



Fluence repositions strategy to focus on MABR and Smart Products Solutions, changes MD & CEO, and reaffirms guidance

Summary

- Strategic repositioning is designed to focus primarily on three (3) key segments:
 - MABR wastewater solutions in China and Southeast Asia;
 - NIROBOX™ desalination solutions in the Middle East and Southeast Asia; and
 - the Ivory Coast water treatment project
- Continued development of strategic channel distribution partners and further improvement of operational efficiencies
- Effective immediately, Richard Irving, Chairman, will also assume the role of CEO, replacing Henry Charrabé
- 2020 guidance reaffirmed

Fluence Corporation Limited (ASX:FLC) ("Fluence" or the "Company") has become a leader in the decentralized water, wastewater and reuse treatment markets through Smart Products Solutions, including MABR-based Aspiral™ and SUBRE as well as our NIROBOX™ technology. To further leverage and build on this success, Fluence is repositioning its global business to focus on these products in the most attractive market segments with the goal of achieving more rapid, consistent and profitable growth.

MABR-based Smart Products Solutions (SPS)

Fluence's industry-leading Membrane Aerated Biofilm Reactor (MABR) technology provides a revolutionary improvement in wastewater treatment relative to traditional systems by virtue of its substantial energy savings and increased treatment capacity.

With over 200 MABR installations operating or in process globally, including Aspiral™ and SUBRE installations, Fluence has proven the reliability and competitive price-performance of its MABR technology in a wide range of geographies and market applications, due to a unique combination of the product's performance, cost of treatment and compliance with the newest and most stringent performance requirements globally.

Having initially entered the market with mid-size MABR installations, Fluence has now substantially expanded into other market segments up to large capacity plants via new build or retrofits deploying Submerged MABR technology (SUBRE), and down to clusters of homes served with the new Aspiral™ Micro product. As a result, Fluence's addressable MABR market is even larger.



With an established market position, partnerships in China and Southeast Asia and increasing demand for our MABR family of products the Fluence Board believes the Company must increase its focus and efforts to further grow MABR adoption in these regions.

Fluence has formed several key partnerships in China which are in various stages of volume deployment. It is anticipated that Fluence's primary channel to market will be via these partnerships as well as new channel partnerships. Fluence is also developing further MABR deployment channels via strategic industry partners in the US and potentially elsewhere in response to market demand.

NIROBOX™ Smart Products Solutions

The NIROBOX™ family of solutions challenges convention by providing advanced treatment technologies in affordable and compact packages to produce fresh drinking water. Nirobox™ offers the industry's smallest overall footprint, which makes the units well suited for industrial, municipal and commercial markets.

With an installed base of more than 2 dozen plants globally with 100 plus units, the NIROBOX™ solution has a proven track record of providing a cost-effective and fast path to market for freshwater solutions. Improving relations between Israel and Middle Eastern nations open significant desalination opportunities in that region. In addition, the Company has already seen attractive desalination opportunities in Southeast Asia which it plans to service via the same sales channels as MABR.

Ivory Coast

Fluence remains fully committed to delivering the Ivory Coast project which will serve as an excellent global reference. As previously communicated, Fluence anticipates transitioning away from pursuing additional large scale Custom Engineered Solutions which intrinsically require significant resource allocation and management of complex regulatory compliance matters in foreign jurisdictions.

Change in CEO

After more than three years at the helm of Fluence and a total of more than ten years with RWL Water and Fluence, and having merged a technology company with execution capability, the Board of Directors and Henry Charrabé have mutually agreed that this is the right time for him to transition from the role. Richard Irving will take on the CEO role while continuing as Chairman, with immediate effect. Henry will continue as a Non-Executive Director until December 1, 2020.

Mr. Irving brings decades of experience in building successful technology businesses globally in both operating and Board roles and has more than a decade of experience in the water sector.

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Richard Irving, Chairman and CEO said: "I am most grateful for Henry's significant contributions and dedication to the Company and wish him the very best of success in the future. I am excited to step into the CEO role at Fluence while remaining its Chairman. Our MABR technology and Smart Products Solutions have proven themselves in the market and I am confident that by focusing on selling these products to markets offering high growth potential, the Company has the opportunity to accelerate profitable growth and deliver superior shareholder returns."

Henry Charrabé, former Managing Director & CEO said: "After having the privilege of leading first RWL Water and then Fluence for more than a decade, it is now time for me to step aside and allow for new ideas and direction. I believe that the future for Fluence will continue to shine bright as the industry is desperate for a global player who will promote decentralised systems. I am very grateful for the opportunity provided to me to help shape the Company and wish everybody at Fluence only the best."

Following is a summary of Mr. Irving's key remuneration terms for his expanded role as Chairman and CEO:

- Base salary of US\$400,000 plus statutory benefits;
- Director options to be issued subject to prior shareholder approval:
 - 1,500,000 options, exercisable at a 10% premium to the 5 day VWAP as of 13 November 2020
 - The vesting of all the options is subject to meeting performance milestones set by the Board and is accelerated in a "change of control event"
 - The option expiry date is 30 June 2022
- The engagement is term is not fixed.

Mr. Irving has waived any rights to bonuses, termination or severance pay and will not be receiving Director's fees.

Following the appointment of Mr. Irving to the role of Chairman and CEO, the Board has appointed Paul Donnelly to the role of Lead Independent Director. Mr Donnelly is based on Melbourne and currently serves as a Fluence independent Non-Executive Director and chair of the Audit and Risk Committee.

FY2020 guidance reaffirmed

Fluence continues to anticipate achieving published guidance for the current 2020 financial year comprising:

- EBITDA positive for the full year (excluding any one-time costs)
- US\$32 million in SPS sales
- US\$9 million in recurring revenue.



As noted in the recent business update, in the event that global economic conditions and/or COVID-19 related business restrictions deteriorate beyond what the Company currently anticipates, it is possible that some of the forecast FY2020 revenue may be delayed into 2021.

Fluence estimates its strategic repositioning costs to be up to US\$7 million, although the cash impact will be spread over a number of quarters and total charges may be considerably less than the current estimate.

Conference Call

Richard Irving, Chairman & CEO will host an investor conference call regarding this announcement on Monday, November 16th at 10:00am Australia AEDT / Sunday, November 15th at 6:00 pm USA EST. Call details below:

For investors wishing to dial into the call, please register through the following link and dial in numbers will be provided:

<https://s1.c-conf.com/diamondpass/10011001-983ksl.html>

Alternatively, you can join the webcast through the following public link:

<https://services.choruscall.com.au/webcast/fluence-201116.html>

Questions will need to be submitted electronically through the webcast interface.

This announcement is authorised for release by the Board of Directors.

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About Fluence Corporation Limited (ASX: FLC)

Fluence is a leader in the decentralized water, wastewater and reuse treatment markets, with its Smart Products Solutions, including Aspiral™, NIROBOX™ and SUBRE. With established operations in North America, South America, the Middle East, Europe and China, Fluence has experience operating in over 70 countries worldwide and enables businesses and communities worldwide to maximize their water resources. Further information can be found at <https://www.fluencecorp.com/>.