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Fluence Announces Strategic Wins and Organizational Improvements

Fluence Corporation Limited (ASX: FLC; the “Company”) is pleased to announce it has secured new strategic orders, including its first wastewater treatment contracts in Taiwan and Korea. In addition, the Company is implementing certain organizational improvements to better enable sales of its full suite of Smart Product Solutions (“SPS”) in more key geographies at lower costs. All financial numbers contained herein are in US dollars and are unaudited.

Strategic Wins

Fluence has been awarded its contract to provide a wastewater treatment plant sale in Taiwan. The SPS plant is due to be commissioned before the end of December in Taoyuan City and will serve approximately 13,000 people. Fluence will also operate the plant for at least 18 months following commissioning. The value of the contract is approximately \$520k.

In addition, the Company has secured its first MABR contract in Korea with a contract value of \$200k. The Nitro unit is targeted for delivery to Seojin Energy Co during Q1 2023. This will be the first Nitro sale in Asia where the application will treat highly concentrated wastewater, with elevated levels of ammonia and nitrogen that could not be treated successfully using traditional approaches, making this application well suited to Fluence’s MABR technology.

Finally, Fluence has entered into an additional contract with existing customer Eramine to treat lithium brine and soda ash streams at a lithium mine in Argentina. The contract is valued at \$1.9M, bringing the total value of Fluence projects at this site to over \$10M.

Repositioning and Reorganizing To Drive Future Growth

In addition to strong continued interest in its MABR solutions, the Company continues to see growing pipelines across several categories including: (1) North America, (2) Southeast Asia outside China, (3) treatment as a service and (4) wastewater-to-energy opportunities. In response to these opportunities and to maximize continued EBITDA growth, the Company is taking the following actions which will result in improved sales reach and reduced costs:

- Realigning the business to enable products to be more effectively sold in applicable global markets. Rather than organizing by geography, the Company is organizing around product lines with the following principal areas of focus:
 - Decentralized and larger scale municipal water and wastewater treatment including MABR (Aspiral, SUBRE, and Nitro), Nirobox and aeration products;
 - High-strength wastewater treatment including generating energy from wastewater; and

- Specialized industrial water solutions.

All of the above will be centered around SPS either as equipment sales or for treatment as a service with recurring revenue contracts.

- Expanding our sales capability in North America – given a significant pipeline of projects in North America for MABR and wastewater-to-energy solutions, the Company intends to strengthen its sales and support capabilities in the region including hiring internal sales and support positions and signing new manufacturers’ representatives. Several key hires have already been made.
- Focusing Asia efforts on Southeast Asia: As demand for water and wastewater treatment solutions in Southeast Asia (outside China) grows rapidly, we continue to believe focusing Asia activities in these other regions is prudent. The contract wins noted above in Taiwan and Korea reinforce this approach. The leadership and team members that have built Fluence’s China business will continue to drive the Southeast Asia efforts.
- Recurring revenue sales efforts target treatment as a service, wastewater-to-energy as a service, and operations and maintenance contracts such as those already secured in Southeast Asia and the potential Ivory Coast contract.
- Procurement and manufacturing will be further optimized globally to streamline costs and reduce lead times. This is expected to result in both the manufacturing of MABR modules and assembly of SPS products in North America utilizing both in-house facilities and subcontractors.
- The above realignment will enable much better sales reach for all of Fluence’s products and will result in annual operating expense savings of approx. \$3M or more than 10% of current operating costs. Headcount will be also be reduced by approximately 10% and will result in a restructuring charge of approximately US \$1.0-2.0M.
- These changes are being implemented now and are expected to be substantially completed in the next several months.

Tom Pokorsky, CEO and Managing Director, commented: “We have previously noted our growing pipeline of projects in SE Asia. These contracts in Taiwan and Korea show our efforts there are beginning to bear fruit with further opportunities in these and nearby countries. We see great potential for our unique MABR solutions as well as wastewater-to-energy and other SPS products globally. It is therefore imperative we structure our organization around product lines to optimize both growth and profitability going forward. Our regionally focused business units did not always maximize the sales reach for each of our product lines and required significant administrative overhead. This new organization enables us to do more with less, resulting in a more streamlined and effective organization with greater sales potential while simultaneously achieving significant operating efficiencies. These changes are already underway and we anticipate they will be substantially completed by the end of the calendar year.”

This announcement is authorised for lodgement on the ASX by Tom Pokorsky, CEO and Managing Director, Fluence Corporation Limited.

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About Fluence Corporation Limited (ASX: FLC)

Fluence is a leader in wastewater treatment and reuse, high-strength wastewater treatment, wastewater-to-energy, industrial and drinking water markets, with its pre-engineered, standardized Smart Products Solutions (SPS), including Aspiral™, NIROBOX™, SUBRE and Nitro. In addition to rapid delivery and commissioning of solutions to meet a broad range of needs from smaller communities to city-scale systems, Fluence offers ongoing operation and maintenance support, Build Own Operate (BOO) and other recurring revenue solutions. Fluence has a broad international footprint and focuses on high growth markets including North America and South East Asia.

Further information can be found at <https://www.fluencecorp.com/>

Forward looking statements

This announcement may contain “forward-looking” statements. Forward looking words, such as “expect”, “anticipate”, “should”, “could”, “may”, “predict”, “plan”, “will”, “believe”, “forecast”, “estimate”, “target” and other similar expressions are intended to identify forward-looking statements. Forward-looking statements, opinions and estimates provided in this update are based on estimates and assumptions related to future business, contractual, economic, market, political and other conditions that, while Fluence considers them to be reasonable, are inherently subject to significant uncertainties, contingencies and (potentially) delays.

Many known and unknown factors could cause actual events or results to differ materially from estimated or anticipated events or results reflected in such forward-looking statements. Such factors include, but are not limited to operating, competition and development risks, economic and political risks, economic uncertainty associated with COVID-19, and a number of other risks and also include unanticipated and unusual events, many of which are beyond Fluence's ability to control or predict.

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