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8 December 2023

Net cash positive balance sheet following completion of successful A\$40.7M capital raising

Highlights:

- Cash balance exceeds debt by over US\$5M following completion of successful A\$40.7M capital raising
- Balance sheet strength provides new management team with flexibility to deliver on strategy
- US\$13M of Term Loan repaid to Upwell Water LLC and balance expected to be repaid on maturity in July 2024
- Capital raising strongly supported by existing shareholders, Australian and international family offices and institutional investors, Directors and management
- Chairman Doug Brown contributed A\$11M to the capital raising and now owns 14% of company
- Management to focus on revised strategy of higher margin Smart Product Solutions and Recurring Revenue with a primary focus in North America

"I am delighted to have supported this capital raising in a meaningful manner," said Chairman Doug Brown. "I became the Chairman of Fluence in March 2023 and becoming a substantial shareholder was important to me.

"With a new, experienced management team and a revised strategy, we have a fantastic opportunity to meaningfully grow Fluence while also improving margins. Our proven and established portfolio of water and wastewater treatment technologies can and will deliver profitable results. We have cut costs and focused on quality clients in geographies we know and understand. I am confident we can deliver a strong outcome for Fluence shareholders over the next several years.

"The completion of this capital raising is very important as it gives us a strong balance sheet and a stable platform to achieve our ambitious growth and profit objectives.

"2024 is shaping up much better than 2023. As we have previously disclosed, we have a much stronger pipeline of potential new business together with an increased and better-quality backlog."

Business Overview

Water and wastewater treatment, water reuse, and Wastewater-to-Energy are becoming increasingly more important as the world seeks to address a growing global water scarcity crisis. The global Water and Wastewater Treatment market is expected to grow at a CAGR of 5.4% from 2022 to 2032, reaching \$957B by 2032¹.

This large and growing market is highly fragmented, offering Fluence a direct opportunity to focus on unserved markets. Fluence' business segments include Decentralised Municipal Water & Wastewater, High-Strength Wastewater & Wastewater-to-Energy, Specialised Industrial Water, and Southeast Asia & China.

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Fluence's proprietary technology, MABR, has the ability to disrupt the \$100Bn wastewater treatment market. Fluence MABR systems offer cost benefits, lower energy use and lower chemical use leading to a 30% overall lower total cost of ownership relative to competing technologies.

Recent new contract wins highlight traction from new management, strong technology and a recent restructuring and realignment of the business. Recent success has seen Fluence's sales pipeline almost double since beginning of 2023, with the highest growth coming from Municipal (99%), HSWW (81%), and SE Asia & China (162%).

Strong pipeline momentum is set to deliver a positive start to CY24, with Fluence expecting \$60m of orders in hand to generate revenue in 2024.

The recent capital raising of A\$40.7M has placed Fluence in a strong position to retire the Term Facility of the Upwell Loan. To date, US\$13M has been paid to Upwell, leaving Fluence in a positive net cash position of over US\$5M. Upon maturity (July 2024), Fluence intends to repay the remaining balance of the Term Facility.

Repayment of the Upwell Facility will reduce annualised interest repayments by at least US\$4M when compared to YTD 2023.

With a strong register, healthy balance sheet and pipeline full of opportunities, Fluence is set to deliver on strong growth and profitability in 2024.

¹*Water and Wastewater Treatment Market by Type, Offering, Application, and Geography - Global Forecast to 2032; June 2023, Meticulous Research*

ADDITIONAL INFORMATION

This announcement has been authorised and approved by the Board of FLC for lodgement with ASX.

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