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1 November 2023

Fluence Raises up to A\$40.7M to Substantially Reduce Debt and Reset Balance Sheet

Fluence Corporation Limited ACN 127 734 196 (**FLC** or the **Company**) has today launched an equity raising of new fully paid FLC ordinary shares (the **New Shares**) by way of a placement to institutional investors (the **Placement**) and a 1 for 2.5 accelerated non-renounceable pro-rata entitlement offer (the **Entitlement Offer**) to raise approximately A\$40.7 million (the Placement and the Entitlement Offer, collectively the **Offer**).

The Placement and Institutional Entitlement Offer, representing approximately A\$31.4 million, is underwritten by Bell Potter Securities Limited (**Bell Potter**). The retail entitlement offer will raise up to a further A\$9.2 million.

Alongside the Placement, Bell Potter is facilitating a sell down by RSL Investments Corporation and RSL Capital LLC (together, **RSL**) of its holding of 165.4 million FLC shares (**Shareholder Sale Shares**).

In addition, the Company is pleased to announce that it has entered into an amendment (the **Amendment**) to its loan agreement with a subsidiary of Upwell Water LLC (**Upwell**) to restructure its existing debt facility (the **Facility**), providing the Company with more flexibility. A portion of the funds raised from the Offer will be used to repay a significant amount of the Upwell Facility following the close of the Offer (please see *Sources and Uses of Funds* below). The Amendment includes revised financial covenants and customary amendment fees while maintaining the existing interest rates and other market terms. In addition, the Company has agreed to a framework with Upwell pursuant to which Upwell may support the development of the Company's future Build, Own, Operate Projects (**BOO Projects**) through an exclusive right of first offer to provide new funding for BOO Projects for a limited period after the term loan maturity date in July 2024.

Placement & Shareholder Sale

The Placement will raise approximately A\$19.8 million through the issue of 165.4 million New Shares. The issue price for the New Shares under the Placement will be A\$0.12 per New Share (**Placement Issue Price**).

RSL is offering 165.4 million FLC Shares at A\$0.04 per Shareholder Sale Share for a total of A\$6.6 million.

Participants in the Placement will subscribe for shares on a ratio of one (1) Placement Share for every one (1) Shareholder Sale share.

The Placement and Shareholder Sale will have a blended offer price of A\$0.08 per share, based on the average of the Placement share price of A\$0.12 per share and the Shareholder Sale share price of A\$0.04 per share.

The New Shares issued under the Placement will be issued within FLC's existing placement capacity under Listing Rule 7.1 (including a standard waiver from ASX to increase the placement capacity by including the shares to be issued under the Entitlement Offer) and FLC's existing placement capacity under Listing Rule 7.1A.

The Company will seek quotation of the New Shares issued under the Placement on ASX upon their issue. Participants in the Placement will not participate in the Entitlement Offer in respect of the New Shares issued under the Placement (or Sell Down Shares acquired).



Entitlement Offer

The Entitlement Offer will raise approximately A\$20.8 million through the issue of 260.2 million New Shares.

Under the Entitlement Offer, eligible shareholders are invited to subscribe for one (1) New Share for every two and a half (2.5) ordinary shares held in FLC (the **Entitlement**) as at 7.00pm (Melbourne Time) on 3 November 2023 (the **Record Date**).

The Entitlement Offer will be undertaken at a fixed price of A\$0.08 per New Entitlement Share (**Entitlement Issue Price**), which represents a:

- 42.9% discount to the last closing price of A\$0.14;
- 44.2% discount to the 5-day volume weighted average price of A\$0.143; and
- 34.4% discount to the Theoretical Ex-Rights Price (**TERP**) of A\$0.122.

At the time of allotment, the New Shares issued under the Entitlement Offer will rank equally with all existing ordinary shares in FLC.

Institutional Entitlement Offer

The institutional entitlement offer will commence on 1 November 2023 and is expected to close on 2 November 2023 (**Institutional Entitlement Offer**). Eligible institutional shareholders will be invited to participate in the Institutional Entitlement Offer and can choose to take up all, part, or none of their Entitlement. Institutional Entitlements cannot be traded on the ASX or transferred.

Entitlements that eligible institutional shareholders do not take up by the close of the Institutional Entitlement Offer, and Entitlements that would otherwise have been offered to ineligible institutional shareholders, will be sold at the Entitlement Issue Price through the Institutional Shortfall Bookbuild on 2 November 2023 (**Institutional Shortfall Bookbuild**).

The Institutional Entitlement Offer and Institutional Shortfall Bookbuild will be undertaken alongside the Placement. FLC shares will remain in a trading halt pending completion of the Placement and Institutional Entitlement Offer.

Retail Entitlement Offer

Eligible retail shareholders will be invited to participate in the retail component of the Entitlement Offer at the same Issue Price and Entitlement as the Institutional Entitlement Offer (**Retail Entitlement Offer**). The Retail Entitlement Offer will open on 8 November 2023 and is expected to close at 5.00pm (Melbourne time) on 27 November 2023 (**Retail Entitlement Offer Period**).

Eligible retail shareholders are shareholders on the Record Date who are registered as the holder of Existing Shares at the Record Time and:

- have a registered address on the FLC register of members which is in Australia or New Zealand;
- are not in the United States nor acting for the account or benefit of a person in the United States (to the extent such person holds existing shares for the account or benefit of such person in the United States); and
- were not invited to participate in the Institutional Entitlement Offer and were not treated as an ineligible institutional shareholder under the Institutional Entitlement



Offer (other than as nominee or custodian, in each case in respect of other underlying holdings); and

- are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer (**Eligible Retail Shareholders**).

Eligible Retail Shareholders can choose to take up all, part or none of their Entitlement.

If an Eligible Retail Shareholder takes no action, they will not be allocated New Shares and their Entitlements will lapse. Eligible Retail Shareholders who do not take up their Entitlements in full under the Retail Entitlement Offer will not receive any value or payment for those Entitlements they do not take up. The Retail Entitlement Offer is non-renounceable and cannot be traded on ASX or any other exchange, nor can it be privately transferred.

Eligible Retail Shareholders wishing to participate in the Retail Entitlement Offer should carefully read the Retail Offer Booklet and accompanying personalised Entitlement and Acceptance Form which contains the terms and conditions of the Retail Entitlement Offer.

The Retail Offer Booklet and accompanying personalised Entitlement and Acceptance Form are expected to be despatched on or around 8 November 2023. Copies of the Retail Offer Booklet will be available on the ASX website (www.asx.com.au) beginning on 8 November 2023.

Sources and Uses of Funds

Sources & Uses	(USD M\$)	(AUD M\$)
Sources		
Institutional Entitlement Offer	\$7.5	\$11.6
Retail Entitlement Offer ⁽¹⁾	\$5.9	\$9.2
Institutional Share Placement	\$12.8	\$19.8
Total Sources	\$26.2	\$40.7
Uses		
Repayment of Upwell Term Loan (November 2023)	\$15.0	\$23.3
Amendment Fees (November 2023)	\$0.9	\$1.4
Repayment of Upwell Term Loan (July 2024) ⁽²⁾	\$8.6	\$13.4
Offer Costs	\$1.7	\$2.6
Total Uses	\$26.2	\$40.7

(1) The dollar amounts shown in the Sources & Uses of Funds as proceeds of the Retail Entitlement Offer and the Repayment of the Upwell Term Loan assume that the Retail Entitlement Offer is fully subscribed. The Retail Entitlement Offer is not currently underwritten.

(2) Remainder of the Upwell Term Loan of \$2.8m will be repaid from existing cash. Pro Forma net cash after full repayment the Upwell Term Loan \$9.8m (see slide 28) (assuming the Retail Entitlement Offer is fully subscribed). To the extent that the Retail Entitlement Offer is not fully subscribed, existing cash of the Company will be used to repay the Upwell Term Loan.

Underwriting Arrangements

Bell Potter Securities Limited is the lead manager and underwriter in respect of the Institutional Placement and Institutional Entitlement Offer.



Bell Potter has engaged with certain sub-underwriters of the Entitlement Offer who will sub-underwrite the Entitlement Offer up to the amount of their sub-underwriting commitments. These sub-underwriters include directors and management of FLC.

Indicative Timetable

Event	Date
Announcement of Sell Down, Placement and Entitlement Offer	1 November
Placement and Institutional Entitlement Offer opens	1 November
Placement and Institutional Entitlement Offer closes	2 November
Record Date for the Retail Entitlement Offer	7.00pm, 3 November
Retail Offer Booklet dispatched to Eligible Retail Shareholders	8 November
Retail Entitlement Offer opens	8 November
Sell Down, Placement and Institutional Offer settlement date	8 November
Issue and quotation of New Shares under Placement and Institutional Entitlement Offer	9 November
Retail Entitlement Offer closes (Retail Closing Date)	27 November
Announcement of results of Retail Entitlement Offer	30 November
Settlement of New Shares issued under Retail Entitlement Offer	1 December
Issue of New Shares under the Retail Entitlement Offer	4 December
Quotation and trading commence on a normal settlement basis	5 December

The above timetable is indicative only (except where historical) and subject to change. All times and dates refer to Melbourne time. Subject to the Listing Rules, FLC in conjunction with the Underwriter reserves the right to vary any or all of these dates, including the Retail Closing Date, without prior notice or consultation with you. Any extension of the Retail Closing Date will have a consequential effect on the anticipated date for issue of the New Securities under the Retail Entitlement Offer. The Directors also reserve the right not to proceed with the whole or part of any of the Offers at any time prior to allotment. In that event, the relevant Application Monies will be returned without interest.

Shareholder Enquiries

Eligible Retail Shareholders will be sent further details about the Entitlement Offer via a shareholder letter to be dispatched on or around 8 November 2023 and a Retail Offer Booklet to be lodged with ASX on 8 November 2023. The Retail Entitlement Offer can only be accepted by Eligible Retail Shareholders.

Eligible retail shareholders who have questions relating to the Retail Entitlement Offer should call FLC's share registry, Boardroom Pty Ltd on 1300 737 760 (within Australia) or + 61 2 9290 9600 (from outside Australia) from 8.30am to 5.30pm (Melbourne time) Monday to Friday during the Retail Entitlement Offer Period.



Further information in relation to the Placement and the Entitlement Offer is set out in an Investor Presentation which FLC has also filed with the ASX today. The Investor Presentation contains important information including key risks and assumptions and international selling restrictions with respect to the Placement.

ADDITIONAL INFORMATION

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

All the amounts are in Australian dollars unless otherwise indicated.

For further information, please contact:

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Company Secretary
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IMPORTANT NOTICES

Forward looking statements

This announcement contains certain "forward-looking statements". The words "expect", "anticipate", "estimate", "intend", "believe", "guidance", "should", "could", "may", "will", "predict", "plan" and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Forward-looking statements, opinions and estimates provided in this announcement are based on assumptions and contingencies that are subject to change without notice and involve known and unknown risks and uncertainties and other factors that are beyond the control of PPG, its directors and management. This includes statements about market and industry trends, which are based on interpretations of current market conditions.

Not an offer in the United States

This announcement has been prepared for publication in Australia and may not be released to US wire services or distributed in the United States. This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or any other jurisdiction where it would be illegal. Any securities described in this announcement have not been, and will not be, registered under the US Securities Act of 1933 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 transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws. Persons who come into possession of this announcement should observe any such restrictions as any non-compliance could contravene applicable securities laws.

The information in this announcement is of general background and does not purport to be complete. It should be read in conjunction with FLC's other periodic and continuous disclosure announcements lodged with ASX Limited, which are available at www.asx.com.au

General

This announcement is subject to the same "Disclaimers" that appear on slides 2, 3 and 4 of the investor presentation released to the ASX today with any necessary contextual changes.

Own enquiries

Investors should make and rely upon their own enquiries before deciding to acquire or deal in FLC securities.

ABOUT 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 Southeast Asia.

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