan (which shall not be unreasonably withheld) and subject to a buyer accepting assignment of the agreement.
 - iv. **Representations and warranties** - The agreement contains representations and warranties from Bhagwan and BM Fleet which are typical for agreements of this nature.
 - v. **Governing law** - Western Australia.

6.7.2 Related party leases - premises

Bhagwan is a party to a related party lease agreement in respect of a premises in Dampier, Western Australia. The material terms of the related party lease are summarised in the table below. The aggregate annual rent payable under related party leases in FY23 was approximately \$300,000.

Table 6.12: Summary of related party lease - premises

LOCATION	LESSEE	LESSOR	TERM (INCLUDING ANY OPTION TO EXTEND)	RATE	INITIAL EXPIRY
Lot 375, Nielson Place, Dampier, Western Australia	Bhagwan Marine Limited	Bhagwan Marine Limited as Trustee for the Kannikoski Property Trust ¹	5 years Two options to renew for 5 years.	\$25,000 per month	30 June 2015 ²

Notes:

1. The Kannikoski Property Trust is a trust associated with Director, Loui Kannikoski.
2. Since the initial expiry of the term and as at the Prospectus Date, the lease has been continuing to operate on a month to month basis.

6.8 Litigation and claims

Bhagwan and its subsidiaries may, from time to time, be subject to litigation and other claims and disputes incidental to the conduct of its business. Except as otherwise disclosed in the Prospectus, as at the Prospectus Date there are no current, pending or threatened civil litigation, arbitration proceedings or administrative appeals, or criminal or governmental prosecutions, of a material nature, involving Bhagwan or its subsidiaries which are likely to have a material adverse impact on the business or financial position of Bhagwan.

6.8.1 Inteforge claim

On 28 September 2022, Inteforge Pty Ltd (**Inteforge**) and Monadelphous Engineering Associates Pty Ltd (**MEA**) commenced proceedings in the Supreme Court of Western Australia against Bhagwan and Strathan Pty Ltd as trustee for the P Siljeg Discretionary Trading Trust trading as Phoenix Corrosion Control, in relation to the application of an anti-foul paint to a barge owned by Inteforge which allegedly caused damage to it (**Inteforge Claim**).

Inteforge and MEA allege that:

- Bhagwan engaged in misleading or deceptive conduct in that it represented that a certain type of anti-foul paint would be suitable for use on a barge and that anti-foul paint would last 5 years;
- the representations made regarding the anti-foul paint were false, that they relied on the representations and suffered damage; and
- Bhagwan entered into a contract to project manage the application of the anti-foul paint, and that it breached the terms of that contract which resulted in Inteforge and MEA suffering damage.

Bhagwan strongly rejects the allegations and considers the Inteforge Claim lacks merit. Bhagwan has public liability cover with Liberty Special Markets, which has conduct of the defence of the Inteforge Claim.

As of the Prospectus Date, the matter has been programmed to mediation, which is likely to occur sometime in the second half of 2024. As at the Prospectus Date, the amount claimed is \$2,596,680.27 plus interest and costs.

7. DETAILS OF THE OFFER



7. DETAILS OF THE OFFER

7.1 The Offer

The Offer is an initial public offer of 126,984,127 new Shares to be issued by the Company. All Shares under the Offer will be issued at the offer price of \$0.63 per Share.

The Shares offered under this Prospectus will represent approximately 46.1% of the Shares on issue on Completion. The Offer is expected to raise \$80 million from the issue of 126,984,127 Shares by the Company.

The total number of Shares on issue at Completion will be 275,200,238. All Shares issued under this Prospectus will be fully paid and will rank equally in all respects with the Shares already on issue. The Offer is made on the terms, and is subject to the conditions, detailed in this Prospectus.

The Offer is fully underwritten by the Lead Manager. A summary of the Underwriting Agreement, including the events which would entitle the Lead Manager to terminate the Underwriting Agreement, is set out in Section 9.5.

7.1.1 Structure of the Offer

The Offer comprises:

- **Broker Firm Offer** – which is open to Australian resident retail clients of Brokers who have received a firm allocation from their Broker;
- **Institutional Offer** – which consists of an invitation to bid for Shares made to Institutional Investors in Australia, New Zealand, the United Kingdom, Hong Kong and Singapore;
- **Employee Priority Offer** – which is open to Bhagwan employees in Australia who have received an invitation from the Company; and
- **Priority Offer** – which is open to selected Australian residents who have received a Priority Offer invitation from the Company.

No general public offer will be made under the Offer. Members of the public wishing to apply for Shares under the Offer must do so through a Broker with a firm allocation of Shares under the Broker Firm Offer.

Details of the Broker Firm Offer and the allocation policy under it are described in Section 7.3.

Details of the Institutional Offer and the allocation policy under it are described in Section 7.4.

Details of the Employee Priority Offer and the allocation policy under it are described in Section 7.5.

Details of the Priority Offer and the allocation policy under it are described in Section 7.6.

The allocation of Shares between the Broker Firm Offer, the Institutional Offer, Employee Priority Offer, and the Priority Offer, will be determined by the Company in consultation with the Lead Manager and Underwriter, having regard to the allocation policies described in Sections 7.3, 7.4, 7.5, and 7.6.

The Company, after consultation with the Lead Manager and Underwriter, reserves the right in its absolute discretion not to issue any Shares to Applicants under the Offer.

7.1.2 Purpose of Offer and use of proceeds

The Offer is being conducted to facilitate an application by the Company for admission to the Official List of the ASX and to position the Company to achieve the following objectives:

- raise capital to repay debt, strengthening the Company's balance sheet and facilitating the ability of the Company to pursue growth opportunities;
- increase the Company's profile and brand recognition;
- facilitate the listing of Bhagwan on the ASX and to enable access to capital markets; and
- provide a liquid market for Shares and an opportunity for people to invest in Bhagwan.

The proceeds of the Offer will be applied to:

- repaying loans and other payables; and
- paying the expenses of the Offer.

7.1.3 Sources and uses of funds

The Offer proceeds received by the Company will be applied as described in Table 7.1 below:

Table 7.1 Sources and use of funds

SOURCES OF FUNDS	A\$ MILLION	USES OF FUNDS ¹	A\$ MILLION
Cash proceeds received from issue of new Shares	80.0	Repayment of bank loans	44.5
		Repayment of other payables	4.4
		Repayment of shareholder loans ²	24.6
		Expenses of the Offer	6.5
Total sources of funds	80.0	Total uses of funds	80.0

Notes:

1. This table is a statement of current intentions as at the date of this Prospectus. Actual use of funds may differ from the budgeted use of funds as a result of the Company's obtained results from ongoing business activities, intervening events and new circumstances. The Board may alter the way funds are applied in the future, acting in the best interests of Shareholders and as circumstances require.
2. This includes \$12.7 million owed to the Kannikoski family as at 31 December 2023 (as outlined in Section 9.6.4.3) and \$11.9 million owed to the various entities associated with Catalyst Investment Managers (previous Shareholder) (as outlined in Section 9.6.4.2).

7.1.4 Control implications of the Offer

The Directors do not expect that any Shareholder will control the Company on Completion of the Offer.

On Completion, the entity's free float (as defined by the ASX Listing Rules) will not be less than 20%.

7.1.5 Potential effect of the Offer on the fundraising future of the Company

The Company believes that from Completion it will have sufficient funds available from the proceeds of the Offer and from its operations and banking facilities to fulfil the purposes of the Offer and meet Bhagwan's stated business objectives.

7.2 Terms and Conditions of the Offer

Table 7.2: Terms and conditions of the Offer

TOPIC	SUMMARY
What is the type of security being offered?	Shares (being fully paid ordinary shares in the issued capital of the Company).
What are the rights and liabilities attached to the security being offered?	A description of the Shares, including the rights and liabilities attached to them, is set out in Section 7.12.
What is the consideration payable for the Shares?	Successful applicants under the Offer will pay the Offer Price, being A\$0.63 per Share. Except as required by law, applicants cannot withdraw or vary their application.
What is the Offer Period?	<p>The key dates, including details of the Offer Period, are set out in the Key Offer Information section of this Prospectus.</p> <p>The Broker Firm Offer will open at 9.00am (Perth time) on Monday, 1 July 2024 and will close at 5.00pm (Perth time) on Thursday, 4 July 2024.</p> <p>No Shares will be issued on the basis of this Prospectus later than the expiry date of 13 months after the Original Prospectus Date. The key Offer dates are indicative only and may change. Unless otherwise indicated, all references to times and dates in this Prospectus are to Perth time.</p> <p>The Company, in consultation with the Lead Manager, reserves the right to vary any and all of the times and dates of the Offer Period without notice (including, subject to the ASX Listing Rules and the Corporations Act, to close the Offer early, to extend the Offer Period relating to any component of the Offer, or to accept late applications, either generally or in particular cases, or to cancel or withdraw the Offer before settlement, in each case without notifying any recipient of this Prospectus or any applicants). Without limiting this, the Company may accept offers at any time before Completion in its discretion.</p> <p>If the Offer is cancelled or withdrawn before the allotment of Shares, all Application monies will be refunded in full (without interest) as soon as possible in accordance with the requirements of the Corporations Act.</p>
What are the cash proceeds to be raised under the Offer?	Approximately A\$80 million will be raised if the Offer proceeds.
Is the Offer underwritten?	The Lead Manager has underwritten the Offer pursuant to the Underwriting Agreement. Details are provided in Section 9.5.
Who is the Lead Manager for the Offer?	The Lead Manager of the Offer is Euroz Hartleys Limited.
What is the minimum and maximum application size under the Broker Firm Offer?	<p>The minimum application size for investors in the Broker Firm Offer is 3,175 Shares (approximately A\$2,000 worth of Shares, rounded up to the value of the nearest Share). There is no maximum value of Shares that may be applied for under the Broker Firm Offer.</p> <p>The Company reserves the right to treat any applications in the Broker Firm Offer that are from persons who it believes may be Institutional Investors as bids in the Institutional Offer or to reject or scale back applications. The Company, along with the Lead Manager, also reserves the right to aggregate any applications believed to be multiple applications from the same person.</p>

<p>What is the allocation policy?</p>	<p>The allocation of Shares between the Institutional Offer and the Broker Firm Offer will be determined by the Company, in consultation with the Lead Manager, having regard to the results of the Bookbuild and the allocation policies outlined in Section 7.4.2 and Section 7.3.4 of this Prospectus (as applicable).</p> <p>The allocation of Shares to participants in the Institutional Offer and the identity and level of participation of Brokers in the Broker Firm offer will be determined by agreement of the Company and the Lead Manager, having regard to the results of the Bookbuild and the allocation policies in Section 7.4.2 and Section 7.3.4 of this Prospectus (as applicable).</p> <p>With respect to the Broker Firm Offer, it is a matter for the Brokers as to how they allocate Shares among their retail clients.</p> <p>The Company may reject an application, or allocate fewer Shares than the number or equivalent dollar amount applied for, in the Company's absolute discretion. The Company also reserves the right to aggregate any applications that it believes may be multiple applications from the same person.</p>
<p>When will I receive confirmation that my application has been successful?</p>	<p>It is expected that initial holding statements will be dispatched to successful applicants by standard post on or about Thursday, 25 July 2024.</p> <p>Refunds (without interest) to applicants who make an application and receive an allocation of Shares, the value of which is smaller than the amount of the application monies they have paid, will be made as soon as practicable after Completion.</p>
<p>Will the Shares be quoted on the ASX?</p>	<p>Bhagwan has applied to the ASX for admission to the Official List and quotation of Shares on the ASX (which is expected to be under the code BWN). Completion is conditional on ASX approving this application.</p> <p>If approval is not given within three months after such application is made (or any longer period permitted by law), the Offer will be withdrawn and all application monies received will be refunded (without interest) as soon as practicable in accordance with the requirements of the Corporations Act.</p> <p>The ASX takes no responsibility for this Prospectus or the investment to which it relates. The fact that ASX may admit the Company to the Official List is not to be taken as an indication of the merits of an investment in the Company.</p>
<p>When are the Shares expected to commence trading?</p>	<p>It is expected that trading of the Shares on the ASX will commence on Tuesday, 30 July 2024. Details are provided in the Important Dates Section.</p> <p>It is expected that holding statements will be dispatched by standard post on or about Thursday, 25 July 2024. It is the responsibility of each person who trades in Shares to confirm their own holding before trading in Shares.</p> <p>If you sell Shares before receiving a holding statement, you do so at your own risk. The Company, the Share Registry and the Lead Manager disclaim all liability, whether in negligence or otherwise, if you sell Shares before receiving your holding statement, even if you received confirmation of your allocation from the Offer Information Line, by a Broker or otherwise.</p>
<p>Are there any escrow arrangements?</p>	<p>Yes. Details are provided in Section 6.5.</p>
<p>Has any ASIC relief or ASX waiver been sought or obtained?</p>	<p>Yes. Details are provided in Section 9.9.</p>

<p>Are there any taxation considerations for Australian investors?</p>	<p>The tax consequences of any investment in the Shares will depend upon an investor's particular circumstances. Applicants should obtain their own tax advice prior to deciding whether to invest. Refer to Section 9.11 for general Australian taxation considerations.</p>
<p>Are there any brokerage, commission or stamp duty considerations?</p>	<p>No brokerage or commission is payable by applicants on acquisition of Shares under the Offer. Stamp duty should not be payable by the Applicants on acquisition of the Shares. However, Applicants should consult their own independent stamp duty advisors to confirm the stamp duty implications of their acquisition at the relevant time, having regard to their specific circumstances. Refer to Section 9.5 for details of the fees payable by the Company to the Lead Manager and by the Lead Manager to the Brokers.</p>
<p>What should I do with any enquiries?</p>	<p>All enquiries in relation to this Prospectus should be directed to the Offer Information Line on 1800 129 386 (within Australia) or +61 1800 129 386 (outside Australia) from 8.30 am until 5.00 pm (Sydney time).</p> <p>All enquiries in relation to the Broker Firm Offer should be directed to your Broker. If you have any questions about whether to invest in Shares, you should seek professional advice from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding whether to invest in Shares.</p>

7.3 Broker Firm Offer

7.3.1 Who may apply

The Broker Firm Offer is open to persons who have received a firm allocation of Shares from their Broker and who have a registered address in Australia. If you have received a firm allocation of Shares from your Broker, you will be treated as a Broker Firm Offer Applicant in respect of that allocation. You should contact your Broker to determine whether you can receive an allocation of Shares from them under the Broker Firm Offer. The Broker Firm Offer is not open to persons in the United States.

7.3.2 How to apply

If you have received a firm allocation of Shares from your Broker and wish to apply for those Shares under the Broker Firm Offer, you should contact your Broker for information about how to submit your Broker Firm Offer Application Form and for payment instructions.

Applicants under the Broker Firm Offer must not send their Application Forms or payment to the Share Registry. Applicants under the Broker Firm Offer should contact their Broker to request a copy of this Prospectus and Application Form. Your Broker will act as your agent and it is your Broker's responsibility to ensure that your Application Form and Application monies are received before 5.00 pm (Perth time) on the Closing Date or any earlier closing date as determined by your Broker.

Applications for Shares must be for a minimum of 3,175 Shares (approximately A\$2,000 worth of Shares, rounded up to the value of the nearest Share) and payment for the Shares must be made in full at the Offer Price of \$0.63 per Share.

There is no maximum number or value of Shares that may be applied for under the Offer. However, the Company, the Lead Manager and Underwriter reserve the right to reject or scale back any Applications under the Offer. The Company may determine a person to be eligible to participate in the Offer and may amend or waive the Offer Application procedures or requirements, in its discretion in compliance with applicable laws.

The Broker Firm Offer opens at 9.00 am (Perth time) on Monday, 1 July 2024 and is expected to close at 5.00 pm (Perth time) on Thursday, 4 July 2024. The Company, in consultation with the Lead Manager and Underwriter, may elect to close the Offer early or extend the Offer, or accept late Applications either generally or in particular cases. The Offer may be closed at any earlier date and time, without further notice. Applicants are therefore encouraged to submit their Applications as early as possible.

If you are an investor applying under the Broker Firm Offer, you should complete and lodge your Broker Firm Offer Application Form with the Broker from whom you received your firm allocation. The Broker Firm Offer Application Forms must be completed in accordance with the instructions given to you by your Broker and the instructions set out on the reverse of the Application Form.

By making an Application, you declare that you were given access to this Prospectus (or any supplementary or replacement prospectus), together with an Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is attached to, or accompanied by, a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

The Company, the Lead Manager and Underwriter and the Share Registry take no responsibility for any acts or omissions committed by your Broker in connection with your Application, Application Form or Application monies.

Your Broker should explain this procedure to you in further detail. If you have a firm allocation of Shares and are in any doubt about what action to take, you should immediately contact the Broker who has made you the firm offer.

7.3.3 Payments methods

Applicants under the Broker Firm Offer must pay their application monies to their Broker in accordance with instructions provided to you by that Broker.

7.3.4 Allocation policy under the Broker Firm Offer

Shares that have been allocated to Brokers for allocation to their Australian resident retail clients will be issued to the Applicants nominated by those Brokers. It will be a matter for each Broker as to how they allocate firm Shares among their retail clients and they (and not the Company or the Lead Manager and Underwriter) will be responsible for ensuring that retail clients who have received a firm allocation from them receive the relevant Shares.

7.3.5 Acceptance of Applications

An Application in the Broker Firm Offer is an offer by the Applicant to apply for the amount of Shares specified in the Application Form, at the Offer Price on the terms and conditions set out in this Prospectus (including any supplementary or replacement prospectus) and the Application Form. To the extent permitted by law, an Application by an Applicant under the Offer is irrevocable.

An Application may be accepted in respect of the full amount, or any amount lower than that specified in the Application Form, without further notice to the Applicant. Acceptance of an Application will give rise to a binding contract on allocation of Shares to successful Applicants.

The Lead Manager and Underwriter, in agreement with the Company, reserve the right to reject any Application which is not correctly completed or which is submitted by a person who it believes is ineligible to participate in the Broker Firm Offer, or to waive or correct any errors made by an Applicant in completing their Application.

7.4 Institutional Offer

7.4.1 Invitations to bid

The Institutional Offer consisted of an invitation to certain Institutional Investors in Australia, New Zealand, United Kingdom, Hong Kong and Singapore to apply for Shares. The Lead Manager and Underwriter has separately advised Institutional Investors of the application procedures for the Institutional Offer. Offers and acceptances in the Institutional Offer are made with disclosure, under this Prospectus and are at the Offer Price.

7.4.2 Allocation policy under the Institutional Offer

The allocation of Shares among Applicants in the Institutional Offer has been or will be determined by the Company in consultation with the Lead Manager. The Company, in consultation with the Lead Manager, has absolute discretion regarding the basis of allocation of Shares among Institutional Investors, and there was no assurance that any Institutional Investor would be allocated any Shares, or the number of Shares for which it had bid.

Participants in the Institutional Offer have been advised of their allocation of Shares, if any, by the Lead Manager and Underwriter. The allocation policy was influenced, but not constrained, by the following factors:

- number of Shares bid for by particular Applicants;
- the timeliness of the bid by particular Applicants;
- the Company's desire for an informed and active trading market following Listing;
- the Company's desire to establish a wide spread of Institutional Shareholders;
- overall level of demand under the Broker Firm Offer and Institutional Offer;
- the size and type of funds under management of particular Applicants;
- the likelihood that particular Applicants will be long term Shareholders; and
- other factors that the Company and the Lead Manager and Underwriter considered appropriate.

7.5 Employee Priority Offer

Up to 1,500,000 Shares are offered under the Employee Priority Offer which will be allocated at the discretion of the Company. The Employee Priority Offer is open to Bhagwan employees in Australia who have received an invitation from the Company. The Company reserves the right in its absolute discretion not to issue any Shares under the Employee Priority Offer or to allocate a lesser number of Shares.

Applications for Shares must be for a minimum of 3,175 Shares (approximately A\$2,000 worth of Shares, rounded up to the value of the nearest Share) and payment for the Shares must be made in full at the Offer Price of \$0.63 per Share.

If you have received an invitation to participate in the Employee Priority Offer, you must complete the online Employee Priority Offer Application Form and submit it with your Application monies in accordance with the instructions on the Employee Priority Offer Application Form.

The Employee Priority Offer is expected to open at 9.00 am (Perth time) on Monday, 1 July 2024 and is expected to close at 5.00 pm (Perth time) Thursday, 4 July 2024.

7.6 Priority Offer

The allocation of Shares among Applicants in the Priority Offer will be determined by the Company in consultation with the Lead Manager and Underwriter. The Priority Offer is open to selected Australian residents who have received a Priority Offer invitation from the Company. The Company reserves the right in its absolute discretion not to issue any Shares under the Priority Offer or allocate a lesser number of Shares.

Applications for Shares must be for a minimum of 3,175 Shares (approximately A\$2,000 worth of Shares, rounded up to the value of the nearest Share) and payment for the Shares must be made in full at the Offer Price of \$0.63 per Share.

There is no maximum number or value of Shares that may be applied for under the Offer. However, the Company, the Lead Manager and Underwriter reserve the right to reject or scale back any Applications under the Offer. The Company may determine a person to be eligible to participate in the Offer and may amend or waive the Offer Application procedures or requirements, in its discretion in compliance with applicable laws.

If you have received an offer to participate in the Priority Offer, you must complete the online Priority Offer Application Form and submit it with your Application monies in accordance with the instructions on the Priority Offer Application Form.

The Priority Offer is expected to open at 9.00 am (Perth time) on Monday, 1 July 2024 and is expected to close at 5.00 pm (Perth time) on Thursday, 4 July 2024.

7.7 Acknowledgements

Each Applicant under the Offer will be deemed to have:

- agreed to become a member of the Company and to be bound by the terms of the Constitution and the terms and conditions of the Offer;
- acknowledged having personally received a complete and unaltered printed or electronic copy of the Prospectus (and any supplementary or replacement document) attached to or accompanied by the Application Form and having read them all in full;
- declared that all details and statements in their Application Form are complete and accurate;
- declared that the Applicant, if they are a natural person, is/are over 18 years of age;
- acknowledged that, once the Company or a Broker receives an Application Form, it may not be withdrawn;
- applied for the number of Shares at the Australian dollar amount shown on the front of the Application Form;
- agreed to being allocated and issued or transferred the number of Shares applied for (or a lower number allocated in a way described in this Prospectus), or no Shares at all;
- authorised the Company, together with the Lead Manager and their respective officers or agents, to do anything on behalf of the Applicant(s) necessary for Shares to be allocated to the Applicant(s), including to act on instructions received by the Share Registry upon using the contact details in the Application Form;
- acknowledged that, in some circumstances, the Company may not pay dividends, or that any dividends paid may not be franked;
- acknowledged that the information contained in this Prospectus (or any supplementary or replacement document) is not financial product advice or a recommendation that Shares are suitable for the Applicant(s), and does not take into account the personal circumstances, investment objectives, financial circumstances, tax position or particular needs of the Applicant(s);
- acknowledged and agreed that the Offer may be withdrawn by the Company or may otherwise not proceed in the circumstances described in this Prospectus; and
- acknowledged and agreed that if the Company's admission to the official list of the ASX and Completion do not occur for any reason, the Offer will not proceed.

Each Applicant in the Offer made under this Prospectus will be taken to have represented, warranted and agreed as follows:

- it understands that the Shares have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state of the United States and may not be offered, sold or resold, pledged, transferred in the United States, except in a transaction exempt from, or not subject to, registration under the U.S. Securities Act and any other applicable state securities laws;
- it is not in the United States;
- it has not sent and will not send the Prospectus or any other material relating to the Offer to any person in the United States; and
- it will not offer or sell the Shares in the United States or in any other jurisdiction outside Australia.

7.8 Discretion Regarding the Offer

The Company may withdraw the Offer at any time before the issue of Shares to successful Applicants. If the Offer, or any part of it, does not proceed, all relevant Application monies will be refunded (without interest). The Company and the Lead Manager and Underwriter, also reserve the right to close the Offer or any part of it early, extend the Offer or any part of it, accept late Applications or bids either generally or in particular cases, reject any Application or bid, or allocate to any Applicant or bidder fewer Shares than applied or bid.

7.9 Application Monies

Application monies received under the Offer will be held in a special purpose bank account until Shares are issued or transferred to successful Applicants. The Company, however, will be entitled to retain any interest that accrues on the bank account and each Applicant waives the right to claim interest.

Applicants under the Offer whose Applications are not accepted, or who are allocated a lesser number of Shares than the amount applied, will receive a refund (without interest) for all or part of their application monies, as applicable. No refunds due solely to rounding will be provided. Interest will not be paid on any monies refunded and any interest earned on Application monies pending the allocation or refund will be retained by the Company.

7.10 Restrictions on Distribution

No action has been taken to register or qualify this Prospectus, the Shares or the Offer or otherwise to permit a public offering of the Shares in any jurisdiction outside Australia.

This Prospectus does not constitute an offer or invitation for issue or sale of Shares in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or invitation or issue under this Prospectus.

This Prospectus may not be released or distributed in the United States or elsewhere outside Australia. This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The Shares have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction of the United States and will not be offered or sold in the United States.

Each Applicant under the Offer will be taken to have represented, warranted and agreed as follows:

- it understands that the Shares have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state of the United States and may not be offered or sold under the Offer in the United States;
- it is not in the United States;
- it has not and will not send this Prospectus or any other material relating to the Offer to any person in the United States; and
- it will not offer or sell the Shares in the United States or in any other jurisdiction outside Australia.

Each Applicant under the Institutional Offer will be required to make certain representations, warranties and covenants set out in the confirmation of allocation letter distributed to it.

7.11 ASX Listing, Registers and Holding Statements

7.11.1 Application to the ASX for Listing and Quotation of Shares

The Company has applied for admission to the Official List of the ASX and quotation of the Shares on the ASX. The Company's ASX code will be 'BWN'.

The ASX takes no responsibility for this Prospectus or the investment to which it relates. The fact that the ASX may admit the Company to the Official List is not to be taken as an indication of the merits of the Company or the Shares offered.

If permission is not granted for the Official Quotation of Shares on the ASX within three months after such application is made (or any later date permitted by law), all Application monies received by the Company will be refunded (without interest) as soon as practicable in accordance with the requirements of the Corporations Act.

The Company will be required to comply with the ASX Listing Rules, subject to certain conditions (including any waivers obtained by the Company from time to time).

7.11.2 CHESS and Issuer Sponsored Holdings

The Company will apply to participate in CHESS, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company.

Electronic sub-registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with statements (similar to a bank account statement) that set out the number of Shares issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Electronic sub-registers also mean ownership of securities can be transferred without having to rely upon paper documentation. Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

7.12 Summary of rights and liabilities attaching to Shares and other materials provisions of the Company's Constitution

7.12.1 Introduction

A summary of the significant rights, liabilities and obligations attaching to the Shares and a description of other material provisions of the Constitution are set out below. This summary is not intended to be exhaustive and is qualified by the fuller terms of the Constitution. This summary does not constitute a definitive statement of the rights and liabilities of Shareholders.

The summary assumes that the Company is admitted to the Official List of the ASX.

7.12.2 Meetings of members

Each Shareholder is entitled to receive notice of and, except in certain circumstances, to attend and vote at general meetings of the Company and receive all financial statements, notices and other documents required to be sent to Shareholders under the Constitution, the Corporations Act and the ASX Listing Rules. At least 28 days' notice of a meeting must be given to Shareholders.

7.12.3 Voting at a general meeting

At a general meeting of the Company, every Shareholder present in person or by proxy, attorney or representative has (a) on a show of hands, one vote and (b) on a poll, one vote for each Share held.

On a poll, every member (or his or her proxy, attorney or representative) is entitled to vote for each Share held and in respect of each

partly paid share, is entitled to a fraction of a vote equivalent to the proportion which the amount paid up (not credited) on that partly paid share bears to the total amounts paid and payable (excluding amounts credited) on that Share. Amounts paid in advance of a call are ignored when calculating the proportion.

7.12.4 Dividends

Subject to the Corporations Act, the Constitution and any special terms and conditions of issue, the Directors may, from time to time, pay, resolve to pay, or declare any interim, special or final dividend as, in their judgement, the financial position of the Company justifies.

The Board may also pay any dividend required to be paid under the terms of issue of a Share, and fix a record date for a dividend and method of payment.

7.12.5 Transfer of Shares

Subject to the Constitution and to the rights or restrictions attached to any Shares or class of Shares, a Shareholder may transfer all or any of the Shareholder's Shares by:

- a Proper ASTC transfer (as that term is defined in the Corporations Regulations); or
- an instrument in writing in any usual form or in any other form that the Board approves, as permitted by the Corporations Act and ASX Listing Rules.

The Board may, in circumstances permitted under the ASX Listing Rules or ASX Settlement Operating Rules, decline to register a transfer of Shares or apply a holding lock to prevent a transfer of Shares.

7.12.6 Issue of further Shares

Subject to the Constitution, the ASX Listing Rules, the ASX Settlement Operating Rules and the Corporations Act, the Board may issue Shares or grant options over unissued shares to any person and they may do so at such times and on the conditions they think fit.

7.12.7 Preference Shares

The Company may issue preference shares including preference shares which are liable to be redeemed or convertible to ordinary shares. The rights attaching to preference shares are those set out in the Constitution unless other rights have been approved by special resolution of the Company.

7.12.8 Winding up

If the Company is wound up, then subject to the Constitution and to the rights or restrictions attached to a class of shares, any surplus assets must be divided among the Company's members in proportion to the shares held by them (irrespective of the amounts paid or credited as paid on the shares), less any amounts which remain unpaid on these shares at the time of distribution. If the Company is wound up, the liquidator may, with the sanction of a special resolution, divide among the Shareholders the whole or part of Bhagwan's property and decide how the division is to be carried out as between Shareholders or different classes of Shareholders.

7.12.9 Sale of non-marketable parcels

In accordance with the Corporations Act, the ASX Listing Rules and the ASX Settlement Operating Rules, the Board may sell the Shares of a Shareholder who holds less than a marketable parcel of those Shares by following the procedures set out in the Constitution. A marketable parcel of shares is defined in the ASX Listing Rules and is, generally, a holding of shares with a market value of not less than \$500.

7.12.10 Proportional takeover provisions

The Constitution contains provisions requiring Shareholder approval in relation to any proportional takeover bid. These provisions will cease to apply unless renewed by Shareholders passing a special resolution by the third anniversary of either the date those provisions were adopted or the date those rules were last renewed.

7.12.11 Variation of class rights

Subject to the Corporations Act and the terms of issue of a class of shares, wherever the capital of the Company is divided into different classes of shares, the rights attached to any class of shares may be varied:

- with the written consent of the holders of at least 75% of the issued shares in the particular class; or
- by a special resolution passed at a separate meeting of the holders of shares in that class.

7.12.12 Directors - appointment and removal

Under the Constitution, the minimum number of Directors is three and the maximum is 10 or such lower number as the Directors determine, provided the proposed lower number has been authorised by general meeting of the Company's members if required under the Corporations Act.

Directors are elected or re-elected by resolution at a general meeting of Shareholders. Except as permitted by the ASX Listing Rules, no Director (other than the managing director) may hold office without re-election after three years or beyond the third annual general meeting following the meeting at which the Director was last elected or re-elected (whichever is later). The Board may also appoint a Director to fill a casual vacancy on the Board or in addition to the existing Directors, who (other than the managing director) will then hold office until the next annual general meeting of the Company following their appointment.

A person is eligible for election to the office of a Director at a general meeting if they are nominated by the Board or by another Shareholder in accordance with procedures in the Constitution (subject to timing requirements).

7.12.13 Directors - voting

Questions arising at a meeting of Directors will be decided by a majority of votes of the Directors present at the meeting and entitled to vote on the matter. In the case of an equality of votes on a resolution, the chair of the meeting has a casting vote, unless there are only two Directors present or qualified to vote, in which case the proposed resolution is taken as having been lost.

A written resolution of the Board may be passed without holding a meeting of the Board, if all of the Directors sign or assent to the resolution (other than Directors not permitted to vote on the resolution in accordance with the terms of the Constitution).

7.12.14 Directors - remuneration

Under the Constitution, the Board may decide the remuneration from the Company to which each Director is entitled for his or her services as a Director. The total aggregate amount provided to all Non-Executive Directors for their services as Directors must not exceed in any financial year the amount fixed by the Company in general meeting for that purpose. The remuneration of a Director must not include a commission on, or a percentage of operating revenue. The current maximum aggregate sum of Non-Executive Director remuneration is set out in Section 6.4.2.2. Any change to that maximum aggregate amount needs to be approved by Shareholders.

Directors may be reimbursed for travel and other expenses properly incurred in attending to the Company's affairs, including attending and returning from general meetings of the Company, Board meetings or meetings of committees of the Board. If a Director renders or is called on to perform extra services, or make any special exertions in connection with the affairs of the Company, the Directors may arrange for special remuneration to be paid to that Director either in addition to or in substitution for that Director's remuneration. Directors' remuneration is discussed in Section 6.4.2.

7.12.15 Power and duties of Directors

The Directors are responsible for managing the business of the Company and may exercise to the exclusion of the Company in a general meeting all the powers of the Company which are not required by law or by the Constitution to be exercised by the Company in a general meeting.

7.12.16 Variation of the Constitution

The Constitution can only be amended by a special resolution passed by at least 75% of members present (in person or by proxy, attorney or representative) and entitled to vote on the resolution at a general meeting of the Company.

7.12.17 Directors' and officers' indemnity

The Company, to the extent permitted by law, may indemnify each person who is a current or former Director, executive officer, officer or auditor of the Company, and such other officers or former officers of the Company or its related bodies corporate as the Directors in each case determine, against any losses or liability incurred by that person as an officer or auditor of the Company or of a related body corporate of the Company including, but not limited to, a liability for negligence or for reasonable legal costs on a full indemnity basis.

The Company, to the extent permitted by law, may enter into and pay premiums on a contract insuring any person who is a current or former Director, executive officer, officer or auditor of the Company, and such other officers or former officers of the Company or its related bodies corporate as the Directors in each case determine, against any liability incurred by the person as an officer or auditor of the Company or of a related body corporate of the Company including, but not limited to, a liability for negligence or for legal costs.

8. INVESTIGATING ACCOUNTANT'S REPORT



8. INVESTIGATING ACCOUNTANT'S REPORT



KPMG Financial Advisory Services (Australia) Pty Ltd
Australian Financial Services Licence No. 246901
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235 St Georges Terrace
Perth WA 6000

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GPO Box A29
Perth WA 6837
Australia

The Due Diligence Committee and Board of
Directors
Bhagwan Marine Limited
Lvl 3, 251 St Georges Tce
Perth WA 6000

28 June 2024

Dear Sirs

Limited Assurance Investigating Accountant's Report and Financial Services Guide

1 Introduction

KPMG Financial Advisory Services (Australia) Pty Ltd (of which KPMG Transaction Services is a division) ("KPMG Transaction Services") has been engaged by Bhagwan Marine Limited ("BML") to prepare this report for inclusion in the Prospectus to be dated on or around 28 June 2024 ("Prospectus"), and to be issued by BML, in respect of the proposed initial public offering of new fully paid ordinary shares in BML ("Shares") and associated listing on the Australian Securities Exchange ("Offer" or "Transaction").

Expressions defined in the Prospectus have the same meaning in this report.

This Investigating Accountant's Report should be read in conjunction with the KPMG Transaction Services Financial Services Guide included in the Prospectus.

2 Scope

You have requested KPMG Transaction Services to perform a limited assurance engagement in relation to the pro forma historical and forecast financial information described below and disclosed in the Prospectus.

The pro forma historical and forecast financial information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.

Our limited assurance engagement has not been carried out in accordance with auditing or other standards and practices generally accepted in New Zealand, UK, Hong Kong or Singapore and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

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under license by independent member firm of the
KPMG global organisation.
Liability limited by a scheme approved under
Professional Standards Legislation.



2.1 Pro Forma Historical Financial Information

You have requested KPMG Transaction Services to perform limited assurance procedures in relation to the pro forma historical financial information of BML (the responsible party) included in the Prospectus.

The pro forma historical financial information has been derived from the historical financial information of BML, after adjusting for the effects of pro forma adjustments described in section 4.3.3, 4.4.3 and 4.5.1 of the Prospectus. The pro forma historical financial information consists of BML's:

- pro forma historical Statement of Financial Position as at 31 December 2023; and
- pro forma historical consolidated Statements of Profit or Loss and Statements of Cash Flows for the years ended 30 June 2022 and 30 June 2023 and the six months ended 31 December 2022 and 31 December 2023;

(collectively the "Pro Forma Historical Financial Information").

The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the historical financial information and the event(s) or transaction(s) to which the pro forma adjustments relate, as described in section 4.2.3 of the Prospectus. Due to its nature, the Pro Forma Historical Financial Information does not represent the company's actual or prospective financial position, financial performance, and/or cash flows.

The Pro Forma Historical Financial Information has been compiled by BML to illustrate the impact of the event(s) or transaction(s) described in section 4.2.3 on BML's financial position as at 31 December 2023 and BML's financial performance and cash flows for the years ended 30 June 2022 and 30 June 2023 and the six months ended 31 December 2022 and 31 December 2023. As part of this process, information about BML's financial position, financial performance and cash flows has been extracted by BML from BML's financial statements for the years ended 30 June 2022 and 30 June 2023 and the six months ended 31 December 2022 and 31 December 2023.

The financial statements of BML for the years ended 30 June 2022 and 30 June 2023 were audited, and the six months ended 31 December 2022 and 31 December 2023 were reviewed by KPMG in accordance with Australian Auditing Standards. The audit and review opinions issued to the members of BML relating to those financial statements were unqualified/unmodified respectively.

For the purposes of preparing this report we have performed limited assurance procedures in relation to Pro Forma Historical Financial Information in order to state whether, on the basis of the procedures described, anything comes to our attention that would cause us to believe that the Pro Forma Historical Financial Information is not prepared or presented fairly, in all material respects, by the directors in accordance with the stated basis of preparation as set out in section 4.2.3 of the Prospectus.



We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, an audit. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed an audit. Accordingly, we do not express an audit opinion about whether the Pro Forma Historical Financial Information is prepared, in all material respects, by the directors in accordance with the stated basis of preparation.

2.2 Forecast Financial Information and directors' best-estimate assumptions

You have requested KPMG Transaction Services to perform limited assurance procedures in relation to the statutory and pro forma forecast consolidated Statement of Profit or Loss and Statement of Cash Flows of BML (the responsible party) for the year ending 30 June 2024 (the "Forecast Financial Information"), as described in section 4.7 of the Prospectus. The directors' best-estimate assumptions underlying the Forecast Financial Information are described in section 4.7.2 of the Prospectus.

As stated in section 4.2.4 of the Prospectus, the basis of preparation of the Forecast Financial Information is the recognition and measurement principles contained in Australian Accounting Standards and BML's accounting policies.

We have performed limited assurance procedures in relation to the Forecast Financial Information, set out in tables 4.1, 4.2, 4.5 and 4.6 of the Prospectus, and the directors' best-estimate assumptions underlying it in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that:

- the directors' best-estimate assumptions do not provide reasonable grounds for the Forecast Financial Information;
- in all material respects the Forecast Financial Information is not:
 - prepared on the basis of the directors' best-estimate assumptions as described in the Prospectus; and
 - presented fairly in accordance with the recognition and measurement principles contained in Australian Accounting Standards and BML's accounting policies;
- the Forecast Financial Information itself is unreasonable.

We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, an audit. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would



have been obtained had we performed an audit. Accordingly, we do not express an audit opinion.

3 Directors' responsibilities

The directors of BML are responsible for the preparation of:

- the Pro Forma Historical Financial Information, including the selection and determination of the pro forma transactions and/or adjustments made to the historical financial information and included in the Pro Forma Historical Information; and
- the Forecast Financial Information, including the directors' best-estimate assumptions on which the Forecast Financial Information is based and the sensitivity of the Forecast Financial Information to changes in key assumptions.

The directors' responsibility includes establishing and maintaining such internal controls as the directors determine are necessary to enable the preparation of financial information that is free from material misstatement, whether due to fraud or error.

4 Conclusions

4.1 Review statement on the Pro Forma Historical Financial Information

Based on our procedures, which are not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information, as set out in tables 4.1, 4.5 and 4.9 of the Prospectus, comprising:

- the pro forma historical consolidated statements of profit or loss of BML for the years ended 30 June 2022 and 30 June 2023 and the six months ended 31 December 2022 and 31 December 2023;
- the pro forma historical statements of cash flows of BML for the years ended 30 June 2022 and 30 June 2023 and the six months ended 31 December 2022 and 31 December 2023; and
- the pro forma historical statement of financial position of BML as at 31 December 2023,

is not prepared or presented fairly, in all material respects, on the basis of the pro forma transactions and/or adjustments described in section 4.2.3 of the Prospectus, and in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards, and BML's accounting policies.

4.2 Forecast Financial Information and the directors' best-estimate assumptions

Based on our procedures, which are not an audit, nothing has come to our attention which causes us to believe that:



- the directors' best-estimate assumptions used in the preparation of the Forecast Financial Information for the year ending 30 June 2024 do not provide reasonable grounds for the Forecast Financial Information; and
- in all material respects, the Forecast Financial Information:
 - is not prepared on the basis of the directors' best-estimate assumptions as described in section 4.7.2 of the Prospectus; and
 - is not presented fairly in accordance with the recognition and measurement principles contained in Australian Accounting Standards, and BML's accounting policies; and
- the Forecast Financial Information itself is unreasonable.

The Forecast Financial Information has been prepared by BML management and adopted and disclosed by the directors in order to provide prospective investors with a guide to the potential financial performance of BML for the year ending 30 June 2024.

There is a considerable degree of subjective judgement involved in preparing forecasts since they relate to event(s) and transaction(s) that have not yet occurred and may not occur. Actual results are likely to be different from the Forecast Financial Information since anticipated event(s) or transaction(s) frequently do not occur as expected and the variation may be material. The directors' best-estimate assumptions on which the Forecast Financial Information is based relate to future event(s) and/or transaction(s) that management expect to occur and actions that management expect to take and are also subject to uncertainties and contingencies, which are often outside the control of BML. Evidence may be available to support the directors' best-estimate assumptions on which the Forecast Financial Information is based however such evidence is generally future-oriented and therefore speculative in nature. We are therefore not in a position to express a reasonable assurance conclusion on those best-estimate assumptions, and accordingly, provide a lesser level of assurance on the reasonableness of the directors' best-estimate assumptions. The limited assurance conclusion expressed in this report has been formed on the above basis.

Prospective investors should be aware of the material risks and uncertainties in relation to an investment in BML, which are detailed in the Prospectus, and the inherent uncertainty relating to the Forecast Financial Information. Accordingly, prospective investors should have regard to the investment risks and sensitivities as described in section 5 of the Prospectus. The sensitivity analysis described in section 4.8 of the Prospectus demonstrates the impact on the Forecast Financial Information of changes in key best-estimate assumptions. We express no opinion as to whether the Forecast Financial Information will be achieved.

We have assumed, and relied on representations from certain members of management of BML, that all material information concerning the prospects and proposed operations of BML has been disclosed to us and that the information provided to us for the purpose of our work is true, complete and accurate in all respects. We have no reason to believe that those representations are false.



5 Independence

KPMG Transaction Services does not have any interest in the outcome of the proposed Offer, other than in connection with the preparation of this report and participation in due diligence procedures for which normal professional fees will be received. KPMG is the auditor of BML and from time to time, KPMG also provides BML with certain other professional services for which normal professional fees are received.

6 General advice warning

This report has been prepared, and included in the Prospectus, to provide investors with general information only and does not take into account the objectives, financial situation or needs of any specific investor. It is not intended to take the place of professional advice and investors should not make specific investment decisions in reliance on the information contained in this report. Before acting or relying on any information, an investor should consider whether it is appropriate for their circumstances having regard to their objectives, financial situation or needs.

7 Design and Distribution Obligations (“DDO”)

KPMG has made reasonable enquiries of BML as to whether shares offered pursuant to the Transaction are captured by Design and Distribution Obligations (“DDO”) regulations. Where a Target Market Determination (“TMD”) is required KPMG has reviewed the TMD to ensure the content of the IAR is consistent with the TMD.

8 Restriction on use

Without modifying our conclusions, we draw attention to section 4.2.1 of the Prospectus, which describes the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose. We disclaim any assumption of responsibility for any reliance on this report, or on the financial information to which it relates, for any purpose other than that for which it was prepared.

KPMG Transaction Services has consented to the inclusion of this Investigating Accountant’s Report in the Prospectus in the form and context in which it is so included, but has not authorised the issue of the Prospectus. Accordingly, KPMG Transaction Services makes no representation regarding, and takes no responsibility for, any other statements, or material in, or omissions from, the Prospectus.

Yours faithfully

Matthew Kelly
Authorised Representative, AFS Representative number 404260



KPMG Financial Advisory Services (Australia) Pty Ltd

ABN 43 007 363 215
Australian Financial Services Licence No. 246901

Financial Services Guide

Dated 28 June 2024

What is a Financial Services Guide (FSG)?

This FSG is designed to help you to decide whether to use any of the general financial product advice provided by **KPMG Financial Advisory Services (Australia) Pty Ltd ABN 43 007 363 215 (KPMG FAS)**, Australian Financial Services Licence Number 246901 (of which KPMG Transaction Services is a division) (**KPMG Transaction Services**).

Matthew Kelly as an authorised representative of KPMG Transaction Services, authorised representative number 404260 (**Authorised Representative**).

This FSG includes information about:

- KPMG FAS and its Authorised Representative and how they can be contacted;
- The services KPMG FAS and its Authorised Representative are authorised to provide;
- How KPMG FAS and its Authorised Representative are paid;
- Any relevant associations or relationships of KPMG FAS and its Authorised Representative;
- How complaints are dealt with as well as information about internal and external dispute resolution systems and how you can access them; and
- The compensation arrangements that KPMG FAS has in place.

The distribution of this FSG by the Authorised Representative has been authorised by KPMG FAS.

This FSG forms part of an Investigating Accountant's Report (**Report**) which has been prepared for inclusion in a disclosure document or, if you are offered a financial product for issue or sale, a Product Disclosure Statement (**PDS**). The purpose of the disclosure document or PDS is to help you make an informed decision in relation to a financial product. The contents of the disclosure document or PDS, as relevant, will include details such as the risks, benefits, and costs of acquiring the particular financial product.

Financial services that KPMG FAS and the Authorised Representative are authorised to provide

KPMG FAS holds an Australian Financial Services Licence, which authorises it to provide, amongst other services, financial product advice for the following classes of financial products:

- deposit and non-cash payment products;
- derivatives;
- foreign exchange contracts;
- debentures, stocks or bonds issued or proposed to be issued by a government;
- interests in managed investments schemes including investor directed portfolio services;
- securities;
- superannuation;
- carbon units;
- Australian carbon credit units; and
- eligible international emissions units,

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to retail and wholesale clients.

KPMG FAS provide financial product advice when engaged to prepare a report in relation to a transaction relating to one of these types of financial products. The Authorised Representative is authorised by KPMG FAS to provide financial product advice on KPMG FAS' behalf.

KPMG FAS and the Authorised Representative's responsibility to you

KPMG FAS has been engaged by Bhagwan Marine Limited (**Client**) to provide general financial product advice in the form of a Report to be included in the prospectus (**Document**) prepared by the Client in relation to the proposed initial public offering of new fully paid ordinary shares in Bhagwan Marine Limited and associated listing on the Australian Securities Exchange (**Transaction**).

You have not engaged KPMG FAS or the Authorised Representative directly but have received a copy of the Report because you have been provided with a copy of the Document. Neither KPMG FAS nor the Authorised Representative are acting for any person other than the Client.

KPMG FAS and the Authorised Representative are responsible and accountable to you for ensuring that there is a reasonable basis for the conclusions in the Report.

General Advice Warning

As KPMG FAS has been engaged by the Client, the Report only contains general advice as it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of the general advice in the Report having regard to your circumstances before you act on the general advice contained in the Report.

You should also consider the other parts of the Document before making any decision in relation to the Transaction.

Fees KPMG FAS may receive, and remuneration or other benefits received by our representatives

KPMG FAS charges fees for preparing reports. These fees will usually be agreed with, and paid by, the Client. Fees are agreed on either a fixed fee or a time cost basis. In this instance, the Client has agreed to pay KPMG FAS in the range of \$380,000 to \$400,000 for preparing the Report. KPMG FAS and its officers, representatives, related entities and associates will not receive any other fee or benefit in connection with the provision of the Report.

KPMG FAS officers and representatives (including the Authorised Representative) receive a salary or a partnership distribution from KPMG's Australian professional advisory, tax and accounting practice (the **KPMG Partnership**). KPMG FAS' representatives (including the Authorised Representative) are eligible for bonuses based on overall productivity. Bonuses and other remuneration and benefits are not provided directly in connection with any engagement for the provision of general financial product advice in the Report. Further details may be provided on request.

Referrals

Neither KPMG FAS nor the Authorised Representative pay commissions or provide any other benefits to any person for referring customers to them in connection with a Report.

Associations and relationships

Through a variety of corporate and trust structures KPMG FAS operates as part of the KPMG Australian firm. KPMG FAS' directors and Authorised Representatives may be partners in the KPMG Partnership. The Authorised Representative is a partner in the KPMG Partnership. The financial product advice in the Report is provided by KPMG FAS and the Authorised Representative and not by the KPMG Partnership.

From time to time KPMG FAS, the KPMG Partnership and related entities (**KPMG entities**) may provide professional services, including audit, tax and financial advisory services, to companies and issuers of financial products in the ordinary course of their businesses.

No individual involved in the preparation of this Report holds a substantial interest in, or is a substantial creditor of, the Client or has other material financial interests in the Transaction.



Complaints resolution

Internal complaints resolution process

If you have a complaint, please let KPMG FAS or the Authorised Representative know. Complaints can be sent in writing to The Complaints Officer, KPMG, GPO Box 2291U, Melbourne, VIC 3000 or [via email](mailto:AU-FM-AFSL-COMPLAINT@kpmg.com.au) (AU-FM-AFSL-COMPLAINT@kpmg.com.au). If you have difficulty in putting your complaint in writing, please call (03) 9288 5555 where you will be directed to the Complaints Officer who will assist you in documenting your complaint.

We will acknowledge receipt of your complaint, in writing, within 1 business day or as soon as practicable and will investigate your complaint fairly and in a timely manner.

Following an investigation of your complaint, you will receive a written response within 30 calendar days. If KPMG FAS is unable to resolve your complaint within 30 calendar days, we will let you know the reasons for the delay and advise you of your right to refer the matter to the Australian Financial Complaints Authority (**AFCA**).

External complaints resolution process

If KPMG FAS cannot resolve your complaint to your satisfaction within 30 calendar days, you can refer the matter to AFCA. AFCA is an independent body that has been established to provide free and impartial assistance to consumers to help in resolving complaints relating to the financial services industry. KPMG FAS is a member of AFCA (member no 11690).

Further details about AFCA are available at the AFCA website www.afca.org.au or by contacting them directly at:

Address: Australian Financial Complaints Authority Limited, GPO Box 3, Melbourne Victoria 3001

Telephone: 1800 931 678

Email: info@afca.org.au

The Australian Securities and Investments Commission also has a free call Customer Contact Centre infoline on 1300 300 630 which you may use to obtain information about your rights.

Compensation arrangements

KPMG FAS has compensation arrangements for loss or damage in accordance with section 912B of the *Corporations Act 2001(Cth)*. KPMG FAS holds professional indemnity insurance which, subject to its terms, provides cover for work performed by KPMG FAS including current and former representatives of KPMG FAS.

Contact details

You may contact KPMG FAS or the Authorised Representative using the below contact details:

KPMG Transaction Services (a division of KPMG Financial Advisory Services (Australia) Pty Ltd)
Level 38, International Towers Three
300 Barangaroo Avenue
Sydney NSW 2000

PO Box H67

Australia Square

NSW 1213

Telephone: (02) 9335 7621

Facsimile: (02) 9335 7001

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9. ADDITIONAL INFORMATION



9. ADDITIONAL INFORMATION

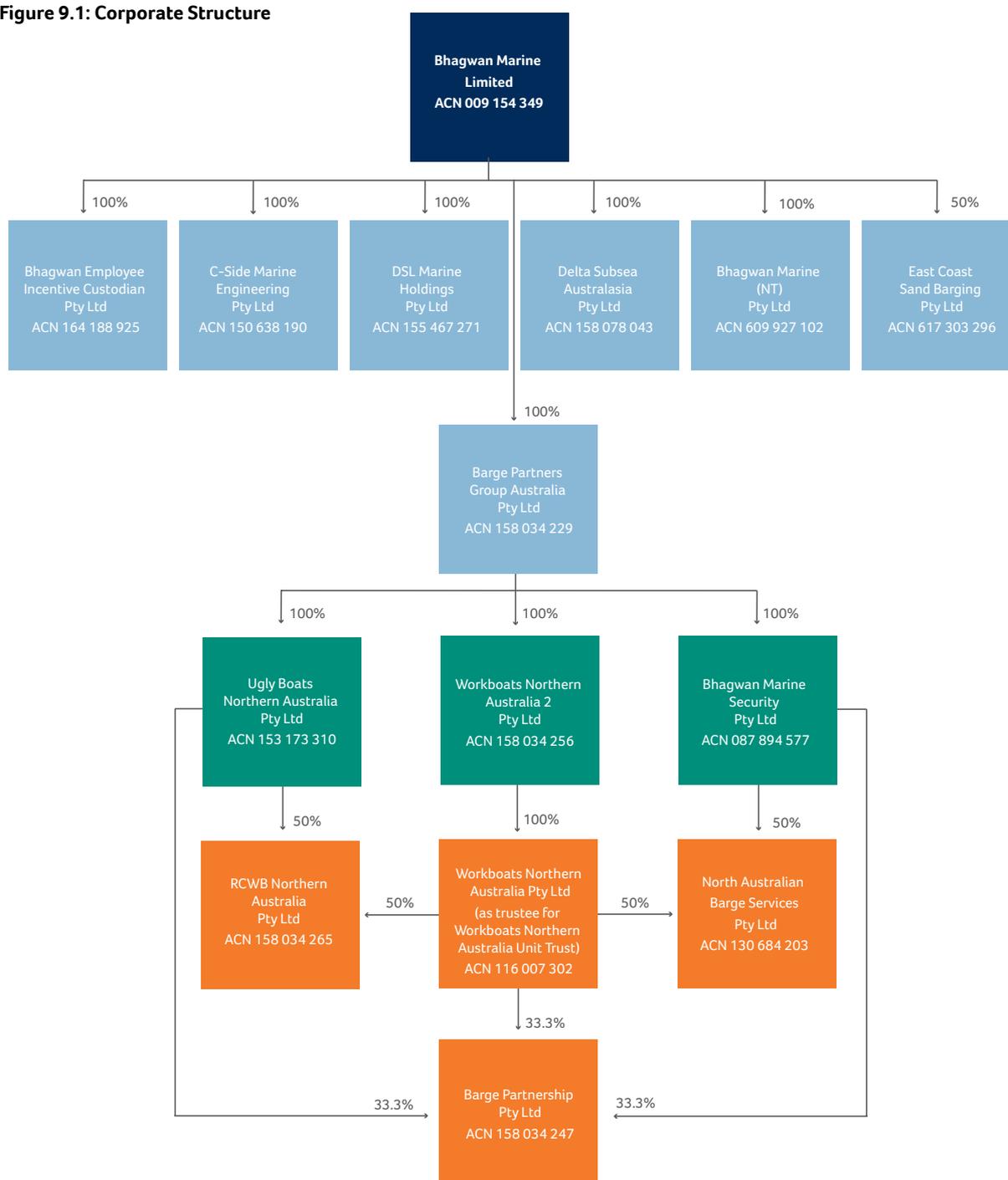
9.1 Incorporation

The Company, formerly known as Fennoclean Pty Ltd, was registered in Western Australia on 29 October 1985 and began trading as Bhagwan Marine in August 2000. In 2007, the Company was renamed Bhagwan Marine Pty Ltd, and converted to a public company on 14 June 2024.

9.2 Corporate Structure

The following diagram represents the Group's corporate structure as at the Prospectus Date:

Figure 9.1: Corporate Structure



9.2.1 Bhagwan entities

The Company has 13 wholly owned subsidiary companies and a 50% ownership in another entity. A brief description of the activities of the Company and each of its subsidiaries is outlined in the table below.

Table 9.1 Summary of activities of Bhagwan entities

NAME	PLACE/DATE OF INCORPORATION	SUMMARY OF ACTIVITIES AS AT THE PROSPECTUS DATE
Bhagwan Marine Limited	Western Australia 29 October 1985	Holding company of Group and operator of the Bhagwan business
Bhagwan Employee Incentive Custodian Pty Ltd	Western Australia 10 June 2013	Dormant
C-Side Marine Engineering Pty Ltd	Western Australia 29 April 2011	Asset owner
DSL Marine Holdings Pty Ltd	Western Australia 2 February 2012	Asset owner
Delta Subsea Australasia Pty Ltd	Western Australia 30 April 2012	Dormant
Bhagwan Marine (NT) Pty Ltd	Western Australia 21 December 2015	Asset owner
East Coast Sand Barging Pty Ltd (50%)	Western Australia 10 February 2017	Dormant
Barge Partners Group Australia Pty Ltd	Northern Territory 27 April 2012	Asset owner
Ugly Boats Northern Australia Pty Ltd	Western Australia 12 September 2011	Asset owner
Workboats Northern Australia 2 Pty Ltd	Northern Territory 27 April 2012	Asset owner
Bhagwan Marine Security Pty Ltd	Victoria 3 June 1999	Asset owner
RCWB Northern Australia Pty Ltd	Northern Territory 27 April 2012	Dormant
Workboats Northern Australia Pty Ltd	Northern Territory 30 August 2005	Asset owner
North Australian Barge Services Pty Ltd	Northern Territory 17 April 2008	Asset owner

9.3 Capital Structure

The capital structure of the Company as at the Prospectus Date and as at Completion is summarised in Section 6.3. As at the Prospectus Date, Bhagwan has 148,216,111 Shares on issue.

The Company's free float at the time of admission to the official list of ASX will not be less than 20%.

9.4 Participation in issues of securities

Except as described in this Prospectus, Bhagwan has not granted, or proposed to grant, any rights to any person, or to any class of person, to participate in an issue of Bhagwan's securities.

9.5 Underwriting Agreement

The Company has appointed Euroz Hartleys Limited to act as Lead Manager and Underwriter to the Offer. Below is a summary of the Underwriting Agreement entered into between the Company and the Lead Manager and Underwriter on 21 June 2024.

The Lead Manager and Underwriter may, at its own cost and with the agreement of the Company, appoint co-managers and brokers to the Offer and, appoint sub-underwriters to sub-underwrite the Offer.

9.5.1 Fees and expenses

Pursuant to the Underwriting Agreement, the Company has agreed to:

- pay the Lead Manager and Underwriter a management fee of 1% of the total amount raised under the Offer (Offer Proceeds) and a selling fee of 3% of the Offer Proceeds; and
- reimburse the Lead Manager and Underwriter for all reasonable costs and out of pocket expenses of and incidental to the Offer including roadshow expenses, travel and accommodation expenses, document production and printing costs, and legal costs.

9.5.2 Termination events not subject to materiality

The Lead Manager and Underwriter may terminate the Underwriting Agreement, at any time from the date of the Underwriting Agreement until 10.00 am on the settlement date, or at any other time earlier as specified below, without cost or liability, by notice to the Company if any of the following events occur:

- **(Prospectus)** the Lead Manager and Underwriter forms the view (acting reasonably) that:
 - » there is a material omission from the Prospectus or any supplementary prospectus of material required by the Corporations Act to be included;
 - » the Prospectus or any supplementary prospectus contains a material statement which is untrue, inaccurate or misleading or deceptive;
 - » the Prospectus or any supplementary prospectus is likely to mislead or deceive (whether by inclusion or omission) in a material respect; or
 - » the Prospectus or any supplementary prospectus does not contain all material information required to comply with all applicable laws;
- **(new circumstances)** there occurs a new circumstance that arises after the Prospectus is lodged that would have been required to be included in the Prospectus if it had arisen before lodgement that is materially adverse from the point of view of an investor;
- **(supplementary prospectus)** the Company issues or, in the reasonable opinion of the Lead Manager and Underwriter, is required to issue, a supplementary prospectus to comply with section 719 of the Corporations Act;
- **(market fall)** at any time the S&P/ASX All Ordinaries Index falls to a level that is 90% or less of the level as at the close of trading on the date of this agreement and is at or below that level at the close of trading:
 - » on the Business Days immediately prior to the settlement date; or
 - » for two or more consecutive Business Days at any time after the date of the Underwriting Agreement;
- **(restriction agreements)** any restriction agreement is withdrawn, varied, terminated, rescinded, altered, amended or breached, or becomes void, voidable, unenforceable or there is a failure to comply with any of them;
- **(listing and quotation)** approval is refused or not granted, or approval is granted subject to conditions other than customary conditions, to:
 - » the Company's admission to the Official List of ASX on or before the settlement date; or
 - » the quotation of the Shares, including the Shares under the Offer, on ASX or for the Shares, including the Shares under the Offer, to be traded through CHESSE on or before the quotation date,

or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld;

- **(notifications)** any of the following notifications are made in respect of the Offer:
 - » ASIC issues an order (including an interim order) under section 739 of the Corporations Act;
 - » ASIC holds a hearing under section 739(2) of the Corporations Act;
 - » an application is made by ASIC for an order under Part 9.5 of the Corporations Act in relation to the Offer or an Offer document or ASIC commences any investigation or hearing under Part 3 of the ASIC Act in relation to the Offer or an Offer Document;
 - » any person who has previously consented to the inclusion of its name in the Prospectus (other than the Lead Manager and Underwriter) withdraws that consent; or
 - » any person (other than the Lead Manager and Underwriter) gives a notice under section 730 of the Corporations Act in relation to the Prospectus,

unless such notification is not made public and is withdrawn within the earlier of:

- » 3 Business Days; and
 - » 5.00 pm on the Business Day prior to the settlement date;
- **(withdrawal)** the Company withdraws the Prospectus or the Offer or indicates that it does not intend to proceed with the Offer or any part of the Offer or any circumstance arises after lodgement of the Prospectus with ASIC that results in the Company either repaying any money received from applicants under the Offer or offering applicants under the Offer an opportunity to withdraw their application for Shares under the Offer and be repaid their application monies;
 - **(timetable)** an event specified in the timetable contained in the Underwriting Agreement up to and including the settlement date is delayed by more than 2 Business Days (other than any delay caused solely by the Lead Manager and Underwriter or any delay agreed between the Company and the Lead Manager and Underwriter or required as a result of ASIC extending the period under section 727(3) of the Corporations Act);
 - **(unable to issue Shares under the Offer)** the Company is prevented from allotting or issuing the Shares under the Offer by applicable laws, an order of a court of competent jurisdiction or a governmental authority, within the time required by the ASX Listing Rules;
 - **(change to Company)** the Company:
 - » alters the issued capital of the Company or a member of the group, other than as contemplated in the Prospectus; or
 - » disposes or attempts to dispose of a substantial part of the business or property of the group, without the prior written consent of the Lead Manager and Underwriter;
 - **(insolvency events)** any member of the group becomes insolvent, or there is an act or omission which is likely to result in a member of the group becoming insolvent;
 - **(regulatory approvals)** if a regulatory body withdraws, revokes or amends any regulatory approvals required for the Company to perform its obligations under this agreement or to carry out the transactions contemplated by the Offer documents;
 - **(authorisation)**: any authorisation which is material to the operation of the business of the Company is repealed, revoked or terminated or expires and is not renewed, or is modified or amended in a manner unacceptable to the Lead Manager and Underwriter;
 - **(change in management)** a change in the senior management of the Company occurs, or there is a change in the board of directors of the Company without the prior written consent of the Lead Manager and Underwriter;
 - **(constitution)** the Company varies any term of its constitution without the prior written consent of the Lead Manager and Underwriter; or
 - **(fraud)** the Company or any of its directors or officers (as those terms are defined in the Corporations Act) engage, or any governmental authority commences any claim, proceedings or public action alleging that they have engaged since the date of the Underwriting Agreement, in any fraudulent conduct or activity whether or not in connection with the Offer.

9.5.3 Termination events subject to materiality

The Lead Manager and Underwriter may terminate the Underwriting Agreement at any time on or before 10.00 am on the settlement date or at any other time as specified below, without cost or liability, by notice to the Company, if any of the following events occur and the Lead Manager and Underwriter has reasonable grounds to believe that the event: (a) has, or is likely to have, a materially adverse effect on the: (i) success or outcome of the Offer; or (ii) ability of the Lead Manager and Underwriter to settle the Offer; or (b) will, or is likely to, give rise to a liability of the Lead Manager and Underwriter under, or a contravention by the Lead Manager and Underwriter of, any applicable law:

- **(Offer documents)** the Lead Manager and Underwriter forms the view (acting reasonably) that:
 - » an Offer document (other than the Prospectus) contains a statement which is untrue, inaccurate, misleading or deceptive or likely to mislead or deceive (whether by inclusion or omission); or
 - » an Offer document (other than the Prospectus) does not contain all information required to comply with all applicable laws;
- **(compliance with law)** in the reasonable opinion of the Lead Manager and Underwriter, any of the Offer documents, public information or any aspect of the Offer does not comply with the Corporations Act, the ASX Listing Rules or any other applicable law or regulation;
- **(disclosures in the Due Diligence Report and any other information)** the Due Diligence Report or verification material or any other information supplied by or on behalf of the Company to the Lead Manager and Underwriter in relation to the group or the Offer is, or becomes, false, misleading or deceptive, including by way of omission;
- **(public statements):** a public statement is made by the Company without the prior approval of the Lead Manager and Underwriter;
- **(information supplied)** any information supplied (including any information supplied prior to the date of this agreement) by or on behalf of a member of the group to the Lead Manager and Underwriter (and where information has been supplemented, or supplied in draft and then in final form, in its final form as at the Prospectus Date) in respect of the Offer or the group is, or is found to be, misleading or deceptive, or is likely to mislead or deceive (including by omission);
- **(forward looking statements)** the Offer documents include any prospective information, expression of opinion, belief, intention, expectation or future matter which, in the opinion of the Lead Manager and Underwriter is not, or ceases to be, based on reasonable grounds (including having regard to ASIC Regulatory Guide 170), taken as a whole;
- **(certificate)** the Company does not provide a closing certificate as and when required by this agreement or a statement in any closing certificate is false, misleading, inaccurate, untrue or incorrect;
- **(hostilities)** in respect of any one or more of Australia, New Zealand, the United States, the United Kingdom, Russia, Ukraine, Israel, Iran, Hong Kong, the People's Republic of China, Singapore or any member state of the European Union:
 - » hostilities not presently existing commence;
 - » a major escalation in existing hostilities occurs (whether war is declared or not);
 - » a declaration is made of a national emergency or war; or
 - » a major terrorist act is perpetrated;
- **(material contracts)** if any of the obligations of the relevant parties under any of the material contracts are not capable of being performed in accordance with their terms (in the reasonable opinion of the Lead Manager and Underwriter) or if all or any part of any of the material contracts:
 - » is terminated, withdrawn, rescinded, avoided or repudiated;
 - » is altered, amended or varied without the consent of the Lead Manager and Underwriter;
 - » is breached, or there is a failure by a party to comply;
 - » ceases to have effect, otherwise than in accordance with its terms; or
 - » is or becomes void, voidable, illegal, invalid or unenforceable (other than by reason only of a party waiving any of its rights) or capable of being terminated, withdrawn, rescinded, avoided or withdrawn or of limited force and effect, or its performance is or becomes illegal;

- **(change of law)** there is introduced, or there is a public announcement of a proposal to introduce, a new law or regulation or government policy in Australia, New Zealand, the United States, the United Kingdom, Hong Kong, the People's Republic of China, Singapore or any member state of the European Union (other than a law or policy which has been announced before the date of this agreement);
- **(breach)**
 - » there is a contravention by the Company or any other entity in the Group of the Corporations Act, the Competition and Consumer Act 2010 (Cth), the ASIC Act, its constitution or the ASX Listing Rules; or
 - » the Company defaults on one or more of its undertakings or obligations under this agreement;
- **(representations and warranties)** a representation, warranty, undertaking or obligation contained in this agreement on the part of the Company is breached, becomes not true or correct or is not performed;
- **(prosecution or legal proceedings)** any of the following occurs:
 - » a director or proposed director named in the Prospectus of the Company is charged with an indictable offence;
 - » any director or proposed director named in the Prospectus of the Company is disqualified from managing a corporation under Part 2D.6 of the Corporations Act;
 - » the commencement of legal proceedings against the Company or any other group member or against any director of the Company or any other group member in that capacity;
 - » any regulatory body commences any inquiry or public action against any member of the group, the Company or any of their respective directors in their capacity as a director of the Company, or announces that it intends to do so; or
 - » the Company or any group member engages in fraudulent conduct or activity, whether or not in connection with the Offer;
- **(Disruption in financial markets)** any of the following occurs:
 - » a general moratorium on commercial banking activities in Australia, the United Kingdom, the United States or Hong Kong or any member state of the European Union is declared by the relevant central banking authority in those countries, or there is a disruption in commercial banking or security settlement or clearance services in any of those countries;
 - » trading in all securities quoted or listed on ASX, London Stock Exchange, New York Stock Exchange or Hong Kong Stock Exchange is suspended for at least 1 day on which that exchange is open for trading;
 - » any adverse change or disruption to the existing financial markets, political conditions of, or currency exchange rates or controls in Australia, the United Kingdom, the United States, Hong Kong, or the international financial markets or any adverse change in national or international political, financial or economic conditions; or
 - » a change or development (which was not publicly known prior to the date of this agreement) involving a prospective change in taxation laws adversely affecting the Company or the Offer occurs;
- **(encumbrance)** other than as disclosed in the Prospectus, the Company creates or agrees to create an encumbrance over the whole or a substantial part of its business or property; or
- **(pandemic or epidemic):** there is, after the date of the Underwriting Agreement, an outbreak, or escalation in the severity, of a pandemic or an epidemic (such as novel coronavirus, a recurrence of Severe Acute Respiratory Syndrome or an outbreak of swine or avian influenza).

9.5.4 Indemnity

Subject to certain exclusions relating to, among other things, gross negligence, fraud or wilful misconduct by an indemnified party, the Company agrees to keep the Lead Manager and Underwriter and certain affiliated parties indemnified from losses suffered in connection with the Offer, the Offer documents, the pathfinder prospectus, the Underwriting Agreement and the appointment of the Lead Manager and Underwriter.

9.5.5 Representations, warranties, undertaking and other terms

The Underwriting Agreement contains certain standard representations, warranties and undertakings by the Company to the Lead Manager and Underwriter (as well as common conditions precedent).

The representations and warranties given by the Company include but are not limited to matters such as status, power and authorisations, validity of obligations, compliance with applicable laws and ASX Listing Rules, financial information, information contained in the Offer documents, the conduct of the Offer and the due diligence process, litigation, data privacy, internal controls and insurance.

The Company provides undertakings under the Underwriting Agreement which include but are not limited to notifications of breach of any obligation, representation, warranty or undertaking or non-satisfaction of any condition given by it under the Underwriting Agreement, that it will not, during the period following the date of the Underwriting Agreement until 180 days after Shares have been issued (or transferred) under the Offer, issue any Shares or securities (other than the proposed issue of Performance Rights as set out in Section 6.4.6) without the consent of the Lead Manager and Underwriter, subject to certain exceptions.

9.5.6 Potential control effects

As at the Prospectus Date, the Lead Manager and Underwriter is not a Shareholder of the Company. The Lead Manager and Underwriter is also not a related party of the Company for the purposes of the Corporations Act.

If the Lead Manager and Underwriter (and/or any one or more sub-underwriters appointed by it) are required to subscribe for shortfall Shares pursuant to the Underwriting Agreement, then the Lead Manager and Underwriter will become a Shareholder of the Company.

The Shares available under the Offer will represent approximately 46.1% of the total Shares on issue at Completion. Accordingly, the maximum voting power that the Lead Manager and Underwriter (and/or a sub-writer) may acquire pursuant to the underwriting arrangements (assuming that no investors subscribe for any Shares under the Offer, and all shortfall Shares are allocated to one person) is 46.1%.

As noted in Section 7.1.4, following Completion, the Directors do not expect any Shareholder to control (as defined by section 50AA of the Corporations Act) the Company.

9.6 Material Contracts

9.6.1 Overview - MSAs

A significant proportion of Bhagwan's revenue is typically generated through existing MSAs and long term contracts although a component of revenue is also generated by providing repeat services to customers under purchase orders or scopes of work without existing contracts in place.

Where Bhagwan enters into MSAs with customers, they will typically contain the terms described below.

Bhagwan considers that the MSAs entered into with customers are otherwise on ordinary commercial terms, typical of their nature.

9.6.1.1 MSAs

- a. **(Term)** The term of the agreement varies, but is generally between 2 and 5 years, with a right to renew for a further period or periods.
- b. **(Rates)** The rates payable by the customer for Bhagwan's services are based on a schedule of rates for the duration of the agreement. These rates typically contain a Vessel Hire Component (VHC) and a Labor Hire Component (LHC) and may be subject to annual reviews, including a CPI rise and fall mechanism. If Bhagwan is required to move personnel and assets to an agreed location, fees will be payable for mobilisation and demobilisation. The cost of fuel is either provided 'Free Issue' by the client or charged back to the customer in an agreed mechanism. The rates also cover plant, equipment and materials that are recovered at cost plus an agreed margin.
- c. **(Termination)** The services and/or the agreement may be terminated by the customer by giving written notice to Bhagwan. The notice period varies, but is usually on 30 days' notice. Certain agreements may terminate on change of control if the relevant counterparty has not consented to the change of control event.
- d. **(Provision of Services)** The services are provided under individual work, service or purchase orders, which specify the scope of works and the services required.
- e. **(Compliance)** Bhagwan must provide the services in accordance with all applicable laws, standards and customer specific requirements, including policies, procedures and standards.
- f. **(KPIs)** The agreements may require Bhagwan to satisfy agreed key performance indicators which are generally based on health and safety.
- g. **(Reporting and Records)** The agreements generally require Bhagwan to keep up to date records and provide regular reports on the services it provides to customers.
- h. **(Insurance)** Bhagwan is generally required to maintain minimum insurances, such as workers' compensation insurance, public liability insurance, motor vehicle insurance and other insurances as required by the customer.
- i. **(Indemnities)** The agreements generally contain an indemnity from Bhagwan to the customer for liability arising from the provision of the services. Bhagwan's liability to the customer under the agreements are often capped.
- j. **(Representations and warranties)** The agreements generally contain representations and warranties from Bhagwan and the customer that are typical for agreements of this nature.
- k. **(Change of Control)** The agreements usually require the consent of the counterparty to a change in control of Bhagwan, and a failure to comply with such an obligation gives rise to a termination right. Generally, most of the agreements may be terminated by written notice, so there is no guarantee that the agreement will continue if a change in control of Bhagwan occurs (even if there is no express change of control provision within the agreement).
- l. **(Confidentiality)** The agreements generally contain confidentiality clauses requiring each party's consent to the disclosure of the terms, though the agreements usually carve out disclosures required by law (including by the rules of any stock exchange).
- m. **(Governing law)** The Agreements are subject to Australian laws, and specifically refer to the laws of differing States within Australia (i.e. Western Australia).

9.6.2 Overview – Offshore Decommissioning Contract

Bhagwan has entered into an Offshore Decommissioning Contract (as contractor) with an Australian unincorporated joint venture partner, with a large oil and gas company (**Customer**) to provide decommissioning services to nine offshore oil and gas platforms. The services provided by Bhagwan include the preparation, removal, transportation and reefing of the offshore platforms and includes the provision of vessels, equipment and personnel. Below are the key terms of the Offshore Decommissioning Contract:

9.6.2.1 Offshore Decommissioning Contract

- a. **(Term)** The Customer can issue work orders to Bhagwan under the Offshore Decommissioning Contract between 1 April 2022 and 31 March 2025. Bhagwan has two options to renew for one year each. All work under this Decommissioning Contract is due to be completed in mid-late August 2024.
- b. **(Rates)** The rates payable by the Customer are based on a schedule of rates according to a lump sum, service rate, or on a time and materials basis. The schedule of rates are fixed for the duration of the Offshore Decommissioning Contract.
- c. **(Termination)** The Customer may direct each contractor to terminate the services or any part of the services where either contractor has breached its obligations under the contract, or for its own convenience, by giving at least 30 days' written notice to the contractors. If this occurs, Bhagwan is to be paid reasonable costs for costs incurred and for services already performed.
- d. **(Suspension)** The Customer may direct each contractor to suspend the services or any part of the services for such a duration as determined by the Customer. Where services are suspended as a result of each contractor failing to comply with its respective obligations under the contract, neither contractor is entitled to compensation. The Customer may also suspend the works for its own convenience, and in these circumstances must reimburse each contractor for reasonable expenses.
- e. **(Provision of services)** Services are provided under individual work orders, which specify the scope of works and the services required.
- f. **(Compliance)** Bhagwan must provide the services in accordance with all applicable laws, standards and the Customer's specific requirements, including policies, procedures and standards.
- g. **(KPIs)** The contract requires Bhagwan to maintain a project deliverables schedule to be issued to the Customer for review and approval.
- h. **(Reporting and records)** The contract requires Bhagwan to establish and maintain records in relation to services provided to the Customer, which the Customer may inspect at any time up until 24 months after the end of the calendar year in which a work order is completed.
- i. **(Insurance)** Bhagwan is required to maintain minimum insurances, such as workers' compensation, third party liability, protection and indemnity insurance and other insurances as required by the Customer, including hull and machinery and automobile liability insurances.
- j. **(Indemnities)** The contract contains indemnities from each contractor to the Customer for liability arising under the provision of the services. The liability of each contractor is capped under the contract.
- k. **(Representation and warranties)** Each contractor represents and warrants to the Customer that it will perform and complete the work under the contract, and has the necessary labour, materials and equipment to do so. The Customer may immediately terminate the work order if each contractor fails to complete the works according to the standard of performance required by the contract.
- l. **(Performance guarantee)** Each contractor must provide the Customer with a security guarantee for the total combined amount of \$1,000,000, which is subject to retention by the Customer.
- m. **(Confidentiality)** The contract requires Bhagwan to seek the prior written consent of the Customer to disclose confidential information, and contains clauses that allow carve out disclosures that are required by law. If this occurs, the Customer may seek a protective order.
- n. **(Governing law)** The contract is subject to the laws of Western Australia.

9.6.3 Overview - Asset Maintenance Contract

Bhagwan is a party to an Asset Maintenance and Services Contract following a successful tender process with a large Australian port authority (**Port Authority**) to provide services in relation to the inspection, reporting and maintenance of the Port Authority's marine infrastructure assets. The services also include the provision of minor capital works.

9.6.3.1 Asset maintenance contract

- a. **(Term)** The initial 5 year term of the contract commenced on 1 April 2019, and was extended by the parties until 30 June 2024. Bhagwan has three options to renew for two years each, up to a maximum performance period of 11 years. As at the Prospectus Date, Bhagwan is in the process of negotiating a further extension of the contract to 30 September 2024.
- b. **(Fees)** The Port Authority agrees to pay Bhagwan based on a schedule of rates for the services performed over the initial 5 year term, adjusted by any variations made according to the contract. The same schedule of fees applies under the extension of the contract to 30 June 2024.
- c. **(Termination)** The Port Authority may in its absolute discretion terminate the contract in whole or in part for convenience by providing written notice to Bhagwan. No minimum notice period is required. If this occurs, Bhagwan is to be paid for works and costs for work already performed, and other reasonably incurred costs.
- d. **(Suspension)** The Port Authority may suspend the performance of the whole or any portion of the works under the contract where Bhagwan is in default or for safety reasons. The Port Authority is entitled to be paid for delay costs for the duration of the suspension where the Port Authority is not at fault.
- e. **(Performance guarantee)** Bhagwan must provide the Port Authority with a security guarantee calculated by reference to the value of the contract, which is subject to retention by the Port Authority.
- f. **(KPIs)** The contract requires Bhagwan to satisfy agreed key performance indicators which are based on health and safety, the completion of routine inspections and maintenance, progress toward key milestones, and conformity with the contract requirements.
- g. **(Reporting and records)** The contract requires Bhagwan to keep books and records relating to the services and make them available to the Port Authority for inspection.
- h. **(Insurance)** Bhagwan is required to maintain a certain minimum level of insurance, such as workers' compensation, third party liability, protection and indemnity insurance and other insurances as required by the Port Authority, including asbestos removal, environmental liability and marine hull insurances.
- i. **(Indemnities)** Bhagwan indemnifies the Port Authority for liability arising from the provision of the services, except to the extent that liability is caused or contributed to by the wilful misconduct of the Port Authority or its employees and contractors.
- j. **(Representations and warranties)** The contract contains representations and warranties from Bhagwan to the Port Authority that are typical for contracts of this nature, including that Bhagwan is suitably qualified and experienced, and will exercise due skill, care and diligence in the performance and completion of the services.
- k. **(Confidentiality)** The contract contains a confidentiality clause that provides a mechanism for the parties, at their discretion, to enter a separate agreement not to disclose confidential information even after final payment or early termination of the contract.
- l. **(Governing law)** The contract is governed by the laws of the State of Victoria.

9.6.4 Finance agreements

9.6.4.1 CBA Facility Agreement

The Company (as borrower) is party to a secured facility agreement (**SFA**) with Commonwealth Bank of Australia (trading as Bankwest) (**CBA**) originally dated 8 March 2012 and varied from time to time, most recently on 22 December 2023. The SFA is comprised of a term debt facility and a multi-option facility (together, the **CBA Facilities**). The term debt facility matures on 30

September 2025 and the multi-option facility matures on 31 January 2025.

The purpose of the CBA Facilities is to refinance existing financial indebtedness, general corporate and working capital purposes, the issuance of contingent instruments and any other purpose approved by CBA in writing. As outlined in Section 4.6.2, the total funding available to the Company under the SFA is approximately \$53.7 million. The funds drawn under the facility were utilised to fund acquisitions of vessels used in Bhagwan's business and operations and for general working capital purposes. Repayment of the loan funds will release the security held by CBA over the vessels back to the Company.

The SFA is governed by the laws of Western Australia. The material terms of the SFA are summarised below:

- **Guarantors:** the SFA is guaranteed by the Company and certain other wholly owned subsidiaries of the Company.
- **Interest:** in respect of a cash advance under the CBA Facilities, interest shall be paid in the sum of the base rate (BBSY Bid) plus the applicable margin which is 2.5% per annum under the term debt facility and 1.75% per annum under the multi-option facility.
- **Security:** the SFA is secured by general and specific securities granted by the Company and certain other wholly owned subsidiaries of the Company, including mortgage security over real property assets held by the group.
- **Review Event:** the SFA contains review events which are usual for a facility of this nature.
- **Events of Default:** the SFA contains customary events of default for a facility of this nature.

9.6.4.2 Catalyst Facilities

The Company (as borrower) has entered into three bilateral unsecured facility agreements with various entities associated with Catalyst Investment Managers as lenders (together, the **Catalyst Facilities**). Each Catalyst Facility was originally dated 22 August 2014 and amended and varied from time to time, including most recently on 29 June 2020.

The total funding available under the Catalyst Facilities in aggregate is approximately \$11.9 million. The purpose of the Catalyst Facilities was the acquisition by the Company of certain issued share capital of Plantain (UK) Limited (**Plantain**), a company incorporated in England and Wales under the terms of a share sale and purchase agreement in 2014 (**Plantain Acquisition**). In June 2020, Bhagwan sold Plantain to a third party for nil consideration as part of a fast-track sale process due to the impact of COVID-19, as an alternative to Plantain being put into receivership. The Catalyst Facilities and debt owing under them remains in place as at the Prospectus Date.

The Catalyst Facilities are governed by the laws of Western Australia and the material terms of the Catalyst Facilities are summarised below, noting that each Catalyst Facility has been documented on substantially the same terms:

- **Subordination:** the repayment of the Catalyst Facilities is subordinated to the CBA Facility.
- **Interest:** each Catalyst Facility accrues interest daily at the applicable interest rate and is payable (subject to the subordination provisions mentioned above): (1) at the borrower's discretion on the last day of each interest period, which is a period of one month; and (2) on repayment or prepayment of all or part of the loans. The applicable interest rate for each Catalyst Facility is 10% per annum.
- **Repayment:** subject to the subordination provisions, prepayment is at the discretion of the Company as borrower and permitted at any time without penalty and all amounts owing and payable including any capitalised interest are due on the maturity date (which was 29 June 2023 but has been verbally extended between the parties and it has been agreed that the outstanding amounts owed will be repaid out of the Offer proceeds, as noted in Section 7.1.3).
- **Representations and Warranties:** the Catalyst Facilities contain representations, warranties and undertakings that are typical of a facility of this nature.
- **Events of Default:** the Catalyst Facilities contain customary events of default for a facility of this nature.

9.6.4.3 Kannikoski Shareholder Loan

The Company (as borrower) entered a shareholder loan with Loui Kannikoski as lender on 22 August 2014 which was varied on 20 June 2023. The purpose of this loan was for the Plantain Acquisition (refer to Section 9.6.4.2 for details of the Plantain Acquisition). The Kannikoski Shareholder Loan and the debt owing under it remains in place as at the Prospectus Date.

Loui Kannikoski is a related party of the Company by virtue of being a Director, meaning that the Kannikoski Shareholder Loan represents a related party arrangement.

The loan is a short form loan agreement governed by the laws of Western Australia and contains the material terms summarised below:

- **Maturity date:** 31 December 2024.
- **Loan amount:** \$12.7 million.
- **Interest:** 6% per annum, accruing on a daily basis on the principle outstanding. Accrued interest compounds monthly and interest is payable at the discretion of the Company or upon repayment (as noted below).
- **Repayment:** the Company must repay the loan on the maturity date and may make prepayments at its discretion.

As noted in Section 7.1.3, the Company intends to apply funds raised from the Offer to repay the Kannikoski Shareholder Loan.

9.6.4.4 BM Fleet Loan

The Company (as lender) entered into a loan arrangement with BM Fleet (as borrower). BM Fleet is a related party of the Company as it is an entity associated with Anthony Wooles and Loui Kannikoski, who are each Directors of the Company, meaning the BM Fleet Loan represents a related party arrangement. The purpose of the loan was to acquire and/or construct certain vessels, being the Phoenix, the Bhagwan Mover and the AMS Henderson, in respect of which Bhagwan has entered into leaseback arrangements as summarised in Table 6.11 of Section 6.7.1. The loan amount was a total of \$10.8 million in aggregate. NAB also provided BM Fleet a facility to fund the purchase of the vessels by BM Fleet, and the loan from NAB is secured over the relevant vessels.

CBA as the Company's external financier is aware of, and is comfortable with, this arrangement.

The material terms of this arrangement include:

- **Repayment:** BM Fleet is required to repay the loan amount to Bhagwan from any available operating cash (after BM Fleet has first repaid any amounts owing under the NAB facility), or on sale of an asset where release of the NAB security has occurred.
- **Interest:** interest is payable monthly in arrears at a rate of 8% per annum.
- **Security:** the loan arrangement is unsecured.

9.7 Substantial Shareholders

Details of Shareholders who hold 5% or more of the Shares on issue as at the date of this Prospectus, and who will hold more than 5% after Completion, are set out in Table 9.2 below:

Table 9.2: Substantial Shareholders of Bhagwan

SHAREHOLDER	SHARES HELD AT PROSPECTUS DATE	% OF TOTAL SHARES AT PROSPECTUS DATE	SHARES HELD ON COMPLETION	% OF TOTAL SHARES ON COMPLETION
The Kannikoski Family ¹	111,051,811	74.9%	111,528,011	40.5%
Anthony Wooles ²	22,870,077	15.4%	23,392,021	8.5%

Notes:

1. The Shares held by the Kannikoski Family comprise Shares held directly by Loui Kannikoski (27,042,947 Shares), an indirect interest through Guru Pty Ltd (10,373,195 Shares), an entity that Loui and his wife, Kerren Kannikoski, control, and an indirect interest in the Shares held by Loui's mother, Matilda Kannikoski, who has provided Loui (jointly with Loui's sister) with an enduring power of attorney over Matilda's Shares (73,635,669 Shares). Loui has informed Bhagwan that he, or entities that he is associated with, intends to apply for 476,200 Shares under the Offer.
2. Anthony Wooles holds indirect interests in Shares through AEW Holdings Pty Ltd, an entity that Anthony controls. Anthony has informed Bhagwan that he, or entities that he is associated with, intends to apply for 521,944 Shares under the Offer.

9.8 Consents to be Named and Inclusion of Statement and Disclaimers of Responsibility

9.8.1 Consenting parties

Each of the parties referred to below (each a consenting party), to the maximum extent permitted by law, expressly disclaims all liabilities in respect of, makes no representations regarding and takes no responsibility for any statements in or omissions from this Prospectus, other than the reference to its name in the form and context in which it is named and a statement or report included in this Prospectus with its consent as specified below.

Each of the consenting parties has given and has not, before the lodgement of this Prospectus with ASIC, withdrawn its written consent to be named in this Prospectus in the form and context in which it is named. None of the consenting parties referred to below has made any statement that is included in this Prospectus or any statement on which a statement is made in this Prospectus is based, other than as specified below:

- Clayton Utz;
- KPMG Financial Advisory Services (Australia) Pty Ltd;
- KPMG;
- Euroz Hartleys Limited;
- Azure Capital Pty Ltd;
- Boardroom Corporate Governance Pty Ltd; and
- Link Market Services Limited.

KPMG Financial Advisory Services (Australia) Pty Ltd has given, and has not withdrawn prior to the lodgement of the Prospectus, its written consent to the inclusion of its Investigating Accountant's Report in Section 8 in the form and context in which it is so included.

9.8.2 Non-consenting parties

The Company has included statements in this Prospectus made by, attributed to or based on statements made by the following parties:

- ARUP Report for the UK Government, Australian Offshore Wind Market Study: Supply Chain Analysis and Gap Analysis, 2023;
- Australasian Centre for Corporate Responsibility Inc., Offshore Oil and gas asset decommissioning, 2023;
- Australian Bureau of Statistics, Australian Industry Data 2021-2022, 26 May 2023;
- Australian Department of Defence, HydroScheme Industry Partnership Program, 2024, accessed at <<https://www.hydro.gov.au/NHP/hipp.htm>>;
- Australian Department of Defence: International Hydrographic Organization, Australian Defence Project SEA 2400 Phase 1 HydroScheme Industry Partnership Program (HIPP) Tender, 1 October 2021, accessed at <<https://ihr.iho.int/articles/australian-defence-project-sea-2400-phase-1-hydroscheme-industry-partnership-program-hipp-tender/>>;
- Blue Economy Collaborative Research Centre, Final Project Report: Offshore Wind Energy in Australia, 2021;
- Centre for Decommissioning Australia (CODA) (Advisian study), A Baseline Assessment of Australia's Offshore Oil and Gas Decommissioning Liability, 2022;
- Commonwealth of Australia 2022, Budget Strategy and Outlook Budget Paper No. 1 2022-23, 29 March 2022;
- Commonwealth of Australia 2022, Federal Financial Relations Budget Paper No. 3 2022-23, 29 March 2022;
- Department of Climate Change, Energy, the Environment and Water, Australian Energy Update 2023, September 2023;

- Department of Climate Change, Energy, the Environment and Water, Australia's offshore wind areas, 6 March 2024;
- Department of Industry, Science and Resources, Resources and Energy Quarterly March 2024, 2024;
- Department of Industry, Science, Energy and Resources, Global Resources Strategy Commodity Report: Liquefied Natural Gas, 2022;
- Department of Infrastructure, Transport, Regional Development, Communications and the Arts, Australian Sea Freight 2020-2021, Australian Government, January 2023;
- Frontiers in Marine Science, Decommissioning Research Needs for Offshore Oil and Gas Infrastructure in Australia, 2021;
- Geoscience Australia, Oil, 2023, accessed at <<https://www.ga.gov.au/digital-publication/aecr2023/oil>>;
- Global Wind Energy Council, Global Offshore Wind Report 2023, 28 August 2023;
- Government of Western Australia, 'Budget to deliver boost for State's ports', Hon. Rita Saffioti, 11 May 2023, accessed at <<https://www.wa.gov.au/government/media-statements/McGowan-Labor-Government/Budget-to-deliver-boost-for-State%27s-ports-20230511>>;
- LNG Prime, 'Chevron, partners take FID on Jansz-Lo compression project', LNG Prime Staff, 2 July 2021;
- LNG Prime, 'Tamboran plans to launch Northern Territory LNG plant by 2030';
- NS Energy Business, 'Shell reaches FID to develop Crux project offshore Western Australia', 30 May 2022;
- Port of Brisbane, Goal: Deliver Efficient and Sustainable Economic Growth, 2024, accessed at <<https://www.portbris.com.au/prosperity>>;
- Port of Melbourne, 2023-24 Tariff Compliance Statement, 31 May 2023;
- PWC, Australia's pathway to energy transition is blowing in the wind, 8 December 2023;
- S&P Global, 'Scarborough: A refresher for Australia's major gas development still on track for 2026', William Plampton, 24 April 2023;
- Santos, 'Santos announces FID on the Barossa gas project for Darwin LNG', 30 March 2021;
- Shell Australia, The Crux Project: Project Overview, 2024;
- Shell, 'Shell to develop Crux project in Western Australia', 30 May 2022;
- Tamboran Resources Corporation, Assets, 2024, accessed at <<https://www.tamboran.com/assets/>>;
- The Australian Institute, Emissions from the Tamboran NT LNG facility, Mark Ogge, August 2023; and
- Woodside Energy, The Scarborough Energy Project, November 2023, accessed at <https://www.woodside.com/docs/default-source/our-business---documents-and-files/scarborough/scarborough-energy-project-fact-sheet---november-2023.pdf?sfvrsn=24fc8d2c_7>.

The inclusion of statements made by, attributed to or based on statements made by these parties has not been consented to by the relevant party for the purpose of section 729 of the Corporations Act and are included in this Prospectus by the Company on the basis of ASIC Corporations (Consents to Statements) Instrument 2016/72 relief from the Corporations Act for statements used from books, journals or comparable publications.

9.9 Regulatory Relief

ASX has given Bhagwan in-principle advice that, upon receipt of Bhagwan's application for admission to the Official List of ASX, it would likely provide a waiver from condition 12 of ASX Listing Rules 1.1 to the extent necessary to permit Bhagwan to have on issue the Performance Rights with an exercise price of less than \$0.20 on the condition that the full terms of the Performance Rights are disclosed in this Prospectus.

9.10 Australian Corporate Regulation

As a company incorporated in Australia, Bhagwan is already subject to, and will further be subject to on listing on the ASX, a number of corporate laws and regulations, including the Corporations Act, Australian Securities and Investment Commission Act 2001 (Cth) (**ASIC Act**) and ASX Listing Rules. ASIC is an independent Australian Government body and regulates corporates, markets, financial services and consumer credit. ASIC is empowered under the ASIC Act and regulates corporate conduct via that Act and other legislation/regulations including the Corporations Act and works closely with the ASX to ensure compliance with the Corporations Act and market integrity rules. The ASX is obliged to notify ASIC of various matters, including suspected contraventions of relevant laws and rules. ASIC has a number of enforcement powers including investigating actual and suspected breaches of the law and compulsory information gathering powers.

9.11 Taxation Considerations

The comments in this Section 9.11 provide a general outline of Australian tax issues for Australian tax resident Shareholders who acquire Shares under this Prospectus and that hold Shares in Bhagwan on capital account for Australian income tax purposes.

This summary does not consider the consequences for Shareholders who:

- are not residents of Australia for income tax purposes;
- hold their Shares in Bhagwan as revenue assets (such as assets used in carrying on a business of share trading, banking or insurance), or as trading stock or those who have acquired Shares for the purpose of on sale at a profit;
- are subject to the Taxation of Financial Arrangements regime in Division 230 of the Income Tax Assessment Act 1997 (Cth);
- hold their Shares through a foreign permanent establishment;
- acquired the Shares under any employee share scheme; or
- may be subject to special tax rules, such as insurance companies, partnerships, tax exempt organisations, trusts (except where expressly stated), superannuation funds (except where expressly stated) or temporary residents.

The summary in this Section is general in nature and is non exhaustive of all Australian tax consequences that could apply in all circumstances of any given Shareholder. The individual circumstances of each Shareholder may affect the taxation implications of the investment of the Shareholder.

It is recommended that all Shareholders consult their own independent tax advisers regarding the income tax (including capital gains tax), stamp duty and GST consequences of acquiring, owning and disposing of Shares, having regard to their specific circumstances.

The summary in this Section is based on the relevant Australian tax law in force, established interpretations of that law and understanding of the practice of the relevant tax authority at the time of issue of this Prospectus. The summary does not take into account the tax law of countries other than Australia.

Tax laws are complex and subject to ongoing change. The tax consequences discussed in these summaries do not take into account or anticipate any changes in law (by legislation or judicial decision) or any changes in the administrative practice or interpretation by the relevant authorities. If there is a change, including a change having retrospective effect, the income tax, stamp duty and GST consequences should be reconsidered by Shareholders in light of the changes. The precise implications of ownership or disposal of the Shares will depend upon each Shareholder's specific circumstances.

This summary does not constitute financial product advice as defined in the Corporations Act.

9.11.1 Company status and Financial Year

The Company has a balance date of 30 June. The Company is a tax resident of Australia and subject to income tax at the standard corporate tax rate of 30% on the basis that its aggregated turnover is, and is forecast to be, at least \$50.0 million per annum.

9.11.2 Dividends paid on Shares

Dividends may be paid to Shareholders by Bhagwan. Bhagwan may attach 'franking credits' to such dividends. Franking credits broadly represent the extent to which a dividend is paid by Bhagwan out of profits that have been subject to Australian income tax. It is possible for a dividend to be fully franked, partly franked or unfranked. The dividend should be included in each Shareholder's assessable income for the relevant year of income.

It should be noted that the concept of a dividend for Australian income tax purposes is very broad and can include payments that are made in respect of such things as off-market share buy-backs.

To the extent that franking credits are attached to a dividend, Australian tax resident Shareholders should include in their assessable income an amount equal to the franking credits (in addition to the dividend paid) in the income year in which the dividend is paid or credited.

Australian tax resident Shareholders should be entitled to a tax offset equal to the franking credits attached to the dividend so long as they are a "qualified person". A "qualified person" is a Shareholder who, in broad terms, hold Shares in Bhagwan "at risk" for a period of more than 45 days within a period beginning on the day after the date on which the Shareholder acquired the Shares and ending on the 45th day after the date on which the Shares became "ex dividend". An individual may also be a "qualified person" where their total franking credit entitlement in the relevant income year is below \$5,000 for the relevant year.

In some cases, an amount of a tax offset not applied against an Australian tax resident Shareholder's tax liability can be refunded to that Shareholder. Whether this is available depends on the particular circumstances of the Shareholder, including their entity type.

9.11.3 Australian Capital gains tax (CGT) implications for Australian tax resident Shareholders on a disposal of Shares

Australian tax resident Shareholders who hold their Shares on capital account will be required to consider the impact of the Australian CGT provisions in respect of the disposal of their shares. A capital gain will arise where the capital proceeds on disposal exceed the cost base of the share (broadly, the cost base is the amount paid to acquire the share plus any (non-tax deductible) transaction costs incurred in relation to the acquisition or disposal of the shares). In the case of an arm's length on-market sale, the capital proceeds should be the total amount of the money and property received from the sale of the shares. A CGT discount may be applied against the capital gain (after first deducting any available capital losses, see below) where the Shareholder is an individual, complying superannuation entity or trustee, and the Shares have been held for more than 12 months prior to the CGT event. Where the CGT discount applies, any capital gain arising to individuals and entities acting as Trustees (other than a trust that is a complying superannuation entity) may be reduced by one-half after offsetting current year or prior year capital losses. For a complying superannuation entity, any capital gain may be reduced by one-third, after offsetting current year or prior year capital losses.

Where the Shareholder is the trustee of a trust that has held the Shares for more than 12 months before disposal, the CGT discount may, generally, flow through to the resident beneficiaries of the trust if those beneficiaries are not companies. Shareholders that are trustees should seek specific advice regarding the tax consequences of distributions to beneficiaries who may qualify for discounted capital gains.

A capital loss will be realised where the reduced cost base of the share (the reduced cost base is determined by a similar (although not identical) calculation to the cost base) exceeds the capital proceeds from disposal. Capital losses may only be offset against capital gains realised by the Shareholder in the same income year or future income years, subject to certain loss recoupment tests being satisfied. Capital losses cannot be offset against other forms of assessable income.

9.11.4 Withholding Tax

Resident Shareholders may, if they choose, notify Bhagwan of their tax file number (**TFN**), ABN, or a relevant exemption from withholding tax with respect to dividends.

In the event that Bhagwan is not so notified, Australian tax may be required to be deducted at the maximum marginal tax rate plus the Medicare levy from the cash amount of the unfranked portion (if any) of the dividends. No amount is required to be deducted by Bhagwan in respect of fully franked dividends. The rate of withholding tax (including the Medicare levy) is currently 47%.

Bhagwan is required to withhold and remit to the ATO such tax until such time as the relevant TFN, ABN or exemption notification is given to Bhagwan. Shareholders will be able to claim a tax credit/rebate (as applicable) in respect of any tax withheld on the dividends in their individual income tax returns.

A Shareholder that holds Shares as part of an enterprise may quote their ABN instead of their TFN.

9.11.5 Stamp Duty

Shareholders should not be liable for stamp duty in respect of their initial subscription of Shares on the basis that no shareholder will be acquiring 90% or more of the shares in the Company by themselves or with associated persons. Under current stamp duty legislation, no stamp duty should ordinarily be payable by Shareholders on any subsequent transfer of Shares whilst the Company remains listed on the ASX, unless that transaction involves a transfer of 90% or more of the shares in the Company.

Shareholders should seek their own advice as to the impact of stamp duty in their own particular circumstances.

9.12 Continuous Disclosure Obligations

Following admission of the Company to the Official List, the Company will be a “disclosing entity” (as defined in Section 111AC of the Corporations Act) and, as such, will be subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company will be required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities, unless an exception applies.

Price sensitive information will be publicly released on the ASX before it is disclosed to shareholders and market participants. Distribution of other information to shareholders and market participants will also be managed through disclosure to the ASX. In addition, the Company will post this information on its website after the ASX confirms an announcement has been made, with the aim of making the information readily accessible to the widest audience.

9.13 Electronic Prospectus

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please contact the Company and the Company will send you, for free, either a hard copy or a further electronic copy of this Prospectus or both. Alternatively, you may obtain a copy of this Prospectus from **www.bhagwanmarine.com**.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

9.14 Dividend reinvestment plan

On Completion, the Company will not have a dividend reinvestment plan. It may elect to implement one in the future.

9.15 Foreign Selling Restrictions

This document does not constitute an offer of Shares in any jurisdiction in which it would be unlawful. In particular, this Prospectus may not be distributed to any person, and the Shares may not be offered or sold in any country outside of Australia, except as set out below.

9.15.1 Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the “SFO”). Accordingly, this Prospectus may not be distributed, and the Shares may not be offered or sold, in Hong Kong other than to “professional investors” (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this Prospectus have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this Prospectus, you should obtain independent professional advice.

9.15.2 New Zealand

This Prospectus has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (NZ) (**FMC Act**).

The Shares are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

9.15.3 Singapore

This Prospectus and any other materials relating to the Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this Prospectus and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of Shares, may not be issued, circulated or distributed, nor may the Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part 13 of the Securities and Futures Act 2001 of Singapore (the “SFA”) or another exemption under the SFA.

This Prospectus has been given to you on the basis that you are an “institutional investor” or an “accredited investor” (as such terms are defined in the SFA). If you are not such an investor, please return this Prospectus immediately. You may not forward or circulate this Prospectus to any other person in Singapore.

Any offer is not made to you with a view to the Shares being subsequently offered for sale to any other party in Singapore. On-sale restrictions in Singapore may be applicable to investors who acquire Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

9.15.4 United Kingdom

Neither this Prospectus nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (“FSMA”)) has been published or is intended to be published in respect of the Shares.

The Shares may not be offered or sold in the United Kingdom by means of this Prospectus or any other document, except in circumstances that do not require the publication of a prospectus under section 86(1) of the FSMA. This Prospectus is issued on a confidential basis in the United Kingdom to “qualified investors” within the meaning of Article 2(e) of the UK Prospectus Regulation. This Prospectus may not be distributed or reproduced, in whole or in part, nor may its contents be disclosed by recipients, to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this Prospectus is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (“FPO”), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (“relevant persons”). The investment to which this Prospectus relates is available only to relevant persons. Any person who is not a relevant person should not act or rely on this Prospectus.

9.16 Costs of the Offer

If the Offer proceeds, the total estimated costs of the Offer, including legal fees incurred, registration fees, fees for other advisers, prospectus design, printing and advertising expenses and other miscellaneous expenses, will be approximately \$6.5 million.

9.17 Privacy

Bhagwan and the Share Registry on Bhagwan’s behalf, collect, hold and use your personal information to process your application, service your needs as a Shareholder, provide facilities and services that you request and carry out appropriate administration. Once you have become a Shareholder, the Corporations Act requires information about you (including your name, address and details of the Shares you hold) to be included in the Shareholder register. This information must continue to be included in the Shareholder register even if you cease to be a Shareholder. If you do not provide all the information requested in the Application Form, your Application Form may not be able to be processed.

Bhagwan and the Share Registry may disclose your personal information for purposes related to your investment to their agents and service providers including the following: the Share Registry for ongoing administration of the Shareholder register; the Lead Manager in order to assess your application; printers and other companies for the purpose of preparation and administration of documents and for handling mail; market research companies for the purpose of analysing Bhagwan’s shareholder base and for product development and planning; and legal and accounting firms, auditors, management consultants and other advisers for the purpose of administering, and advising on, the Shares and for associated actions.

You may request access to your personal information held by the Share Registry on Bhagwan’s behalf, by contacting the Share Registry. You will generally be provided access to your personal information (subject to some exceptions permitted by law), but you may be required to pay a reasonable charge to the Share Registry for access. Bhagwan aims to ensure that the personal information it retains about you is accurate, complete and up to date. To assist with this, please contact the Share Registry if any of the details you have provided change. In accordance with the requirements of the Corporations Act, information on the Shareholder register will be accessible by members of the public.

If you have any concerns or queries about the way your personal information is managed by Bhagwan, please contact us by phone on 1800 129 386 (within Australia) or +61 1800 129 386 (outside Australia), by email to registrars@linkmarketservices.com.au or write to Link Market Services, Level 12, 680 George Street, Sydney, NSW 2000.

Bhagwan’s privacy policy is available on its website www.bhagwanmarine.com. The privacy policy contains information about how

you can gain access to or seek correction of personal information that Bhagwan holds about you. It also contains information about how you may make a privacy complaint and Bhagwan will deal with it.

9.18 Contract Summaries

Summaries of contracts set out in this Prospectus (including the summary of the Underwriting Agreement set out in Section 9.5) are included for the information of potential investors but do not purport to be complete and are qualified by the text of the contracts themselves.

9.19 Photographs and Diagrams

Photographs and diagrams used in this Prospectus that do not have descriptions are for illustration only and should not be interpreted to mean that any person shown in them endorses this Prospectus or its contents or that the assets shown in them are owned by Bhagwan. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the Prospectus Date.

9.20 Governing Law

This Prospectus and the contracts that arise from the acceptance of Applications are governed by the law applicable in Western Australia and each Applicant submits to the exclusive jurisdiction of the courts of Western Australia.

9.21 Expiry Date

No Shares will be offered on the basis of this Prospectus after the Expiry Date.

9.22 Directors' Responsibility Statement

The Directors of the Company state that for the purposes of section 731 of the Corporations Act, they have made all enquiries that were reasonable in the circumstances and have reasonable grounds to believe that any statements by them in this Prospectus are true and not misleading or deceptive, and that with respect to any other statements made in this Prospectus by persons other than the Directors, the Directors have made reasonable enquiries and have reasonable grounds to believe that persons making the statement or statements were competent to make such statements, those persons have given the consent required by section 716(2) of the Corporations Act and have not withdrawn that consent before lodgement of this Prospectus with ASIC.

Each Director of the Company consents to the lodgement of this Prospectus with ASIC in accordance with section 720 of the Corporations Act, and has not withdrawn that consent prior to this Prospectus being lodged.

9.23 Authorisation

This Prospectus is issued by the authority of the Board of the Company and is signed by a Director of the Company in accordance with section 351 of the Corporations Act.

Dated: 28 June 2024



Loui Kannikoski

**Managing Director and Chief Executive Officer
Bhagwan Marine Limited**

10. GLOSSARY



10. GLOSSARY

Unless the context requires otherwise:

\$ or A\$ means Australian dollars.

AHTS means an anchor handling tug supply vessel.

Applicant means a person who makes an application for Shares.

Application means an application for Shares under this Prospectus made by an Applicant under an Application Form.

Application Form means the form accompanying or attached to this Prospectus by which an Applicant may apply for Shares under the Offer.

ASIC means the Australian Securities and Investments Commission.

Associated Body Corporate means:

- a. a related body corporate (as defined in the Corporations Act) of the Company;
- b. a body corporate which has an entitlement to not less than 20% of the voting Shares of the Company; and
- c. a body corporate in which the Company has an entitlement to not less than 20% of the voting shares.

ASX means the ASX Limited ACN 008 624 691 or the Australian Securities Exchange as the context requires.

ASX Listing Rules means the official listing rules of the ASX.

ASX Recommendations means the fourth edition of the Corporate Governance Principles and Recommendations issued by the ASX Corporate Governance Council.

ASX Settlement means ASX Settlement Pty Limited (ABN 49 008 504 532).

ASX Settlement Operating Rules means the operating rules of ASX Settlement.

ATO means Australian Taxation Office.

Australia's Exclusive Economic Zone being 12 nautical miles to 200 nautical miles from its coastline.

Award means an Option, Performance Right or Share, as the context requires, issued or acquired under the Incentive Awards Plan.

Bhagwan means Bhagwan Marine Limited ACN 009 154 349.

Board means the board of Directors of the Company.

Broker Firm Offer means the offer of Shares under this Prospectus to Australian resident retail clients of Brokers who have received a firm allocation from their Broker provided that such clients are not in the United States as detailed in Section 7.3.

Business Day means a day that is not a Saturday or Sunday or a public holiday in Perth.

Cashless Exercise Facility has the meaning given in Section 6.4.5.

Cash Payment has the meaning given in Section 6.4.5.

Change of Control has the meaning given in Section 6.4.5.

CHESS means the clearing house electronic sub-register system.

Closing Date means the date on which the Offer closes, which is set out in the "Key Offer Information" section and may be varied by the Company.

Company means Bhagwan Marine Limited ACN 009 154 349.

Completion means the completion of the Offer, being the date on which all of the Shares are issued to successful Applicants in accordance with the terms of the Offer.

Constitution means the constitution of the Company.

Convertible Security means an Option, Performance Right or other right to be issued or transferred a Share (or paid a Cash Payment at the discretion of the Board if so provided by an Invitation) upon and subject to the terms of the Incentive Awards Plan and the terms of any applicable Invitation.

Corporations Act means the Corporations Act 2001 (Cth).

Director means a director of the Company from time to time.

EBIT means earnings before interest expense and tax.

EBITDA means earnings before interest expense, tax, depreciation and amortisation.

Eligible Participant means:

- a. an officer of any Group Company, including any executive or non-executive Director of any Group Company;
- b. a full, part time or casual employee of any Group Company;
- c. an individual who provides services to a Group Company;
- d. a prospective participant who may become an Eligible Participant under Rules (a), (b) or (c) above,

who is declared by the Board to be eligible to receive grants of Awards under the Incentive Awards Plan.

Employee Priority Offer means the offer of up to 1,500,000 Shares to persons who have received a personalised invitation to subscribe for Shares under this Prospectus as set out in Section 7.5.

Escrow Period The periods for which Shares are subject to voluntary escrow arrangements as detailed in Section 6.5.

Escrowed Shares means the number of Shares which are the subject of the voluntary escrow arrangements as detailed in Section 6.5.

ESS Provisions means Division 1A of Part 7.12 of the Corporations Act as replaced or modified from time to time.

Euroz means Euroz Hartleys Limited.

Existing Shares means the issued Shares immediately prior to the allotment of Shares under the Offer.

Existing Shareholders the Shareholders as at the Prospectus Date.

Expiry Date means 13 months after the Original Prospectus Date.

Exposure Period means the period of 7 days (or 14 days if extended by ASIC) after the lodgement of the Original Prospectus with the ASIC during which the Company may not accept Applications.

Forecast Finance Information means together, the Statutory Forecast Financial Information and the Pro Forma Forecast Financial Information in Section 4.1.

FMC Act means the Financial Markets Conduct Act 2013 (NZ).

Group means the Company and each other Associated Body Corporate.

Group Company means the Company or any Associated Body Corporate.

Incentive Awards Plan has the meaning given in Section 6.4.5.

Institutional Investor means an investor:

(a) if in Australia, is both (i) either a sophisticated investor or a professional investor within the meaning of section 708(8) or section 708(11) of the Corporations Act, respectively, and (ii) a wholesale client (as that term is defined in section 761G of the Corporations Act) and therefore a person, to whom an offer of securities may be made without a disclosure document;

(b) if in Hong Kong, is a “professional investor” (as defined in the Securities and Futures Ordinance of Hong Kong, Chapter 571 of the Laws of Hong Kong);

(c) if in New Zealand, is a person who (i) is an investment business within the meaning of clause 37 of Schedule 1 of the Financial Markets Conduct Act 2013 (New Zealand) (the FMC Act), (ii) meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act, (iii) is large within the meaning of clause 39 of Schedule 1 of the FMC Act, (iv) is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act or (v) is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act (and, if an eligible investor, has provided the necessary certification);

(d) if in Singapore, is an “institutional investor” or an “accredited investor” (as such terms are defined in the Securities and Futures Act 2001 of Singapore); or

(e) if in the United Kingdom, is (i) a “qualified investor” within the meaning of Article 2(e) of the UK Prospectus Regulation and (ii) within the categories of persons referred to in Article 19(5) (investment professionals) or Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the UK Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended.

Institutional Offer means the invitation to Institutional Investors under this Prospectus to acquire Shares as detailed in Section 7.4.

Invitation means an invitation made to an Eligible Participant to apply for one or more Awards under the Incentive Awards Plan as set out in an Invitation Document.

Invitation Document means an invitation document in substantially the same form as set out in Schedule 1 to the Incentive Awards Plan, or such other form as approved by the Board from time to time consistent with the Corporations Act (and the ESS Provisions to the extent they are being relied upon).

Lead Manager and Underwriter means Euroz Hartleys Limited.

Listing or Listed means the admission of the Shares to quotation on the ASX in accordance with ASX Listing Rules.

LNG means liquified natural gas.

Market Value has the meaning given in Section 6.4.5.

MSA means master services agreement.

NOPSEMA means the National Offshore Petroleum Safety and Environmental Management Authority.

NPAT means net profit after tax.

Offer means the offer of Shares under this Prospectus, comprising the Broker Firm Offer, Institutional Offer, Employee Priority Offer and Priority Offer.

Offer Information Line means 1800 129 386 (within Australia) or +61 1800 129 386 (outside Australia) from 8.30 am until 5.00 pm (Sydney time) Monday to Friday.

Offer Price means \$0.63 per Share.

Official List means the official list of the ASX.

Official Quotation means official quotation of the Shares on the Official List.

Option means an option to be issued or transferred a Share (or paid a Cash Payment at the discretion of the Board if so provided by an Invitation) upon and subject to the terms of the Incentive Awards Plan and the terms of any applicable Invitation.

Option Exercise Price means, in respect of an Invitation, the exercise price of an Option (if any), as determined by the Board in its discretion.

Original Prospectus means the prospectus dated 21 June 2024 issued by the Company in relation to the Offer, which is replaced by this Prospectus.

Original Prospectus Date means the date of the Original Prospectus, being 21 June 2024.

Performance Right means a right to be issued or transferred a Share (or paid a Cash Payment at the discretion of the Board if so provided by an Invitation), upon and subject to the terms of the Incentive Awards Plan and the terms of any applicable Invitation.

Perth time means the local time in Perth, Western Australia.

Plantain means Plantain (UK) Limited.

Plantain Acquisition has the meaning given in Section 9.6.4.2.

Priority Offer means the offer of Shares to selected Australian residents who have received a personalised invitation from the Company to subscribe for Shares under this Prospectus as set out in section 7.6.

Prospectus means this prospectus dated 28 June 2024 (as modified or varied by any supplementary prospectus made by the Company and lodged with ASIC from time to time) which replaces the Original Prospectus.

Prospectus Date means 28 June 2024.

Relevant Person means:

- a. in respect of an Eligible Participant, that person; and
- b. in respect of a nominee of an Eligible Participant, that Eligible Participant.

Redundancy means termination of the employment, office or engagement of a Relevant Person due to economic, technological, structural or other organisational change where:

- a. no Group Company requires the duties and responsibilities carried out by the Relevant Person to be carried out by anyone; or
- b. no Group Company requires the position held by the Relevant Person to be held by anyone.

Restriction Condition means a condition set out in an Invitation that must be satisfied (unless waived in accordance with the Incentive Awards Plan) before the Share to which the restriction condition applies can be disposed.

Restriction Period means a period set out in an Invitation or imposed by the Incentive Awards Plan during which a Share acquired in accordance with this Plan cannot be disposed.

Retirement means where a Relevant Person intends to permanently cease all gainful employment in circumstances where the Relevant Person provides, in good faith, a written statutory declaration to the Board to that effect.

Section means a section of this Prospectus.

Severe Financial Hardship means that the Relevant Person is unable to provide themselves, their family or other dependents with basic necessities such as food, accommodation and clothing, including as a result of family tragedy, financial misfortune, serious illness, impacts of natural disaster and other serious or difficult circumstances.

Share means a fully paid ordinary share in the issued capital of the Company.

Shareholder means a person who holds Shares.

Share Registry means Link Market Services Limited.

Special Circumstances has the meaning given in Section 6.4.5.

Sydney time means the local time in Sydney, New South Wales.

Total or Permanent Disability means that the Relevant Person has, in the opinion of the Board, after considering such medical and other evidence as it sees fit, become incapacitated to such an extent as to render the Relevant Person unlikely ever to engage in any occupation with the Company or its Associated Bodies Corporate for which he or she is reasonably qualified by education, training or experience.

United States or US means the United States of America.

US Securities Act means the US Securities Act of 1933.

Vesting Conditions means, in respect of a Convertible Security, any condition set out in the Invitation which must be satisfied (unless waived in accordance with the Incentive Awards Plan) before that Convertible Security is treated as vested such that the Convertible Security can be exercised.

ANNEXURE A - KEY ACCOUNTING POLICIES

1. Basis of Preparation

The principal accounting policies adopted in the preparation of the Financial Information included in Section 4 of this Prospectus are set out below. These accounting policies are consistent with the last statutory general purpose financial statements of Bhagwan Marine Pty Ltd (the "Group") for the financial year ended 30 June 2023.

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards adopted by the Australian Accounting Standards Board and the Corporations Act 2001.

The consolidated financial statements are the first general purpose financial statements which have been prepared in accordance with Australian Accounting Standards. In the prior year, the consolidated financial statements were prepared in accordance with Australian Accounting Standards – Simplified Disclosures. There was no impact on the recognition and measurement of amounts recognised in the statements of financial position, profit or loss and other comprehensive income and cash flows of the Group as a result of the change in the basis of preparation.

Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Group comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Consequently, this financial report has been prepared in accordance with and complies with IFRS as issued by the IASB.

The consolidated financial statements have been prepared under the historical cost convention, except for contingent consideration, derivative financial instruments and vessel assets which are measured at fair value.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed below.

2. Significant Accounting Policies

As set out in Section 4, the Group has prepared consolidated pro forma financial information for FY22, FY23, H1 FY23 and H1 FY24 from the general purpose financial statement of the Group. The principal accounting policies set out below reflect the pro forma accounting policies of the Group on a go forward basis.

Principles of consolidation

The consolidated financial information incorporates the financial information of the Group and entities controlled by the Group (its subsidiaries) made up to 30 June each year (or 31 December of each half year).

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities, and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated

entity recognises the fair value of the consideration received, and the fair value of any investment retained together with any gain or loss recognised in profit or loss.

Foreign currency translation

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Revenue

Revenue from contracts with customers is recognised over time when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Revenue from Subsea services

Revenue from subsea services is derived from the provision of a diverse range of services, through the provision of purpose-built vessels, to companies operating in subsea environments, including commercial diving, complete integrated subsea Inspection, Maintenance and Repair (IMR), construction and decommissioning services and the provision of equipment, personnel and materials. The services provided in each contract are all integrated and represent single performance obligations. These services are contracted on a set rate per day. Revenue is recognised over the period of time based on the number of days the customer utilises the services provided and on completion of performance obligations. Income received in advance is deferred until the service is rendered.

Revenue from Offshore, Port and Civil construction services

Revenue from these services, is derived from the provision of a diverse range of services, including project management, wharf & jetty construction, coastal towage, crew and cargo transfers, dredging and the provision of specialised vessels, equipment, personnel, to customers across a variety of industries.

The services provided in each contract are all integrated and represent single performance obligations. These services are contracted on a set rate per day. Revenue is recognised over the period of time based on the number of days the customer utilises the services provided and on completion of performance obligations. Income received in advance is deferred until the service is rendered.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or

- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled, and it is probable that the temporary difference will not reverse in the foreseeable future; and
- Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Bhagwan Marine Pty Ltd (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within loans and borrowings in current liabilities on the statement of financial position unless the overdraft account is used for financing.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

Inventories

Inventory of fuel is stated at cost on a 'first in first out' basis. Cost comprises of direct cost of fuel and delivery costs, duties and other taxes. Costs are determined after deducting rebates and discounts received or receivable.

Non-current assets or disposal groups classified as held for sale

Non-current assets and assets of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For non-current assets or assets of disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write down of the non-current assets and assets of disposal groups to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of non-current assets and assets of disposal groups, but not in excess of any cumulative impairment loss previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current assets. The liabilities of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current liabilities.

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

Impairment of financial assets

The Group applies the AASB 9 'Financial Instruments' simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all financial assets. The expected loss rates are based on historical evidence of collection. The historical loss rates are adjusted to reflect current and future information such as estimated future cash flows or by using fair value where this is available through observable market prices and review of macroeconomic factors which may affect the counterparty's ability to settle the receivables. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the original impairment was recognised, the impairment reversal is recognised in the income statement on a basis consistent with the original charge.

Property, plant and equipment

Property, plant and equipment, except vessels, is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Vessels are measured at fair value less accumulated depreciation and impairment losses recognised after the date of revaluation. Valuations are performed with sufficient frequency to ensure the carrying amount of a revalued vessel does not differ materially from its fair value.

Vessels – survey and refits

In a vessel's life time, it will undergo general maintenance due to operations, be inspected to satisfy the requirements of licensing, and go through restoration to extend the useful life of the vessel.

- A vessel survey is an Australian Maritime Safety Authority (AMSA) requirement, a certificate of survey is evidence that a vessel is surveyed and meets specified standards for design, construction, stability and safety equipment that apply to the vessel. When each major survey is performed the costs are recognised in the carrying amount of the vessel as a component. Any previous vessel survey cost remaining within the carrying amount of the vessel is derecognised, when the new vessel survey is recognised in the carrying amount.
- A vessel refit is general vessel upgrades and improvements in addition to the requirement of the vessel survey. When a vessel has a scheduled refit, the work performed extends the useful life of the vessel therefore all costs in relation to the refit are recognised in the carrying amount of the vessel as a component.

Vessels - leasehold vessels

Capital costs in relation to vessels that are leased rather than owned are capitalised and depreciated over the life of the lease.

Depreciation is calculated on a straight-line or diminishing value basis to write off the net cost of each item of property, plant and equipment over their expected useful lives. The depreciation rates used are as follows:

- Buildings: 2.5%
- Leasehold land (over period of lease): 4% - 10%
- Leasehold vessels (over period of lease): 20% - 100%
- Plant and equipment: 20% - 66%
- Vessels: 4%
- Vessel refits: 40%
- Vessel survey: 20% - 100%

Increases in the carrying amounts arising on the revaluation of vessels are recognised, net of tax, in other comprehensive income and accumulated in reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss.

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Leases

The Group as a lessee

The Group makes use of leasing arrangements principally for the provision of office space and related facilities and vessels. The rental contracts for properties are typically negotiated for terms of between 2 and 20 years and some of these have extension terms. Lease terms for vessels are between 1 and 5 years and some of these have extension terms.

The group assesses whether a contract is or contains a lease at inception of the contract. A lease conveys the right to direct the use and obtain substantially all of the economic benefits of an identified asset for a period of time in exchange for consideration.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability in its consolidated statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any

initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the Group's incremental borrowing rate because as the lease contracts are negotiated with third parties it is not possible to determine the interest rate that is implied in the lease. The incremental borrowing rate is the estimated rate that the Group would have to pay to borrow the same amount over a similar term, and with a similar security to obtain an asset of equivalent value.

Lease payments included in the measurement of the lease liability are made up of fixed payments, variable payments based on an index or rate, amounts expected to be payable under a residual guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced by lease payments that are allocated between repayments of principal and finance costs. The finance cost is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability.

The lease liability is reassessed when there is a change in the lease payments. Change in lease payments arising from a change in the lease term or a change in the assessment of an option to purchase a leased asset. The revised lease payments are discounted using the Group's incremental borrowing rate at the date of reassessment when the rate implicit in the lease cannot be readily determined. The amount of the remeasurement of the lease liability is reflected as an adjustment to the carrying amount of the right-of-use asset. The exception being when the carrying amount of the right-of-use asset has been reduced to zero then any excess is recognised in profit or loss.

Payments under leases can also change when there is either a change in the amounts expected to be paid under residual value guarantees or when future payments change through an index or a rate used to determine those payments, including changes in market rental rates following a market rent review. The lease liability is remeasured only when the adjustment to the lease term is discounted using an unchanged discount rate. Except for where the change in lease payments results from a change in floating interest rates, in which case the discount rate is amended to reflect the change in interest rates.

The Group has elected to account for short-term leases using the practical expedients. \$3,973k was recognised in the profit or loss for the reporting period (\$1,818k, prior year) to reflect changes in lease payments that arise from short-term leases. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Software

Development expenditure is capitalised only if development costs can be measured reliably or the process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use the asset. The software expenditure capitalised are costs directly attributable to preparing the asset for its intended use. Other development expenditure is recognised in profit or loss as incurred.

Capitalised software development expenditure is deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

Impairment of non-financial assets

Goodwill is not subject to amortisation and is tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature, they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Provisions

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Long-term employee benefits

The liability for long term employee benefits is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

External valuers are engaged for valuation of significant assets, such as vessels and unquoted financial assets, and significant liabilities, such as contingent consideration.

Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the Company.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Rounding of amounts

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest million dollars, unless otherwise stated.

Standards issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 January 2022 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

A. Deferred Tax related to Assets and Liabilities arising from a Single transaction (Amendments to AASB 112)

The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g., leases and decommissioning liabilities. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

B. Classification of Liabilities as Current or Non-Current (Amendments to AASB 101)

The amendments, as issued in 2020, aim to clarify the requirements on determining whether a liability is current or non-current, and apply for annual reporting periods beginning on or after 1 January 2024. Due to these ongoing developments, the Group is unable to determine the impact of these amendments on the consolidated financial statements in the period of initial application. The Group is closely monitoring the developments.

C. Other standards

The following new and amended standards are not expected to have a significant impact on the Group's consolidated financial statements.

- AASB 17 *Insurance Contracts* and amendments to AASB 17 *Insurance Contracts*;
- *Disclosure of Accounting Policies (Amendments to AASB 101)* and
- *Definition of Accounting Estimates (Amendments to AASB 108)*.

3. Critical Accounting Judgements, Estimates and Assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not exercise the option to renew.

Allowance for expected credit losses (ECL) of receivables

The ECL of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by considering the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtor's financial position.

Estimation of useful lives of assets

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Assets held for sale

The consolidated entity assessed the fair value of the assets held for sale based on the current market conditions. The calculations require the use of assumptions including fair value less costs of disposal. Significant judgement is required in determining the fair value given the vessels were purpose-built vessels.

CORPORATE DIRECTORY

Directors

Anthony Wooles – Chair and Non-Executive
Tracey Horton AO – Independent Non-Executive Director
Loui Kannikoski – Managing Director & CEO
Andrew Wackett – Executive Director Finance

Joint Company Secretaries

Cheryl Williams
Darryl Edwards

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Proposed ASX Code

ASX:BWN

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Share Registry

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