30 January 2026

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 and fiscal year ended 31 December 2025 ("Q4 2025" and "FY 2025", respectively). All financial numbers contained herein are in US dollars and are unaudited.

Q4 and FY 2025 Highlights

- **Q4 and FY 2025 Revenue of $26.0M and $78.4M, respectively**
  - Represents 22.7% growth over Q4 2024 and 52.3% growth over FY 2024
  - Ivory Coast Addendum revenue of $27.5M was $20.4M higher than FY 2024
  - SPS and RR growth was also strong with 15.2% growth compared to FY 2024
- **Q4 and FY 2025 EBITDA[1] of $2.7M and $4.0M, respectively**
  - Exceeded FY 2024 EBITDA by $8.0M
  - All business units showed an increase in FY 2025 EBITDA[1] as compared to FY 2024
  - Ivory Coast Addendum contributed $3.4M compared to $0.2M in FY 2024
- **Gross margins of 29.9% in FY 2025**
  - Flat compared to FY 2024, despite a significant increase in revenue contribution from the low-margin Ivory Coast Addendum project
  - MWW, IWR and IWB all exceeded FY 2024 gross margins in FY 2025 by 5-8%
- **Q4 and FY 2025 new orders of $24.5M and $64.2M, respectively**
  - New orders booked in Q4 2025 and FY 2025 of $24.5M and $64.2M, respectively, representing an increase of 157.8% and 28.5%
  - Q4 2025 new orders of $24.5M; Fluence's largest order quarter on record for SPS and RR
  - MWW North America and IWB saw a combined increase in orders of 98% and 76%, respectively
- **Backlog as of Q4 2025 sits at $74.8M**
  - The core BU's of MWW, IWR, IWB and SEA & China saw an increase in backlog of $14.8M, an increase of 43.8%
  - Non-Ivory Coast Addendum backlog higher by $11.6M or 23.0%
- **Cash balance of $16.6M plus $4.1M in security deposits as at 31 December 2025**
  - Q4 and FY 2025 operating cash flow were $3.8M and $10.9M, respectively
  - Received €6.0M as part of milestone 6 from the IVC Addendum in November 2025, with a number of payables that are to be settled in Q1 2026
  - Repaid debt of $0.5M in Q4 2025 and $2.5M in FY2025 overall

Financial and Operating Update

Fluence continued to execute its strategy of growing our high-margin Smart Product Solutions ("SPS") and Recurring Revenue ("RR") products and services through our market-focused business units throughout FY 2025. This strategy has gained significant traction as demonstrated by our Q4 and FY2025 financial results. The combination of double-digit growth in SPS and RR, progress on the Ivory Coast Addendum project that contributed meaningfully to revenue, continued expansion of gross margins and strong cost controls **resulted in Fluence delivering strong FY 2025 EBITDA[1] of $4.0M on revenue of $78.4M, meeting the midpoint of its EBITDA[1] guidance**.

FY 2025 revenue was $78.4M, which was $26.9M (+52.3%) higher than FY 2024. Q4 2025 contributed $26.0M in revenue, representing 22.7% growth. SPS plus RR continued to show healthy growth of 15.2% compared to FY 2024. Contributions from the Ivory Coast Addendum were the largest contributor to the increase, as revenue in the Ivory Coast was $20.4M higher than FY 2024.

The growth achieved in our SPS and RR products and services is having the intended effect of improving gross margins, which were flat YoY despite the significant impact of the lower margin Ivory Coast Addendum project. This was a result of strong execution and outperformance of bid margins on SPS revenue across our core business units, with all but SEA & China delivering meaningful increases in gross margins.

SG&A and R&D was flat in FY 2025 as compared to FY 2024.

As a result of the revenue growth and margin expansion in our SPS and RR revenue segments, EBITDA[1] was $4.0M in FY 2025, a dramatic increase of $8.0M compared to FY 2024. Gross margins were 29.9% in FY 2025, essentially flat compared to FY 2024. However, MWW, IWR and IWB all exceeded gross margins in FY 2025 by an average of more than 6%, supporting our renewed strategy to grow our high-margin SPS and RR revenue segments. Each of these business units have benefited from positive project margin variances as well as several accrual reversals.

New orders in Q4 2025 were $24.5M, an increase of $15.0M (+157.8%) compared to Q4 2024. More importantly, this was **Fluence's largest new order quarter on record for SPS and RR**. For FY 2025, new orders were $64.2M, an increase of $14.2M (+28.5%) compared to FY 2024. MWW North America and IWB led the way with an increase in orders of 97.5% and 75.8%, respectively. Backlog closed FY 2025 at $74.8M. The core business units of MWW, IWR, IWB and SEA & China saw an increase in backlog of $14.8M (+43.8%).

Given the strong performance and positive momentum of the Company, Fluence will not be issuing discrete guidance for FY 2026. Nevertheless, the Company expects double-digit revenue growth (even with a significant reduction in revenue from the Ivory Coast Addendum project) driven by continued momentum in SPS and RR segments in our core markets. Additionally, we expect continued expansion of gross margins, all of which will contribute to strong growth in EBITDA and EBITDA margin.

[2] 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.

Update on Potential Impact of US Tariffs

During Q4 2025, we continued to see the policy environment regarding global trade policy stabilize relative to developments earlier in FY 2025. By way of background, the US Administration provided incremental details on its proposed tariff strategy in April 2025. The resulting 'Liberation Day Tariffs' were higher than generally expected with an aggregate implied rate of 26% on total US imports, equivalent to an increase of 24% compared to December 2024. Since April, several bilateral trade agreements have been concluded between the US and a number of trading partners, including the European Union. These developments have helped moderate near-term uncertainty and volatility. However, the timing and trajectory of US trade policy actions remain difficult to forecast and may shift without notice at any time.

Operationally, the potential adverse impact of these tariff actions on FY2025 MWW gross margins were largely mitigated due to measures taken by management during FY 2025. As noted at the end of Q3 2025, the Company evaluated alternative manufacturing and sourcing strategies to minimize project-level margin exposure. During FY 2025, these strategies were implemented and the impact on project gross margins was as expected, supporting the Company's view that the impact of US tariff policy on FY2025 results was negligible.

Looking forward, Company management will continue to closely monitor the evolving global trade policy environment. The Company will reassess its mitigation strategies as needed should US trade policy or bilateral conditions change materially.

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 power generation, 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;
- RR, 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.

[2] 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.

Table 1: Segmented Financial Results

(US$ millions)	YTD Q4 2024		YTD Q4 2025		*YTD Variance*	
	Revenue	EBITDA (1)	Revenue	EBITDA (1)	*Revenue*	*EBITDA (1)*
Municipal Water & Wastewater	$11.0	$0.9	$12.4	$1.9	*$1.4*	*$0.9*
Industrial Wastewater & Biogas	$8.9	$0.6	$13.9	$2.3	*$5.0*	*$1.8*
Industrial Water & Reuse	$18.0	$3.1	$17.4	$3.6	*($0.6)*	*$0.5*
SEA & China	$3.8	($1.1)	$6.5	($0.3)	*$2.8*	*$0.8*
BOO	$2.9	$0.5	$2.8	$0.7	*($0.1)*	*$0.2*
IVC	$7.0	$0.2	$27.5	$3.4	*$20.4*	*$3.2*
Corporate	($0.1)	($8.2)	($2.1)	($7.7)	*($2.0)*	*$0.5*
Total	**$51.5**	**($4.0)**	**$78.4**	**$4.0**	***$26.9***	***$8.0***

Note: Corporate revenue includes intercompany eliminations.

FY 2025 saw EBITDA[1] increases across all business units. Specifically:

- The Ivory Coast Addendum contributed $3.4M of EBITDA[1] compared to $0.2M in YTD Q4 2024 due to revenue growth of $20.4M;
- IWB saw an EBITDA[1] increase of $1.8M in YTD Q4 2025 on strong revenue growth of $5.0M;
- MWW saw revenue and EBITDA[1] growth of $1.4M and $0.9M, respectively, in part due to the reversal of certain accruals;
- SEA & China achieved revenue growth of $2.8M in FY 2025 and reduced its EBITDA[1] loss by $0.8M compared to FY 2024;
- IWR saw an EBITDA[1] increase of $0.5M in YTD Q4 2025 despite modestly lower revenue compared to YTD Q4 2024, which was driven by higher gross margins from positive project variances; and
- Corporate cost savings of $0.5M also contributed positively to EBITDA[1] in YTD Q4 2025.

Key Recent Wins

The Company secured several notable new orders in Q4 2025 and January 2026, including:

- Qurayyah Power Plant (Saudi Arabia): $12M+ Niroflex ultra-pure WTP with pretreatment and demineralization;
- Dow (Argentina): $3.4M UF and 2-pass BWRO for demi-water production;
- Confidential Dairy Processing Company (Italy): $2.0M Aerobic WWTP;
- Confidential Chicken Slaughterhouse (Italy): $1.6M Aerobic WWTP;
- Confidential Hazardous Waste Company (Italy): $1.5M Anaerobic digestion pretreatment for high-strength leachates;
- SWater GW Phu Quoc Island (Vietnam): $1.5M SWRO WTP;
- Confidential Meat Processing Company (Italy): $1.3M Aerobic WWTP;
- Zambia Border Post (Zambia): $0.9M Aspiral MABR WWTP;
- Confidential Meat Processing Company (Italy): $0.8M WWTP refurbishment;
- Shandong Dezhou Linyi Chemical Park (China): $0.8M Aspiral MABR WWTP;
- Applegreen (USA): $0.4M Aspiral MABR WWTP; and
- iTest (China): $0.4M Multiple Aspiral MABR WWTPs.

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Corporate Update

Updates to Fluence's Executive Management Team

During Q4 2025, the Company completed a set of planned senior leadership transitions designed to strengthen execution discipline, sharpen regional operating capability and accelerate commercial growth. The Chief Executive Officer succession process concluded with Ben Fash assuming the CEO and Managing Director role following a leadership transition and the retirement of Tom Pokorsky. In addition, Osvaldo Llanes was appointed new Chief Financial Officer.

To drive Fluence's global growth strategy and execution, Rick Cisterna assumed the role of Chief Growth Officer ("CGO"). In this refined role, Mr. Cisterna will be responsible for developing and implementing Fluence's growth strategies for revenue growth and market expansion in high priority markets, including by analyzing market trends, market drivers, competition, products and solutions, pricing, sales approach and channel partnerships. Some of Mr. Cisterna's key areas of focus will be global key account management, rep and agent management, marketing and ensuring consistent reporting and incentives for our global sales team. In addition, the Ivory Coast project and the potential O&M contract will now report to the CGO. Perhaps most importantly, Mr. Cisterna will also be responsible for establishing Fluence's Global Water Services business unit, driving growth of O&M, parts & consumables, build-own-operate and rental service models across all Fluence's product lines and geographies. This will provide additional focus on growing Fluence's recurring revenue and accelerate the Company's profitable growth.

Spencer Smith assumed the role of Chief Talent and Legal Officer ("CTLO"), adding global talent and human resource management to his existing role as Fluence's Chief Legal Officer. Mr. Smith is now responsible for defining and driving Fluence's global people and culture strategy in addition to responsibility for legal affairs, compliance and risk management. This role will be a strategic enabler of growth through leadership development, organizational design, talent acquisition, training and total rewards to ensure Fluence attracts, develops and retains the best global talent in the water industry, while fostering a One Fluence approach across all regions. As CTLO, Mr. Smith will partner closely with the US-based Director of Global Human Resources who will continue to lead day-to-day HR operations and compliance.

Fluence was also able to bolster its leadership team at the business unit level with the hiring of Anda Cao as Vice President and General Manager of the Southeast Asia and China business unit. Before joining Fluence, Mr. Cao served as the Regional Managing Director of De Nora Water Technologies ("De Nora"), Asia-Pacific ("APAC"). In his leadership role at De Nora, Mr. Cao guided the region's strategic vision, commercial growth and operational excellence, significantly growing De Nora's APAC business over his 5 years at the helm. Under Mr. Cao's direction, his business unit consistently achieved double-digit revenue growth, strengthened operational efficiency and fostered a high-performance culture grounded in accountability. With more than 15 years of experience in the water industry in Southeast Asia with notable companies like Xylem and Anaergia, Mr. Cao has established a strong record of driving sustainable growth, accelerating organizational transformation and expanding market presence through customer-centric innovation.

Collectively, these leadership changes are expected to deepen the Company's management bench, align roles and responsibilities with strategic priorities and support a more balanced operating structure as the Company enters FY 2026.

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Egypt Operations

International Company for Water Services & Infrastructure S.A.E. ("IWS") was established in 2018 as a joint venture ("JV") with Eagle Capital Investment S.A.E. and Egyptian Company for Investment Project S.A.E. whereby Fluence is the 75% majority owner and leads the business operationally. The minority partners support project acquisition, government relations and operational support where required. Since 2018, IWS has successfully executed a number of municipal and industrial water treatment projects, including the $20M+ New Mansoura water treatment plant that was commissioned in 2023. IWS continues to support the New Mansoura project through an ongoing O&M contract.

Unfortunately, despite efforts of local and executive management, IWS has not been fully successful in collecting outstanding amounts owing on accounts receivable across a number of accounts. Most notably, the New Mansoura water treatment plant accounts remains substantially in arrears despite the plant being fully operational for more than 2 years. Fluence's minority partners have provided limited support with local and national governments to support collections. As a result, Fluence has determined that it is necessary to take a reserve against $4.5M of accounts receivable at IWS. This reserve will be taken as an extraordinary item in Other Losses and is not expected to impact cash flow as management has not been forecasting collections from these accounts for some time.

Fluence management has undertaken a thorough review of the future of the IWS operations, including the attractiveness of market opportunity relative to other markets where Fluence operates, IWS and Fluence's respective competitive positioning, the regulatory and legal framework and its JV partners. Fluence is considering all available alternatives for the IWS business.

Q4 2025 Cash Flows

The Appendix 4C quarterly cash flow report for Q4 2025 is attached.

As at 31 December 2025, Cash and Cash Equivalents were $16.6M. In addition, the Company held $4.1M in short and long-term deposits, of which $3.9M are held as collateral for bank guarantees for the Ivory Coast Main Works. Operating cash flow generated in Q4 and FY 2025 was $3.8M and $10.9M, respectively. This was primarily due to collecting €6.0M related to milestone 6 of the IVC Addendum in November 2025. A significant amount of payables are forecasted to be settled in Q1 2026, which is expected to result in negative operating cash flow in Q1 2026.

Fluence invested $1.2M in various capital projects in FY 2025.

The Company repaid an additional $0.5M of debt in Q4 2025 and $2.5M in FY 2025 overall.

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Ivory Coast Progress

Through Q4 2025, the Company continued to make progress on the Addendum Works. Phase 1 of the access road was completed, Phase 2 earthworks were finalized and drainage works were advanced. Road layer construction is now underway. Bridge foundation works reached a major milestone with the completion of pile installation and abutment construction remains in progress. Pipeline installation has progressed to approximately 2.2 kilometers, with works successfully restarted in selected areas, and swamp pre-drilling stabilization activities started as planned. Overall, the Addendum Works are progressing well through Q4 2025 and revenue was in-line with forecast for FY2025. The project is expected to be completed in Q3 2026.

As noted in prior updates, the Addendum Works are critical for connecting the Main Works water treatment plant to the broader distribution system, enabling treated water to reach the population of Abidjan.

The commissioning of the Main Works is now largely complete. The most significant remaining activity is the stabilization of the embankment for the swamp pipe crossing, which is now progressing well with anticipated completion Q3 2026.

As of 31 December 2025, the Company had collected six (6) milestone payments under the Addendum contract totaling €35.4 million, representing approximately 73% of the total payments.

Fluence continues to pursue a long-term O&M contract for the plant. Preliminary steps have been taken and negotiations are expected to begin soon following the review of the technical proposal and business plan submitted in Q4 2025. The start of the long-term O&M contract requires the Addendum Works to be completed, which as noted is expected in Q3 2025. Fluence is currently maintaining the plant on an interim basis, positioning the Company well to be awarded the long-term O&M contract.

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

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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, economic uncertainty associated with COVID-19, 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.

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