31 July 2025

Fluence Corporation Quarterly Activities Report

Fluence Corporation Limited (ASX:FLC; "Fluence" or the "Company") presents its Quarterly Activities Report and accompanying ASX Appendix 4C (the "Quarterly Cashflow Report") for the quarter ended 30 June 2025 ("Q2 2025"). All financial numbers contained herein are in US dollars and are unaudited.

Q2 2025 Highlights

- **H1 2025 Revenue of $33.1M**, representing 64.7% growth over H1 2024
  - Ivory Coast Addendum revenue of $12.7M was $12.0M higher than H1 2024
  - SPS revenue growth of 19.3%
- **Q2 and H1 2025 EBITDA[1] exceeded Q2 and H1 2024 by $2.0M and $3.6M**, respectively
  - All business units showing an improvement in EBITDA[1], other than IWR which was only slightly behind H1 2024
  - Ivory Coast Addendum contributed $1.4M compared to a loss of $0.2M in H1 2024
- **Gross margins of 26.5%** in H1 2025, a reduction of 4.1% compared to H1 2024 due to the increased contribution of the Ivory Coast Addendum
  - H1 2025 gross margins for IWB and IWR exceeded H1 2024 by 5.9% and 3.1%, respectively, and MWW maintained gross margins in excess of 36%
- **SG&A and R&D savings of $1.0M (-10.5%)** in H1 2025 as compared to H1 2024
- **H1 2025 New orders of $22.6M,** 9.1% lower than H1 2024
  - New orders booked in July over $8M, with another $2-4M expected to close in early August
  - MWW North America, IWR, IWB and SEA & China saw a combined increase in orders of $4.2M (21.6%)
- **Backlog as of Q2 2025 sits at $79.5M**
  - YTD Q2 2025 revenue plus backlog forecasted to be recognized in FY2025 equal to $74.6M compared to revenue guidance of $80-95M (not including new orders in July)
  - MWW, IWR, IWB and SEA & China saw backlog growth of $3.7M (+11.0%) compared to Q2 2024
- **Cash balance of $12.7M** plus $4.1M in security deposits as at 30 June 2025
  - H1 and Q2 2025 operating cash flow was $4.9M and $5.1M, respectively
  - Received €6.0M milestone from the IVC Addendum in late June 2025, with a number of payables that are to be settled in Q3 2025
  - As a result of the timing of receiving the latest Ivory Coast Addendum milestone, but not settling vendor payments, Q3 2025 operating cash flow is expected to be negative, however, YTD Q3 2025 operating cash flow is forecasted to remain positive

[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 items, restructuring, and other non-recurring items.

Financial and Operating Update

During Q2 2025, Fluence continued to execute its renewed strategy of growing our high-margin Smart Product Solutions ("SPS") and Recurring Revenue ("RR") products and services through our realigned and market-focused business units. Revenue in H1 2025 was $33.1M, which was $13.0M or 64.7% higher than H1 2024. SPS plus RR continued to show healthy growth of 6.7% compared to H1 2024. Contributions from the Ivory Coast Addendum was the largest reason for the increase as revenue in the Ivory Coast was $12.0M higher than H1 2024. H2 2025 is expected to show significant revenue growth as compared to H1 2025 and H2 2024 as a number of backlog projects have begun to accelerate combined with continued progress on the Ivory Coast Addendum. As a result, we are forecasting strong EBITDA[1] in H2 2025.

As a result of the revenue growth in H1 2025, EBITDA[1] was $0.1M, an increase of $3.6M compared to H1 2024. In addition to the revenue growth the Company experienced in H1 2025, the $1.0M reduction of SG&A and R&D also contributed to the EBITDA[1] in H1 2025. Gross margins were 26.5% in H1 2025, a reduction of 4.1% which can be attributed to the lower gross margins of the Ivory Coast Addendum project. However, gross margins at IWB and IWR both exceeded H1 2024 by 5.9% and 3.1%, respectively, and MWW maintained gross margins in excess of 36% in H1 2025, supporting our renewed strategy to grow our high-margin SPS and RR revenue segments.

New orders were down 9.1% in H1 2025, however, new orders in July have already exceeded $8M, which would increase the YTD total to over $30M. MWW North America, IWR, IWB and SEA & China saw a combined increase in orders of $4.2M (21.6%) and this was before the new orders in July noted above. Although SEA & China showed strong order growth in H1 2025, the outlook for the region is not as strong as the other business units for the remainder of FY2025.

T**he Company is maintaining its FY2025 guidance of $80-95M of revenue and EBITDA[1] of $3-5M** noting, however, the downside risks remain due to potential tariff-based project delays and continued weakness in the China market.

Update on Potential Impact of US Tariffs

Q2 2025 continued to see market uncertainty as a result of the volatile and evolving global trade policy environment. On 2 April 2025, the US Administration provided incremental details on its proposed tariff strategy. The resulting 'Liberation Day tariffs' were higher than many expected with an aggregate implied rate of 26% on total US imports, equivalent to a ~24% increase across the board compared to December 2024. This included a 10% universal tariff on all imports starting on 5 April 2025. While there have been several bi-lateral trade deals negotiated between the US and trading partners like the European Union, the US Administration's trade policy remains unpredictable and has changed rapidly several times over the past few months.

Overall, we expect the impact of the fluctuating US tariff policy on Fluence to be minor and predominantly limited to MWW US revenue where the manufacturing origin is outside of the US. However, the trade policy framework of the US Administration remains unpredictable and several existing projects have the potential risk of delays as a result of the alternative manufacturing strategies. To date, due to actions taken by management, the potential negative impact on FY2025 MWW gross margins has been largely mitigated. The Company evaluated alternative manufacturing strategies to minimize the impact on project margins, which we expect to be successful. The Company was already in the process of setting up manufacturing in the US, particularly with respect to MABR membranes. This process will continue to progress irrespective of the ongoing global trade uncertainties.

[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 items, restructuring, and other non-recurring items.

Segmented Financial Results

The Company is organized around product lines with the following principal areas of focus:

- Municipal Water and Wastewater ("MWW") treatment includes MABR (Aspiral, SUBRE and Nitro) and Nirobox products;
- Industrial Wastewater & Biogas ("IWB"), provides solutions that support the shift to global decarbonization, taking advantage of government incentives and green energy programs in North America and the new nitrogen removal laws in Mexico;
- Industrial Water & Reuse ("IWR") solutions, focusing on water reuse applications and high-growth markets such as lithium mining that supports the trend toward electrification as well as high-tech industries such as semiconductor and AI data centers;
- Southeast Asia and China ("SEA & China"), with a particular focus on efforts in countries such as Taiwan, Vietnam, Cambodia, the Philippines and South Korea to strengthen and diversify its sales pipeline;
- Recurring Revenue, including Build-Own-Operate ("BOO") projects, Operations & Maintenance ("O&M") contracts for equipment sales, rentals, spare parts and consumables sales; and
- The Ivory Coast Main Works and Ivory Coast Addendum projects.

Table 1: Segmented Financial Results

(US$ millions)	**H1 2024**		**H1 2025**		***YTD Variance***	
	Revenue	**EBITDA** (1)	**Revenue**	**EBITDA** (1)	***Revenue***	***EBITDA*** (1)
Municipal Water & Wastewater	$3.7	($0.1)	$5.0	$0.2	*$1.3*	*$0.3*
Industrial Wastewater & Biogas	$3.2	($0.2)	$4.9	$0.3	*$1.6*	*$0.5*
Industrial Water & Reuse	$8.6	$1.6	$7.9	$1.5	*($0.8)*	*($0.1)*
SEA & China	$2.4	($0.7)	$2.5	($0.3)	*$0.0*	*$0.4*
BOO	$1.5	$0.2	$1.3	$0.3	*($0.2)*	*$0.1*
IVC	$0.7	($0.2)	$12.7	$1.4	*$12.0*	*$1.6*
Corporate	($0.2)	($4.2)	($1.2)	($3.4)	*($1.0)*	*$0.8*
Total	**$20.1**	**($3.6)**	**$33.1**	**$0.1**	***$13.0***	***$3.6***

Note: Corporate revenue includes intercompany eliminations.

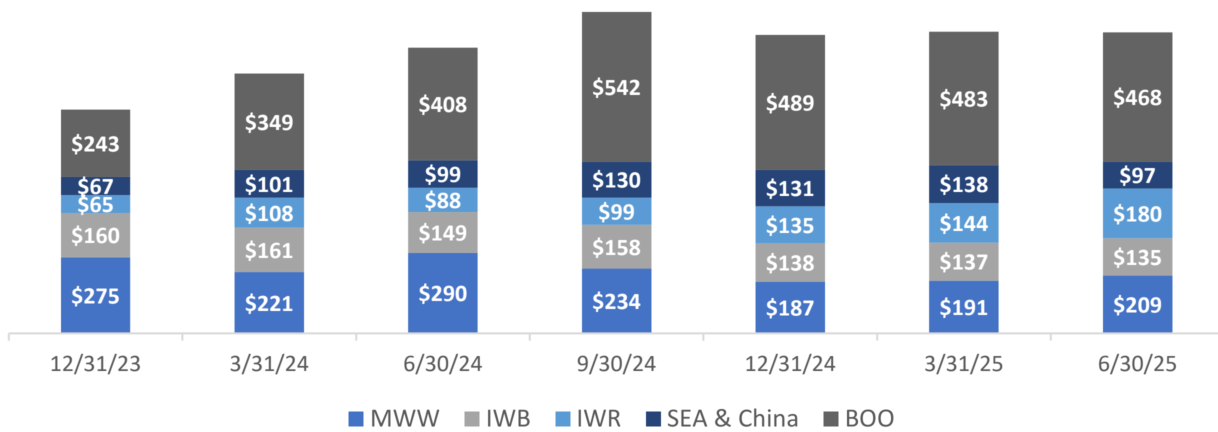
H1 2025 revenue and EBITDA[1] increased across all business units other than IWR. Specifically:

- The Ivory Coast Addendum contributed $1.4M of EBITDA[1] compared to a loss of $0.2M in H1 2024 due to revenue growth of $12.0M;
- IWB saw an EBITDA[1] increase of $0.5M in H1 2025 on strong revenue growth of $1.6M;
- MWW saw revenue growth of $1.3M while EBITDA[1] growth was a more modest $0.3M due to a large, one-time chemical sale on the New Mansoura project as well as several one-time reversals, both in H1 2024; and
- Corporate cost savings of $0.8M also contributed positively to EBITDA[1] in H1 2025.

IWR saw a modest reduction in revenue and EBITDA, mostly due to project delays and lower spare parts orders. The outlook for the remainder of FY2025 remains strong for the business and is expected to meet its targets for the year. The outlook for SEA & China is for significant growth over FY2024, however, elevated risks remain in this region due to weak demand in China and management continues to evaluate this business unit.

[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 items, restructuring, and other non-recurring items.

Chart 1: Fluence Sales Pipeline[2]



(2) Excludes Ivory Coast O&M.

Our overall sales pipeline remains strong as of 30 June 2025 and has increased by $55M (+5.3%) since Q2 2024 and $279M (+34.5%) since Q4 2023.

Fluence booked $22.6M in new orders in H1 2025 (down 9.1% from H1 2024). However, the Company has subsequently secured new orders booked in July of over $8M, with another $2-4M expected to close in early August. MWW North America, IWR, IWB and SEA & China saw a combined increase in orders of $4.2M, an increase of 21.6%.

Backlog as of 30 June 2025 was $79.5M, down $4.0M as compared to 31 December 2024 primarily due to progress on the Ivory Coast Addendum, offset by backlog growth in other BU's. MWW, IWR, IWB and SEA & China saw backlog growth of $3.7M (+11.0%) compared to 30 June 2024. H1 2025 revenue plus backlog forecasted to be recognized in FY2025 is now equal to $74.6M, 79-93% compared to revenue guidance of $80-95M. Including the $8M booked in July, the Company has close to 100% of the midpoint of the revenue guidance range.

Key Recent Wins

The Company secured several notable new orders in Q2 and July 2025, including:

- Eneva (Brazil): Three (3) separate orders totaling $3.6M
  - Potable water treatment plant
  - Chemical dosing system
  - Sanitary wastewater treatment plant ("WWTP")
- Igor (Italy): $2.4M Anaerobic digestion of whey permeate to produce biomethane
- Meat Processing Company (Argentina): $2.9M Aerobic WWTP
- Aluar (Argentina): $2.6M Desal Plant
- Meat Processing Company (Brazil) $2.2M Aerobic WWTP (nutrient removal)
- Danone (Brazil): $1.2M Ultrafiltration system
- Egg Processing Company (Italy): $0.5M Aerobic WWTP
- San Leandro (California): $0.2M Aspiral WWTP demonstration plant
- iTest orders (China): $0.5M; three (3) Aspiral MABR WWTPs

[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 items, restructuring, and other non-recurring items.

Q1 2025 Cash Flows

The Appendix 4C quarterly cash flow report for Q2 2025 is attached.

As at 31 March 2025, Cash and Cash Equivalents were $12.7M. In addition, the Company held $4.1M in short and long-term deposits, of which $3.7M are held as collateral for bank guarantees for the Ivory Coast Main Works. Operating cash flow generated in Q2 and YTD 2025 was $5.1M and $4.9M, respectively. This was primarily due to collecting €6.0M related to the IVC Addendum on 26 June 2025, however, a significant amount of vendor payments were not settled until early July. As a result, Q3 2025 operating cash flow is forecasted to be negative, however, YTD Q3 2025 operating cash flow is still forecasted to be positive.

Fluence invested $995k in various capital projects in H1 2025. This is forecasted to continue through the balance of FY2025, the most significant project being the set-up of US membrane manufacturing.

The Company repaid $1.0M of its revolving credit facility in Q2 2025 and expects to continue to make principal repayments against the revolving credit facility in H2 2025.

Ivory Coast Progress

In H1 2025, Fluence continued commissioning the Main Works, which is now largely complete. Minor ongoing warranty work is being addressed and the largest work outstanding is stabilization of an embankment for pipe crossing of the swamp. This will largely be completed in parallel with the Addendum works. The Addendum works are currently progressing on schedule and on budget, however the embankment stabilization and pipe crossing of the swamp needs to be completed to avoid delays. Financially, the Addendum project is progressing well through Q2 2025 and revenue is slightly ahead of forecast.

As noted in prior updates, these Addendum works are a critical step to connect the Main Works water treatment plant to the distribution system allowing delivery of the water produced by the plant to the people of Abidjan. The Addendum works are expected to take approximately 18 months to complete.

As of 30 June 2025, the Company had collected four (4) milestone payments related to the Addendum totaling €22.3M, representing approximately 45% of the total payments. Milestone payment 4 (€6.0M) was received on June 26, just prior to quarter-end, but the majority of payables related to this collection were not paid until early July. The 5th milestone payment (€8.0M) was recently approved and is expected to be paid in the coming weeks.

Fluence is also continuing its efforts to secure a long-term O&M contract for the plant and continues to receive positive feedback from the client in this regard. Negotiations have commenced and a draft of the agreement is expected to be shared in the coming weeks. The start of the long-term O&M contract requires the works being undertaken pursuant to the Addendum project to be completed. There may, however, be an interim plant maintenance contract awarded which Fluence is well-positioned to receive. Maintaining the plant on an interim basis would also position the Company well to be awarded the long-term O&M contract.

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

-ENDS-

[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 items, restructuring, and other non-recurring items.

For further information, please contact:

Australia
Andrew Angus
Investor Relations
E: andrewangus@overlandadvisers.com.au
P: +61 402 823 757

United States of America
Thomas Pokorsky
CEO and Managing Director
E: tpokorsky@fluencecorp.com

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 Southeast Asia.

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

Forward looking statements

"This quarterly business update contains "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 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, 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.

[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 items, restructuring, and other non-recurring items.