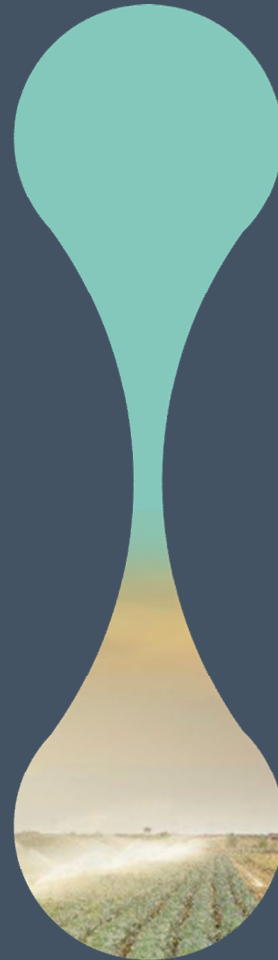


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# fluence

Investor Presentation

March 2024



*Sustainable Water Solutions*



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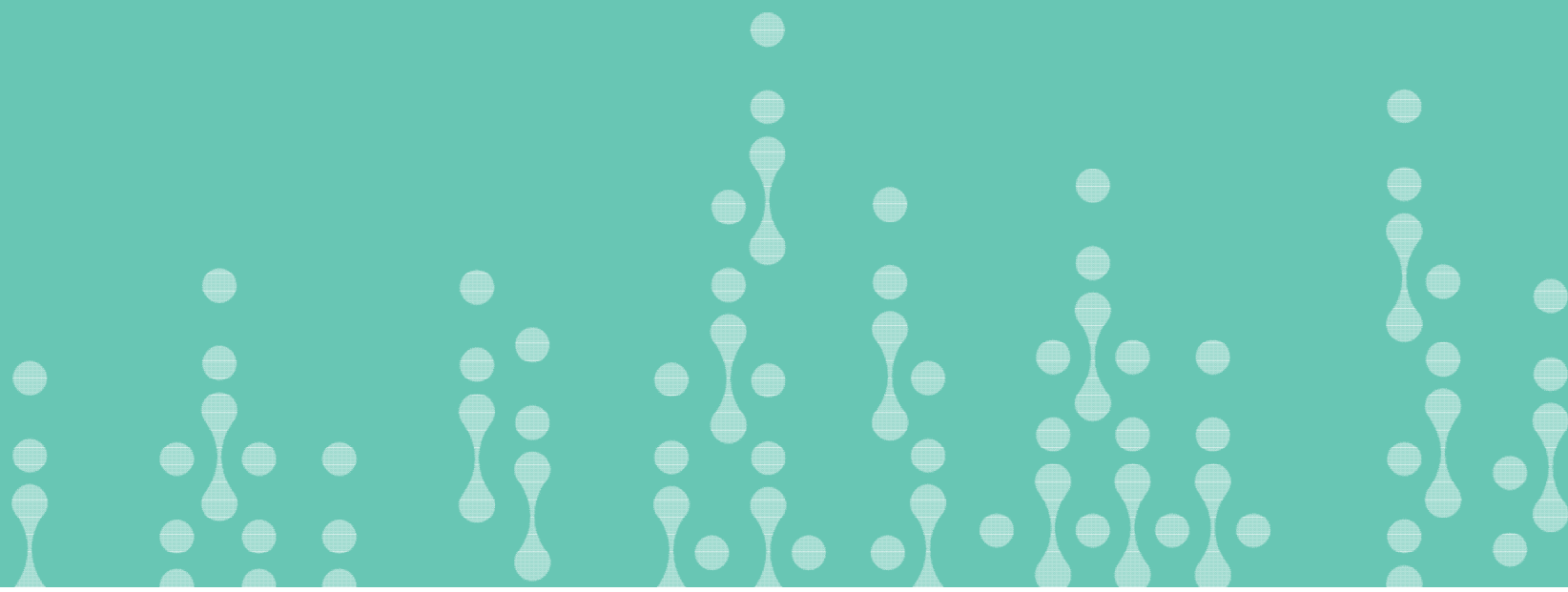
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# COMPANY OVERVIEW



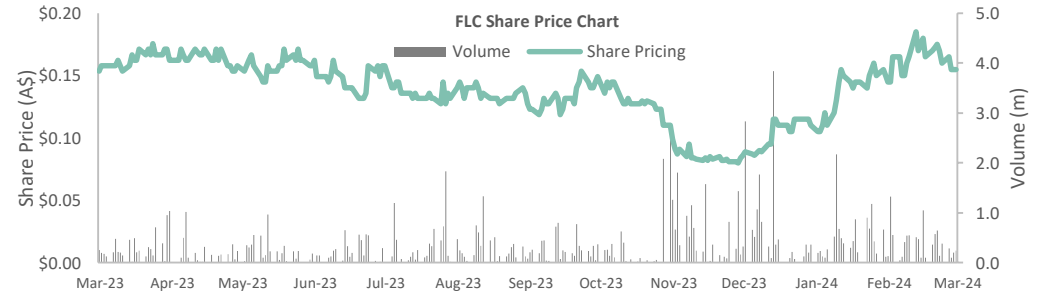
# Executive Summary

<b>New and Highly Experienced Leadership</b>	<ul style="list-style-type: none"> <li>• Over 100 years of experience in the water and wastewater treatment industry</li> <li>• Chairman, CEO, CFO, and CCO all joined within the last two years</li> <li>• Notable turnaround experience and a number of highly successful exits leading to material returns for shareholders</li> </ul>
<b>Strategic Shift to Higher-Margin Revenue Segments</b>	<ul style="list-style-type: none"> <li>• Restructuring and realignment has substantially reduced overhead and enhanced cross-selling and collaboration</li> <li>• Focusing on high-margin Smart Product Solutions (“SPS”) and Recurring Revenue</li> <li>• Transitioning from lower-margin and higher-risk Custom Engineered Solutions (“CES”)</li> <li>• Growth in pipeline and recent new orders showing success of new strategy</li> </ul>
<b>New Focus on Large, High-Growth End Markets</b>	<ul style="list-style-type: none"> <li>• US Environmental Protection Agency (“EPA”) has assessed the need to spend &gt;\$200B in municipal water and wastewater treatment plant upgrades over the next 20 years to meet required standards</li> <li>• Global High-Strength Wastewater and Wastewater-to-Energy market estimated to be \$6B</li> </ul>
<b>Proven and Established Technology and Product-line</b>	<ul style="list-style-type: none"> <li>• Over 800 global installations</li> <li>• Membrane Aerated Biofilm Reactor technology (“MABR”) is the lowest cost wastewater treatment technology for new effluent standards being adopted globally</li> <li>• Major decarbonization initiatives in North America and Europe create significant demand for Wastewater-to-Energy projects</li> <li>• Fluence has 41 installed anaerobic digester plants, typically used in Wastewater-to-Energy applications</li> <li>• Water reuse applications (such as semiconductor chip manufacturing) and lithium mining to drive growth in industrial markets</li> </ul>
<b>Leading ESG Impact</b>	<ul style="list-style-type: none"> <li>• Fluence MABR and Wastewater-to-Energy technologies are highly energy efficient and lower CO<sub>2</sub> and other harmful contaminants</li> </ul>
<b>Improved Financial Outlook</b>	<ul style="list-style-type: none"> <li>• Shift in strategy to deliver sustainable revenue growth and higher margins</li> <li>• Q4 2023 Revenue of \$27.7M and EBITDA of \$2.9M (10.5%)</li> <li>• FY 2024 guidance for \$90-100M of revenue and EBITDA of \$3.5-4.0M             <ul style="list-style-type: none"> <li>• Backlog of \$92M, \$51M of which expected to ship in FY2024</li> </ul> </li> <li>• Early order success in 2024 illustrating the traction against the revised strategy</li> <li>• Q4 2023 capital raise of A\$40.3M and subsequent debt repayment dramatically lowers interest burden and provides enhanced financial flexibility</li> </ul>



# Company Profile – Fluence Corporation Limited

Fluence existing Customers;



## CAPITAL STRUCTURE

Current Share Price (7/03/24)	A\$0.16
Shares on Issue	650,554,034
Market Capitalisation	A\$161.6M
Cash at Bank (31 Dec '23)	US\$24.6M
Debt (31 Dec '23)	US\$17.8M
Net Cash (31 Dec '23)	A\$10.3M
Enterprise Value	A\$151.3M

## TOP SHAREHOLDERS

- Doug Brown (14.0%)
- Nikolaus Oldendorff (10.3%)
- Regal Funds (9.1%)
- Ardsley Advisory Partners (8.3%)
- Liberman Family Interests (5.0%)

## BOARD AND MANAGEMENT

Tom Pokorsky – CEO and Managing Director  
 Ben Fash – CFO  
 Rick Cisterna – CCO  
 Spencer Smith – CLO

Doug Brown - Chairman  
 Paul Donnelly – Non-executive Director  
 Ross Haghighat – Non-executive Director  
 Richard Irving – Non-executive Director  
 Mel Ashton - Non-executive Director  
 Melanie Leydin – Company Secretary

(1) Water and Wastewater Treatment Market by Type (Water Treatment, Wastewater Treatment), Offering, Application (Municipal, Industrial), and Geography - Global Forecast to 2032; June 2023, Meticulous Research.

# World Class Management Team

Newly appointed management team with significant experience in water treatment leading to multiple successful exits



**DOUG BROWN**

**Chairman**

- Fluence BOD Advisor May 2022, BOD Chairman March 2023
- Ionics Incorporated (NYSE: ION) – membrane based water purification systems
  - Product Manager (1976-1983)
  - CEO (2003-05)
    - ✓ Achieved significant business turnaround
    - ✓ Increased entity value from \$350 million to \$1.3 BN in less than 2 years
- MIT Chemical Engineering, Harvard MBA



**BEN FASH**

**Chief Financial Officer**

- Joined in January 2023
- Prior to joining Fluence, CFO at Dumas Mining (2021-22)
- Newterra – Leading provider of modular water and wastewater treatment solutions
  - EVP Corporate Development (2012-2015)
  - CFO (2015-21)
    - ✓ Significant turnaround – EBITDA growth from \$0 to \$14.5M
    - ✓ Successfully exited in October 2020
- BA in Economics & Legal Studies from Williams College



**TOM POKORSKY**

**CEO and Managing Director**

- Joined in March 2022
- Nexom Inc. – dedicated to selling technology and equipment in the nutrient removal sector of wastewater treatment
  - CEO and Founder (2016-19)
    - ✓ Realized a revenue CAGR of over 25% and EBITDA CAGR of 50%
    - ✓ Exited less than 4 years after startup with an ROI exceeding 40%
- B.S. Civil Engineering (1974), Marquette University



**RICK CISTERNA**

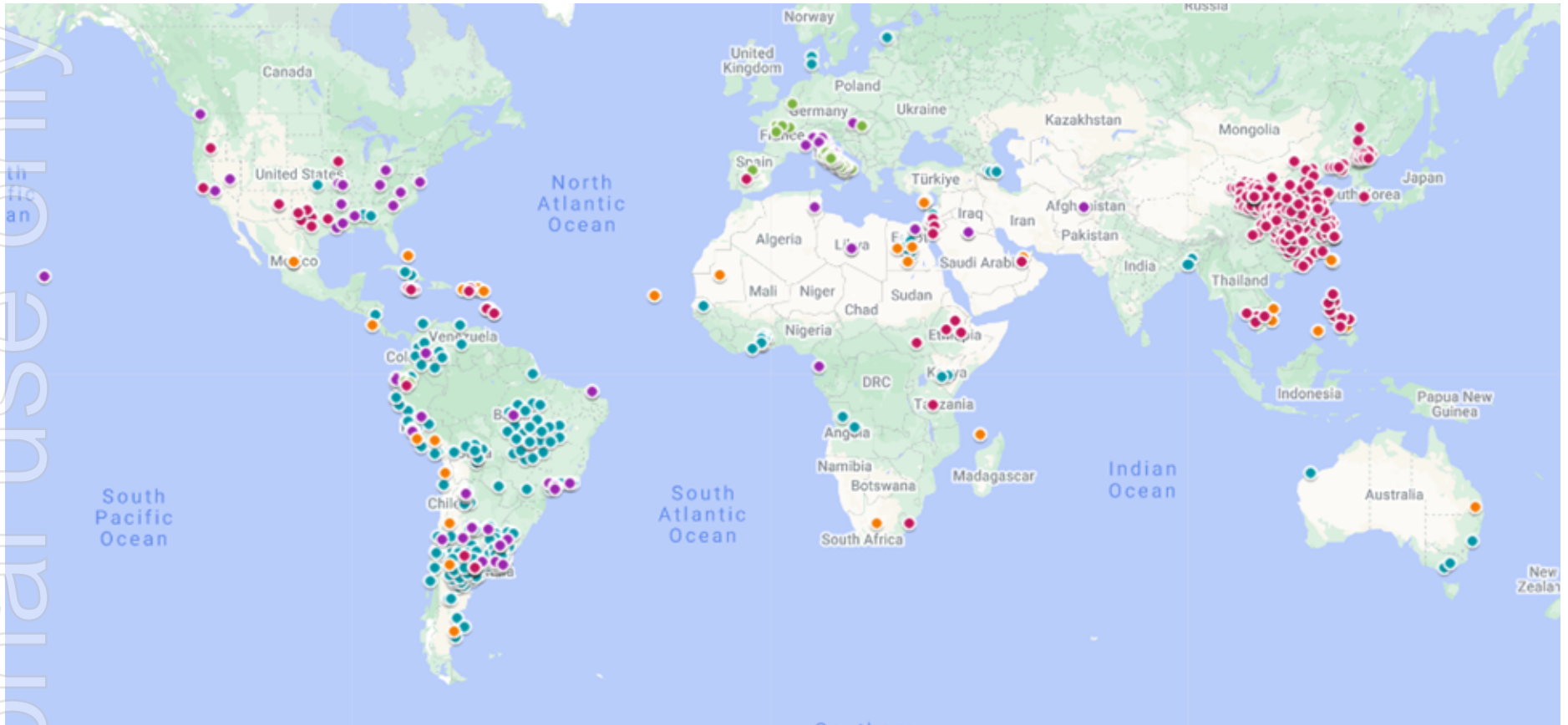
**Chief Commercial Officer**

- Joined Fluence in Dec 2021
- 30 years of water industry management experience, \$1B in contracts; \$100M in recurring revenue
- President of several renewable energy and water infrastructure development companies focused on build, own, operate, finance model
- Stanford University – MS Environmental Engineering
  - Full scholarship and honors fellowship
- University of Nevada, Reno – BS Civil Engineering
  - Top graduating senior, College of Engineering

# Proven and Established Products and Technologies

Trusted brand with extensive installation base with 877 installed plants across the world

TOTAL PLANTS: 842    ● MABR - 354    ● Anaerobic Digestion - 41    ● Other Wastewater - 80    ● NIROBOX - 34    ● Other Water - 368



Excluding Aerators and Tipton sales

# Leading ESG Impact in Water Treatment

## Sustainability Impact from Fluence's Installations

### MABR & NIROBOX

### Wastewater-to-Energy



**39 GWh / year**

in energy savings vs conventional technologies mitigates 27,300 Tons CO<sup>2</sup> / year

**182 GWh / year**

clean energy from biomass mitigates 128,600 Tons CO<sup>2</sup> / year

### Reuse

### Water

### Wastewater



**19Bn Liters Water Recycled / year**



**222Bn Liters Drinking Water Produced / year**



**320Bn Liters Wastewater Treated / year**

- ✓ MABR installations remove >2,000 tons of nutrient pollution/year
- ✓ Lowers Nitrous Oxide emissions by 306 tons/year

## Committed to UN Sustainable Development Goals

- Fluence technologies are highly energy efficient (MABR, desalination) and lower CO<sup>2</sup> and other harmful contaminants
- Fluence is committed to ESG and delivers on 10 of the 17 UN SDGs





# Shifting Focus on Smart Product Solutions (“SPS”) and Recurring Revenue

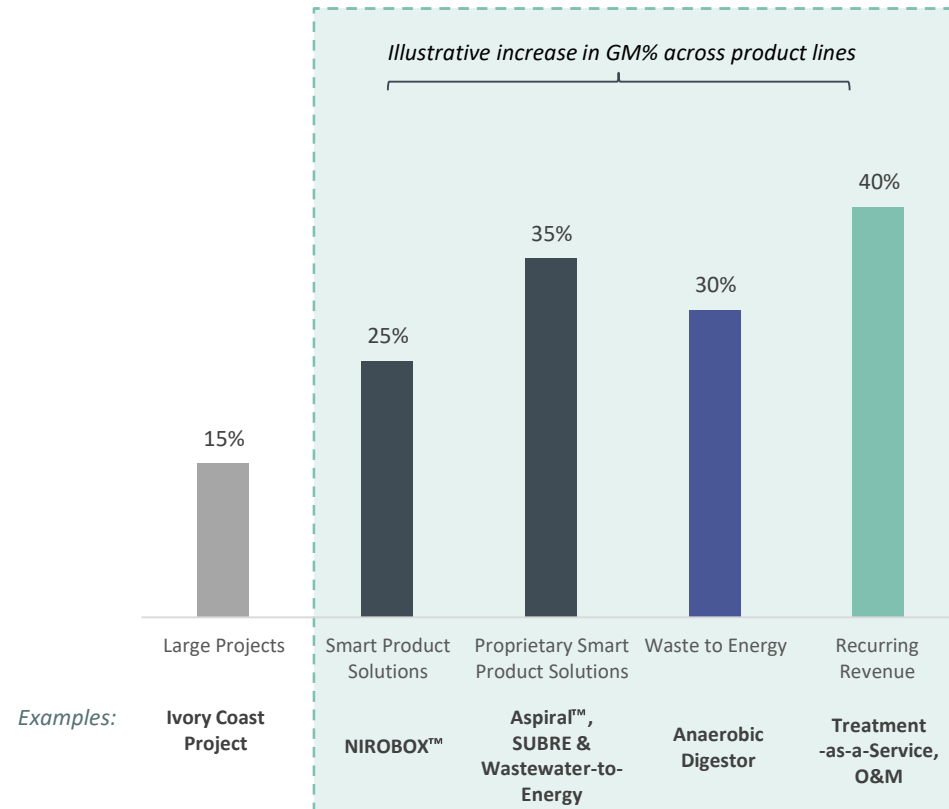
Focusing our business on SPS significantly improves profitability, recurring revenue and growth

- **Stronger Focus on SPS:** Ramping sales of our unique, proven water and wastewater treatment solutions
  - + Proven technology deployed rapidly & widely
  - + High margin and capital efficient
  - + Highly attractive recurring revenue model
  - + Target markets can leverage additional capital with high IRRs
  - + Higher growth segment within water
  - + SPS revenue to increase significantly as a percentage of total revenue in the medium term

## Transitioning Custom Engineered Solutions (CES):

- + Emphasis on Fluence technology and O&M contracts

## TRANSITION TO HIGHER MARGIN SEGMENTS



# Fluence Business Segments

The water and wastewater treatment market is highly fragmented, offering a direct opportunity for Fluence to focus on unserved markets

## MUNICIPAL WATER & WASTEWATER

- Market-leading MABR technology
- Proven products for multiple use-cases:
  - Modular: Aspiral and Nirobox
  - Larger Greenfield & Retrofit: SUBRE
- Significant global installation base



## INDUSTRIAL WASTEWATER & BIOGAS

- Process design more efficient than competition
- Technological expertise and robust installation base
- Deep knowledge of the food & beverage market including the production processes
- Turnkey system delivery (technology + equipment)
- Smaller footprint compared to competitors



## INDUSTRIAL WATER & REUSE

- 30 years of experience in South America
- Extensive reference list in target market
- Deep and experienced Engineering Team



## SEA ASIA & CHINA

- Market Leader in MABR
- Large Installed Base
- Reference in High Concentration NH3 and TN Removal
- Presence across Asia



## OPERATIONS, MAINTENANCE, PARTS & SERVICE



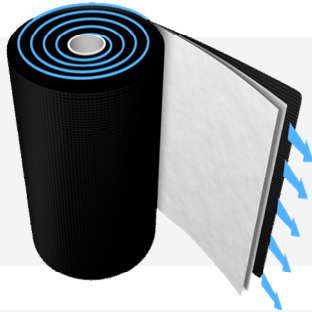
## BUILD, OWN & OPERATE (WATER-AS-A-SERVICE)



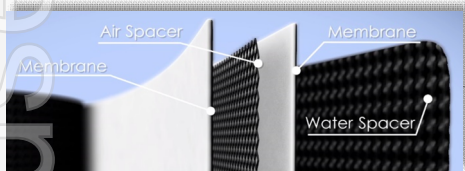
# Fluence Proprietary Technology - MABR

MABR technology disrupts \$100bn wastewater treatment market

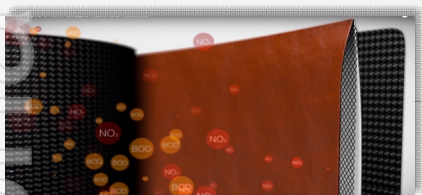
## MABR Technology



- Air is supplied to a spirally wound, semi permeable membrane
- The MABR spiral is submerged in the mixed liquor

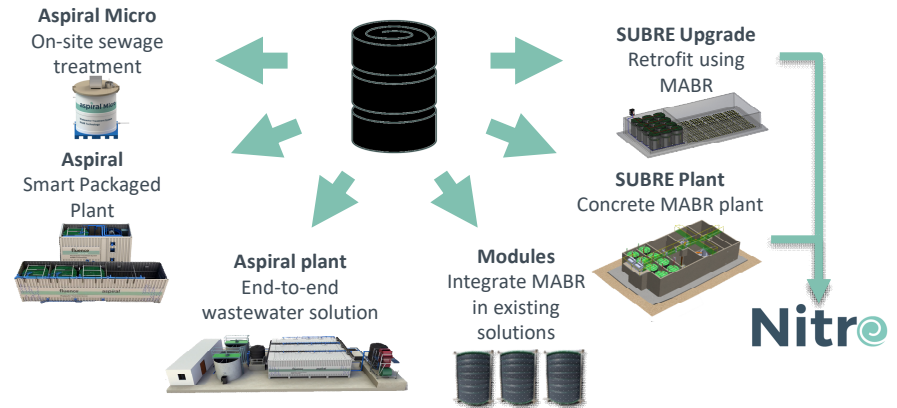


- An air spacer inside the sleeve allows low pressure air flow
- A water spacer defines the water volume in contact with the membrane



- Intermittent mixing causes wastewater to circulate through the spiral
- An aerobic nitrifying biofilm develops on the surface of the membrane

## MABR Configurations



## Fluence Smart MABR Beats Competing Technologies <sup>1</sup>

30+% overall lower TCO vs competing technologies <sup>(1)</sup>

### TCO improvement using Fluence Technology

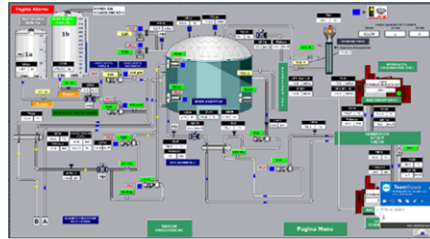
Capex	20+% lower
Opex	50+% lower
Energy Use	40+% lower
Chemical Use	30+% lower

# Proven Industrial WW & Biogas Products

Strongly positioned for rapidly growing market

## Industrial Wastewater & Biogas Products

- 41 plants serving meat, fish, dairy, candy processing
- Generate 182 GWh/year clean energy from biomass
- Mitigate 128,600 Tons CO<sub>2</sub> / year



## Key Advantages: Wastewater-to-Energy & Industrial Wastewater Products

- Standardized solution for hard-to-treat food & beverage wastewater: excellent references with leading players
- Fast to deploy, fully automated
- Substantially smaller footprint than competition
- Strong recurring revenue potential via BOO, O&M contracts
- Large US RNG market subsidized by Inflation Reduction Act

## Business Model

### Equipment Sale

Price: \$3 – 10M

GM: 30%

O&M Value: 10% of price/annum

O&M GM: 30-40%

### Preferred model:

Energy / Wastewater Recycling as a Service\*

Financed by Fluence, customer signs 15–20 year service contract

Capex: \$2.7/\$1 TOP revenue

TOP revenue has 50% EBITDA margin

Unlevered IRR: 15 - 20%+

**Payback: 5 years**

## Recognised Industry Leader

- Fluence awarded the winner of the “Waste to Energy Solutions Provider 2023” by Energy Tech Review
- Energy Tech Review is a leading technology magazine that is at the forefront of information about technology solutions and services



Note: All numbers 3Q 2022, TOP = Take or Pay

# Recurring Revenue – BOO, O&M, and Parts & Service

Greater emphasis being placed on high-growth, high-margin recurring revenue segment that is offered across all market segments

## Product Offering

- **Build, Own, & Operate (“BOO”)** offers water-as-a-service where Fluence provides the treatment equipment and all required services to deliver water or wastewater to the customer in exchange for a fee for the volume of water or treatment that is delivered. Benefits includes:
  - Take-or-Pay minimum water requirement
  - Long-term contracts: typically 10-15 years
  - Attractive financial returns: 15-20% IRR
- **Operations & Maintenance (“O&M”)** offers the client the option to have Fluence operate their plant for a combination of a fixed and variable fee. Benefits include:
  - Hands off management of their water treatment equipment to experienced Fluence personnel
  - When paired with an equipment sale, decreases the risk of equipment underperformance
  - Maintains commercial relationship with the client after equipment sale and can lead to future equipment sale opportunities
  - Aftermarket Parts & Service leads
- **Parts & Service** provides aftermarket parts and ancillary service from experienced technicians. Benefits include:
  - Parts typically sold at high margins (40-60%)
  - Ongoing relationship with the client

# 3-Year Vision

Focused on growing presence in North America and transitioning from CES revenue to SPS and Recurring Revenue segments

## GEOGRAPHY

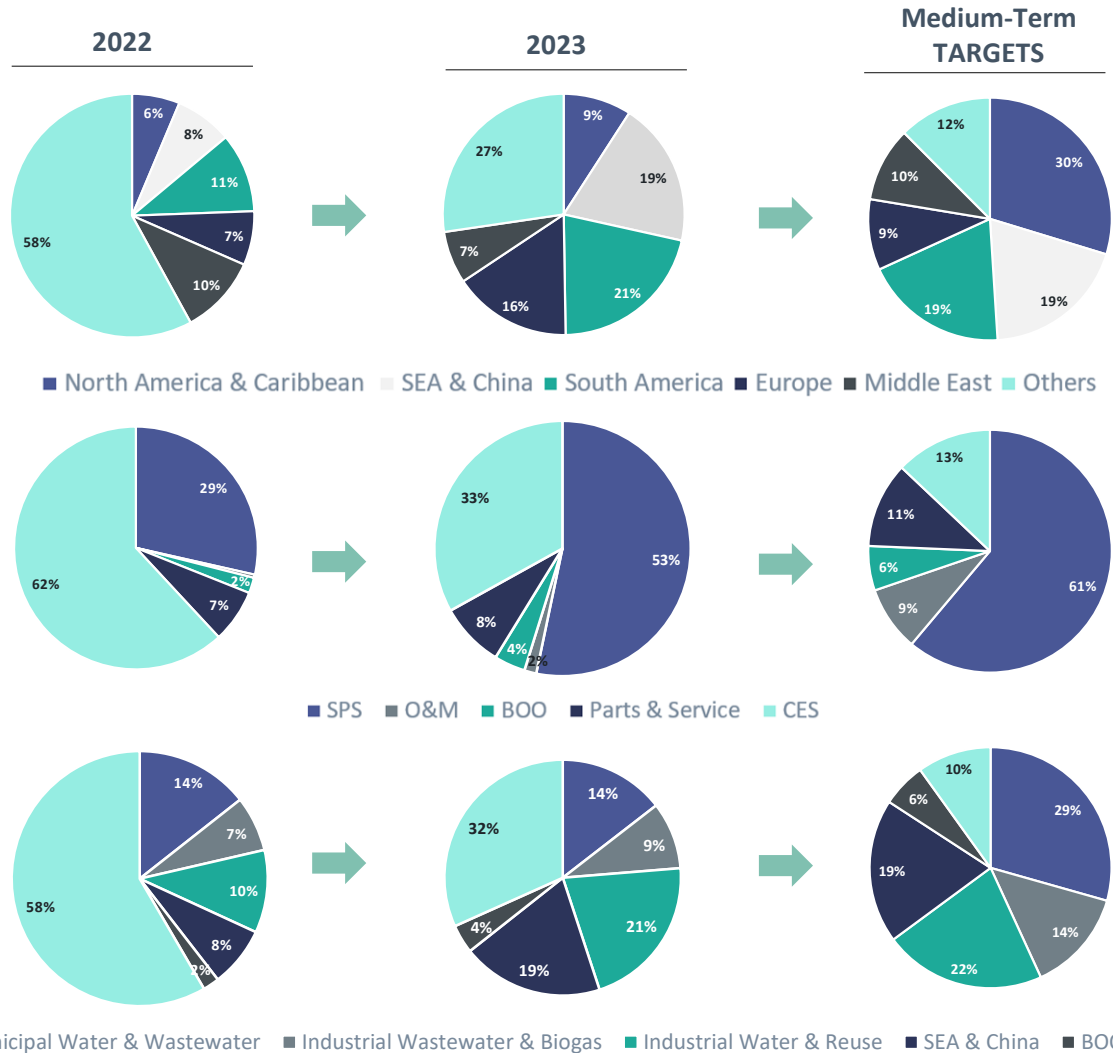
- Increasing share in North America, Caribbean and SEA

## PRODUCTS

- Increasing higher margin SPS and Recurring Revenue

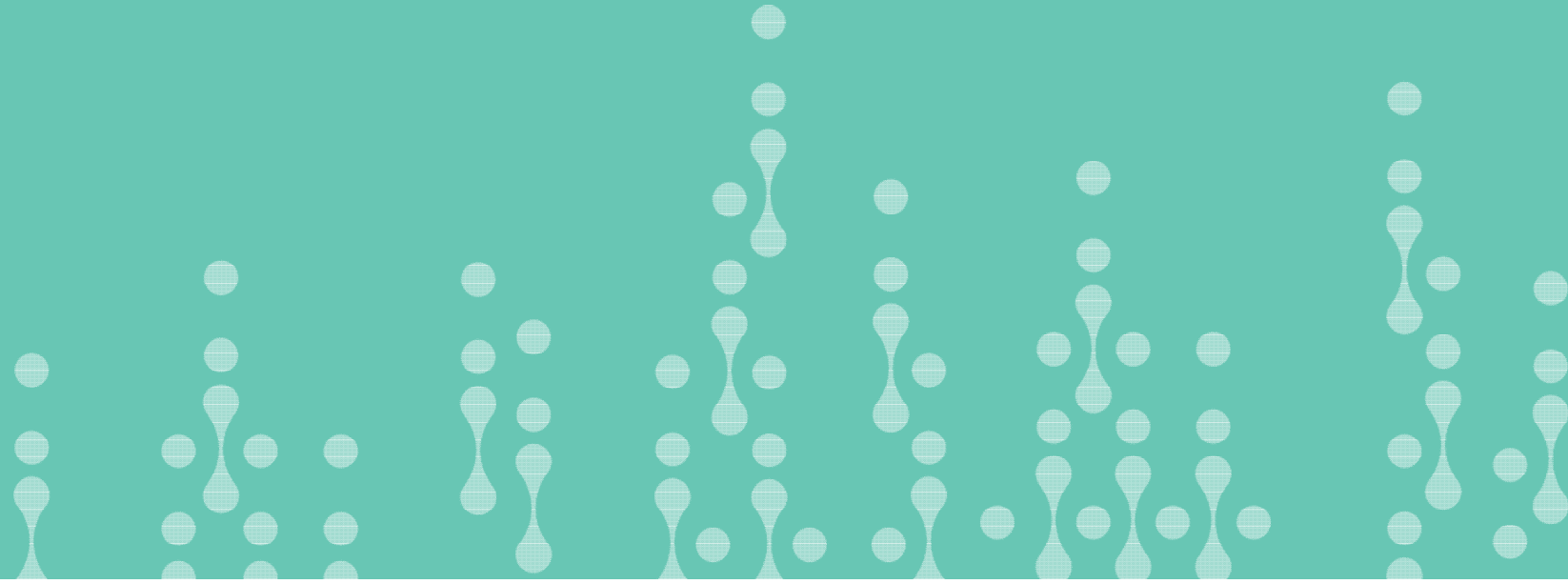
## END MARKETS

- De-risked business through broader end market mix



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# Q4 & FY2023 Financial Update



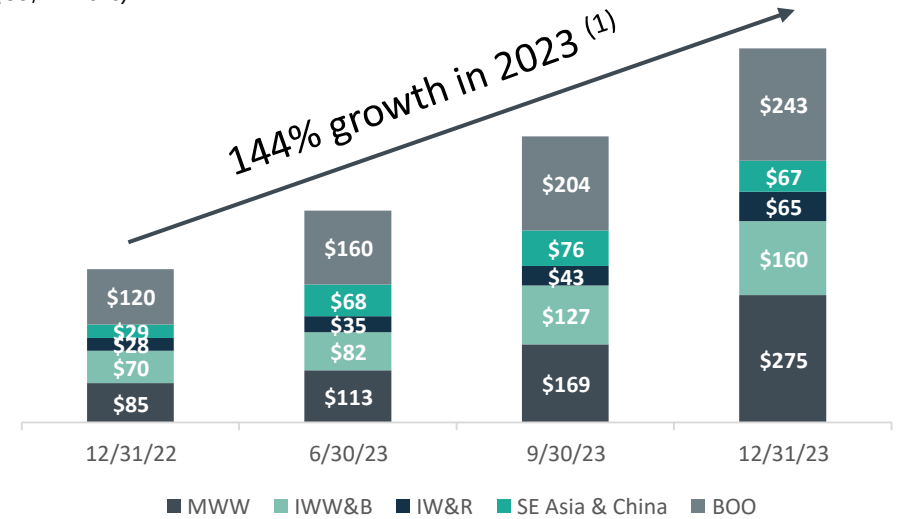
# Strong and Growing Backlog and Pipeline

Investment in sales, particularly in North America, paying dividends through rapidly growing pipeline

- Pipeline more than doubled since beginning of 2023, with the highest growth coming from Municipal (224%), with HSWW, SIW, and SEA & China all averaging 130% growth
  - Majority of increase in pipeline has come from North America and SEA
- Highly diversified with 304 total projects included in pipeline with an average project size (excl. BOO) of \$1.5M
- Projecting \$40-50M in new order bookings in H1 2024
- Backlog increased by 92% YoY, with \$51M forecasted to be recognized in FY2024

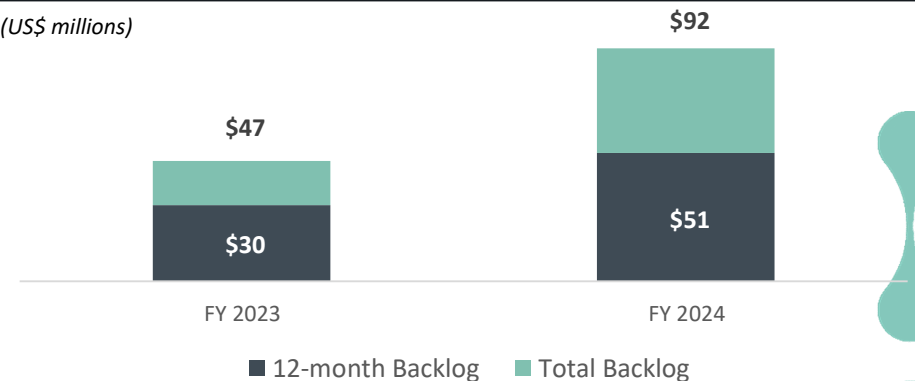
## FY2023 Quarterly Sales Pipeline <sup>(1)</sup>

(US\$ millions)



## Beginning Backlog <sup>(2)</sup> (FY2023-24)

(US\$ millions)



(1) Excludes potential Ivory Coast O&M contract of \$180M+.

(2) Backlog = Orders-in-hand.



# Early Order and Market Development Success in 2024

Fluence has significant success in securing new contracts highlighting traction against the new strategy and realignment

- \$2.3M Industrial Wastewater & Biogas project for a paper mill in Italy
- \$1.4M Industrial Wastewater & Biogas project for a for chicken slaughterhouse in Italy
- \$3.3M in new orders for the Municipal Water & Wastewater group in North America, eclipsing 2023 order totals, including:
  - \$1.5M WWTP – Fiddlesticks, FL Country Club
  - \$0.6M Aspiral MABR for Sagewood Point HOA in Colorado <sup>(1)</sup>
  - \$0.5M Aspiral MABR for Needmore Elementary School in Indiana <sup>(1)</sup>
  - \$0.5M WTP for Cabot St. Lucia (repeat customer)
- In addition, Industrial Wastewater & Biogas has more than \$10M of potential future projects under Letter of Intent <sup>(2)</sup>

(1) Orders follow new state approvals in Colorado and Indiana.

(2) Does not represent booked orders and cannot guarantee that Letters of Intent will convert to booked orders.

# Q4 and FY2023 Highlights

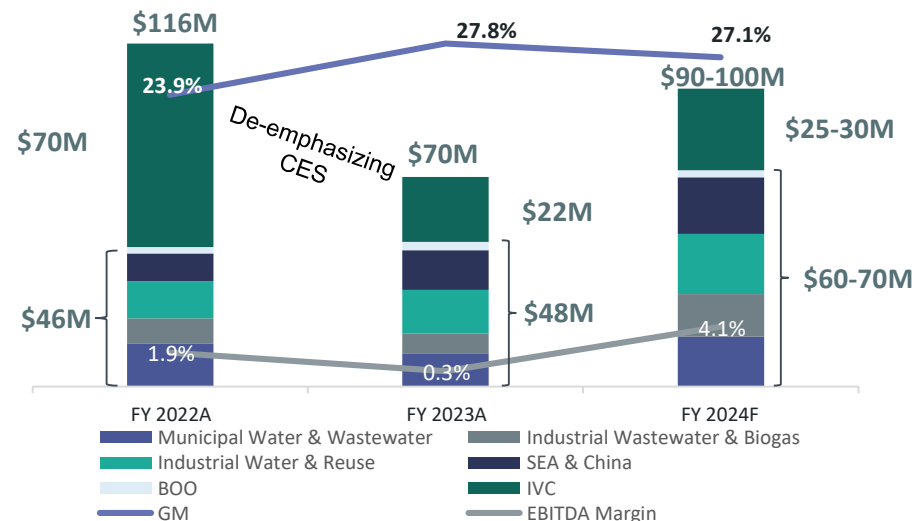
All numbers are subject to audit



- Q4 2023 Revenue of \$27.7M, almost double any other quarter in 2023 and which included \$20.5M of SPS plus Recurring Revenue (68% growth over Q4 2022)
- EBITDA<sup>(1)</sup> of \$2.9M (10.5% margin) in Q4 2023 and positive net income in December 2023
- FY2023 EBITDA<sup>(1)</sup> of \$0.2M, in-line with revised guidance
- Gross margins of 30.6% in Q4 2023 and 27.8% in FY2023, expanding by 3.9% over FY2022
- Backlog currently at \$91.8M, an increase of 92% from Q4 2022. \$51.1M forecasted to be recognized in FY2024 (73% of FY2023 total revenue)
- Fixed Costs savings of \$6.8M in 2023 versus 2022, representing a reduction of 26% (\$4.2M and 16% reduction excluding a large, one-time item), reflecting the impact of the restructuring announced in Q4 2022
- Cash balance of \$24.6M plus \$7.9M in security deposits; Q4 2023 operating cash flow plus the release of deposits of \$3.7M. Net proceeds from Capital Raise in Q4 2023 of \$24.9M of which \$13.2M was utilized to repay debt
- Guidance for FY 2024 of \$90-100M of revenue and EBITDA of \$3.5-4.0M

## Financial Summary (FY2021-24F) <sup>(1)(2)</sup>

(US\$ millions)



## Business Unit Financial Performance (FY2022-23)

(US\$ millions)

	FY2023 <sup>(2)</sup>		FY2022 <sup>(2)(3)</sup>	
	Revenue	EBITDA <sup>(1)</sup>	Revenue	EBITDA <sup>(1)</sup>
Municipal Water & Wastewater	\$11.1	\$2.3	\$14.8	\$1.8
Industrial Wastewater & Biogas	\$7.0	\$0.1	\$8.5	\$0.7
Industrial Water & Reuse	\$14.9	\$1.1	\$12.6	\$1.9
SEA & China	\$13.6	(\$0.0)	\$9.6	(\$1.4)
BOO	\$2.8	\$0.3	\$2.1	\$0.8
IVC	\$22.2	\$1.2	\$69.5	\$6.2
Corporate <sup>(4)</sup>	(\$1.6)	(\$4.8)	(\$0.9)	(\$7.0)

(1) EBITDA excludes the impact of Other Gains and Losses, which include FX gains and losses, gains and losses related to various legacy balance sheet clean-up items, restructuring, and other exceptional items.

(2) Aeromix removed as an asset-held-for-sale.

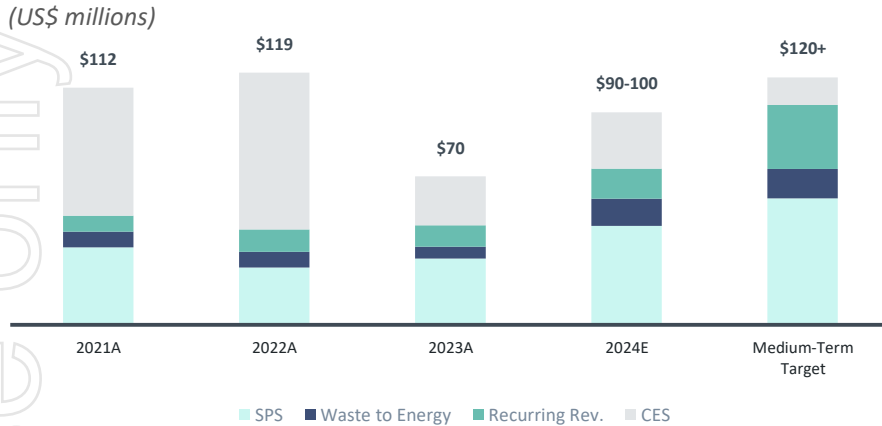
(3) Restructuring was executed in 2023, therefore business not managed under new structure in 2022 and numbers are estimated

(4) Includes all intercompany eliminations and unallocated expenses.

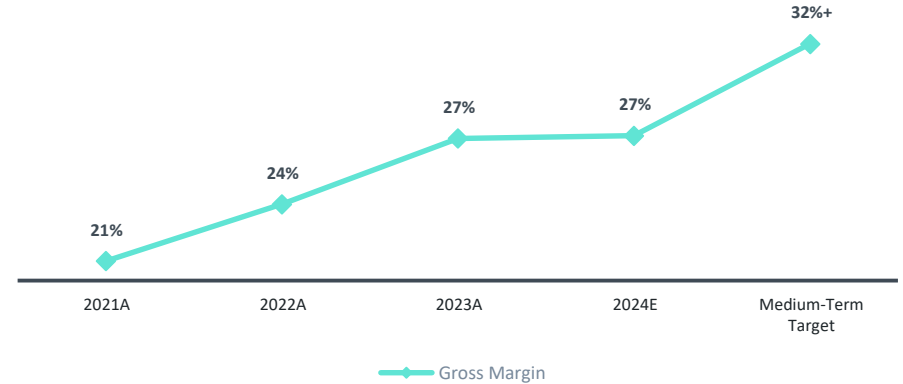
# Financial Summary

As the business transitions to SPS, Wastewater-to-Energy and Recurring Revenue, profitability increases quickly

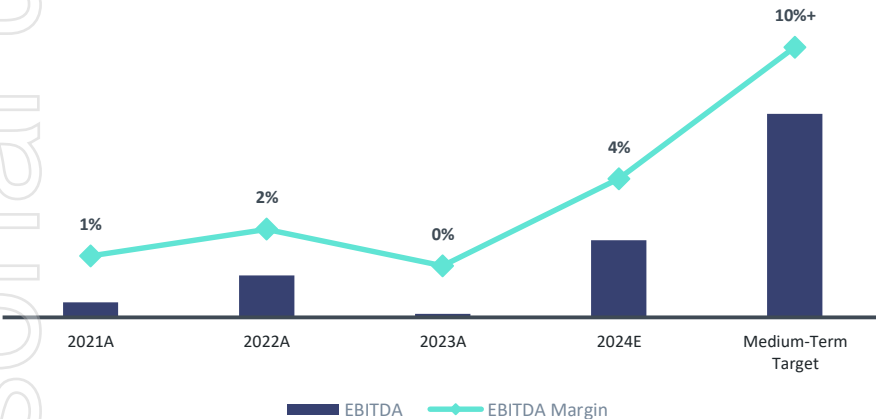
## Revenue



## Gross Margin



## EBITDA Margin



## Commentary

- Revenue down in 2023 due to lower Ivory Coast contribution
- 2023 revenue growth in SPS, Wastewater-to-Energy, and Recurring Revenue segments
- Gross margin forecast up 3% in 2023 and expected to continue to grow as our SPS strategy takes hold
- New order bookings and robust sales pipeline bodes well for revenue growth in 2024 and beyond
- Substantial operating leverage – higher revenues leading to stronger EBITDA margins

# Pro Forma Summary Balance Sheet

PF Net cash of \$6.8M at July 2024

(USD M\$)

Summary Balance Sheet	Balance Sheet as at 6/30/23	Change	Balance Sheet as at 12/31/23	PF Adj: Upwell Maturity <sup>(1)(2)</sup>	PF 12/31/23: Upwell Maturity
Cash	\$18.1	\$6.5	\$24.6	(\$15.7)	\$8.9
Other Current Assets	\$52.1	(\$1.1)	\$50.9	-	\$50.9
Fixed & Other Non-Current Assets	\$21.7	(\$1.9)	\$19.8	-	\$19.8
<b>Total Assets</b>	<b>\$91.9</b>	<b>\$3.5</b>	<b>\$95.4</b>	<b>(\$15.7)</b>	<b>\$79.6</b>
Non-Debt Current Liabilities	\$63.3	(\$1.2)	\$62.1	-	\$62.1
Non-Current Liabilities (excl. Debt)	\$3.6	(\$0.4)	\$3.2	-	\$3.2
<b>Debt</b>					
Term Loan	\$28.0	(\$13.0)	\$14.9	(\$14.9)	-
Project Debt <sup>(1)</sup>	\$2.1	-	\$2.1	\$2.0	\$4.1
Other Debt	\$1.1	(\$0.4)	\$0.8	-	\$0.8
<b>Total Debt</b>	<b>\$31.2</b>	<b>(\$13.4)</b>	<b>\$17.8</b>	<b>(\$12.9)</b>	<b>\$4.9</b>
<b>Total Debt</b>	<b>\$31.2</b>	<b>(\$13.4)</b>	<b>\$17.8</b>	<b>(\$12.9)</b>	<b>\$4.9</b>
<i>Net Debt / (Cash)</i>	<i>\$13.1</i>	<i>(\$19.9)</i>	<i>(\$6.8)</i>	<i>\$2.8</i>	<i>(\$4.0)</i>
<b>Total Liabilities</b>	<b>\$98.1</b>	<b>(\$15.0)</b>	<b>\$83.1</b>	<b>(\$12.9)</b>	<b>\$70.2</b>
<b>Shareholders' Equity</b>	<b>(\$6.2)</b>	<b>\$18.5</b>	<b>\$12.3</b>	<b>(\$2.8)</b>	<b>\$9.5</b>

(1) PF for Bimini Expansion.

(2) Does not include the impact of operating or investing cash flows.



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