



26 May 2022

Chairman's Address – Fluence Corporation Limited 2022 AGM

Ladies and Gentlemen:

Thank you for joining us today. I am delighted to be here in person for the first time since October 2019, more than 2 ½ years ago. I am also very pleased to introduce you to Tom Pokorsky, who joined us as CEO and Managing Director in mid-March. Tom brings more than 35 years of executive experience in the water industry, mostly in wastewater treatment. He has actively built businesses in North America, China, and Israel and has repeatedly delivered substantial returns to investors throughout his career. It's great to have such an experienced water industry professional at the helm.

We also were delighted to hire Rick Cisterna as our Chief Strategy Officer in December. Rick has closed over \$1B in water deals during his career including \$100M in recurring revenue projects and he has already built a significant pipeline of projects where we would sell water of wastewater treatment as a service rather than selling equipment.

And finally we are excited to welcome water industry veteran Doug Brown to Fluence as a Strategic Advisor to the Board, effective May 23. Doug will help us develop and implement strategies in particular to increase the Company's recurring revenues throughout our targeted regions, evaluate acquisition opportunities and provide strategic advice regarding financing alternatives.

Doug is one of only a handful of globally recognized senior executives to have led two successful billion dollar exits in the water space. He was founder, Chairman and CEO of AquaVenture Holdings, which he led to a listing on the New York Stock Exchange in 2016 and then subsequently sold to Culligan Water for US\$1.1 billion in 2020 while he served as Chairman. Previously he was CEO of NYSE-listed Ionics, Inc., which was acquired by GE Water for US\$1.3 billion in 2005. Concurrent with his appointment, Doug invested A\$2.7 million in Fluence at a price A\$0.21/share. This was the reason for the small placement we announced on Monday. I see Doug's purchase of a material equity stake in Fluence as a clear vote of confidence in our proprietary MABR technology and our growth potential.

I will now give you a brief update on the progress we have achieved in 2021 and into this year, and then hand over to Tom to discuss the Company's performance in more detail before we discuss and present the resolutions.

Despite continued Covid headwinds we were very pleased to deliver EBITDA-positive revenue growth for the second year in a row, again meeting market guidance.

Our unique MABR wastewater treatment solutions achieved a sales increase of 56% in terms of capacity, so we have now sold 313 plants, up from 245 at the end of 2020, with total capacity to treat wastewater for almost 1 million people, up from 600,000 at the end of the prior year.

Importantly MABR capacity sold outside China exceeded sales within China for the first time, including significant sales in Cambodia, the Caribbean, US, and United Arab Emirates.

We also expanded Nirobox Sales, we sold 8 of these containerized desalination systems in 2021, including 5 plants at Caribbean resorts and the first multi-unit Nirobox order in Taiwan.

As you know we have focused hard on improving operating efficiency, so were pleased to see a further 8% reduction in operating expenses in 2021 versus 2020 while increasing sales.

In 2021 we began execution of the Ivory Coast project, which is now advancing at full speed with over 400 people from our subcontractors working on site. I recommend you view the videos of plant progress on our website or YouTube channel, which we update every month. This project is an important source of profit and cash flow and continues to be overall cash flow positive. We also believe we have a very good opportunity to win a multi-year operation and maintenance contract for the plant which will be an attractive source of recurring revenue.

As you know, MABR and NIROBOX are a major focus for us and collectively we refer to them as Smart Product Solutions. Perhaps most significantly, SPS backlog entering 2022 is 65% higher than that entering 2021. Because we can often book and ship an SPS order in the same calendar quarter, we typically see only about mid-40's % of SPS revenue achieved in any year on our backlog at the start of the year. We have guided to 23% SPS growth in 2022. Though start of year backlog potentially points to higher growth, given Covid continuing to slow SPS sales and project execution in China we will maintain our more conservative guidance for the time being.

In a world increasingly concerned with climate change, I want to mention Fluence's very strong sustainability credentials. Our existing plants in the field mitigate more than 23,000 tons of CO₂/year due to energy savings of 32 GWh of electricity. This is primarily due to the extreme energy efficiency of MABR which saves up to 90% of the aeration energy required by traditional systems. However, something additional has recently come to light which is even more significant.

Wastewater treatment consists of removing biological pollution but also reducing the nitrogen inherent in domestic wastewater. Excess nitrogen discharge is a major cause of algae blooms which kill fish populations and tighter nitrogen regulations are advancing in many geographies including Australia, US, and China. In treating nitrogen, most wastewater treatment systems emit significant amounts of nitrous oxide. It turns out the nitrous oxide is 300 times worse than CO₂ in terms of atmospheric warming.

Fluence's MABR emits 99% less nitrous oxide versus all other technologies. This means our existing systems mitigate the equivalent of a further 94,000 tons of CO₂. Overall, Fluence's innovative SPS solutions deliver on nine of the 17 United Nations Sustainable Development Goals. These significant and beneficial environment impacts are increasingly being noted by global investors and partners.

We recently reiterated guidance on full year SPS sales and underlying EBITDA of \$45M and \$3M respectively. We also guided to 2022 overall revenues of \$144M. We continue to see very severe Covid headwinds in China and Tom will be discussing how best we can mitigate these by focusing on other geographies while waiting for the China market to recover.

Again I am delighted to welcome Tom to our team and now ask him to present an overview of the business and our strategy going forward. At the end of the presentation, we will answer any shareholder questions, including any questions relating to the formal resolutions.

-ENDS-

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This announcement is authorised for lodgement on the ASX by the Board of Fluence Corporation Limited.

About Fluence Corporation Limited (ASX: FLC)

Fluence is a leader in the decentralized water, wastewater and reuse treatment markets, with its pre-engineered, standardized Smart Products Solutions (SPS), including Aspiral™, NIROBOX™ and SUBRE. In addition to rapid delivery and commissioning of decentralized solutions to meet a broad range of needs, Fluence offers ongoing operation and maintenance support, as well as Build Own Operate Transfer (BOOT) and other recurring revenue solutions. Fluence has a broad international footprint and focuses on high growth markets including China, the Middle East, South East Asia, and North America.

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

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