

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

Fluence Corporation Limited

ABN

52 127 734 196

Quarter ended ("current quarter")

30th September 2018

Consolidated statement of cash flows	Current quarter US\$'000	Year to date (9 months) US\$'000
1. Cash flows from operating activities		
1.1 Receipts from customers	11,095	33,914
1.2 Payments for		
(a) research and development	(606)	(2,188)
(b) product manufacturing and operating costs	(13,427)	(42,436)
(c) advertising and marketing	(1,253)	(3,498)
(d) staff costs	(6,660)	(21,316)
(e) administration and corporate costs	(3,027)	(7,860)
1.3 Dividends received (see note 3)		
1.4 Interest received	534	2,947
1.5 Interest and other costs of finance paid	(113)	(228)
1.6 Income taxes paid	(10)	(170)
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)	556	655
1.9 Net cash from / (used in) operating activities	(12,911)	(40,180)

Consolidated statement of cash flows	Current quarter US\$'000	Year to date (9 months) US\$'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(408)	(2,526)
(b) businesses (see item 10)		
(c) investments, net	(2,477)	(1,535)
(d) intellectual property		
(e) other non-current assets		
2.2 Proceeds from disposal of:		
(a) property, plant and equipment		24
(b) businesses (see item 10)		
(c) investments		
(d) intellectual property		
(e) other non-current assets		
2.3 Cash flows from loans to other entities		
2.4 Dividends received (see note 3)		
2.5 Other (provide details if material)		*(1,803)
2.6 Net cash from / (used in) investing activities	(2,885)	(5,840)

* Acquisition of non-controlling interest in a subsidiary

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	368	368
3.2 Proceeds from issue of convertible notes		
3.3 Proceeds from exercise of share options		
3.4 Transaction costs related to issues of shares, convertible notes or options		
3.5 Proceeds from / (repayment of) borrowings	(456)	(462)
3.6 Transaction costs related to loans and borrowings		
3.7 Principal portion of lease liabilities	(486)	(1,229)
3.8 Other (provide details if material)		*(928)
3.9 Net cash from / (used in) financing activities	(574)	(2,251)

Consolidated statement of cash flows		Current quarter US\$'000	Year to date (9 months) US\$'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	40,560	75,153
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(12,911)	(40,180)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2,885)	(5,840)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(574)	(2,251)
4.5	Effect of movement in exchange rates on cash held	(1,048)	(3,470)
4.6	Cash and cash equivalents at end of quarter	23,142	23,142

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		Current quarter US\$'000	Previous quarter US\$'000
5.1	Bank balances	23,180	40,508
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)	(38)	52
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	23,142	40,560

6. Payments to directors of the entity and their associates		Current quarter US\$'000
6.1	Aggregate amount of payments to these parties included in item 1.2	348
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	Nil
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Salaries and director's fees at normal commercial rates.
Excluding GST where applicable.

7. Payments to related entities of the entity and their associates	Current quarter US\$'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end US\$'000	Amount drawn at quarter end US\$'000
8.1 Loan facilities	3,129	636
8.2 Bank Guarantees	2,582	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

The Company has loan facilities in place with banks in Italy, Israel and Argentina with interest rates varying from 1.7% to 6.6%. The majority of these loan facilities are unsecured. The Company has bank guarantees in place in Italy and Israel. Approximately \$1.2m of these bank guarantees are secured and the interest charges for these bank guarantees vary between 1.5% and 2.5% of the guaranteed amount per year.

9. Estimated cash outflows for next quarter*	US\$'000
9.1 Research and development	(850)
9.2 Product manufacturing and operating costs	(23,150)
9.3 Advertising and marketing	(1,000)
9.4 Staff costs	(6,800)
9.5 Administration and corporate costs	(2,100)
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	(33,900)

* Estimated cash outflows do not include expected receipts from customers during the next quarter. The Company anticipates a net operating cash outflow for Q4 of US\$16.5 million. Refer to the September 2018 Quarterly Business Update for further commentary.

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity		
10.2 Place of incorporation or registration		
10.3 Consideration for acquisition or disposal		
10.4 Total net assets		
10.5 Nature of business		

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here: Date: 26 October 2018
 Company secretary

Print name: Ross Kennedy, Company Secretary & Advisor to the Board

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.