ABN 52 127 734 196

Fluence Corporation Limited

Annual Report - 31 December 2024

Directors	Mr Doug Brown *Chairman* Mr Thomas Pokorsky *CEO and Managing Director* Mr Paul Donnelly *Lead Independent Director, Non-Executive Director* Mr Mel Ashton *Non-Executive Director* Mr Nikolaus Oldendorff (appointed 22 April 2024) *Non-Executive Director* Mr Richard Irving (retired 10 October 2024) *Non-Executive Director* Mr Ross Haghighat (retired 10 October 2024) *Non-Executive Director*
Company secretary	Ms Melanie Leydin
Registered office	Level 4, 96-100 Albert Road South Melbourne VIC 3205 Australia Phone: +61 (0)3 9692 7222 Fax: +61 (0)3 9692 7222
Principal place of business	3600 Holly Lane, Suite 100 Plymouth MN 55447 United States of America Phone: +1 800 879 3677
Share register	Boardroom Pty Ltd Level 8, 210 George Street, Sydney, New South Wales, 2000, Australia Phone: 1300 737 760 (local) Fax: +61 (0)2 9290 9600 (international)
Auditor	BDO Audit Pty Ltd Tower 4, Level 18, 727 Collins Street Melbourne, Victoria, 3008, Australia
Solicitors	Lander & Rogers Lawyers Level 12, Bourke Place, 600 Bourke Street Melbourne, Victoria, 3000, Australia
Bankers	HSBC Bank Australia Limited Melbourne, Victoria, Australia
Stock exchange listing	Fluence Corporation Limited shares are listed on the Australian Securities Exchange (ASX code: FLC)
Website	https://www.fluencecorp.com/investor-news/

The Directors present their report, together with the financial statements for the year ended 31 December 2024 ("**FY2024**") of Fluence Corporation Limited ("Fluence", the "Company", or the "Group").

Directors
The following persons were Directors of the Company during the financial year and up to the date of this report, unless otherwise stated:

Mr Douglas Brown, Chairman
Mr Thomas Pokorsky, CEO and Managing Director
Mr Paul Donnelly, Lead Independent Director, Non-Executive Director
Mr Mel Ashton, Non-Executive Director
Mr Nikolaus Oldendorff, Non-Executive Director (appointed 22 April 2024)
Mr Richard Irving, Non-Executive Director (retired 10 October 2024)
Mr Ross Haghighat, Non-Executive Director (retired 10 October 2024)

Review of operations
The loss for the Company after providing for income tax and non-controlling interest amounted to USD $21,401,000 (31 December 2023: USD $16,012,000).

Introduction

In FY2024, Fluence continued to execute its renewed strategy of shifting focus to high-margin Smart Product Solutions ("**SPS**") and Recurring Revenue ("**RR**") through its realigned and product-focused business units while transitioning away from low-margin Custom Engineered Solutions ("**CES**") projects. While the Company largely executed on that strategy, delays on the Ivory Coast Addendum project and weakness in China derailed the overall financial and operating performance of the Company in FY2024. Fluence was nevertheless able to meet its revised revenue and EBITDA guidance of $50-60 million and -$3.5 million to -$4.5 million, respectively.

The Company is organised into the following business units:

- **Municipal Water and Wastewater (“MWW”)** treatment includes MABR (Aspiral, SUBRE and Nitro) and Nirobox products in North America, the Caribbean and the Middle East;
- **Industrial Wastewater & Biogas (“IWB”)**, provides solutions that support the shift to global decarbonisation, taking advantage of government incentives and green energy programs in North America as well as 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")**, providing municipal and industrial solutions with a particular focus on countries such as Taiwan, Vietnam, Cambodia, the Philippines and South Korea;
- **Recurring Revenue**, including **Build-Own-Operate** (“**BOO**”) projects, **Operations & Maintenance** (“**O&M**”) contracts for equipment sales, equipment rentals and parts and consumables sales; and
- The **Ivory Coast** Main Works and Ivory Coast Addendum projects (“**IVC**”).

FY2024 in Summary

FY2024 revenue of $51.5 million was $18.5 million lower than FY2023. There were some positive stories to share when it comes to revenue growth, however. When adjusting for the impact of IVC and SEA & China, revenue grew by $6.5 million or 18.8% compared to FY2023. Further, Q4 2024 revenue of $21.2 million was more than double any other single quarter in FY2024 which drove strong EBITDA profitability. RR also continued to grow, increasing by $2.9 million or 30.5% compared to FY2023.

The shift in focus toward our SPS and RR products and services is having the desired effect of improving gross margins, which has seen an increase to 30.1% in FY2024 (up 2.0% vs. FY2023)[1].

Lastly, SG&A and R&D costs also continued to be reduced. The Company has realised $2.6 million (-11.4%) savings in FY2024 as compared to FY2023[2] and $6.7 million (25.2%) in cost savings when compared to FY2022.

Despite the revenue growth in our core SPS and RR business units, higher gross margins and lower SG&A and R&D, the administrative delays in the IVC Addendum project and the weakness in China resulted in an EBITDA[3] loss in FY2024 of $4.0 million.

After a challenging FY2024, management is encouraged by the outlook for FY2025. With almost $60 million of backlog expected to be recognised in FY2025, the recent commencement of the IVC Addendum works, improved operational discipline leading to higher gross margins and significant SG&A reductions over the past two (2) years, management believes Fluence is well-positioned for profitable growth in FY2025. Fluence is anticipating FY2025 revenue of $80-95 million (representing growth of 55-84%) and EBITDA of $3-5 million.

[1]The gross margin of 29.4% includes an adjustment for the IFRC12 concession asset revenue; excluding this adjustment, the company had a gross margin of 30.1%, according to management presentations.
[2]SG&A and R&D savings in FY2024 compares to FY2023 SG&A and R&D excluding the impact of the Chief Scientist reversal of $2.7 million, depreciation, amortisation and share-based payments.
[3]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.

	31 December 2024 USD $'000
Loss after income tax benefit/(expense) for the year	**(21,653)**
Add:	
Depreciation and amortisation	1,872
Share-based payments	2,294
Other losses from continuing operations	10,499
Finance costs - net from continuing operations	2,816
Income tax benefit from continuing operations	(170)
Loss from discontinued operations	(90)
Concession arrangement revenue	421
EBITDA	**(4,011)**

Detailed review of key market segments

Municipal Water & Wastewater

Revenue from the MWW business unit was $11.0 million in FY2024 (FY2023: $11.1 million). Gross Profit in FY2024 was $3.9 million (FY2023: $5.1 million) and EBITDA was $0.9 million (FY2023: $2.3 million). This was primarily due to the recognition of approximately $2 million of remaining revenue in FY2023 from the completion of the $20 million New Mansoura WTP project in Egypt in H1 2023. This project had minimal costs against the final $2 million in revenue recognition, therefore margins were higher than normal given the size of the project and the amount of revenue recognised.

The MWW business unit is comprised of operations in North America and the Middle East (Dubai and Egypt). While the Middle East business will continue to build upon their established positions in Dubai and Egypt, we continue to focus our growth investment in building out the North American team and marketing Fluence to the North American market in a robust and comprehensive manner. The new team has been introducing Fluence products and services through online and in-person training sessions, conferences, and rapid expansion of our sales representative network which has increased by 5 states where Fluence is represented for a total of 26 reps throughout North America. The focus on growing our business through reps will continue through FY2025. MWW's North American pipeline remains strong at $137 million, which represents almost 75% of the total MWW pipeline compared to only 14% just two years ago.

The Company eliminated MWW operations in Israel during FY2024.

Industrial Wastewater & Biogas

Revenue from the IWB business unit was $8.9 million in FY2024 (FY2023: $7.0 million) representing growth of 27%. Gross Profit in FY2024 was $2.5 million (FY2023: $1.9 million) and EBITDA was $0.6 million (FY2023: $0.1 million), an increase of more than 550%.

The IWB business unit is comprised of operations in Italy as well as and North and South America (sales and engineering only). The expansion of the North American team, partners and sales reps was the focus of our growth initiative in FY2024 with a focus on the Company's industrial wastewater and anaerobic digestion product lines as well as renewable energy projects. The team is building out our delivery capabilities to satisfy government incentives and green energy programs in North America as well as the new nitrogen removal laws in Mexico. These efforts, combined with the Company's end-to-end process engineering expertise, give Fluence a competitive advantage to win projects over its competitors.

In FY2024, IWB new orders grew by 6% and finished the year with $11.7 million in backlog, which is $2.9 million higher than FY2024 revenue. Further, IWB booked several orders in the USA, where it is expected to see the most growth in FY2025 and beyond. IWB has continued to see growth in the North American sales pipeline in FY2024, with $74 million of opportunities coming from North America, which now represents more than 50% of the total sales pipeline.

Industrial Water & Reuse

Revenue from the IWR business unit was $18.0 million in FY2024 (FY2023: $14.9 million), representing growth of 21%. Gross Profit in FY2024 was $6.2 million (FY2023: $4.7 million) and EBITDA was $3.1 million (FY2023: $1.5 million), an increase of over 100%.

The IWR business unit is comprised of operations in Argentina, Brazil and North America. This business unit has made significant progress in building out its sales and delivery capabilities throughout South America, with strong growth in both capital sales as well as operations, maintenance and support services. Much of the growth is occurring in the food and beverage industry as well as the rapidly growing lithium mining sector with Fluence providing competitive, cost effective and advanced solutions to satisfy the escalating market demand. These competitive products and solutions are also being offered in Brazil and North America through our new team and growing list of partners.

The IWR business more than doubled its sales pipeline (again) from $65 million to $135 million, with much of that growth coming from Brazil and North America. The Company sees expected growth in the IWR business coming from demand in multiple reuse applications in the food & beverage industry, power as well as the rapidly growing lithium mining space (that support the global electric vehicle industry).

Southeast Asia and China

Revenue from the SEA and China business unit for FY2024 was $3.8 million (FY2023: $13.6 million). Gross Profit was $1.5 million (FY2023: $4.4 million) and EBITDA was ($1.1 million) (FY2023: $0.2 million).

The SEA and China business unit is comprised of operations in China and sells SPS equipment solutions in Taiwan, Singapore, the Philippines, Vietnam, Cambodia and South Korea, with China being the only manufacturing location.

The SEA & China business unit experienced a significant decline in revenue primarily due to a slowdown in government spending in China, which had a detrimental impact on projects that utilise Fluence’s water treatment solutions. The majority of the FY2024 revenue in the SEA & China business unit was generated by the completion of the Taobei project in Taiwan and a single repeat customer in China. FY2024 revenue from SEA & China was $3.8 million, a reduction of 72.2% compared to FY2023. As a result of the Company’s review of the performance of the SEA & China business unit, senior management made the difficult decision to implement certain changes in local management. These changes were discussed in further detail in the Corporate Update. Despite the slowdown in China, the Company still sees growth opportunities in countries outside of mainland China such as Taiwan, Vietnam and South Korea, among others.

During FY2024, the SEA & China sales pipeline almost doubled from $67 million to $131 million, primarily due to growth in SEA countries outside of mainland China which have been the focus of the Company’s business development efforts. The pipeline in SEA (including Taiwan, Vietnam and South Korea) is now significantly larger than that of China.

Build Own Operate Projects

Revenues from BOO projects was $2.9 million in FY2024 (FY2023: $2.8 million). Gross Profit in FY2024 was $0.4 million (FY2023: $0.3 million) and FY2024 EBITDA was $0.5 million (FY2023:$0.3 million).

Fluence currently has BOO projects in the Bahamas and Jamaica, which are supported by dedicated local operations as well as a team based in the United States. We now have all of our sales managers in North America sourcing BOO opportunities across all of our business units.

Ivory Coast

Revenues from the IVC project were $7.0 million in FY2024 (FY2023: $22.2 million). Gross Profit in FY2024 was $0.5 million (FY2023: $1.9 million) and EBITDA was $0.2 million (2023: $1.7 million).

In FY2023, the Company was still completing the Main Works project. By FY2024, the majority of the scope of the Main Works had already been completed. The Addendum, which was initially expected to commence in Q1 2024, was projected to contribute revenue of $25-30 million in FY2024. Due to bureaucratic and administrative financing delays, revenue contribution in FY2024 from the IVC was only $7.0 million, a reduction of $15.2 million compared to FY2023 and approximately $20 million less than expectations. In Q4 2024, Fluence was able to advance and finalise financing of the Addendum. As a result, the Company received the Notice to Proceed ("**NTP**") from the IVC National Drinking Water Organization ("**ONEP**") and was able to commence execution of the Addendum works immediately, including detailed engineering design and the procurement of long lead-time materials. As noted in prior updates, these IVC 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 IVC Addendum works are expected to take approximately 18 months to complete with a significant amount of the revenue originally forecasted to be recognised in FY2024 and the balance in FY2025. With the NTP now secured and the Addendum works commenced, the Company is positioned to deliver significant revenue growth in 2025 from the IVC Addendum contract.

In FY2024, Fluence continued the final construction and entered into the commissioning phase of the Main Works, which is now in the final stages. Due to large rainfalls in Q2 2024, commissioning was delayed and is now expected to be completed in H1 2025.

Corporate Update

In Q4 2024, the Company moved forward with a restructuring of its global MWW business as well as the R&D group to further align resources, increase efficiency and reduce fixed costs. This restructuring will result in headcount and facility reductions in Israel, Dubai, Egypt and the US. The restructuring commenced in Q4 2024 and is expected to provide $1-2 million in annual SG&A and R&D savings globally, although some of those savings are expected to be reinvested in key areas such as sales, marketing and operations.

Further, in Q4 2024 Fluence made a change in management at its SEA & China business unit as a result of weak financial and operational performance. Due to the challenging market conditions in China, the Company has been focusing its strategy on growth outside of mainland China in countries such as Taiwan, Vietnam, the Philippines and South Korea, among others. The leadership change is part of the evaluation our current strategy in China and to determine the path forward in a region where Fluence has experienced tremendous success, particularly with its MABR technology. As part of these changes, Michael (Miki) Schnitzer has been named Interim General Manager. Miki has been instrumental in developing Fluence's commercial success with its MABR product line as well as helping to lead Fluence's initial commercial and operational setup in China. As a result, he is very familiar with the market and the local team and uniquely positioned for the role. Fluence has also bolstered it local operations and finance management teams with seasoned and experienced professionals. These changes are expected to improve operating and financial discipline, competitiveness and support a renewed growth strategy in China.

Additionally, the Company fully repaid the Upwell Facility in July 2024. Since the Upwell Facility was first put in place in July 2020, Fluence had drawn down $30.3 million, a substantial portion of which was repaid in 2023 and in the first half of 2024. In July 2024, the Company replaced the Upwell Facility with the current Revolving Facility for up to $15.0 million (the "Revolving Facility") on more favorable terms for the Company than the Upwell Facility. The Revolving Facility was initially used, in part, to pay off the Upwell Facility. The interest rate on the Revolving Facility is variable and equal to the US Prime Rate, which is currently 7.5%. The initial term is 21 months with a Company option to extend for up to three (3) months at Prime Rate plus 5%. The Revolving Facility has been provided by Nikolaus Oldendorff and Doug Brown (the "Lenders"), each of whom are Directors of the Company and have been long-term supporters of the business. On 31 October 2024, the Revolving Facility was expanded by $5 million to $20 million in total to provide additional working capital and for new projects. Security in respect of the Revolving Facility is initially limited to no more than five percent (5%) of the equity interests of the Company. As contemplated at the time the Revolving Facility was put in place, the Company will seek to obtain approval to grant additional security for the Lenders under ASX Listing Rule 10.1. The repayment of the Upwell Facility and securing the Revolving Facility provides the Company considerable interest savings, operating flexibility and will support our continued growth.

Lastly, on 11 October 2024, Fluence announced that Richard Irving and Ross Haghighat retired as Non-Executive Directors of the Company, effective 10 October 2024. Mr. Irving and Mr. Haghighat have been two of the longest serving Directors of the Company and its predecessors and the Company greatly appreciates the collective 23 years of service they have provided to Fluence and wish them well in their retirement from the Board of Directors.

Review of financial results

The Company has used United States Dollars ($000's) as its presentation currency in the attached financial report, which conforms to IFRS accounting standards.

The revenue from ordinary activities from continued operations for the year ending 31 December 2024 was $51,495,000 (FY2023: $70,037,000) and the loss from continuing operations before tax was $21,913,000 (FY2023: loss of $16,344,000).

Cost of sales from continued operations for the year ending 31 December 2024 decreased to $36,334,000 (FY2023: $50,960,000).

The Company's net assets decreased from $12,217,000 on 31 December 2023 to net liabilities of $7,491,000 as at 31 December 2024.

Outlook for FY2025

- The Company is forecasting FY2025 revenue of $80-95 million, representing 55-84% growth over FY2024 including almost $60 million of backlog expected to be recognised as revenue in FY2025; and
- EBITDA of $3.0-5.0 million.

Material Business Risks

Fluence's approach to managing risk is documented in a corporate risk registry reviewed and approved by the Board of Directors (the "**Board**"). The Board seeks to ensure that risk management is embedded throughout the business and managed in a structured and systematic manner. The risk registry is reviewed regularly by the Board's Audit and Risk Committee (the "**ARC**") and is evaluated and updated as the Company's business model evolves and underlying risks change.

The ARC assists in discharging the Board's responsibility to manage the organization's risks, and monitors management's actions to ensure they are in-line with Company policy.

The following is a summary of the key continuing significant operational risks facing the business and the way in which Fluence manages these risks:

Corporate

Fluence has a complex group structure with companies in many jurisdictions. As a result, Fluence is exposed to local laws and regulations which can hamper the efficient operation of its business. In particular, Fluence has subsidiaries and projects in locations which attract exchange controls and also jurisdictions where the local currency is illiquid and it is difficult to convert into USD. As a result, Fluence is not able to fund its operations as efficiently as it would like, potentially resulting in the need for additional working capital and associated additional financing costs which may affect its profitability and prospects.

Liquidity, Interest Rate and Credit

Fluence's activities expose it to a variety of financial risks such as interest rates, credit, and liquidity. These risks include the ability to collect trade receivables from customers on a timely basis and the complexities of enforcing claims in some of the countries in which we operate, higher interest rates, a history of loss making and negative cashflows and the ability to comply with the terms of and meet its financial obligations including debt obligations, among other examples. These risks can adversely affect Fluence's ability to operate profitably or as a going concern.

Material Contracts

Fluence regularly enters into contracts with customers that exceed $1 million. Successful execution of such contracts is imperative for the continued success of Fluence. Most notably, the IVC project represents a significant share of Fluence's current revenue and cashflow. Some of the key risks associated with these material contracts include executing on time and on budget, cash flow, contract management, performance and quality of the equipment being delivered and reputation. While Fluence has been focusing on implementing enhanced project controls, there remains a risk of issues arising which may result in impacts to future profits or reductions or reversals of previously recorded profits. As is typical in for the industry in which the Fluence operates, Fluence is regularly required to provide performance security in relation to projects and contracts, which can be in respect of material amounts. There is a risk that a performance security may be called upon requiring Fluence to make whole the provider of the security which may in turn adversely affect Fluence's cash balance, financial performance and prospects.

Design, Engineering and Quality of Equipment

Fluence designs and engineers drinking water and wastewater treatment equipment and systems for the global market. This presents the risk of delivering equipment that does not meet customer specifications or local regulatory compliance standards. Failure to meet those specifications or standard can result in customer dissatisfaction and/or claims, or rework to meet local standards, all of which can adverse affect the margins of such installations, with a consequential adverse impact on expenses and profits and cashflow.

Cost Controls, Inflation and Supply Chain Constraints

Rising input costs and global supply chain constraints experienced over the past few years across industries have the potential to reduce profit margins where those costs cannot be recovered from customers and project delays. Significant input costs include labour, components and materials, and freight. Delays in delivery or increases in costs can result in customer dissatisfaction and/or claims as well as reduced margins, all of which can adversely affect expenses, profits and cashflow.

Political, Regulatory and Compliance

Fluence is a global company and operates in numerous countries around the world. Fluence must comply with a range of governance requirements which are conditions of its listing on ASX. New or evolving regulations as well as international standards are outside Fluence's control and can often be complex and difficult to predict. The potential development of international opportunities can be jeopardised by changes to fiscal or regulatory regimes, adverse changes to tax laws, difficulties in interpreting or complying with local laws, material differences in sustainability standards and practices, or changes to existing political, judicial or administrative policies and changing community expectations. Issues can also arise through geopolitical factors such as the hostilities in Israel where Fluence has historically had operations. All of these factors can adversely affect Fluence's ability to do business and its prospects as a whole.

Anti-Bribery and Corruption

Fluence's business activities and operations are located in jurisdictions with varying degrees of political, economic and judicial stability, including some countries with a relatively high inherent risk of bribery and corruption. This exposes Fluence to the risk of unauthorised payments or offers of payments to or by employees, agents or distributors that could be in violation of applicable anti-corruption laws. While Fluence has a clear Anti-bribery and Corruption Policy and internal controls and procedures to protect against such risks, there can be no assurances that such controls, policies and procedures will absolutely protect Fluence from potentially improper or criminal acts which would have an adverse impact on Fluence's reputation and potentially prevent it from doing business in certain locations or with particular clients, especially Government clients. This could adversely affect Fluence's ability to do business and its prospects as a whole.

Environmental, Social and Governance

Fluence is keenly aware of the potential risks climate change could present to its customers across the world. With the continued impact of climate change, it is expected that we will see an increase in weather extremes and resource variability in the future. In particular Fluence operates in the Caribbean and similar locations which are exposed to extreme of weather events which could damage Fluence installations or prevent or delay them proceeding. Such delays or damage can increase costs, reduce margins, and in turn adversely affect profits.

Intellectual Property Rights and Litigation Risks

Fluence may not be able to protect or enforce its intellectual property rights, especially in certain foreign jurisdictions, and may breach intellectual property obligations or rights of third parties. Any successful replication of similar technology or intellectual property by other could reduce Fluence's competitive position. The costs associated with protecting a position could impact Fluence's profitability. and cashflow.

Competitor Risk

Fluence's competitive position may deteriorate as a result of the actions of its competitors, including new entrants. Other market participants could develop superior technology or gain greater market approval or offer water or wastewater solutions at cheaper prices than Fluence's products. Any such actions of new or existing competitors may adversely affect Fluence's operating and financial performance.

Key Personnel

The Directors’ and senior managers’ ability to manage successfully Fluence's performance and business opportunities will directly affect Fluence's success. Fluence may be adversely affected if any of the Directors or senior management leave. Fluence may not be able to replace its Directors or key employees with persons of equivalent expertise and experience within a reasonable period of time or at all and Fluence may incur additional expenses to recruit, train and retain personnel. Loss of such personnel may also have an adverse effect on the performance of Fluence pending replacements being identified and retained by or appointed to the Board.

Share Market Investments

Fluence shares are to be quoted on the ASX, where their price may rise or fall. The value of the shares will be determined by the stock market and will be subject to a range of factors beyond the control of Fluence. Such factors include, but are not limited to, the demand for and availability of shares, movements in domestic interest rate, fluctuations in the Australian and International stock markets and general domestic economic activity. Returns from an investment in the shares may also depend on general stock market conditions as well as the performance of Fluence. There can be no guarantee that an active market in the shares will develop or that the market price of the shares will not decline.

General Economic Conditions

Changes in economic and business conditions or government policies in Australia or internationally may impact upon the fundamentals upon which the projected growth of Fluence's target markets or its cost structure and profitability will rely. Adverse changes in such things as the level of inflation, interest rates, government policy (including fiscal, monetary and regulatory policies), consume spending, employment rates, amongst others, are outs the control of Fluence and may result in material adverse impacts on the business of Fluence or its operating results.

Taxation

Future changes in taxation law, including changes in interpretation or application of the law by the courts or taxation authorities in the jurisdictions in which Fluence operates, may affect taxation treatment of an investment in Fluence shares or the holding and disposal of those shares. Further, changes in tax law, or changes in the way tax law is expected to be interpreted, may impact the future tax liabilities and performance of Fluence. Any changes to the current rates of income tax applying to individuals and trusts will similarly impact on shareholder returns.

Foreign Exchange Rates and Interest Rates

Adverse movements in exchange rates may impact sales proceeds received, product costs and price competitiveness and may impact the operations and financial performance of Fluence. Adverse movements in exchange rates may impact sales proceeds received, product costs and price competitiveness and may impact the operations and financial performance of Fluence. Fluence has foreign exchange exposure through its operations in Argentina, Brazil, Egypt, China, and Ivory Coast, among other countries. Also, adverse fluctuations in interest rates, to the extent that they are not anticipated may impact on the Fluence's financial performance.

Environmental Regulation
As a provider of water and wastewater treatment solutions, the Company is subject to environmental regulations in each jurisdiction in which it operates. MABR has demonstrated compliance with China Class 1A effluent standards as well as with Title 22 Certification in California, USA. The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Events after the reporting period
No matter or circumstance has arisen since 31 December 2024 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

Information on Directors

Name:	**Doug Brown**
Title:	Chairman
Qualifications:	B.S. in Chemical Engineering, Massachusetts Institute of Technology MBA, Harvard University
Experience and expertise:	Doug Brown is Chairman of Fluence Corporation. Mr Brown is one of only a handful of globally recognized senior executives to have led multiple successful billion dollar exits in the water space. He was the founder, Chairman and CEO of AquaVenture Holdings, which he led to a listing on the New York Stock Exchange ("**NYSE**") in 2016 and subsequently sold to Culligan Water for US$1.2 billion in 2020 while he was serving as Chairman. Mr. Brown was also CEO of Seven Seas Water, an AquaVenture Holdings business. He was previously CEO of Ionics, Inc.(NYSE: ION), which was acquired by GE Water for US$1.3 billion in 2005. Prior to Ionics, Mr. Brown was CEO of Advent International, a global private equity firm. Mr. Brown's experience spans the US, Europe, South America, the Middle East, the Caribbean, Africa and Southeast Asia.
Other current directorships:	Chairman of the Board for Iv3 Aqua Holding A/S
Former directorships (last 3 years):	None
Interests in shares:	Direct interest in 70,667,112 shares and indirect interest in 56,930,555 held through Douglas R Brown 2020 Irrevocable Trust and 33,059,029 held through Deborah L Brown 2020 Irrevocable Trust for a total of 160,656,696 shares.
Interests in options:	Direct interest in: 500,000 Director options with an exercise price of A$0.20; 1,500,000 Director options with an exercise price of A$0.10 Indirect Interest in: 12,500,000 unlisted options with an exercise price of A$0.22.
Loans given:	$5,000,000 at United States prime rate for an initial term of 21 months with an option to extend. Refer to note 18 for details.
Contractual rights to shares:	None

Name:	**Thomas Pokorsky**
Title:	Chief Executive Officer and Managing Director
Qualifications:	BSCE in Civil Engineering, Marquette University
Experience and expertise:	Thomas Pokorsky is Chief Executive Officer and Managing Director of Fluence Corporation. Mr Pokorsky has 35 years of successful water industry executive experience, including 15 years as CEO working in North America, with activity in Europe, China and Israel. Mr. Pokorsky has run public and private businesses, achieving returns of 5-10x with IRRs up to 50%. He founded and grew Nexom in the wastewater sector, delivering 25% annual revenue growth and 50% EBITDA growth, leading to its sale to KKR. At Water Pollution Control Corporation (later “Sanitaire”), Mr Pokorsky doubled revenue and profits, negotiated its sale to ITT Industries, and then grew its Advanced Water Treatment group (now part of Xylem) from $60M to $350M in four years, including $100M in organic growth and five successful acquisitions on three continents.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Chief Executive Officer and Managing Director
Interests in shares:	Direct interest in 1,984,125 shares
Interests in options:	Direct interest in: 20,937,500 Director options with an exercise price of A$0.22; 2,109,375 Director options with an exercise price of A$0.24; 3,125,000 Director options with an exercise price of A$0.26; 3,125,000 Director options with an exercise price of A$0.28; and 15,000,000 Director options with an exercise price of A$0.10.
Contractual rights to shares:	None

Name:	**Paul Donnelly**
Title:	Lead Independent Director and Non-Executive Director
Qualifications:	BSc (Hons) Chemistry, University of Southampton Advanced Management Program, Harvard Business School Fellow of Institute of Chartered Accountants in England & Wales Graduate Australian Institute of Company Directors
Experience and expertise:	Paul Donnelly is the Lead Independent Director and Non-Executive Director for Fluence Corporation Limited. Mr. Donnelly is an accomplished financial services executive with international experience across all aspects of capital markets. Mr Donnelly is Chief Executive Officer of Flagstaff Partners, an independent corporate advisory firm. Previously, Mr Donnelly was an Executive Director at Macquarie Capital, where he worked for 25 years in various roles, including President and CEO of Macquarie's Canadian operations and Global Head of Equity and Debt Capital Markets. Mr Donnelly has a broad range of investment banking experience in Australia and internationally, with particular expertise in capital markets. Over the course of his 30-year career, he has gathered deep transactional experience advising on significant and complex transactions for leading Australian and international companies.
Other current directorships:	Walter and Eliza Hall Medical Research Institute
Former directorships (last 3 years):	Melbourne Recital Centre
Special responsibilities:	Lead Independent Director, Non-Executive Director Chair of the Audit and Risk Committee
Interests in shares:	Indirect interest in 700,000 shares held by Tres Petitbijou Pty Ltd ATF Tres Petitbijou Superannuation Fund.
Interests in options:	Indirect interest through Tres Petitbijou Pty Ltd ATF Tres Petitbijou Superannuation Fund in: 1,000,000 Director options with an exercise price of A$0.23; 500,000 Director options with an exercise price of A$0.22; 500,000 Director options with an exercise price of A$0.20; and 1,500,000 Director options with an exercise price of A$0.10.
Contractual rights to shares:	None

Name:	**Mel Ashton**
Title:	Non-Executive Director
Qualifications:	Bachelor of Commerce University of Western Australia, CAANZ Membership Program, AICD Membership Program.
Experience and expertise:	Mel Ashton is a former Fellow of Chartered Accountants Australia and New Zealand (CAANZ), specialising in corporate finance and restructuring with over 45 years of varied experience. Mr Ashton is the former Chair of Cullen Wines (Australia) Pty Ltd, former Director of The Hawaiian Group, and previous Acting CEO of Royal Flying Doctor Service in Western Australia. He has also been President and Director of CAANZ, and Vice President and Director of Fremantle Football Club Ltd, who hold the Australian Football League license for the Fremantle Dockers. Mr Ashton holds a Bachelor of Commerce degree from the University of Western Australia. In 2019 Mel was awarded a Meritorious Service Award which recognises an outstanding contribution to CAANZ and the Accounting Profession.
Other current directorships:	Chair of Bellavista Resources Ltd (ASX:BVR).
Former directorships (last 3 years):	Labyrinth Resources Ltd (ASX:LRL) Non-Executive Director 9 June 2021 – 30 June 2023; Venture Minerals Ltd (ASX:VMS) Non-Executive Chair 12 May 2006 to 6 May 2024; and Aurora Labs Limited (ASX:A3D) Non-Executive Director 22 January 2018 to 1 December 2024
Special responsibilities:	Audit and Risk Committee Chair of the Remuneration and Nomination Committee (since 10 October, 2024)
Interests in shares:	Indirect interest in 1,000,000 shares held by Palms on Farms Pty Ltd.
Interests in options:	Direct interest in: 1,500,000 Director options with an exercise price of A$0.10.

Name:	**Nikolaus Oldendorff**
Title:	Non-Executive Director (appointed 22 April 2024)
Qualifications:	Masters degree from the CASS Business School in London
Experience and expertise:	Nikolaus Oldendorff is a non-executive Director of Fluence Corporation. Mr. Oldendorff currently serves as the Managing Director of Reederei Nord GmbH (“Nord”), an international shipping company that operates a fleet of approximately 35 vessels for transportation of crude and petroleum products, dry bulk commodities and containers. With a workforce of over 1,100 employees, Nord invested more than US $1.2 billion in new shipping assets over the last 8 years. In addition to his executive role at Nord, Mr. Oldendorff currently serves on the board of Maritime & Merchant Bank ASA, a specialised Norwegian bank founded in 2017. M&MB offers first-priority mortgages to shipping companies and offshore services and has securitised more than US $1 billion in loans to the shipping sector since its founding. Mr. Oldendorff also serves as a German representative on the Baltic and International Maritime Council, which actively shapes international maritime policies and advocates for the interests of shipowners worldwide. He is also engaged as a start-up and venture capital investor and holds several board seats around the globe.
Other current directorships:	Managing Director of Reederei Nord GmbH (“Nord”), board of Maritime & Merchant Bank ASA.
Former directorships (last 3 years):	None
Interests in shares:	Direct interest in 116,122,116 shares
Loans given:	$15,000,000 at United States prime rate for an initial term of 21 months with an option to extend. Refer to note 18 for details.

Name:	**Richard Irving**
Title:	Non-Executive Director (retired on 10 October 2024)
Qualifications:	BSc (First class honours) in Electrical Engineering, Manchester University, UK; MSc Electrical Engineering, Manchester University, UK
Experience and expertise:	Richard Irving was a non-executive Director of Fluence Corporation. Mr Irving previously served as Chairman and Chief Executive Officer, Executive Chairman and Non-Executive Chairman of Fluence Corporation Limited and its predecessor (Emefcy Group Limited) since 2010. Based in Silicon Valley, Richard co-founded Pond Venture Partners, raising and managing 2 top-of-vintage cross-border, early stage technology venture capital funds. He brings 40 years' experience in venture capital and building startups to successful exits in US, Israel, UK, Australia, Ireland, Spain, & China, helping drive over US$3B in value creation mainly from initial startup. Richard has 15 years' tech operating experience including P&L responsibility from Brooktree, AMD and AT&T Bell Labs. Past exits include LiveRail (Facebook), Gigle Networks (Broadcom), 4Home (Motorola Mobility), Transitive (IBM), and Microcosm Communications (Conexant).
Other current directorships:	Chairman of SeeChange Technologies, a venture-backed vision AI software company
Former directorships (last 3 years):	None
Special responsibilities:	Member of the Audit and Risk Committee (retired on 10 October 2024) Chairman of the Remuneration and Nomination Committee (retired on 10 October 2024)
Interests in shares:	Richard has an indirect interest through Pond Venture Nominees III Limited in 2,938,574 shares.
Interests in options:	Direct interest in: 1,000,000 Director options with an exercise price of A$0.23.
Contractual rights to shares:	None

Name:	**Ross Haghighat**
Title:	Non-Executive Director (retired on 10 October 2024)
Qualifications:	BSc and a Masters in Material Science in Organometallic Chemistry, Rutgers University MBA, Boston College - Carroll School of Management
Experience and expertise:	Ross Haghighat previously served as a Non-Executive Director for Fluence Corporation Limited. He has over 30 years of experience in the technology sector as founder or co-founder of six companies with a combined shareholder value exceeding $4.5 billion. With over 20 years of operating and strategic roles and a decade in the investment arena, he has helped to create a number of global enterprises in the private and public space in the US, China, Australia and Europe. Mr. Haghighat had been a Non-Executive Director of Fluence Corporation Limited and its predecessor (Emefcy Group Limited) since 2015. He serves as Chairman of Triton Systems Group - a Global Investment and Product Venturing firm. He serves as CEO and Managing Director of BIOS Acquisition Corp (NASDAQ: BIOS), a listed biotech investment company; as non-executive director of Chinook Therapeutics (NASDAQ: KDNY) a late clinical stage precision medicine entity; as Chairman of FRX Polymers, a listed Toronto Stock Exchange listed company, and as Chairman of AngleMedical, a PreIPO commercial stage MedTech company.
Other current directorships:	NASDAQ: BIOS; NASDAQ: KDNY; TSX: FRX
Former directorships (last 3 years):	NYSE listed CITIC Acquisition Corp; NASDAQ listed Aduro Biotech
Special responsibilities:	Chair of the Remuneration and Nomination Committee (retired on 10 October 2024)
Interests in shares:	Direct interest in 600,000 shares
Interests in options:	Direct interest in: 1,000,000 Director options with an exercise price of A$0.23.
Contractual rights to shares:	None

Company Secretary

Melanie Leydin is the company Secretary. Ms. Leydin was appointed to this position on 1 January 2021. She holds a Bachelor of Business majoring in Accounting and Corporate Law. She is a member of Chartered Accountants Australia and New Zealand, Fellow of the Governance Institute of Australia and is a Registered Company Auditor. Ms. Leydin is Managing Director of Vistra Australia. Vistra is a prominent provider of specialised consulting and administrative services to clients in the Fund, Corporate, Capital Markets, and Private Wealth sectors.

Ms. Leydin has over 25 years' experience in the accounting profession and has extensive experience holding Board positions including Company Secretary of ASX-listed entities. She has extensive experience in relation to public company responsibilities, including ASX and ASIC compliance, control and implementation of corporate governance, statutory financial reporting, reorganisation of companies, initial public offerings, secondary raisings and shareholder relations.

Meetings of Directors

The number of meetings of the Board and of each Board committee held during the year ended 31 December 2024, and the number of meetings attended by each Director were:

	Full Board		Audit and Risk Committee		Nomination and Remuneration Committee	
	Attended	Held	Attended	Held	Attended	Held
Mr Douglas Brown	8	8	-	-	-	-
Mr Paul Donnelly	7	8	9	9	-	-
Mr Norman Mel Ashton	8	8	9	9	4	4
Mr Nikolaus Oldendorff (1)	5	5	-	-	-	-
Mr Richard Irving (2)	6	6	7	9	4	4
Mr Ross Haghighat (3)	6	6	-	-	4	4
Mr Thomas Pokorsky	8	8	-	-	-	-
Company Secretary	-	-	-	-	-	-

Held: represents the number of meetings held during the time the Director held office or was a member of the relevant committee.

(1) Mr Nikolaus Oldendorff was appointed Non-Executive Director on 22 April 2024.
(2) Mr Richard Irving retired on 10 October 2024.
(3) Mr Ross Haghighat retired on 10 October 2024.

Remuneration report (audited)
(a) Principles used to determine the nature and amount of remuneration

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all Directors.

The objective of the Company's executive compensation framework is to ensure remuneration is competitive to attract and retain talent while at the same time being appropriate relative to Company's results. The framework aligns executive compensation with the achievement of strategic objectives and the creation of value for shareholders and conforms to generally accepted industry standards for remuneration. The Board ensures that executive compensation satisfies the following key criteria in accordance with good governance practices:

- Competitiveness to attract and retain talent;
- Reasonableness in terms of industry benchmarks;
- Acceptability to shareholders;
- Alignment of compensation incentives to business performance goals; and
- Transparency.

Remuneration is aligned to shareholders' interests and program participants' interests as follows:

(a) Alignment to shareholders' interests:

- Achievement of strategic goals as a core component of plan design;
- Focus on growth in shareholder value, as measured by growth in the share price;
- Focus the executives on key financial and non-financial drivers of value; and
- Attract and retain high-calibre executives.

(b) Alignment to program participants' interests:

- Rewards capability and experience;
- Reflects competitive reward for successful execution of the business strategy and business performance; and
- Provides a clear structure for earning rewards.

In accordance with recommended corporate governance, the structure of Non-Executive Directors' remuneration is determined separately to the structure of executives' remuneration.

Directors remuneration

Fees and payments to Non-Executive Directors reflect the demands and responsibilities of their role. Non-Executive Directors' fees and payments are reviewed annually by the Remuneration and Nomination Committee with recommendations made to the full Board.

The previous level of Non-Executive Directors' fees was in line with earlier benchmarking recommendations provided by Mercer Consulting Australia, one of the world's largest remuneration benchmarking and consulting services companies. The firm was engaged by the Remuneration and Nomination Committee to recommend Executive Chair and Non-Executive Directors' fees, including Board Committee fees, appropriate for the demands on being on the Board of a developing and global technology business, and as benchmarked against market rates for comparable positions for peer companies.

Mr. Nikolaus Oldendorff was appointed the Non-Executive Director on 22 April 2024. Mr. Richard Irving & Mr Ross Haghighat retired on 10 October 2024. Mr. Paul Donnelly continued to hold the role of Lead Independent Director.

Directors engaged on Committees of the Board are also entitled to receive Board Committee fees. Such Committee fees have remained unchanged since 2017.

In view of the growing and developing nature of the Company, Non-Executive Directors may also be engaged on specific projects, on commercial arm's length terms, where the executive team either does not have the same skill sets or capacity. All such special purpose project arrangements are approved by the full Board with the relevant Director abstaining.

Other than Director Fee and Board Committee Fees, Directors may receive share options and strategic bonuses.

ASX listing rules require the aggregate Non-Executive Directors' remuneration to be determined periodically by a general meeting. The most recent determination on 12 July 2017 was that shareholders approved an aggregate remuneration of AU$ 1,000,000 (the equivalent of US$ 767,000 at that time).

The Company has approved a plan for Non-Executive Directors' to receive a portion of their fees in the form of Fluence shares, the details of which will be presented to shareholders for approval at the Annual General Meeting. If this plan is not approved, Non-Executive Directors' fees will continue to be fully paid for in cash.

Executive remuneration

The Company aims to reward executives with a level and mix of remuneration based on their position and responsibility, which has both fixed and variable components.

The executive remuneration and reward framework has four components which collectively comprise the executive's total remuneration:

- Base pay, deferred compensation and allowance;
- Short-term performance incentives;
- Share-based payments; and
- Other remuneration such as superannuation and long service leave.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Remuneration and Nomination Committee and then the Board of Directors. Such review also takes into account individual responsibilities, performance and business unit performance.

In the latter part of 2018 ClearBridge Compensation Group was engaged to design an Executive remuneration system. The resulting recommendation adopted by the Board comprised a fixed base, a short-term incentive ("**STI**") program incorporating Company and individual targets and the continuing long-term incentive ("**LTI**") program incorporating equity-based compensation.

The STI program for FY2024 comprises specific Company-wide targets to align to specific areas of responsibility. Key Performance Indicators ("**KPIs**") include meeting or exceeding budget goals for the year.

The Board also reserves the right to award discretionary bonuses to executives for exceptional achievements which may or may not relate to specific transactions.

The LTI program comprises equity-based remuneration in the form of unlisted share options. An updated employee share option plan was approved by shareholders on 4 June 2020. Options are awarded to executives as long-term incentives aligned to shareholder wealth through the exercise price being calculated at a premium to the 20-day volume weighted average market price prior to the date of grant. Appropriately structured LTI's also provide incentives to retain talent.

Certain executive options are comprised of a 50% time vesting element and a 50% performance-based vesting element. In determining whether performance options issued to certain executives for a particular year have vested, the Board assesses the achievement of (i) corporate KPIs and (ii) in certain cases, individual KPIs, in each case during the applicable year. Corporate KPIs are established by the Board towards the beginning of the fiscal year in consultation with the CEO. Individual performance KPIs are established by the CEO at the beginning of the fiscal year in consultation with the applicable executive. These same KPIs are utilised in determining whether an executive may receive a discretionary end of year cash bonus as part of the STI program. Following the conclusion of the applicable year, the Board, in consultation with the CEO, determines what percentage, if any, of such corporate and individual KPIs have been achieved. The corresponding portion of the performance options subject to such criteria are then vested with the balance forfeited.

Business performance in FY2024 and executive remuneration

Fluence undertakes its activities on a global basis and employs staff across multiple geographies. As part of its practice of recruiting and retaining staff of the highest calibre on a long-term basis, the Company is constantly monitoring and developing compensation practices. As noted above, international benchmarking is used as an important tool in setting remuneration practices. Based on the performance in FY2024, executive STI bonuses for FY2024 were generally towards 50% of the available bonus target.

Consolidated entity performance and link to remuneration

The Remuneration and Nomination Committee ("**RemCo**") is of the opinion that the adoption of performance-based compensation will continue to increase shareholder wealth if maintained over the coming years.

Key management personnel bonuses will be considered by RemCo and the Board on the basis of the consolidated entity's performance relative to pre-determined KPI's during the financial year and exceptional achievements.

Directors consider that the options program and the exercise prices provide incentives to management and Directors which are aligned with the interests of shareholders to lift the value of the company in the medium term. Any remuneration derived by employees from the employee option program is directly linked to the improved share price performance of the consolidated entity relative to the exercise price determined at the time of the issue of the options.

The Directors' report presents the Fluence Corporation Limited 2024 remuneration report, outlining key aspects of our remuneration policy and framework, and remuneration awarded this year.

(b) Details of remuneration

Amounts of remuneration (shown in USD)

The following tables show details of the remuneration expense recognised for the Company's Directors and Executive Key Management Personnel ("**KMP**") for the current and previous financial year measured in accordance with the requirements of the accounting standards.

Directors and other Key Management Personnel for 2024 consisted of:

- Doug Brown - Chairman
- Thomas Pokorsky - Chief Executive Officer and Managing Director
- Paul Donnelly - Lead Independent Director, Non-Executive Director
- Mel Ashton - Non-Executive Director
- Nikolaus Oldendorff - Non-Executive Director (appointed 22 April 2024)
- Richard Irving - Non-Executive Director (retired 10 October 2024)
- Ross Haghighat - Non-Executive Director (retired 10 October 2024)
- Benjamin Fash - Chief Financial Officer
- Spencer Smith - Chief Legal Officer
- Richard Cisterna - Chief Commercial Officer

Directors and other Key Management Personnel for 2023 consisted of:

- Doug Brown - Chairman (appointed on 20 March 2023)
- Thomas Pokorsky - Chief Executive Officer and Managing Director
- Paul Donnelly - Lead Independent Director, Non-Executive Director
- Richard Irving - Non-Executive Director (retired from the position of Chairman 20 March 2023)
- Ross Haghighat - Non-Executive Director
- Mel Ashton - Non-Executive Director (appointed on 25 July 2023)
- Dr Rengarajan Ramesh - Non-Executive Director (retired on 25 May 2023)
- Samantha Tough - Non-Executive Director (retired on 25 July 2023)
- Benjamin Fash - Chief Financial Officer (appointed on 3 January 2023)
- Spencer Smith - Chief Legal Officer
- Richard Cisterna - Chief Commercial Officer
- Anthony Hargrave - Chief Operating Officer (retired on 31 January 2023)

2024	Short-term benefits Cash salary and fees Base salary US$	Cash salary and fees Bonus US$	Share-based payment Equity-settled Shares (a) US$	Equity-settled options US$	Total US$
Executive directors:					
Thomas Pokorsky	483,600	32,500	-	503,694	1,019,794
Total	**483,600**	**32,500**	**-**	**503,694**	**1,019,794**
Non-executive directors:					
Doug Brown (b)	-	-	164,909	41,490	206,399
Paul Donnelly	60,158	-	20,053	58,143	138,354
Mel Ashton	59,588	-	20,009	28,806	108,403
Nikolaus Oldendorff	27,943	-	15,832	-	43,775
Richard Irving (c)	61,345	-	-	58,143	119,488
Ross Haghighat (d)	53,431	-	-	58,143	111,574
Total	**262,465**	**-**	**220,803**	**244,725**	**727,993**
Other key management personnel:					
Benjamin Fash	325,000	65,000	-	570,362	960,362
Richard Cisterna	312,000	62,400	-	266,912	641,312
Spencer Smith	365,712	45,715	-	228,478	639,905
	1,002,712	**173,115**	**-**	1,065,752	**2,241,579**
Grand Total	**1,748,777**	**205,615**	**220,803**	**1,814,171**	**3,989,366**

(a) Non-executive Director fees received as equity-settled shares are subject to shareholder approval. If not approved, these fees will revert to being paid in cash.
(b) Share-based payment expense recognised is only for those options granted to Doug Brown in his capacity as Chairman.
(c) Richard Irving retired on 10 October 2024. Mr Irving forfeited his equity settled options upon retirement.
(d) Ross Haghighat retired on 10 October 2024. Mr Haghighat forfeited his equity settled options upon retirement.

2023	Short-term benefits Cash salary and fees Base salary US$	Cash salary and fees Bonus US$	Share-based payment Equity-settled Shares US$	Equity-settled options US$	Total US$
Executive directors:					
Thomas Pokorsky	465,000	101,625	-	530,696	1,097,321
Total	**465,000**	**101,625**	**-**	**530,696**	**1,097,321**
Non-executive directors:					
Doug Brown (a)	-	-	129,420	10,131	139,551
Richard Irving (b)	120,220	-	-	32,435	152,655
Paul Donnelly	80,747	-	-	32,435	113,182
Ross Haghighat	74,372	-	-	32,435	106,807
Mel Ashton (c)	32,563	-	-	-	32,563
Rengarajan Ramesh (d)	33,203	-	-	(27,778)	5,425
Samantha Tough (e)	41,107	-	-	(5,269)	35,838
Total	**382,212**	**-**	**129,420**	**74,389**	**586,021**
Other key management personnel:					
Benjamin Fash (f)	275,000	131,375	-	602,139	1,008,514
Richard Cisterna	300,000	116,500	-	214,489	630,989
Spencer Smith	351,665	171,979	-	140,489	664,133
Anthony Hargrave (g)	92,660	-	-	(93,160)	(500)
Total	**1,019,325**	**419,854**	**-**	**863,957**	**2,303,136**
Grand total	**1,866,537**	**521,479**	**129,420**	**1,469,042**	**3,986,478**

(a) Doug Brown was appointed Chairman 20 March 2023. Mr Brown has elected to be paid in Fluence Shares in lieu of his Chairman fee, subject to shareholder's approval at the AGM. Share-based payment expense recognised is only for those options granted to Doug Brown in his capacity as Chairman.

(b) Richard Irving retired as Chairman 20 March 2023 and was appointed Non-Executive Director 20 March 2023.

(c) Mel Ashton was appointed Non-Executive Director 25 July 2023.

(d) Rengarajan Ramesh retired on 25 May 2023. Dr Ramesh forfeited his equity settled options upon retirement. Under AASB2 Share-based Payments, this is treated as a reversal of the expense.

(e) Samatha Tough retired on 25 July 2023. Ms Tough forfeited her equity settled options upon retirement. Under AASB2 Share-based Payments, this is treated as a reversal of the expense.

(f) Benjamin Fash was appointed CFO on 3 January 2023. The bonus for Mr Fash in the table above excludes a one-time signing bonus of $125,000.

(g) Anthony Hargrave retired on 31 January 2023, Mr Hargrave forfeited his equity settled options upon retirement. Under AASB2 Share-based Payments, this is treated as a reversal of the expense.

Remuneration subject to performance in 2024:

Some cash compensation is dependent on meeting defined performance measures. The amount of the cash compensation is determined having regard to the satisfaction of performance measures. The amounts payable are determined at the end of each fiscal year by the Nomination and Remuneration Committee.

Name	Target maximum total potential compensation	Target maximum potential compensation subject to performance	Percentage of Maximum potential compensation subject to performance
	US$	US$	%
Thomas Pokorsky	558,600	75,000	13.4%
Benjamin Fash	455,000	130,000	28.6%
Richard Cisterna	436,800	124,800	28.6%
Spencer Smith	457,140	91,428	20.0%

Name	Compensation subject to performance paid/payable 2024	Compensation subject to performance not earned 2024
	%	%
Thomas Pokorsky	43.3%	56.7%
Benjamin Fash	50.0%	50.0%
Richard Cisterna	50.0%	50.0%
Spencer Smith	50.0%	50.0%

Share-based compensation

Issue of shares
The Directors opted to receive a portion of their compensation during the year ended 31 December 2024 in shares, which is subject to shareholder approval. If the issuance of shares is not approved by shareholders, these fees will revert to being paid in cash.

The number of shares in the Company held during the period by each Director and other KMP, including their personally related parties, are set out below.

2024	Balance at the start of the year	Received as compensation	Sold	Purchased	Balance at the end of the year
Executive Directors					
Thomas Pokorsky	1,984,125	-	-	-	1,984,125
	1,984,125	**-**	**-**	**-**	**1,984,125**
Non-Executive Directors					
Doug Brown	150,500,000	4,781,696	-	5,375,000	160,656,696
Paul Donnelly	700,000	-	-	-	700,000
Mel Ashton	1,000,000	-	-	-	1,000,000
Nikolaus Oldendorff	-	-	-	116,122,116	116,122,116
Richard Irving	37,264,579	-	(34,326,005)	-	2,938,574
Ross Haghighat	600,000	-	-	-	600,000
	190,064,579	**4,781,696**	**(34,326,005)**	**121,497,116**	**282,017,386**
Key Management Personnel					
Benjamin Fash	1,250,000	-	-	-	1,250,000
Richard Cisterna	198,412	-	-	-	198,412
Spencer Smith	1,250,000	-	-	-	1,250,000
	2,698,412	**-**	**-**	**-**	**2,698,412**
Total	**194,747,116**	**4,781,696**	**(34,326,005)**	**121,497,116**	**286,699,923**

2023	Balance at the start of the year	Received as compensation	Sold	Purchased	Balance at the end of the year
Executive Directors					
Thomas Pokorsky	-	-	-	1,984,125	1,984,125
	-	**-**	**-**	**1,984,125**	**1,984,125**
Non-Executive Directors					
Doug Brown *(a)*	13,000,000	-	-	137,500,000	150,500,000
Richard Irving	37,264,579	-	-	-	37,264,579
Paul Donnelly	500,000	-	-	200,000	700,000
Ross Haghighat	600,000	-	-	-	600,000
Mel Ashton	-	-	-	1,000,000	1,000,000
Samantha Tough	-	-	-	-	-
Rengarajan Ramesh	-	-	-	-	-
	51,364,579	**-**	**-**	**138,700,000**	**190,064,579**
Key Management Personnel					
Benjamin Fash	-	-	-	1,250,000	1,250,000
Richard Cisterna	-	-	-	198,412	198,412
Spencer Smith	-	-	-	1,250,000	1,250,000
	-	**-**	**-**	**2,698,412**	**2,698,412**
Total	**51,364,579**	**-**	**-**	**143,382,537**	**194,747,116**

(a) Doug Brown was appointed Chairman 20 March 2023. Mr Brown has elected to be paid in Fluence Shares in lieu of his Chairman fee of $129,420, subject to shareholder's approval at the AGM.

Issue of options

The number of options over ordinary shares in the Company held during the period by each Director and other KMP, including their personally related parties, are set out below. An Employee Option Plan was approved by shareholders on 4 June 2020. Refer to description of Long-Term Incentives under executive remuneration for details.

2024	**Balance at the start of the year**	**Granted as compensation**	**Option expired / exercised/ forfeited**	**Net change other**	**Balance at end of year**	**Vested & Exercisable**	**Escrowed / Unvested**
Executive Directors							
Thomas Pokorsky	30,312,500	15,000,000	(1,015,625)	-	44,296,875	16,640,625	27,656,250
	30,312,500	**15,000,000**	**(1,015,625)**	**-**	**44,296,875**	**16,640,625**	**27,656,250**
Non-Executive Directors							
Doug Brown	13,000,000	1,500,000	-	-	14,500,000	541,666	13,958,334
Paul Donnelly	2,000,000	1,500,000	-	-	3,500,000	1,291,666	2,208,334
Mel Ashton	-	1,500,000	-	-	1,500,000	375,000	1,125,000
Richard Irving *(a)*	2,000,000	1,500,000	(2,500,000)	-	1,000,000	-	1,000,000
Ross Haghighat *(b)*	2,000,000	1,500,000	(2,500,000)	-	1,000,000	750,000	250,000
	19,000,000	**7,500,000**	**(5,000,000)**	**-**	**21,500,000**	**2,958,332**	**18,541,668**
Key Management Personnel							
Benjamin Fash	13,040,000	7,500,000	-	-	20,540,000	5,705,000	14,835,000
Richard Cisterna	6,188,184	4,500,000	(185,512)	-	10,502,672	2,213,722	8,288,950
Spencer Smith	4,850,000	4,500,000	(379,688)	-	8,970,312	1,809,896	7,160,416
	24,078,184	**16,500,000**	**(565,200)**	**-**	**40,012,984**	**9,728,618**	**30,284,366**
Total	**73,390,684**	**39,000,000**	**(6,580,825)**	**-**	**105,809,859**	**29,327,575**	**76,482,284**

(a) Mr Irving's unvested options were forfeited upon his retirement on 10 October 2024.
(b) Mr Haghighat's unvested options were forfeited upon his retirement on 10 October 2024.

2023	Balance at the start of the year	Granted as compensation	Option expired / exercised/ forfeited	Net change other	Balance at end of year	Vested & Exercisable	Escrowed / Unvested
Executive Directors							
Thomas Pokorsky	31,250,000	-	(937,500)	-	30,312,500	6,093,750	24,218,750
	31,250,000	**-**	**(937,500)**	**-**	**30,312,500**	**6,093,750**	**24,218,750**
Non-Executive Directors							
Doug Brown	12,500,000	500,000	-	-	13,000,000	-	13,000,000
Richard Irving	1,500,000	500,000	-	-	2,000,000	500,000	1,500,000
Paul Donnelly	2,000,000	500,000	(500,000)	-	2,000,000	750,000	1,250,000
Ross Haghighat	1,500,000	500,000	-	-	2,000,000	500,000	1,500,000
Mel Ashton	-	-	-	-	-	-	-
Rengarajan Ramesh *[(a)]*	1,500,000	-	(1,250,000)	-	250,000	250,000	-
Samantha Tough *[(b)]*	1,500,000	500,000	(1,000,000)	-	1,000,000	1,000,000	-
	20,500,000	**2,500,000**	**(2,750,000)**	**-**	**20,250,000**	**3,000,000**	**17,250,000**
Key Management Personnel							
Benjamin Fash	-	13,040,000	-	-	13,040,000	-	13,040,000
Rick Cisterna	1,250,000	5,000,000	(61,816)	-	6,188,184	641,384	5,546,800
Spencer Smith	1,850,000	3,000,000	-	-	4,850,000	1,091,667	3,758,333
Anthony Hargrave *[(c)]*	1,610,000	-	(1,610,000)	-	-	-	-
	4,710,000	**21,040,000**	**(1,671,816)**	**-**	**24,078,184**	**1,733,051**	**22,345,133**
Total	**56,460,000**	**23,540,000**	**(5,359,316)**	**-**	**74,640,684**	**10,826,801**	**63,813,883**

(a) Dr Ramesh's unvested Options were forfeited upon his retirement on 25 May 2023.
(b) Ms Tough's unvested Options were forfeited upon her retirement on 25 July 2023.
(c) Mr Hargrave's Options were forfeited upon his retirement on 31 January 2023.

Share-based payments granted as compensation during the year

For the period, options were issued to certain KMP under the Fluence 2015 Employee Share Option Plan (as amended) and the Fluence 2020 Employee Share Option Plan. In accordance with AASB 2 Share Based Payments, the tables include employee options agreed to be issued up to and including 31 December 2024. Options issued to KMP during the period generally vest on a time basis in 16 equal quarterly increments subject to the employee continuing to be employed by the Company at the vesting date. Some options are also a subject to meeting performance criteria established by the Board.

2024	Grant date	No. of options granted	No. of options vested	Fair value per option at grant date US$	Exercise price AU$	Expiry date	Value of options at grant date US$
Executive Directors							
Thomas Pokorsky	26 June 2024	15,000,000	3,750,000	0.0426	0.10	20 December 2030	638,472
Non-executive Directors							
Douglas Brown	26 June 2024	1,500,000	375,000	0.0426	0.10	20 December 2030	63,847
Paul Donnelly	26 June 2024	1,500,000	375,000	0.0426	0.10	20 December 2030	63,847
Norman Mel Ashton	26 June 2024	1,500,000	375,000	0.0426	0.10	20 December 2030	63,847
Richard Irving [(a)]	26 June 2024	1,500,000	-	0.0426	0.10	20 December 2030	63,847
Ross Haghighat [(b)]	26 June 2024	1,500,000	-	0.0426	0.10	20 December 2030	63,847
Key Management Personnel							
Benjamin Fash	31 January 2024	7,500,000	-	0.0652	0.10	31 January 2031	489,373
Spencer Smith	31 January 2024	4,500,000	-	0.0652	0.10	31 January 2031	293,624
Richard Cisterna	31 January 2024	4,500,000	-	0.0652	0.10	31 January 2031	293,624

(a) Mr Irving's unvested options were forfeited upon his retirement on 10 October 2024.
(b) Mr Haghighat's unvested were forfeited upon his retirement on 10 October 2024.

2023	Grant date	No. of options granted	No. of options vested	Fair value per option at grant date US$	Exercise price AU$	Expiry date	Value of options at grant date US$
Non-executive Directors							
Doug Brown	06 June 2023	500,000	-	0.0609	0.20	06 June 2028	30,432
Paul Donnelly	06 June 2023	500,000	-	0.0609	0.20	06 June 2028	30,432
Richard Irving	06 June 2023	500,000	-	0.0609	0.20	06 June 2028	30,432
Ross Haghighat	06 June 2023	500,000	-	0.0609	0.20	06 June 2028	30,432
Samantha Tough	06 June 2023	500,000	-	0.0690	0.20	06 June 2028	30,432
Key Management Personnel							
Benjamin Fash	30 January 2023	13,040,000	-	0.0859	0.19	01 December 2028	1,120,717
Spencer Smith	30 January 2023	1,500,000	281,250	0.0799	0.23	01 December 2028	119,848
	30 January 2023	1,500,000	-	0.0825	0.23	01 December 2028	123,724
Richard Cisterna	30 January 2023	2,500,000	468,750	0.0799	0.23	01 December 2028	199,746
	30 January 2023	2,500,000	-	0.0825	0.23	01 December 2028	206,207

Loans from Directors
Details of loans made by the directors to the Company are set out below.

			Movements for the period		Balance outstanding as at	
			31 December 2024	31 December 2023	31 December 2024	31 December 2023
Directors	**Transaction**	**Note**	**USD**	**USD**	**USD**	**USD**
Doug Brown	Shareholder loan	18	5,000,000	-	5,000,000	-
	Interest paid/payable on loan	18	116,842	-	116,842	-
Nikolaus Oldendroff	Shareholder loan	18	15,000,000	-	15,000,000	-
	Interest paid/payable on loan	18	453,270	-	453,270	-

The interest rate is variable and equal to the US Prime Rate, which is currently 7.5%. The initial term is 21 months with an option to extend for up to three (3) months at Prime Rate plus 5%. Security in respect of the loan is initially limited to no more than five percent (5%) of the equity interests of the Company. Refer to note 18 for details.

Service agreements - Directors

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	**Doug Brown**
Title:	Chairman
Agreement commenced:	20 March 2023
Term of agreement:	Subject to shareholder approval every three years.
Details:	Chairman fee of AU$250,000 (US$164,911) per annum to be 100% paid in shares subject to shareholder approval. Remuneration is reviewed annually by the Remuneration and Nomination Committee.

Name:	**Paul Donnelly**
Title:	Non-Executive Director
Agreement commenced:	20 July 2018
Term of agreement:	Subject to shareholder approval every three years.
Details:	Non-Executive Director fees of AU$96,000 (US$63,326) per annum plus Chair of the Audit and Risk Committee fees of AU$16,000 (US$10,554) per annum and Lead Independent Director fee amounting to AU$9,600 (US$6,333) per annum. Starting 1 July 2024, 50% of the total director fee will be paid in shares, subject to shareholder approval. Remuneration is reviewed annually by the Remuneration and Nomination Committee.

Name:	**Mel Ashton**
Title:	Non-Executive Director
Agreement commenced:	25 July 2023
Term of agreement:	Subject to shareholder approval every three years.
Details:	Non-Executive Director fees of AU$96,000 (US$63,326) per annum plus Member of the Audit and Risk Committee fees of AU$12,000 (US$7,916) per annum and Member of the Remuneration and Nomination Committee fees of AU$12,000 (US$7,916) per annum up to 31 October 2024. Starting 1 November 2024 Mr Ashton Non-Executive Director fees of AU$96,000 (US$63,326) per annum plus Member of the Audit and Risk Committee fees of AU$12,000 (US$7,916) per annum and Chair of the Remuneration and Nomination Committee fees of AU$16,000 (US$10,554) per annum. Starting 1 July 2024, 50% of the total director fee will be paid in shares, subject to shareholder approval. Remuneration is reviewed annually by the Remuneration and Nomination Committee.

Name:	**Nikolaus Oldendorff**
Title:	Non-Executive Director
Agreement commenced:	22 April 2024
Term of agreement:	Subject to shareholder approval every three years.
Details:	Non-Executive Director fees of AU$96,000 (US$63,326) per annum. Starting 1 July 2024, 50% of the total director fee will be paid in shares, subject to shareholder approval. Remuneration is reviewed annually by the Remuneration and Nomination Committee.

Name:	**Richard Irving**
Title:	Non-Executive Director
Agreement commenced:	13 November 2020
Term of agreement:	Mr Irving retired from the Non-Executive Director position, Member of the Audit and Risk Committee and Chairman of the Remuneration and Nomination Committee on 10 October 2024.
Details:	Non-Executive Director fees of AU$96,000 (US$63,326) per annum plus Member of the Audit and Risk Committee fees of AU$12,000 (US$7,916) per annum and Chairman of the Remuneration and Nomination Committee fees of AU$16,000 (US$10,554) per annum. Mr Irving retired on 10 October 2024.

Name:	**Ross Haghighat**
Title:	Non-Executive Director
Agreement commenced:	18 December 2015
Term of agreement:	Mr Haghighat retired from the Non-Executive Director position, and Member of the Remuneration and Nomination Committee on 10 October 2024.
Details:	Non-Executive Director fees of AU$96,000 (US$63,326) per annum plus member of Remuneration and Nomination Committee fees of AU$12,000 (US$7,916) per annum. Mr Haghighat retired on 10 October 2024.

Service agreements KMPs

Name:	**Thomas Pokorsky**
Title:	Chief Executive Officer and Managing Director
Agreement commenced	14 March 2022
Terms of agreement:	4 Year Agreement with automatic 1-year renewals. Either party to provide 6 months written notice for termination of agreement
Details of remuneration:	
Cash salary and fees:	US$483,600 (base salary)
Bonuses and deferred remuneration:	Target performance-based bonus of up to US$75,000
Other Benefits:	Entitled to participate in Company benefit plans, including health insurance

Employment Based Option Remuneration:

Number of Options Granted	Grant Date	Exercise Price	Vesting Period
3,125,000	30 June 2022	AU$0.22	Options vest and become exercisable 1 year anniversary from the start date.
9,375,000	30 June 2022	AU$0.22	Options shall vest and become exercisable in twelve (12) equal installments of 781,250 at the end of each consecutive three (3) month period over a three (3) year period commencing on 30 June 2023.
15,000,000	26 June 2024	AU$0.10	25% of the options vest and become exercisable on 20 December 2024, the remaining 75% in equal quarterly amounts over the subsequent three (3) years with the first vesting on 20 March 2025

Performance Based Option Remuneration:

Number of Options Granted	Grant Date	Exercise Price	Vesting Period
3,125,000	30 June 2022	AU$0.22	Options vest and become exercisable on 15 January 2023 subject to meeting performance criteria.
3,125,000	30 June 2022	AU$0.24	Options vest and become exercisable on 15 January 2024 subject to meeting performance criteria.
3,125,000	30 June 2022	AU$0.26	Options vest and become exercisable on 15 January 2024 subject to meeting performance criteria.
3,125,000	30 June 2022	AU$0.28	Options vest and become exercisable on 15 January 2025 subject to meeting performance criteria.
6,250,000	30 June 2022	AU$0.22	Options shall vest and become exercisable when the Enterprise Value of Fluence Corporation Limited reaches at least US $400 million.

Name:	**Benjamin Fash**
Title:	Chief Financial Officer
Agreement commenced	3 January 2023
Terms of agreement:	At will with 60 days' notice by either party
Details of remuneration:	
Cash salary and fees:	US$325,000 (base salary)
Bonuses and deferred remuneration:	Performance based bonus up to 40% of base salary.
Other Benefits:	Health insurance for Mr Fash and his family

Employment Based Option Remuneration:

Number of Options Granted	Grant Date	Exercise Price	Vesting Period
3,260,000	30 January 2023	AU$0.19	Options vest and become exercisable 1 year anniversary from the start date.
9,780,000	30 January 2023	AU$0.19	Options shall vest and become exercisable in twelve (12) equal installments of 815,000 at the end of each consecutive three (3) month period over a three (3) year period commencing on 30 January 2023.
7,500,000	31 January 2024	AU$0.10	1,875,000 Options shall vest and become exercisable on 1 January 2025 and 5,625,000 Options shall vest and become exercisable quarterly in 12 equal instalments of 468,750 per quarter over twelve (12) quarters, with the first quarterly vesting date being 1 April 1 2025.

Name:	**Spencer Smith**
Title:	Chief Legal Officer
Agreement commenced	Mr Smith joined RWL Water LLC on 31 May 2016. His current agreement was executed on July 14, 2017.
Terms of agreement:	The initial term of the contract was 2 years. The Initial term will automatically be extended for successive periods of 1 year until the Company or the Executive gives ninety (90) days written notice of non-renewal or unless terminated.
Details of remuneration:	
Cash salary and fees:	US$365,712 (base salary)
Bonuses and deferred remuneration:	Performance based bonus up to 25% of base salary
Other Benefits:	Health insurance for Mr Smith and his family

Employment Based Option Remuneration:

Number of Options Granted	Grant Date	Exercise Price	Vesting Period
350,000	14 July 2017	AU$0.84	Options vest and become exercisable in equal installments at the end of each consecutive three (3) month period over four (4) years, commencing on 14 July 2017.
75,000	26 March 2018	AU$0.48	Options are fully vested.
140,000	31 January 2019	AU$0.39	49,000 options vested at grant date, 91,000 options vest and become exercisable in ten equal installments at the end of each consecutive three (3) month period, commencing on 30 April 2019.
300,000	26 February 2020	AU$0.44	Options vest and become exercisable in equal installments at the end of each consecutive three (3) month period over four (4) years, commencing on 26 February 2020.
200,000	6 April 2021	AU$0.23	Options vest and become exercisable in equal installments at the end of each consecutive three (3) month period over four (4) years, commencing on 6 April 2021.
500,000	21 March 2022	AU$0.17	Options vest and become exercisable in equal installments at the end of each anniversary year for a period over three (3) years.
1,500,000	30 January 2023	AU$0.23	Options vest and become exercisable in equal installments at the end of each consecutive three (3) month period over four (4) years, commencing on 30 January 2023.
4,500,000	31 January 2024	AU$0.10	1,125,000 Options shall vest and become exercisable on 1 January 2025 and 3,375,000 Options shall vest and become exercisable quarterly in 12 equal instalments of 468,750 per quarter over twelve (12) quarters, with the first quarterly vesting date being 1 April 1 2025.

Trigger Event Based Option Remuneration:

Number of Options Granted	Grant Date	Exercise Price	Vesting Period
500,000	11 August 2021	AU$0.21	Options vest and become exercisable upon the Company meeting specific goals with an expiry date of 18 August 2025.

Performance Based Option Remuneration:

Number of Options Granted	Grant Date	Exercise Price	Vesting Period
1,500,000	30 January 2023	AU$0.23	375,000 Options vest and become exercisable every year upon meeting performance criteria established by the Board with an expiry date of 18 January 2028.

Name:	**Richard Cisterna**
Title:	Chief Commercial Officer
Agreement commenced	13 December 2021
Terms of agreement:	At will with 60 days' notice by either party
Details of remuneration:	
Cash salary and fees:	US$312,000 (base salary)
Bonuses and deferred remuneration:	Performance based bonus up to 40% of base salary
Other Benefits:	Health insurance for Mr Cisterna and his family

Employment Based Option Remuneration:

Number of Options Granted	Grant Date	Exercise Price	Vesting Period
1,250,000	21 March 2022	AU$0.18	Options will vest and become exercisable in equal installments at the end of each consecutive three (3) month period over four (4) years, commencing on 21 March 2022.
2,500,000	30 January 2023	AU$0.23	Options vest and become exercisable in equal installments at the end of each consecutive three (3) month period over four (4) years, commencing on 30 January 2023.
4,500,000	31 January 2024	AU$0.10	1,125,000 Options shall vest and become exercisable on 1 January 2025 and 3,375,000 Options shall vest and become exercisable quarterly in 12 equal instalments of 468,750 per quarter over twelve (12) quarters, with the first quarterly vesting date being 1 April 1 2025.

Performance Based Option Remuneration:

Number of Options Granted	Grant Date	Exercise Price	Vesting Period
2,500,000	30 January 2023	AU$0.23	625,000 Options vest and become exercisable every year upon meeting performance criteria established by the Board with an expiry date of 18 January 2028.

Financial Performance

The earnings of the Company for the five years to 31 December 2024 are summarised below:

	2024 USD $'000	2023 USD $'000	2022 USD $'000	2021 USD $'000	2020 USD $'000
Sales revenue	51,595	70,037	116,265	111,986	97,139
Loss before income tax from continuing operations	(21,913)	(16,344)	(15,330)	(10,982)	(8,378)
Profit/(loss) from discontinued operations	90	(667)	(985)	(3,868)	(12,419)
Loss for the year	(21,653)	(15,984)	(16,292)	(15,083)	(19,859)

The results for 2022 have been adjusted to conform with AASB 5: "Assets held for sale and discontinued operations" presentation requirements. The results for 2021 and beyond match the published financial reports for the Company.

Other factors relevant to shareholder returns include the share price performance and earnings per share over the same period:

	31 December 2024 AU$	31 December 2023 AU$	31 December 2022 AU$	31 December 2021 AU$	31 December 2020 AU$
Market factors					
Share price	0.07	0.12	0.17	0.15	0.23
	2024 US$	**2023 US$**	**2022 US$**	**2021 US$**	**2020 US$**
Financial factors					
Loss per share from continuing operations	(0.02)	(0.02)	(0.03)	(0.02)	(0.01)

This concludes the remuneration report, which has been audited.

Shares under option
Unissued ordinary shares

Unissued ordinary shares of Fluence Corporation Limited under option at the date of this report are as follows:

Date options granted	Expiry date	Issue Price of shares AU$	Number under option
31 May 2017	25 May 2025	0.93	8,992,938
14 July 2017	25 May 2025	0.84	350,000
30 May 2019	14 July 2025	0.39	1,470,000
6 April 2021	31 May 2025	0.23	1,550,000
25 June 2021	25 June 2025	0.23	1,000,000
25 June 2021	25 August 2025	0.23	3,250,000
11 August 2021	18 August 2025	0.21	500,000
21 March 2022	1 January 2026	0.18	93,750
21 March 2022	1 July 2026	0.22	250,000
21 March 2022	1 January 2027	0.18	1,151,110
21 March 2022	1 January 2027	0.22	25,000
21 March 2022	22 March 2027	0.17	500,000
23 May 2022	31 March 2027	0.22	12,500,000
30 June 2022	30 June 2026	0.22	500,000
30 June 2022	14 March 2027	0.22	20,937,500
30 June 2022	14 March 2027	0.24	2,109,375
30 June 2022	14 March 2027	0.26	3,125,000
30 June 2022	14 March 2027	0.28	3,125,000
30 January 2023	15 January 2028	0.19	13,040,000
30 January 2023	15 January 2028	0.23	7,771,874
6 June 2023	6 June 2028	0.20	1,000,000
31 January 2024	31 January 2031	0.10	16,500,000
26 June 2024	20 December 2030	0.10	19,500,000
31 December 2024	31 December 2032	0.10	4,500,000
			123,741,547

Insurance of officers and indemnities
(a) Insurance of officers

The Company has indemnified the Directors and executives of the Company for costs incurred, in their capacity as a Director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to ensure the Directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

(a) Indemnity of auditors

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Non-audit services

Details of the amounts paid or payable to the auditor for audit and non-audit services provided during the year are set out in note 27 in the financial statements.

The Board of Directors has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the provision of non-audit services by the auditor, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the Audit and Risk Committee to ensure they do not impact the impartiality and objectivity of the auditor, and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants (including Independence Standards)

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' report.

Rounding of amounts

The amounts contained in the directors' report and in the financial report have been rounded to the nearest $1,000 (where rounding is applicable) under the option available to the Company under ASIC Corporations (Rounding in Financial/Directors' Report) Legislative Instrument 2016/191. The Company is an entity in which the Legislative Instrument applies.

Auditor

BDO Audit Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

Corporate Governance Statement

In accordance with ASX listing Rule 4.10.3, the Company's Corporate Governance Statements can be found on its website https://www.fluencecorp.com/investor-news/.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the Directors

____
Thomas Pokorsky
CEO and Managing Director

28 March 2025
Plymouth, Minnesota, United States of America

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DECLARATION OF INDEPENDENCE BY KATHERINE ROBERTSON TO THE DIRECTORS OF FLUENCE CORPORATION LIMITED

As lead auditor of Fluence Corporation Limited for the year ended 31 December 2024, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Fluence Corporation Limited and the entities it controlled during the period.

Katherine Robertson
Director

BDO Audit Pty Ltd

Melbourne, 28 March 2025

Fluence Corporation Limited
Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 December 2024

	Note	Consolidated 31 December 2024 USD $'000	31 December 2023 USD $'000
Revenue from continuing operations	4	51,495	70,037
Other income		-	8
Expenses			
Cost of sales		(36,334)	(50,960)
Research and development expenses	5	(1,988)	(171)
Sales and marketing expenses	5	(5,806)	(6,620)
General and administration expenses	5	(15,965)	(16,501)
Other losses	5	(10,499)	(6,459)
Finance costs	5	(2,816)	(5,678)
Loss before income tax benefit from continuing operations		(21,913)	(16,344)
Income tax benefit	7	170	1,027
Loss after income tax benefit from continuing operations		(21,743)	(15,317)
Profit/(loss) after income tax expense from discontinued operations	3	90	(667)
Loss after income tax benefit/(expense) for the year		(21,653)	(15,984)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation, net of tax		(333)	(1,466)
Other comprehensive income for the year, net of tax		(333)	(1,466)
Total comprehensive income for the year		(21,986)	(17,450)
Other comprehensive income for the year:			
From continuing operations		(500)	(1,394)
From discontinued operations		167	(72)
		(333)	(1,466)
Loss for the year is attributable to:			
Non-controlling interest		(252)	28
Owners of Fluence Corporation Limited		(21,401)	(16,012)
		(21,653)	(15,984)
Other comprehensive income is attributable to:			
Non-controlling interest		(500)	-
Owners of Fluence Corporation Limited		167	(1,466)
		(333)	(1,466)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Fluence Corporation Limited
Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 December 2024

	Note	Consolidated 31 December 2024 USD $'000	Consolidated 31 December 2023 USD $'000
Total comprehensive income for the year is attributable to:			
Continuing operations		(305)	63
Discontinued operations		53	(35)
Non-controlling interest		(252)	28
Continuing operations		(21,938)	(16,774)
Discontinued operations		204	(704)
Owners of Fluence Corporation Limited		(21,734)	(17,478)
		(21,986)	(17,450)

	Note	31 December 2024 US Dollars	31 December 2023 US Dollars
Earnings per share for loss from continuing operations attributable to the Owners of Fluence Corporation Limited			
Basic earnings per share	8	(0.0199)	(0.0218)
Diluted earnings per share	8	(0.0199)	(0.0218)
Earnings per share for profit/(loss) from discontinued operations attributable to the Owners of Fluence Corporation Limited			
Basic earnings per share	8	-	(0.0009)
Diluted earnings per share	8	-	(0.0009)
Earnings per share for loss attributable to the Owners of Fluence Corporation Limited			
Basic earnings per share	8	(0.0198)	(0.0227)
Diluted earnings per share	8	(0.0198)	(0.0227)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

	Note	Consolidated 2024 USD $'000	31 December 2023 USD $'000
Assets			
Current assets			
Cash and cash equivalents	9	8,945	24,635
Other financial assets	9	26	3,645
Trade and other receivables	10	38,902	35,296
Inventories	11	5,797	5,690
Prepayments	12	2,647	2,513
Concession arrangement assets	13	271	271
Other assets		229	407
		56,817	72,457
Assets directly associated with assets classified as held for sale	3	-	1,839
Total current assets		56,817	74,296
Non-current assets			
Investments accounted for using the equity method	14	311	332
Deferred tax	7	1,893	1,968
Property, plant and equipment	15	8,006	8,146
Intangible assets	16	970	1,140
Concession arrangement assets	13	2,499	2,770
Long-term deposits	12	3,576	4,340
Other assets		39	136
Total non-current assets		17,294	18,832
Total assets		74,111	93,128
Liabilities			
Current liabilities			
Trade and other payables and other liabilities	17	34,799	32,363
Borrowings	18	3,171	15,752
Lease liabilities	19	478	977
Current tax liabilities	7	90	714
Provisions	20	3,126	4,490
Contract liabilities	21	21,486	22,130
		63,150	76,426
Liabilities directly associated with assets classified as held for sale	3	-	1,127
Total current liabilities		63,150	77,553
Non-current liabilities			
Borrowings	18	17,500	2,085
Lease liabilities	19	297	496
Deferred tax	7	33	46
Provisions	20	468	505
Contract liabilities	21	154	226
Total non-current liabilities		18,452	3,358
Total liabilities		81,602	80,911
Net (liabilities)/assets		(7,491)	12,217

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Fluence Corporation Limited
Consolidated statement of financial position
As at 31 December 2024

		Consolidated	
			31 December
	Note	2024	2023
		USD $'000	USD $'000
Equity			
Contributed equity	22	232,614	232,313
Reserves	23	(1,608)	(3,252)
Accumulated losses		(236,279)	(214,878)
(Deficiency)/equity attributable to the Owners of Fluence Corporation Limited		(5,273)	14,183
Non-controlling interest	24	(2,218)	(1,966)
Total (Deficiency)/equity		(7,491)	12,217

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Fluence Corporation Limited
Consolidated statement of changes in equity
For the year ended 31 December 2024

Consolidated	**Issued capital USD $'000**	**Reserves USD $'000**	**Retained profits USD $'000**	**Non-controlling interest USD $'000**	**Total equity USD $'000**
Balance at 1 January 2023	207,443	(3,667)	(198,866)	(1,994)	2,916
Profit/(loss) after income tax benefit for the year	-	-	(16,012)	28	(15,984)
Other comprehensive income for the year, net of tax	-	(1,466)	-	-	(1,466)
Total comprehensive income for the year	-	(1,466)	(16,012)	28	(17,450)
Transactions with Owners in their capacity as Owners:					
Issue of ordinary shares, net of transaction costs	24,870	-	-	-	24,870
Share-based payments (note 6)	-	1,881	-	-	1,881
Balance at 31 December 2023	232,313	(3,252)	(214,878)	(1,966)	12,217

Consolidated	**Issued capital USD $'000**	**Reserves USD $'000**	**Retained profits USD $'000**	**Non-controlling interest USD $'000**	**Total deficiency in equity USD $'000**
Balance at 1 January 2024	232,313	(3,252)	(214,878)	(1,966)	12,217
Loss after income tax benefit for the year	-	-	(21,401)	(252)	(21,653)
Other comprehensive income for the year, net of tax	-	(333)	-	-	(333)
Total comprehensive income for the year	-	(333)	(21,401)	(252)	(21,986)
Transactions with Owners in their capacity as Owners:					
Issue of ordinary shares, net of transaction costs	301	(317)	-	-	(16)
Share based payments (note 6)	-	2,294	-	-	2,294
Balance at 31 December 2024	232,614	(1,608)	(236,279)	(2,218)	(7,491)

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Fluence Corporation Limited
Consolidated statement of cash flows
For the year ended 31 December 2024

	Note	Consolidated 2024 USD $'000	31 December 2023 USD $'000
Cash flows from operating activities			
Receipt from customers		44,194	79,255
Payments to suppliers and employees		(61,168)	(92,344)
Interest received		168	248
Interest and other costs of finance paid		(2,473)	(5,950)
Income taxes paid		(839)	(247)
Net Cash flows from operating activities		(20,118)	(19,038)
Cash flows from investing activities			
Payment for purchases of plant and equipment		(1,691)	(1,758)
Proceeds from disposal of plant and equipment		139	53
Proceeds from sale of Aeromix		1,837	-
Proceeds from release of security deposits		3,802	6,122
Net Cash flows from investing activities		4,087	4,417
Cash flows from financing activities			
Proceeds from issues of ordinary shares	22	-	26,628
Proceeds from borrowings	18	20,000	-
Repayment of borrowings	18	(17,729)	(13,414)
Principle portion of lease liabilities		(1,036)	(1,381)
Transaction costs related to issue of ordinary shares	22	(16)	(1,758)
Net Cash flows from financing activities		1,219	10,075
Net decrease in cash and cash equivalents		(14,812)	(4,546)
Cash and cash equivalents at the beginning of the financial year		24,635	30,936
Effects of exchange rate changes on cash and cash equivalents		(878)	(1,755)
Cash and cash equivalents at the end of the financial year	9	8,945	24,635

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Summary of material accounting policies

Corporate information

The Financial Report of Fluence Corporation Limited and its controlled entities (the “Company” or the “Group”) for the year ended 31 December 2024 was authorised for issue in accordance with a resolution of the Directors on 28 March 2025.

Fluence Corporation Limited is a for profit listed public company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange (“ASX”). The Company provides fast-to-deploy, decentralised and smart water and wastewater treatment solutions.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001.

The financial statements also comply with International Financial Reporting Standards (IFRS) as issued by the international accounting standards board.

The financial report has been prepared on an accruals basis and is based on historical costs, except for those assets and liabilities measured at fair value. The financial report is presented in United States Dollars, which is the Company’s presentation currency. All values are rounded to the nearest $1,000 (where rounding is applicable) under the option available to the Company under ASIC Corporations (Rounding in Financial/Directors' Report) Legislative Instrument 2016/191. The Company is an entity in which the Legislative Instrument applies.

Management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of Australian Accounting Standards that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

(i) Going concern

The financial statements have been prepared on a going concern basis, which assumes the consolidated entity will have sufficient cash to pay its debts, as and when they become payable, for a period of at least 12 months from the date the financial report was authorised for issue.

For the year ended 31 December 2024, the consolidated entity incurred an operating loss after tax of $21,653,000 (2023: $15,984,000) and had cash outflow from operating activities of $20,118,000 (2023: cash outflow of $19,038,000), and total net cash outflows of $14,812,000 (2023: cash outflow of $4,546,000). The Company had cash and cash equivalents of $8,945,000 and other financial assets of $26,000 at 31 December 2024 (2023: $24,635,000 and $3,645,000 respectively). Additionally, the Company reported a net current liability of $6,333,000 and net liabilities of $7,491,000 (2023: net current liability of $3,257,000 and net asset of $12,217,000, respectively).

The consolidated entity has prepared a cash flow forecast supported by detailed assumptions and scenario planning directed to sustaining business growth. These forecasts indicate that the consolidated entity will be able to fund its ongoing operations for a period of 12 months from the date the financial report was authorised for issue.

Note 1. Summary of material accounting policies (continued)

The Company has sufficient resources to meet its obligations as and when they fall due. Therefore, the financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realise its assets and discharge its liabilities in the normal course of business.

In concluding this, management has considered the Company's liquidity position, any risks to the cash flows and funding, and the Company's outlook. While revenue decreased significantly during the financial year ended 31 December 2024 as a result of continued delays in commencing work on the IVC Addendum project and market weakness in China, when adjusting for the impact of IVC and SEA & China, revenue grew by $6.5 million or 18.8% compared to FY2023. Further, Q4 2024 revenue of $21.2 million was more than double any other single quarter in FY2024 which drove strong profitability. RR also continued to grow, increasing by $2.9 million or 30.5% compared to FY2023. Strong new order bookings in the 2nd half of FY2024 and a strong backlog position is expected to lead to significant growth in revenue in FY2025.

Further, the shift in focus toward our SPS and RR products and services is having the desired effect of improving gross margins, which has seen an increase to 30.1% in FY2024 (up 2.0% vs. FY2023).

Lastly, the Company has taken a number of measures to reduce the Company's SG&A, resulting in savings of $2.6 million (11.4%) when compared to FY2023 and $6.7 million (25.2%) compared to FY2022. The Directors are confident that these measures will optimise the Company's profitability and cash flow and strengthen its financial position.

In July 2024, the Company replaced the Upwell Facility with a new Revolving Facility, issued by two of the Company's Directors, for up to $15.0 million (the "Revolving Facility") on more favorable terms to support the Company than the Upwell Facility. The Revolving Facility was initially used to pay off the Upwell Facility, for working capital and to support new project wins. The interest rate on the Revolving Facility is variable and equal to the US Prime Rate, which is currently 7.5%. The initial term is 21 months with a Company option to extend for up to three (3) months at Prime Rate plus 5%.

The Directors considered financial forecasts, including downside forecast scenarios for the next 12 months from the date of the approval of these financial statements. The forecasts support the preparation of the financial statements on a going concern basis, based on the following assumptions:

- significant revenue growth in FY2025 due to the startup of the IVC Addendum contract as well as strong backlog from new order bookings in the 2nd half of FY2024.
- improved gross margins from the shift in focus and growth in SPS and RR.
- the Company successfully reducing SG&A by of $2.6 million (11.4%) when compared to FY2023 and $6.7 million (25.2%) compared to FY2022; and
- the refinancing of the Upwell Facility with the new Revolving Facility on more favourable terms.

(ii) New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 31 December 2024.The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 18 Presentation and Disclosure in Financial Statements
This standard is applicable to annual reporting periods beginning on or after 1 January 2027 and early adoption is permitted. The standard replaces IAS 1 'Presentation of Financial Statements', with many of the original disclosure requirements retained and there will be no impact on the recognition and measurement of items in the financial statements. But the standard will affect presentation and disclosure in the financial statements, including introducing five categories in the statement of profit or loss and other comprehensive income: operating, investing, financing, income taxes and discontinued operations. The standard introduces two mandatory sub-totals in the statement: 'Operating profit' and 'Profit before financing and income taxes'. There are also new disclosure requirements for 'management-defined performance measures', such as earnings before interest, taxes, depreciation and amortisation ('EBITDA') or 'adjusted profit'. The standard provides enhanced guidance on grouping of information (aggregation and disaggregation), including whether to present this information in the primary financial statements or in the notes. The consolidated entity will adopt this standard from 1 January 2027 and it is expected that there will be a significant change to the layout of the statement of profit or loss and other comprehensive income.

Note 1. Summary of material accounting policies (continued)

(iii) New and amended standards adopted by the company

All accounting standards adopted by the Company are consistent with the most recent Annual Report for the year ended 31 December 2024.

Comparatives

The comparative figures in Note 2 'Segment information' have been adjusted to conform with the cost presentation adopted by management in FY2024.

Principles of consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent company, Fluence Corporation Limited, and all of the subsidiaries. Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in note 31.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Company from the date on which control is obtained by the Company. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between Company entities are fully eliminated on consolidation.

Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Company. Equity interests in a subsidiary not attributable, directly or indirectly, to the Company are presented as “non-controlling interests”.

The Company initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary’s net assets on liquidation at either fair value or at the non-controlling interests’ proportionate share of the subsidiary’s net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income.

Non-controlling interests are shown separately within the equity section of the Statement of Financial Position and Statement of Profit or Loss and Other Comprehensive Income.

Foreign currency translation

(i) Functional currency

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates (‘the functional currency’). The financial statements of Fluence Corporation Limited (the parent entity of the Company) are measured in Australian Dollars which is that entity’s functional currency.

(ii) Presentation currency

The consolidated financial statements are presented in US Dollars, which is the Company’s presentation currency.

(iii) Translation and balances

Transactions in foreign currencies are converted to the functional currency at the exchange rate at the date of the transaction. Amounts payable to and by the Company outstanding at reporting date and denominated in foreign currencies have been converted to local currency using rates prevailing at the end of the financial year. All exchange differences are taken to profit or loss.

(iv) Group Companies

The results of foreign subsidiaries and the parent entity are translated to US Dollars at the exchange rate at the date of the transaction. Assets and liabilities of foreign subsidiaries and the Australian parent are translated to US Dollars at exchange

Note 1. Summary of material accounting policies (continued)

rates prevailing as at the reporting date. All resulting exchange differences are recognised in other comprehensive income and in the foreign currency translation reserve in equity.

(v) Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences on translation of foreign controlled subsidiaries. Amounts are reclassified to profit or loss when the investment is disposed of.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Revenue recognition

Revenue is recognised when goods or services are transferred to a customer, in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Before recognising revenue, the Company needs to identify the contract, identify separate performance obligations, determine the transaction price, allocate the transaction price to the performance obligations and recognise revenue as or when each performance obligation is satisfied. Performance obligations can be satisfied at a point in time or over time.

Revenue related to construction or upgrade services under service concession arrangements is recognised over time, consistent with the Company's accounting policy on recognising revenue on construction contracts. Operating or service revenue is recognised in the period in which the services are provided by the Company. If the service concession arrangement contains more than one performance obligation, then the consideration received is allocated with reference to the relative stand-alone selling price of the services delivered.

Employee benefits

(i) Wages and salaries

Wages and salaries include non-monetary benefits, annual leave and long service leave. These are recognised and presented in different ways in the financial statements:

- The liability for annual leave and the portion of long service leave expected to be paid within twelve months is measured at the amount expected to be paid.
- The liability for long service leave and annual leave expected to be paid after one year is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date.
- The liability for annual leave and the portion of long service leave that has vested at the reporting date is included in the current provision for employee benefits.
- The portion of long service leave that has not vested at the reporting date is included in the non-current provision for employee benefits.

(ii) Share-based payments

Employees (including senior executives) of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model, further details of which are given in note 6.

That cost is recognised in employee benefits expense, together with a corresponding increase in equity (other capital reserves), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company’s best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the Statement of Profit or Loss and Other Comprehensive Income for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Note 1. Summary of material accounting policies (continued)

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is canceled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

Discontinued operations

A discontinued operation is a component of the consolidated entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income.

Earnings per share

Basic earnings per share is calculated as net profit or loss attributable to members, adjusted to exclude costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit or loss attributable to members, adjusted for:

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Note 1. Summary of material accounting policies (continued)

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost, less any appropriate provision for estimated irrecoverable amounts.

In relation to the impairment of financial assets, AASB 9 requires an expected credit loss model. The expected credit loss model requires the Company to account for expected credit losses at each reporting date to reflect changes in credit risk since the initial recognition of the financial assets.

Inventories

Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on basis of First in-First out (FIFO). Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

Cash flows arising from operating activities are included in the Consolidated Statement of Cash Flows on a gross basis (i.e. including GST) and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of the receivables or payables in the Consolidated Statement of Financial Position.

Assets classified as held for sale

Assets and liabilities of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For non-current assets or assets of disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write down of the non-current assets and assets of disposal groups to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of a non-current assets and assets of disposal groups, but not in excess of any cumulative impairment loss previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised.

Non-current assets associated with the assets classified as held for sale and the assets of disposal groups classified as assets held for sale are presented separately on the face of the statement of financial position, in current assets. The liabilities of disposal groups associated with the assets classified as held for sale are presented separately on the face of the statement of financial position, in current liabilities.

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting

Note 1. Summary of material accounting policies (continued)

mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at fair value through profit or loss
Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income
Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets
The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Research and development
Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the consolidated entity is able to use or sell the asset; the consolidated entity has sufficient resources and intend to complete the development; and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

Note 1. Summary of material accounting policies (continued)

Investment in associates and joint ventures

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Company's investments in its associate and joint venture are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Company's share of net assets of the associate or joint venture since the acquisition date.

The Statement of Profit or Loss reflects the Company's share of the results of operations of the associate or joint venture. Any change in Other Comprehensive Income (OCI) of those investees is presented as part of the Company's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Company recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Company and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Company's share of profit or loss of an associate and a joint venture is shown in note 5 and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture. The financial statements of the associate or joint venture are prepared for the same reporting period as the Company. When necessary, adjustments are made to bring the accounting policies in line with those of the Company.

After application of the equity method, the Company determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Company determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss as 'Share of profit of an associate and a joint venture' in the Statement of Profit or Loss and Other Comprehensive Income.

Upon loss of significant influence over the associate or joint control over the joint venture, the Company measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Note 1. Summary of material accounting policies (continued)

Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the consolidated entity and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation on plant and equipment is calculated using the straight-line method to allocate their cost, over their estimated useful lives, as follows:

Buildings	25-50 years
Leasehold improvements	Over the shorter of the term of the lease or useful life of an asset
Production equipment	4-17 years
Office furniture and equipment	3-17 years
Computers and peripheral equipment	3-15 years
Vehicles	5-7 years

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds to the carrying amount. These are included in profit or loss.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Note 1. Summary of material accounting policies (continued)

Intangible assets

Intangible assets are initially measured at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, which is a change in an accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Concession financial asset

A financial asset arising from a concession arrangement. The Company recognises a financial asset to the extent that it receives an unconditional contractual right to receive a specified or determinable amount of cash or another financial asset in return for constructing or upgrading a public sector asset, and then operating and maintaining the asset for a specified period of time. The financial asset is measured at fair value. The financial asset is reduced when amounts are received.

Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Where applicable, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Contributed equity

Ordinary shares are classified as equity. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction (net of tax) of the share proceeds received.

Significant accounting estimates and assumptions

(i) Revenue recognition over time

The value of work performed using the percentage of completion method is used to determine revenue recognition on contracts where revenue is recognised over time. This measurement is an accounting judgment as management uses judgement to estimate costs incurred to date as a percentage of total estimated costs.

(ii) Share-based payment transactions

Under AASB 2 Share Based Payments, the consolidated entity must recognise the fair value of share options granted to directors, employees and consultants as remuneration as an expense on a pro-rata basis over the vesting period in profit or loss with a corresponding adjustment to equity.

The consolidated entity provides benefits to employees (including directors) of the consolidated entity in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ("**equity-settled transactions**").

Estimating the fair value of share-based payment transactions requires the determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires the determination of the most appropriate inputs to the valuation model including the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them. For the measurement of the fair value of equity-settled transactions with employees at the grant date, the Company uses a binominal model for the options. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 6.

Note 1. Summary of material accounting policies (continued)

(iii) Impairment

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm’s length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a Discounted Cash Flow (DCF) model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the performance of the assets of the Cash Generating Units (CGU) being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

(iv) Income tax

The Company is subject to income taxes in the jurisdictions in which it operates. Significant judgment is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognises liabilities for anticipated tax audit issues based on the Company's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

(v) Fair value measurement hierarchy

The consolidated entity is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3: Unobservable inputs for the asset or liability. Considerable judgment is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective. The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

(vi) Fair value of financial liability

The Company assessed the fair value of the financial milestone payments and government grant liabilities, which incorporate a number of key estimates and assumptions. For further details, please refer to note 17 Trade and other payables and other liabilities.

Note 1. Summary of material accounting policies (continued)

(vii) PDVSA project

In December 2014, Fluence Argentina entered into significant work agreements with PDVSA Agricola (**"PDVSA"**), a wholly owned company by the Venezuelan government. These work agreements consisted of a series of purchase orders from PDVSA, for detailed engineering and the supply of water and wastewater treatment systems and composting systems for five ethanol production plants in Venezuela. In relation to those work agreements, Fluence Argentina received advanced payments of approximately $95 million in June 2015.The amounts received in advance are recognised as revenue in-line with the accounting policy for Revenue recognition for performance obligations satisfied over time.

During March 2016, PDVSA rescinded the original work agreements. During that period, Fluence Argentina had invested significant amounts in the engineering design of the projects. In January 2017, PDVSA expressed its intention to continue with a smaller scope of work, comprising the Portuguesa project with a project value of $44 million.

During 2019, the United States Office of Foreign Assets Control (**OFAC**), enacted further sanctions with respect to Venezuela (the "**Venezuelan Sanctions"**). As Fluence is headquartered in the US, the Company has determined that the Venezuelan Sanctions are applicable to the Company and its subsidiaries. While in place, the Venezuelan Sanctions prohibit US persons from having certain dealings with Venezuela. This extends to any work Fluence's Argentinean subsidiary may otherwise have performed for PDVSA. Fluence is keeping the customer informed as permitted under the OFAC regulations.

An accrued liability has been recognised between the amount of the advance payment received and revenue recognised, which continues to be carried as a liability.

Note 2. Segment information

The Company identified seven primary reporting segments based on the internal reports that are reviewed by the Managing Director and Chief Executive Officer (who is identified as the Chief Operating Decision Maker ("**CODM**"). The internal reports reviewed by the CODM assess performance and determine the allocation of resources.

The segment note reporting segments have been revised reflecting the Company`s strategic realignment and reorganization. As a consequence, the segment note, and the prior period comparatives, have been represented.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

The Company's operating segments are:

- Municipal Water & Wastewater ("**MWW**") including MABR product line (Aspiral, SUBRE, and Nitro) and Nirobox products in North America, the Caribbean and the Middle East;
- Industrial Wastewater & Biogas ("**IWB**"), providing solutions that support the shift to global decarbonisation, taking advantage of government incentives and green energy programs in North America as well as 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"**) providing municipal and industrial solutions with a particular focus on countries such as Taiwan, Vietnam, Cambodia and South Korea;
- Recurring Revenue, including Build-Own Operate ("**BOO**") projects, Operations and Maintenance ("**O&M**") contracts for equipment sales, equipment rentals and parts and consumables sales; and
- The Ivory Coast Main Works and Ivory Coast Addendum projects ("**IVC**").

Note 2. Segment information (continued)

2024 **USD $'000**	**MWW**	**IWB**	**IWR**	**SEA & China**	**BOO**	**IVC**	**Intersegment Elimination**	**Corporate**	**Fluence**
Revenue									
Revenue from continuing operations	10,951	8,903	18,037	3,765	2,906	7,048	(200)	85	51,495
Segment gross profit	**3,869**	**2,494**	**6,232**	**1,465**	**368**	**452**	**196**	**85**	**15,161**
Operating expenses	(3,212)	(2,146)	(3,464)	(3,028)	(270)	(319)	(196)	(11,124)	(23,759)
Less Depreciation and amortisation	283	230	313	449	-	56	-	541	1,872
Other EBITDA[1] adjustments	-	-	-	-	421	-	-	2,294	2,715
Segment EBITDA	**940**	**578**	**3,081**	**(1,114)**	**519**	**189**	**-**	**(8,204)**	**(4,011)**
Share of profits of associates	(22)	-	-	-	-	-	-	-	(22)
Profit/loss from discontinued operations	18	-	-	-	72	-	-	-	90
Other losses, finance costs and income tax	(3,103)	(214)	(2,632)	(2,466)	95	(15)	-	(4,788)	(13,123)
Add back Depreciation and amortisation and other EBITDA adjustments	(283)	(230)	(313)	(449)	(421)	(56)	-	(2,835)	(4,587)
Segment results	**(2,450)**	**134**	**136**	**(4,029)**	**265**	**118**	**-**	**(15,827)**	**(21,653)**

[1] Other EBITDA adjustments include IFRIC12 Concession asset revenue adjustments and share-based payment expense.

2023 **USD $'000**	**MWW**	**IWB**	**IWR**	**SEA & China**	**BOO**	**IVC**	**Intersegment Elimination**	**Corporate**	**Fluence**
Revenue									
Revenue from continuing operations	11,142	6,988	14,865	13,559	2,751	22,241	(1,685)	176	70,037
Other income	-	8	-	-	-	-	-	-	8
	11,142	**6,996**	**14,865**	**13,559**	**2,751**	**22,241**	**(1,685)**	**176**	**70,045**
Segment gross profit	**5,075**	**1,944**	**4,732**	**4,421**	**316**	**1,888**	**532**	**177**	**19,085**
Operating expenses[1]	(3,371)	(2,092)	(3,528)	(4,504)	(425)	(354)	(532)	(8,486)	(23,292)
Less Depreciation and amortisation	590	236	254	265	-	143	-	550	2,038
Other EBITDA adjustments[2]	-	-	-	-	403	-	-	1,943	2,346
Segment EBITDA	**2,294**	**88**	**1,458**	**182**	**294**	**1,677**	**-**	**(5,816)**	**177**
Share of profits of associates	33	-	-	-	-	-	-	-	33
Profit/loss from discontinued operations	(611)	-	-	-	(56)	-	-	-	(667)
Other losses, finance costs and income tax	(7,934)	(239)	(340)	(35)	(160)	(204)	-	(2,231)	(11,143)
Add back Depreciation and amortisation and other EBITDA adjustments to	(590)	(236)	(254)	(265)	(403)	(143)	-	(2,493)	(4,384)
Segment results	**(6,808)**	**(387)**	**864**	**(118)**	**(325)**	**1,330**	**-**	**(10,540)**	**(15,984)**

[1] Segment results were adjusted to exclude Management fees to be consistent with the presentation adopted by management in 2024.
[2] Other EBITDA adjustments include IFRIC12 Concession asset revenue adjustments and share-based payment expense.

Note 3. Discontinued operations and assets classified as held for sale

(a) Discontinued operations and assets classified as held for sale

(i) Description
On 2 February 2024, the Company entered into an Asset Purchase Agreement with Newterra Inc. for the sale of the Aeration and Mixing assets ("Aeromix") for cash proceeds of $1,987,000, net of transaction costs and escrow amounts. The Aeration assets were determined to be non-core by Fluence management. The transaction allowed Fluence to streamline its focus on its core Municipal Water and Wastewater operations. The carrying value of the Aeromix net assets and the costs associated with the disposal were $1,792,000. The company recognised a gain from the sale of Aeromix business of $195,000.

During the year ended 31 December 2024, the Company continued to classify its operations in Mexico ("Fluence Mexico") as discontinued operations.

At the beginning of 2024, the company decided to enter the Colombian market. However, by 31 December 2024, the Company decided to classify its operations in Colombia ("Fluence Colombia") as discontinued operations.

(ii) Financial performance and cash flow information
The financial performance and cash flow information presented are for the year ended 31 December 2024 and the year ended 31 December 2023.

	31 December 2024 USD $'000	31 December 2023 USD $'000
Aeromix		
Revenues	176	3,010
Cost of sales	(113)	(1,918)
Sales and marketing expenses	(33)	(497)
General and administration expenses	(58)	(1,182)
Finance costs	(2)	(24)
Loss before income tax	(30)	(611)
Gain from Aeromix sale	195	-
Gains/(losses) after income tax from discontinued operations	165	(611)

Aeromix	31 December 2024 USD $'000	31 December 2023 USD $'000
Cash flow from operating activities	(28)	(522)
Cash flow from financing activities	(2)	(24)
Net (decrease) in cash and cash equivalents from discontinued operations	(30)	(546)

	31 December 2024 USD $'000	31 December 2023 USD $'000
Fluence Mexico		
Cost of sales	-	(34)
General and administrative expenses	(110)	(59)
Other Gains/(Losses) - Net	180	65
Finance Costs - Net	2	6
Loss before income tax	72	(22)
Income tax benefit	-	(34)
Gains/(losses) after income tax from discontinued operations	72	(56)

Note 3. Discontinued operations and assets classified as held for sale (continued)

Fluence Mexico	**31 December 2024 USD $'000**	**31 December 2023 USD $'000**
Net cash used in operating activities	(84)	(164)
Net cash from financing activities	34	60
Changes in cash funds effects of exchange-rate changes	10	68
Net (decrease) in cash and cash equivalents from discontinued operations	(40)	(36)

Fluence Colombia	**31 December 2024 USD $'000**	**31 December 2023 USD $'000**
General and administrative expenses	(147)	-
Loss after income tax from discontinued operations	(147)	-

Fluence Colombia	**31 December 2024 USD $'000**	**31 December 2023 USD $'000**
Cash flow from operating activities	(101)	-
Cash flow from financing	125	-
Changes in cash funds effects of exchange-rate changes	(14)	-
Net increase in cash and cash equivalents from discontinued operations	10	-

	31 December 2024 USD $'000	**31 December 2023 USD $'000**
Loss after income tax expense from discontinued and held for sale operations		
Aeromix-held for sale	165	(611)
Mexico-discontinued	72	(56)
Colombia	(147)	-
	90	**(667)**

(b) Assets and liabilities directly associated with assets classified as held for sale

Aeromix	**31 December 2024 USD $'000**	**31 December 2023 USD $'000**
Trade and other receivables	-	530
Inventories	-	1,031
Prepayments	-	278
Total assets directly associated with assets classified as held for sale	-	1,839
Trade and other payables	-	606
Current lease liabilities	-	209
Provisions	-	18
Contract liabilities	-	135
Non-current lease liabilities	-	159
Total liabilities directly associated with assets classified as held for sale	-	1,127
Net assets	-	712

Note 3. Discontinued operations and assets classified as held for sale (continued)

(c) Carrying amounts of assets and liabilities related to discontinued operations.

Fluence Mexico	**31 December 2024 USD $'000**	**31 December 2023 USD $'000**
Cash and cash equivalents	50	90
Trade and other receivables	28	77
Prepayments	1	1
Other current assets	2	14
Property, plant and equipment	122	3
Total assets	203	185
Trade and other payables	378	472
Other liabilities	2	(5)
Total liabilities	380	467
Net liabilities	(177)	(282)

Fluence Colombia	**31 December 2024 USD $'000**	**31 December 2023 USD $'000**
Cash and cash equivalents	10	-
Trade and other receivables	2	-
Total assets	12	-
Trade and other payables	48	-
Net liabilities	**36**	-

Note 4. Operating revenue

	Consolidated	
Operating revenue	**31 December 2024 USD $'000**	**31 December 2023 USD $'000**
Contract revenue		
Smart product solutions	31,533	36,862
Custom engineering solutions	7,487	23,618
	39,020	**60,480**
Recurring service revenue		
Services	7,925	5,717
Parts and consumables	1,644	1,089
Concession asset contracts	2,906	2,751
	12,475	**9,557**
	51,495	**70,037**

Revenue has been disaggregated based on contract revenue (inclusive of Smart Product Solutions and Customer Engineering Solutions) and recurring service revenue. They comprise distinct revenue streams and margins. Refer to Note 2 for disaggregation of revenue by operating segments.

Note 4. Operating revenue (continued)

	Consolidated 31 December 2024 USD $'000	Consolidated 31 December 2023 USD $'000
Timing of revenue recognition		
Goods and services transferred over time	37,092	49,556
Goods and services transferred at a point in time	14,403	20,481
	51,495	**70,037**

Note 5. Expenses

	Consolidated 31 December 2024 USD $'000	Consolidated 31 December 2023 USD $'000
Research and development expenses		
Salaries and other employee related expenses	(1,143)	(1,865)
Depreciation	(398)	(427)
Materials	(78)	(139)
Professional fees	(163)	(189)
Travel and entertainment	(45)	(57)
Release of Chief Scientist accrual - note 17(i)	-	2,662
Other	(161)	(156)
	(1,988)	(171)

	Consolidated 31 December 2024 USD $'000	Consolidated 31 December 2023 USD $'000
Sales and marketing expenses		
Salaries and other employee related expenses	(4,059)	(4,337)
Professional fees	(139)	(477)
Marketing activities	(592)	(761)
Travel and entertainment	(497)	(548)
Depreciation	(34)	(42)
Other	(485)	(455)
	(5,806)	(6,620)

Note 5. Expenses (continued)

	Consolidated	
	31 December 2024 USD $'000	31 December 2023 USD $'000
General and administration expenses		
Salaries and other employee related expenses	(9,148)	(8,692)
Professional fees	(2,474)	(2,657)
Depreciation	(1,173)	(1,164)
Insurance	(573)	(745)
Director expense	(846)	(728)
Office expenses	(268)	(263)
Bank charges	(267)	(320)
Travel and entertainment	(672)	(507)
Maintenance	(73)	(169)
IT expenses	(729)	(652)
Bad debt /(net write back of bad debt provision)	207	(474)
Other	51	(130)
	(15,965)	(16,501)

	Consolidated	
	31 December 2024 USD $'000	31 December 2023 USD $'000
Other gains/(loss)		
Provision for contract receivables - note 10	(4,191)	(1,148)
Restructuring provision	(2,124)	(1,542)
Change in inventory provision	(1,116)	(645)
Foreign currency transactions costs	(973)	(211)
Foreign exchange loss	(885)	(2,582)
Onerous contract provisions	(579)	(107)
Non-operating expenses	(245)	(270)
(Loss)/gain on disposal of property, plant and equipment	(161)	32
(Loss)/gain from investments accounted for using the equity method	(22)	33
Other	(203)	(19)
	(10,499)	(6,459)

	Consolidated	
	31 December 2024 USD $'000	31 December 2023 USD $'000
Finance income/(costs)		
Interest income	316	391
Interest expense borrowings	(1,773)	(5,054)
Project financing and other	(1,324)	(942)
Interest expense leases	(35)	(73)
	(2,816)	(5,678)

	Consolidated	
	31 December 2024 USD $'000	31 December 2023 USD $'000
Aggregate expenses		
Aggregate depreciation and amortisation expenses	(1,872)	(2,038)
Aggregate employee payroll and benefit expenses	(20,060)	(21,776)

Note 6. People costs (Share-based payments)

(a) Share-based payments

Employee Option Plan

A share option plan has been established by the consolidated entity and approved by shareholders at a general meeting, whereby the consolidated entity may, at the discretion of the Board of Directors (the"**Board**"), grant options over ordinary shares in the Company to employees, consultants and directors of the consolidated entity. The options are issued for nil financial consideration and are granted in accordance with performance guidelines established by the Remuneration and Nomination Committee("**RemCo**").

Set out below are summaries of the movement in options granted under the plan during the year ended 31 December 2024:

Grant/Change Date	Expiry Date	Exercise Price AU$	Granted	Exercises	Vested	Cancelled/ Reversed	Balance at year end
Opening balance			**162,471,872**	**(13,773,161)**	**62,609,900**	**(61,460,089)**	**87,238,622**
Options vested during the year					16,681,189		
31 January 2024	31 January 2031	0.10	16,500,000	-	-	-	16,500,000
29 February 2024	1 January 2027	0.18	-	-	-	(37,074)	(37,074)
29 February 2024	14 March 2027	0.24	-	-	-	(1,015,625)	(1,015,625)
29 February 2024	15 January 2028	0.23	-	-	-	(228,126)	(228,126)
1 March 2024	1 March 2024	0.44	-	-	-	(40,000)	(40,000)
1 March 2024	1 March 2024	0.44	-	-	-	(200,000)	(200,000)
1 March 2024	1 March 2024	0.44	-	-	-	(300,000)	(300,000)
28 March 2024	31 May 2025	0.23	-	-	-	(90,000)	(90,000)
30 May 2024	30 May 2024	0.23	-	-	-	(3,750)	(3,750)
30 May 2024	31 May 2024	0.23	-	-	-	(250)	(250)
26 June 2024	20 December 2030	0.10	22,500,000	-	-	-	22,500,000
29 August 2024	29 August 2024	0.26	-	-	-	(76,000)	(76,000)
10 October 2024	30 June 2026	0.22	-	-	-	(1,000,000)	(1,000,000)
10 October 2024	6 June 2028	0.20	-	-	-	(666,668)	(666,668)
10 October 2024	20 December 2030	0.10	-	-	-	(3,000,000)	(3,000,000)
4 December 2024	1 January 2026	0.18	-	-	-	(6,250)	(6,250)
9 December 2024	6 June 2028	0.20	-	-	-	(333,332)	(333,332)
31 December 2024	31 December 2032	0.10	4,500,000	-	-	-	4,500,000
Closing balance			**205,971,872**	**(13,773,161)**	**79,291,089**	**(68,457,164)**	**123,741,547**

(i) Fair value of options granted

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date are outlined below. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

Grant Date	Expiry Date	Share price at grant date AU$	Exercise Price AU$	Dividend yield	Risk-free interest rate (%)	Fair value at grant date US$
31 January 2024	31 January 2031	0.16	0.10	Nil	3.816	0.0652
25 June 2024	20 December 2030	0.12	0.10	Nil	4.002	0.0426
30 December 2024	20 December 2032	0.07	0.10	Nil	4.126	0.0272

The weighted average remaining contractual life of options outstanding at the end of the financial year was 3.43 years.

The fair value of the options granted to employees is considered to represent the value of the employee services received over the vesting period.

Note 6. People costs (Share-based payments) (continued)

The weighted average fair value of options granted during the year was $0.0752. These values were calculated using the binomial lattice, based on the Cox, Ross Rubinstein (1979) method applying the following inputs:

Weighted average exercise price: $0.16
Expected share price volatility: 70%

The volatility measure was obtained based on the historical returns of the Company's stock on the ASX.

(b) Expenses arising from share-based payment transactions

	Consolidated	
	31 December 2024 USD $'000	31 December 2023 USD $'000
Share based payment expense		
Consultant share based payments	411	391
Employee share based payments	1,565	1,415
Director share based payments	318	75
	2,294	1,881

(c) Key Management Personnel Disclosures

Compensation

The aggregate compensation made to directors and other members of key management personnel of the Company is set out below:

	Consolidated	
	31 December 2024 USD $	31 December 2023 USD $
Short-term employee benefits	1,954,392	2,388,016
Share-based payments [(a)]	2,034,974	1,598,462
	3,989,366	3,986,478

(a) Share-based payments include both Equity-settled shares and Equity-settled options for KMPs.

The above Key Management Personnel ("**KMP**") disclosures represent the remuneration of Key Management Personnel defined in the Remuneration Report and paid or payable for the 12 months ended 31 December 2024 and 31 December 2023.

For more information on Key Management Personnel Compensation disclosed under the Corporations Act 2001, please refer to the Remuneration Report contained within the Directors' Report.

Note 7. Income tax

(a) Income tax expense

The components of tax expense comprise:

	Consolidated	
	31 December 2024 USD $'000	31 December 2023 USD $'000
Current tax		
Current tax	108	(1,178)
Adjustments for current tax of prior periods	124	(90)
Increase/(decrease) in deferred tax assets	(75)	(82)
(Increase)/decrease in deferred tax liabilities	13	2,343
	170	**993**

	Consolidated	
	31 December 2024 USD $'000	31 December 2023 USD $'000
Income tax expense is attributable to:		
Income from continuing operations	170	1,027
Loss from discontinued operations	-	(34)
Aggregate income tax benefit	**170**	**993**

(b) Numerical reconciliation of income tax expense to prima facie tax payable

	Consolidated	
	31 December 2024 USD $'000	31 December 2023 USD $'000
Loss from continuing operations before income tax	(21,913)	(16,344)
Profit from discontinued operations before income tax	90	(633)
	(21,823)	**(16,977)**
Prima facie tax on profit from ordinary activities	(6,535)	(5,090)
Tax losses carried forward	6,535	5,090
Tax expense - Fluence Italy S.R.L.	(2)	81
Tax expense - Fluence Israel Ltd	(16)	(62)
Tax expense - Fluence Argentina	249	1,032
Tax expense - other	(61)	(58)
Income tax expense	**170**	**993**

(c) Deferred tax balances

The components of deferred tax asset and liability comprise:

	Consolidated	
***(i)* Deferred tax assets**	31 December 2024 USD $'000	31 December 2023 USD $'000
Tax losses	654	285
Fixed assets	408	-
Doubtful debts provision	-	4
Annual leave provision	98	57
Other	733	1,622
	1,893	**1,968**

Note 7. Income tax (continued)

(ii) **Deferred tax liabilities**	**Consolidated 31 December 2024 USD $'000**	**Consolidated 31 December 2023 USD $'000**
The balance comprises temporary differences attributable to:		
Unrealised foreign exchange gain/loss	1	-
WIP	4	46
Other	28	-
	33	**46**

(d) Unrecognised deferred tax assets

Several of the Company's subsidiaries have been accumulating losses in the past years. The consolidated balance of the tax losses carried forward as of 31 December 2024 was $35,993,000 (2023: $35,668,000). In order to recoup carried forward losses in future periods, the Company needs to generate taxable profits in the jurisdictions in which it has carried forward losses. As at 31 December 2024 the Company has not recognised any deferred tax assets in respect of losses carried forward.

Note 8. Loss per share

(a) Loss per share from continuing operations

	Consolidated 31 December 2024 USD $'000	**Consolidated 31 December 2023 USD $'000**
Earnings per share for loss from continuing operations		
Loss after income tax	(21,743)	(15,317)
Non-controlling interest	305	(63)
Loss after income tax attributable to the Owners of Fluence Corporation Limited	(21,438)	(15,380)

	US Dollars	**US Dollars**
Basic earnings per share	(0.0199)	(0.0218)
Diluted earnings per share	(0.0199)	(0.0218)

(b) Loss per share from discontinued operations

	Consolidated 31 December 2024 USD $'000	**Consolidated 31 December 2023 USD $'000**
Earnings per share for profit/(loss) from discontinued operations		
Profit/(loss) after income tax	90	(667)
Non-controlling interest	(53)	35
Profit/(loss) after income tax attributable to the Owners of Fluence Corporation Limited	37	(632)

	Consolidated 31 December 2024	**Consolidated 31 December 2023**
Basic earnings per share	0.0000	(0.0009)
Diluted earnings per share	0.0000	(0.0009)

Note 8. Loss per share (continued)

(c) Loss per share

	Consolidated	
	31 December 2024 USD $'000	31 December 2023 USD $'000
Earnings per share for loss		
Loss after income tax	(21,653)	(15,984)
Non-controlling interest	252	(28)
Loss after income tax attributable to the Owners of Fluence Corporation Limited	(21,401)	(16,012)

	US Dollars	US Dollars
Basic earnings per share	(0.0198)	(0.0227)
Diluted earnings per share	(0.0198)	(0.0227)

	Number	Number
Weighted average number of ordinary shares		
Weighted average number of ordinary shares used in calculating basic earnings per share	1,078,660,717	704,123,094
Weighted average number of ordinary shares used in calculating diluted earnings per share	1,078,660,717	704,123,094

The options and performance rights are considered to be non-dilutive as the options are not in-the-money and therefore excluded from the weighted average number of shares used in the calculation of diluted loss per share. These options and performance rights may become dilutive in the future periods.

Note 9. Cash and cash equivalents

(a) Cash and cash equivalents

	Consolidated	
	31 December 2024 USD $'000	31 December 2023 USD $'000
Cash and cash equivalents	8,945	24,635
	8,945	**24,635**

(b) Other financial assets

	Consolidated	
	31 December 2024 USD $'000	31 December 2023 USD $'000
Restricted cash	-	89
Short term deposits	26	3,556
	26	**3,645**

Short-term deposits are collections from the IVC projects deposited for a period of less than twelve months.

Note 9. Cash and cash equivalents (continued)

(c) Cash flow information

	Consolidated	
	31 December 2024 USD $'000	31 December 2023 USD $'000
Loss after income tax	(21,653)	(15,984)
Adjustment for:		
Depreciation and amortisation expenses	1,872	2,038
Share based payments expense	2,294	1,881
(Profit)/loss from discontinued operations	(90)	667
Increase in restructuring provision	2,124	1,542
Provision for losses	579	107
Inventory reserve	1,116	645
Warranty provision	(254)	-
Bad debt provision	3,984	1,622
Increase/(decrease) in employee benefits provision	143	(78)
Loss/(gain) disposal of property, plant and equipment	161	(32)
Share of profits of associates and joint ventures	22	(33)
Finance costs - net	(2,305)	(5,702)
Foreign exchange differences	885	2,582
Change in operating assets and liabilities:		
(Increase)/decrease in trade, other receivables and contract assets	(13,220)	4,829
Decrease in inventory	2,233	2,761
Decrease in prepaid expenses	720	2,253
(Increase) in net tax asset	(197)	(712)
(Increase)/decrease in other current and non-current assets	275	(37)
Decrease in trade and other payables	(4,149)	(19,250)
Increase in contract liabilities	5,342	1,863
Cash used in operations	**(20,118)**	**(19,038)**

Note 10. Trade and other receivables

	Consolidated	
	31 December 2024 USD $'000	31 December 2023 USD $'000
Current assets		
Trade receivables	12,735	17,547
Less: Allowance for expected credit losses	(1,406)	(2,224)
	11,329	15,323
Contract assets (unbilled receivables)	25,108	18,381
GST and other taxes receivable	1,651	1,312
Income tax receivable	598	124
Other receivables	216	156
	27,573	19,973
Other receivables	1,101	1,171
Provision for impairment - long-term receivables	(1,101)	(1,171)
	38,902	35,296

Note 10. Trade and other receivables (continued)

	Consolidated 31 December 2024 USD $'000	Consolidated 31 December 2023 USD $'000
Movements in the allowance for expected credit losses are as follows:		
Current allowance		
Opening balance	(2,224)	(1,775)
Additional provision recognized in operating expenses	207	(474)
Additional provision recognized in other losses	-	(157)
Reversal of bad debt allowance	476	-
Currency translation differences	135	182
Closing balance	(1,406)	(2,224)
Non- current allowance		
Opening balance	(1,171)	(1,131)
Currency translation differences	70	(40)
Closing balance	(1,101)	(1,171)

	Consolidated 31 December 2024 USD $'000	Consolidated 31 December 2023 USD $'000
Movements in contract assets are as follows:		
Opening balance	18,381	27,423
Additions	39,020	60,480
Transfer to trade receivables	(26,918)	(67,557)
Write off	(4,191)	(991)
Currency translation differences	(1,184)	(974)
Closing balance	25,108	18,381

	Consolidated 31 December 2024 USD $'000	Consolidated 31 December 2023 USD $'000
Additional information on contract assets and liabilities		
Total contract assets	25,108	18,381
Total contract liabilities	(21,486)	(22,130)
	3,622	(3,749)

Contract assets are balances due from customers under long-term contracts as work is performed and therefore a contract asset is recognised over the period in which the performance obligation is fulfilled. This represents the Company's right to consideration for the products and services transferred to date. Amounts are generally reclassified to contract receivables when they have been invoiced to the customer.

Contract liabilities represent the Company's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Company's recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Company's has transferred the goods or services to the customer.

A detailed review of the collectability of customer accounts was conducted by management and a $4,191,000 write-off represents a reduction in the contract receivables balance for MWW Middle East and SEA & China. The decision to write-off the customers' balances was based on the following:

- The slowdown of China's economy and lack of government funding to complete certain projects; and
- The sharp devaluation of Egyptian pounds as compared to the USD has increased the risk of full collection of remaining balances on the New Mansoura project.

Note 11. Inventories

	Consolidated	
	31 December 2024 USD $'000	31 December 2023 USD $'000
Current assets		
Raw materials - at cost	4,167	3,996
Work in progress - at cost	1,370	899
Finished goods - at lower of cost or net realisable value	260	795
	5,797	5,690

Note 12. Prepayments and long-term deposits

	Consolidated	
	31 December 2024 USD $'000	31 December 2023 USD $'000
Prepayments		
Prepayments to vendors	2,647	2,513
Long-term deposits		
Collections from customers deposited for a period of more than twelve months	3,576	4,340
	6,223	6,853

Long-term deposits are collections from the IVC main works project deposited for a period of more than twelve months.

Note 13. Concession asset

In July 2018 the Company entered into a service concession arrangement in the Bahamas to build a seawater desalination potable treatment plant. The onsite execution and construction started in October 2018 and was completed in October 2019. Under the terms of the agreement, the Company will operate the desalination plant and provide water to the grantor for a period of 15 years. The Company will be responsible for any maintenance services required during the concession period. The grantor provides the Company a guaranteed minimum annual payment for each year that the desalination plant will be in operation. At the end of the concession period, the desalination plant will become the property of the grantor and the Company will have no further involvement in its operation or maintenance requirements. For the year ended 31 December 2024, the Company has recognized revenue of $2.8 million on this contract.

	Consolidated	
	31 December 2024 USD $'000	31 December 2023 USD $'000
Current assets		
Current concession asset	271	271
Non-current assets		
Non-current concession asset	2,499	2,770
	2,770	3,041

Note 14. Investments accounted for using the equity method

Name of entity	Place of business/country of incorporation	% of ownership interest	Nature of relationship	Measurement method	31 December 2024	31 December 2023
E.T.G.R Water Infrastructure Management	Israel	50%	Associate	Equity method	311	332

The Company holds 50% interest in E.T.G.R Water Infrastructure Management partnership. This investment contributed a loss of $22,000 to Fluence Corporation Limited (2023: gain of $33,000), which is included in 'Other gains/(losses)' in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Management is reviewing the future prospects of the management partnership, which may conclude with the wind-down and distribution of the partnership.

Summarised below is the financial information of E.T.G.R Water Infrastructure Management as of 31 December 2024 and 31 December 2023.

	Consolidated	
	31 December 2024 USD $'000	31 December 2023 USD $'000
Cash and cash equivalents	591	629
Trade and other receivables	19	58
Other assets	16	134
Total assets	626	821
Trade and other payables	(4)	(157)
Net assets	622	664

	Consolidated	
	31 December 2024 USD $'000	31 December 2023 USD $'000
Revenues	209	220
Cost of sales	(244)	(221)
Other expenses	(9)	67
	(44)	66

Note 15. Property, plant and equipment

Consolidated entity	Land $'000	Buildings and leasehold improvements $'000	Production equipment $'000	Office furniture and equipment $'000	Computers and peripheral equipment $'000	Vehicles $'000	Right of use assets $'000	Total $'000
1 January 2024								
Cost or fair value	8	4,480	5,298	1,149	5,038	792	7,478	24,243
Accumulated depreciation	-	(711)	(4,417)	(1,022)	(3,195)	(548)	(6,204)	(16,097)
Net book amount	**8**	**3,769**	**881**	**127**	**1,843**	**244**	**1,274**	**8,146**
Year ended 31 December 2024								
Opening net book amount	8	3,769	881	127	1,843	244	1,274	8,146
Additions	128	19	628	118	792	6	449	2,140
Disposals	-	(51)	(24)	(53)	(155)	(17)	-	(300)
Depreciation charge	-	(68)	(194)	(134)	(388)	(43)	(887)	(1,714)
Exchange differences	(8)	9	(107)	10	(55)	(48)	(67)	(266)
Closing book amount	**128**	**3,678**	**1,184**	**68**	**2,037**	**142**	**769**	**8,006**
At 31 December 2024								
Cost or fair value	128	4,878	3,374	439	3,891	468	4,940	18,118
Accumulated depreciation	-	(1,200)	(2,190)	(371)	(1,854)	(326)	(4,171)	(10,112)
Net book amount	**128**	**3,678**	**1,184**	**68**	**2,037**	**142**	**769**	**8,006**

Consolidated entity	Land $'000	Buildings and leasehold improvements $'000	Production equipment $'000	Office furniture and equipment $'000	Computers and peripheral equipment $'000	Vehicles $'000	Right of use assets $'000	Total $'000
At 1 January 2023								
Cost or fair value	7	4,119	5,284	1,267	4,705	1,123	8,182	24,687
Accumulated depreciation	-	(1,138)	(4,150)	(1,106)	(3,129)	(844)	(5,472)	(15,839)
Net book amount	7	**2,981**	**1,134**	**161**	**1,576**	**279**	**2,710**	**8,848**
Year ended 31 December 2023								
Opening net book amount	7	2,981	1,134	161	1,576	279	2,710	8,848
Additions	-	966	122	29	518	123	80	1,838
Disposals	-	-	-	-	-	(21)	-	(21)
Depreciation charge	-	(93)	(347)	(61)	(303)	(131)	(939)	(1,874)
Exchange differences	1	(85)	(28)	(2)	52	(6)	(577)	(645)
Closing book amount	**8**	**3,769**	**881**	**127**	**1,843**	**244**	**1,274**	**8,146**
At 31 December 2023								
Cost or fair value	8	4,480	5,298	1,149	5,038	792	7,478	24,243
Accumulated depreciation	-	(711)	(4,417)	(1,022)	(3,195)	(548)	(6,204)	(16,097)
Net book amount	**8**	**3,769**	**881**	**127**	**1,843**	**244**	**1,274**	**8,146**

Note 15. Property, plant and equipment (continued)

Right of use assets

The Company leases buildings for its offices and warehouses in some jurisdictions where it operates. The lease agreements range between one and five years, with, in some cases, options to extend. The terms of the leases are renegotiated on renewal.

The Company leases the vehicles for employees in some jurisdictions where it operates. The lease agreements for the vehicles range between one and five years.

Note 16. Intangible assets

Capitalised development costs	**Consolidated 31 December 2024 USD $'000**	**Consolidated 31 December 2023 USD $'000**
Opening net book amount	1,140	1,339
Amortisation charge	(158)	(159)
Currency translation differences	(12)	(40)
Closing net book amount	970	1,140

Note 17. Trade and other payables and other liabilities

	Consolidated	
	31 December 2024 USD $'000	**31 December 2023 USD $'000**
Current liabilities		
Trade payables	10,799	8,159
Accrued payroll liabilities	3,535	3,509
Accrued project expenses	18,426	18,494
Government grants	515	398
Other accruals	1,524	1,803
	34,799	32,363
	34,799	32,363

(i) Government Grant Liability

The Company participates in programs sponsored by the Office of the Chief Scientist ("**OCS**") of Israel, for the support of research and development projects. In exchange for OCS participation in the programs, the Company is required to repay the grant and interest by way of royalties at a rate between 3% and 4.5% of sales to end customers of products developed with funds provided by the OCS, if and when such sales are recognised.

As of 31 December 2024 and 31 December 2023, the Company recognised a liability to the OCS in the amount of $515,000 and $398,000 respectively for the obligation for future royalty payments. The recognition of a liability for the Company to repay the grants from future royalty payments is based on its estimation at the end of each year.

Note 18. Borrowings

	Consolidated	
	31 December 2024 USD $'000	**31 December 2023 USD $'000**
Borrowings and lease liability		
Current borrowings and interest payable	3,171	15,752
Non-current liabilities		
Non-current borrowings	17,500	2,085
	20,671	17,837

The Company fully repaid its loan facility with Upwell Water LLC (the "Upwell Facility") in July 2024. Since the Upwell Facility was first put in place in July 2020, Fluence had drawn down $30.3 million, a substantial portion of which was repaid in 2023 and in the first half of 2024.

In addition to repayment of the balance of the Upwell Facility term loan, the Company also fully repaid the balance of the Bimini project loan for a total repayment of $14.1 million across both loans. As a result of the repayment, the Upwell Facility was terminated and all collateral underlying the loan was fully released. Upwell will continue to have the option to provide project debt financing on future BOO projects presented by Fluence.

Also in July 2024, the Company replaced the Upwell Facility with a new revolving credit facility, issued by two of the Company's Directors, for up to $15.0 million (the “Revolving Facility”) on more favorable terms to the Company than the Upwell Facility. The Revolving Facility was initially used to pay off the Upwell Facility, for working capital and to support new project wins. The interest rate on the Revolving Facility is variable and equal to the US Prime Rate, which is currently 7.5%. The initial term is 21 months with a Company option to extend for up to three (3) months at Prime Rate plus 5%.

On 31 October 2024, the Revolving Facility was expanded by $5 million to $20 million total to provide additional working capital for new projects. Security in respect of the Revolving Facility is initially limited to no more than five percent (5%) of the equity interests of the Company. As contemplated at the time the Revolving Facility was put in place, the Company will seek shareholder approval to grant additional security for the Lenders under ASX Listing Rule 10.1.

The repayment of the Upwell Facility and securing the Revolving Facility provides the Company with considerable interest savings, operating flexibility and will support the Company's continued growth.

Note 19. Lease liabilities

	Consolidated	
	31 December 2024 USD $'000	**31 December 2023 USD $'000**
Current liabilities		
Lease liability	478	977
Non-current liabilities		
Lease liability	297	496
	775	1,473

Note 19. Lease liabilities (continued)

	Consolidated 31 December 2024 USD $'000	31 December 2023 USD $'000
Future lease payments		
Future lease payments are due as follows:		
Within one year	528	1,216
One to five years	319	598
	847	1,814

Refer to note 25 for further information on financial risk management.

Note 20. Provisions

Current	Consolidated 31 December 2024 USD $'000	31 December 2023 USD $'000
Current liabilities		
Employee benefits	1,164	1,241
Warranty reserve	630	1,041
Provision - onerous contracts	68	121
Restructuring provision	1,155	1,663
Other provisions	109	424
	3,126	4,490
Non-current liabilities		
Employee benefits	468	505
	3,594	4,995

Consolidated entity	Employee benefits $'000	Warranty $'000	Onerous contracts $'000	Restructuring provisions $'000	Other $'000	Total $'000
Current						
At 1 January 2024	1,241	1,041	121	1,663	424	4,490
Additions	140	229	579	2,124	-	3,072
Reversed	-	(483)	-	-	(283)	(766)
Utilised	(180)	(141)	(630)	(2,616)	-	(3,567)
Currency translation differences	(37)	(16)	(2)	(16)	(32)	(103)
At 31 December 2024	**1,164**	**630**	**68**	**1,155**	**109**	**3,126**
Non-current						
At 1 January 2024	505	-	-	-	-	505
Utilised	(9)	-	-	-	-	(9)
Currency translation differences	(28)	-	-	-	-	(28)
At 31 December 2024	**468**	-	-	-	-	**468**

Note 21. Contract liabilities

	Consolidated	
	31 December 2024 USD $'000	31 December 2023 USD $'000
Contract liabilities	21,486	22,130
Long-term contract liabilities	154	226
	21,640	22,356

	Consolidated	
	31 December 2024 USD $'000	31 December 2023 USD $'000
Current contract liabilities opening balance	22,130	24,801
Payments received in advance	11,570	8,418
Transfer to revenue	(11,814)	(10,667)
Currency translation differences	(400)	(422)
Current contract liabilities closing balance	21,486	22,130
Long-term contract liabilities opening balance	226	-
Payments received in advance	18	227
Currency translation differences	(90)	(1)
Long-term contract liabilities closing balance	154	226
Total contract liabilities	21,640	22,356

The aggregate amount of the contract liabilities was $21,640,000 as at 31 December 2024 (2023: $22,356,000) and is expected to be recognised as revenue in future periods as follows:

	Consolidated	
	31 December 2024 USD $'000	31 December 2023 USD $'000
0-6 months	2,711	4,061
6-12 months	18,775	18,069
1-5 years	154	226
	21,640	22,356

Note 22. Contributed equity

Ordinary Shares - Fully Paid

	Consolidated			
	31 December 2024 Shares	31 December 2023 Shares	31 December 2024 USD $'000	31 December 2023 USD $'000
Ordinary shares - fully paid	1,080,966,412	1,076,184,716	232,614	232,313
	1,080,966,412	**1,076,184,716**	**232,614**	**232,313**

Note 22. Contributed equity (continued)

	Number of shares	USD $'000
Opening balance 1 January 2023	650,554,034	207,443
Private placement at AU$0.12 per share issued at 8 November 2023	165,408,542	12,101
Entitlement offer at AU$0.08 per share issued at 8 November 2023	144,617,556	7,054
Entitlement offer at AU$0.08 per share issued at 4 December 2023	115,604,584	7,473
Total share issue	**425,630,682**	**26,628**
Transaction costs arising on share issue	-	(1,758)
Balance at 31 December 2023	1,076,184,716	232,313

	Number of shares	USD $'000
Opening balance 1 January 2024	1,076,184,716	232,313
Issue of shares in-lieu of Director's fees	4,781,696	317
Transaction costs arising on share issue	-	(16)
Balance 31 December 2024	1,080,966,412	232,614

Issue of shares in-lieu of Directors' fees subject to shareholder approval. If not approved, Directors' fees will revert to be paid in cash.

Transaction costs relating to share issues

Under AASB 132, incremental costs that are directly attributable to issuing new shares should be deducted from equity. Accordingly, the share issue expense relates to costs associated with the listing of new capital raised during the year; costs directly attributable to the issuing of new shares have been deducted from equity.

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. At shareholder meetings, each ordinary share is entitled to one vote when a poll is called. Otherwise, each shareholder has one vote on a show of hands.

Note 23. Reserves

	Consolidated	
	31 December 2024 USD $'000	31 December 2023 USD $'000
Options	14,088	12,111
Foreign currency translation reserve	(15,696)	(15,363)
	(1,608)	**(3,252)**

Note 23. Reserves (continued)

Options

(a) Options

	Number of options 31 December 2024	Number of options 31 December 2023
Opening balance	87,238,622	69,575,688
Unlisted options issued to employees and directors	43,500,000	23,540,000
Cancelled, lapsed and forfeited options	(6,997,075)	(5,877,066)
Closing balance	**123,741,547**	**87,238,622**

(b) Summary of all unlisted options in existence

Date options granted	Expiry date	Issue Price of shares AU$	Number under option
31 May 2017	25 May 2025	0.93	8,992,938
14 July 2017	25 May 2025	0.84	350,000
30 May 2019	14 July 2025	0.39	1,470,000
6 April 2021	31 May 2025	0.23	1,550,000
25 June 2021	25 June 2025	0.23	1,000,000
25 June 2021	25 August 2025	0.23	3,250,000
11 August 2021	18 August 2025	0.21	500,000
21 March 2022	1 January 2026	0.18	93,750
21 March 2022	1 July 2026	0.22	250,000
21 March 2022	1 January 2027	0.18	1,151,110
21 March 2022	1 January 2027	0.22	25,000
21 March 2022	22 March 2027	0.17	500,000
23 May 2022	31 March 2027	0.22	12,500,000
30 June 2022	30 June 2026	0.22	500,000
30 June 2022	14 March 2027	0.22	20,937,500
30 June 2022	14 March 2027	0.24	2,109,375
30 June 2022	14 March 2027	0.26	3,125,000
30 June 2022	14 March 2027	0.28	3,125,000
30 January 2023	15 January 2028	0.19	13,040,000
30 January 2023	15 January 2028	0.23	7,771,874
6 June 2023	6 June 2028	0.20	1,000,000
31 January 2024	31 January 2031	0.10	16,500,000
26 June 2024	20 December 2030	0.10	19,500,000
31 December 2024	31 December 2032	0.10	4,500,000
			123,741,547

Foreign currency translation reserve

Foreign currency translation reserve is used to record exchange differences on translation of foreign controlled subsidiaries. Amounts are reclassified to profit or loss when the investment is disposed of.

Note 24. Non-controlling interest

	Consolidated 31 December 2024 USD $'000	Consolidated 31 December 2023 USD $'000
Opening balance	(1,966)	(1,994)
Contributed equity	-	-
Profit for the year attributable to non-controlling interests	(252)	28
Transactions with Non-Controlling Interest	-	-
Closing balance	**(2,218)**	**(1,966)**

The Company has three subsidiaries with non-controlling interests, none of which are material to the Company.

- Desaladora Kenton SA de CV, Mexico was founded in December 2015 by RWL Water LLC ('RWL') and Mexican partners in order to invest in the project to build, finance, operate and transfer a seawater desalination plant in San Quintin, Baja California, Mexico. RWL holds the 51% ownership share in Desaladora Kenton SA de CV. For more details please refer to Note 3.
- Constructora Kenton SA de CV, Mexico was founded in May 2016 by RWL and Mexican partners in order to act as the EPC contractor for the project to build, finance, operate and transfer a seawater desalination plant in San Quintin, Baja California, Mexico. RWL holds the 51% ownership share in Constructora Kenton SA de CV. For more details please refer to Note 3.
- In October 2018 the Company formed a new entity The International Company for Water Services and Infrastructure S.A.E. in Egypt to supply the desalination plants to projects owned by the Egyptian Ministry of Housing. The Company holds 75% share in this entity.
- In May 2020 the Company formed a new entity, Bimini Water Services Ltd which is held 60% by the Company to supply water to the customers in Bimini, the Bahamas for 15 years.

Note 25. Financial risk management

Financial risk management objectives

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), collection risk, credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company. The Company uses different methods to measure different types of risk to which it is exposed.

The Board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

(a) Market risk

(i) Foreign currency risk
The Company undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The Company is also subject to foreign exchange risk from the capital and currency controls in several countries in which it operates. The risk is measured using sensitivity analysis and cash flow forecasting.

Note 25. Financial risk management (continued)

The carrying amounts of the Company's foreign currency denominated monetary assets and liabilities at the reporting date are as follows

Consolidated entity	**31 December 2024**									
	ILS $'000	**EUR $'000**	**AUD $'000**	**ARS $'000**	**CNY $'000**	**BRL $'000**	**AED $'000**	**EGP $'000**	**MXN $'000**	**CFA $'000**
Assets	3,059	16,394	67	1,953	4,319	2,337	3,490	5,373	45	45
Liabilities	(3,847)	(9,663)	(803)	(719)	(2,867)	(239)	(3,576)	(129)	(312)	(148)
	(788)	**6,731**	**(736)**	**1,234**	**1,452**	**2,098**	**(86)**	**5,244**	**(267)**	**(103)**

Most of the contracts for Argentina and Brazil are denominated in United States dollars. Currency fluctuations would have a limited impact on the entities financial position.

A strengthening or weakening of 10% of the United States Dollar against the following currencies would have an equal and opposite effect on loss after tax and equity as outlined below. The analysis assumes that all other variables, in particular interest rates, remain constant.

The use of 10% and 70% was determined based on the analysis of the above currencies change, on an absolute value basis, between 31 December 2023 and 31 December 2024.

	2024 USD $'000
	+10%/-10%
Israeli New Shekel (ISL)	79/(79)
Euro (EUR)	673/(673)
Australian Dollar (AUD)	74/(74)
Chinese Yuan (CNY)	145/(145)
Brazilian Real (BRL)	210/(210)
United Arab Emirates Dirham (AED)	9/(9)
Egyptian Pound (EGP)	524/(524)
Mexican Peso (MXN)	27/(27)
West Africa CFA franc (XOF)	10(10)
	+70%/-70%
Argentine Peso (ARS)	123/(123)

(ii) Interest rate risk

The Company's fixed rate borrowings and receivables are carried at amortised cost. They are therefore not subject to interest rate risk as defined in AASB 7, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company closely monitors the activities of its counterparties and controls the access to its intellectual property which enables it to ensure the prompt collection of customers' balances. The Company's main financial assets are cash and cash equivalents as well as trade and other receivables and represent the Company's maximum exposure to credit risk in connection with its financial assets. Trade and other receivables are carried on the Statement of Financial Position net of bad and doubtful debt provisions estimated by management based on prior year experience and an evaluation of prevailing economic circumstances. Wherever possible and commercially practical the Company's holds cash with major financial institutions in various regions.

Note 25. Financial risk management (continued)

The Company has a credit risk exposure with a major customer, which as at 31 December 2024 owed the Company $11,756,000 (32% of trade and unbilled receivables) (2023:$5,581,000). This balance was within its terms of trade and no impairment was made as at 31 December 2024. Management closely monitors the receivable balance on a weekly basis and is in regular contact with this customer to mitigate risk. As long as Fluence is performing its obligations as per the contract, the credit risks remains low.

Maturity profile

The table below analyses the consolidated entity's financial assets into relevant maturity groupings based on the aging profile at the reporting date. The amounts disclosed in the table are the aging profiles of trade and other receivables for the Company.

Contractual maturities of financial assets	**Less than 6 months $'000**	**Greater 6 months $'000**	**Total contractual cash flows $'000**
31 December 2024			
Trade receivables	6,731	4,598	11,329
Other receivables	43	173	216
Contract assets (unbilled receivables)	16,416	8,692	25,108
	23,190	13,463	36,653
Contractual maturities of financial assets			
31 December 2023			
Trade receivables	11,959	3,364	15,323
Other receivables	-	156	156
Contract assets (unbilled receivables)	14,925	3,456	18,381
	26,884	6,976	33,860

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost, amounts due from customers, as well as on loan commitments and financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since the initial recognition of the respective financial instrument.

Note 25. Financial risk management (continued)

(c) Liquidity risk

Liquidity risk is the risk that the consolidated entity will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash balances and access to equity funding when needed.

Maturity profile

The table below analyses the consolidated entity’s financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contracted undisclosed cash flows.

Contractual maturities of financial liabilities	Weighted average interest rate %	Less than 6 months $'000	Between 6 months and 12 months $'000	Greater than 12 months	Total contractual cash flows $'000
31 December 2024					
Non-interest bearing					
Trade and other payables and other liabilities		17,423	6,028	11,348	34,799
Interest-bearing-fixed rate					
Borrowings	8.1%	2,500	671	17,500	20,671
Lease liabilities	4.7%	252	226	297	775
		20,175	**6,925**	29,145	**56,245**
31 December 2023					
Non-interest bearing					
Trade and other payables and other liabilities		24,797	7,566	-	32,363
Interest-bearing-fixed rate					
Borrowings	11.7%	3,028	12,871	1,938	17,837
Lease liabilities	4.7%	493	484	496	1,473
		28,318	**20,921**	2,434	**51,673**

(d) Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain an optimal capital structure to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Company may issue new shares or reduce its capital, subject to the provisions of the Company's constitution. The capital structure of the Company consists of equity attributed to equity holders of the Company, comprising contributed equity, reserves and accumulated losses. By monitoring undiscounted cash flow forecasts and actual cash flows provided to the Board by the Company's Management the Board monitors the need to raise additional equity from the equity markets.

(e) Loan covenants

The balance outstanding on the Revolving Facility at 31 December 2024 amounts to US$20.0 million. There are no financial covenants associated with the Revolving Facility.

Note 26. Recognised fair value measurements

Fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed are categorised according to the fair value hierarchy as follows:
Level 1:Quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
Level 3: Inputs for the assets or liability that are not based on observable market data (unobservable inputs).

Consolidated - 31 December 2024	**Level 1 USD $'000**	**Level 2 USD $'000**	**Level 3 USD $'000**	**Total USD $'000**
Liabilities				
Government grant liability	-	-	515	515
Total liabilities	-	-	515	515

Disclosed fair values

Due to their short-term nature, the carrying amount of trade and other receivables, trade and other payables and provisions are assumed to approximate their fair values because the impact of discounting is not significant.

Valuation techniques and assumptions used to derive Level 3 fair values recognised in the financial statements

The fair value of the government grant liability is determined by the expected future royalty payments based on the estimation at the end of each year.

Reconciliation of Level 3 fair value movements

The following table sets out the movements in Level 3 fair values for recurring measurements

	Government grants USD $'000	**Total USD $'000**
Balance at 1 January 2024	398	398
Adjustment to fair value of liability	118	118
Currency translation differences	(1)	(1)
Balance at 31 December 2024	515	515
Balance at 31 December 2024	515	515

Note 27. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by BDO Audit Pty Ltd, the auditor of the Company, and its network firms:

	Consolidated	
	31 December 2024 USD $	31 December 2023 USD $
Audit and other assurance services		
Audit and review of financial statements - BDO Audit Pty Ltd	209,150	188,000
Audit and review of financial statements - BDO network firms	206,894	197,249
	416,044	**385,249**
Other services		
Non-assurance services - BDO Services Pty Ltd.	9,850	9,500
Tax compliance services - BDO network firms	30,550	29,340
Transfer pricing and legal entity rationalisation services - BDO Services Pty Ltd.	224,490	-
	264,890	38,840

Tax compliance services *relate to the provision of services in connection with tax lodgement.*

Note 28. Commitments and contingent liabilities

On 16 August 2024, a claim was filed by MST Financial Services Pty Ltd ("MST") against the Company for $1.4 million in respect of a purported tail fee. On 16 December 2024, the Company entered into a settlement agreement with MST for $0.4 million, inclusive of GST, payable in multiple tranches throughout 2025.

There were no other material ongoing litigations as at 31 December 2024.

Note 29. Related party transactions

Parent entity

Fluence Corporation Limited is the legal parent entity in the consolidated Company.

Subsidiaries

Interests in subsidiaries are set out in note 31.

Key management personnel

Disclosures relating to key management personnel are set out in note 6 and the remuneration report included in the directors' report.

Loans to/from related parties
Other than the issue of shares, options and the Revolving Facility from two Directors, no other related party transactions have been entered into between key management personnel and the Company during the financial years 31 December 2024 and 2023.

Note 30. Parent entity financial information

The functional currency of the parent entity is Australian Dollars. The individual Financial Statements for the parent entity show the following aggregate amounts:

	31 December 2024 $'000 AUD	31 December 2023 $'000 AUD
Current assets	144	319
Total assets	**144**	**275,805**
Current liabilities	1,690	482
Total liabilities	**12,237**	**732**
Issued capital	290,920	290,465
Foreign currency translation reserve	56,119	29,015
Accumulated losses	(359,132)	(301,499)
Total equity	**(12,093)**	**17,981**
Loss for the period	57,633	(23,148)
Total comprehensive loss	**57,633**	**(23,148)**

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent company has provided a parent company guarantee (performance and payment) in relation to a commercial contract for one its subsidiaries during the current financial year, which is scheduled to expire in the first quarter of 2026.

Material accounting policies

The accounting policies of the parent entity are consistent with those of the Company as disclosed in Note 1, except for Investments in subsidiaries that are carried at cost less accumulated impairment.

Contractual commitments and contingent liabilities

At 31 December 2024 Fluence Corporation Limited had no contractual commitment and contingent liabilities.

Note 31. Subsidiaries

Name	Place of incorporation	Ownership interest 2024	Ownership interest 2023
Parent Entity			
Fluence Corporation Limited	Australia		
Subsidiaries of Fluence Corporation Limited			
Fluence Water Products and Innovation Limited	Israel	100%	100%
Fluence Hong Kong Limited	Hong Kong	100%	100%
Subsidiaries of Fluence Hong Kong Limited			
Fluence China Limited (Jiangsu)	China	100%	100%
Fluence China Limited (Liaoning)	China	100%	100%
Fluence China Limited (Hunan)	China	100%	100%
Subsidiaries of Fluence Corporation Limited			
Fluence Corporation LLC	USA	100%	100%
Subsidiaries of Fluence Corporation LLC			
Fluence USA, Incorporated	USA	100%	100%
Fluence Middle East FZE	UAE	100%	100%
Nirosoft Trading (1987) Limited	Israel	100%	100%
Fluence Water Israel Limited	Israel	100%	100%
Subsidiaries of Fluence Water Israel Limited			
Nirosoft Cyprus Limited	Cyprus	100%	100%
FLC Water Mexico S de RL de CV	Mexico	100%	100%
Constructora Kenton SA de CV	Mexico	51%	51%
Subsidiaries of Fluence Corporation LLC			
Fluence Investments Limited	United Kingdom	100%	100%
Subsidiaries of Fluence Investments Limited			
RWL Desal Holding S de RL de CV	Mexico	100%	100%
Desaladora Kenton SA de CV	Mexico	51%	51%
Fluence Water Singapore PTE Limited	Singapore	100%	100%
Fluence Philippines, Incorporated	Philippines	100%	100%
Fluence Taiwan Limited	Taiwan	100%	100%
Fluence Colombia S.A.S.	Colombia	87%	87%
Subsidiaries of Fluence Corporation LLC			
Fluence Argentina SA	Argentina	100%	100%
Subsidiaries of Fluence Argentina SA			
Fluence Brazil Industria e Comercio de Sistemas de Tratamento de Agua Ltda	Brazil	100%	100%
Subsidiaries of Fluence Corporation LLC			
Fluence Italy S.R.L	Italy	100%	100%
Subsidiaries of Fluence Corporation LLC			
Fluence Investments LLC	USA	100%	100%
Subsidiaries of Fluence Investments LLC			
Fluence Water Jamaica Limited	Jamaica	100%	100%
International Company for Water Services and Infrastructure S.A.E.	Egypt	75%	75%
Subsidiaries of Fluence Corporation LLC			
FLC Boot Finance LLC	USA	100%	100%
Subsidiaries of FLC Boot Finance LLC			
FLC Generate GCM SA de CV	Mexico	100%	100%
Bimini Water Services Limited	Bahamas	60%	60%
FLC Water Bahamas Limited	Bahamas	100%	100%

Note 32. Events occurring after the reporting period

No matter or circumstance has arisen since 31 December 2024 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

Fluence Corporation Limited
Consolidated entity disclosure statement
As at 31 December 2024

Fluence Corporation Limited is required by Australian Accounting Standards to prepare consolidated financial statements in relation to the company and its controlled entities (the consolidated entity).

In accordance with subsection 295(3A) of the Corporations Act 2001, this consolidated entity disclosure statement provides information about each entity that was part of the consolidated entity at the end of the financial year.

Name of entity	Type of entity	Trustee, partner or participant in joint venture	% of share capital held	Country of incorporation	Australian resident	Foreign jurisdiction(s) in which the entity is a resident for tax purposes (according to the law of the foreign jurisdiction)
Fluence Corporation Limited	Corporate body	-	N/A	Australia	Yes	N/A
Fluence Water Products and Innovation Limited	Corporate body	-	100%	Israel	No	Israel
Fluence Hong Kong Limited	Corporate body	-	100%	Hong Kong	No	Hong Kong
Fluence China Limited (Jiangsu)	Corporate body	-	100%	China	No	China
Fluence China Limited (Liaoning)	Corporate body	-	100%	China	No	China
Fluence China Limited (Hunan)	Corporate body	-	100%	China	No	China
Fluence Corporation LLC	Corporate body	-	100%	USA	No	USA
Fluence USA, Incorporated	Corporate body	-	100%	USA	No	USA
Fluence Middle East FZE	Corporate body	-	100%	UAE	No	UAE
Nirosoft Trading (1987) Limited	Corporate body	-	100%	Israel	No	Israel
Fluence Water Israel Limited	Corporate body	-	100%	Israel	No	Israel
Nirosoft Cyprus Limited	Corporate body	-	100%	Cyprus	No	Cyprus
FLC Water Mexico S de RL de CV	Corporate body	-	100%	Mexico	No	Mexico
Constructora Kenton SA de CV	Corporate body	Participant	51%	Mexico	No	Mexico
Fluence Investments Limited	Corporate body	-	100%	United Kingdom	No	United Kingdom
RWL Desal Holding S de RL de CV	Corporate body	-	100%	Mexico	No	Mexico
Desaladora Kenton SA de CV	Corporate body	Participant	51%	Mexico	No	Mexico
Fluence Water Singapore PTE Limited	Corporate body	-	100%	Singapore	No	Singapore
Fluence Philippines, Incorporated	Corporate body	-	100%	Philippines	No	Philippines
Fluence Taiwan Limited	Corporate body	-	100%	Taiwan	No	Taiwan
Fluence Colombia S.A.S.	Corporate body	Participant	87%	Colombia	No	Colombia
Fluence Argentina SA	Corporate body	-	100%	Argentina	No	Argentina
Fluence Brazil Industria e Comercio de Sistemas de Tratamento de Agua Ltda	Corporate body	-	100%	Brazil	No	Brazil
Fluence Italy S.R.L	Corporate body	-	100%	Italy	No	Italy

Name of entity	Type of entity	Trustee, partner or participant in joint venture	% of share capital held	Country of incorporation	Australian resident	Foreign jurisdiction(s) in which the entity is a resident for tax purposes (according to the law of the foreign jurisdiction)
Fluence Investments LLC	Corporate body	-	100%	USA	No	USA
Fluence Water Jamaica Limited	Corporate body	-	100%	Jamaica	No	Jamaica
International Company for Water Services and Infrastructure S.A.E.	Corporate body	Participant	75%	Egypt	No	Egypt
FLC Boot Finance LLC	Corporate body	-	100%	USA	No	USA
FLC Generate GCM SA de CV	Corporate body	-	100%	Mexico	No	Mexico
Bimini Water Services Limited	Corporate body	Participant	60%	Bahamas	No	Bahamas
FLC Water Bahamas Limited	Corporate body	-	100%	Bahamas	No	Bahamas

At the end of the financial year, no entity within the consolidated entity was a trustee of a trust within the consolidated entity, a partner in a partnership within the consolidated entity, or a participant in a joint venture within the consolidated entity.

Basis of Preparation

This Consolidated Entity Disclosure Statement (CEDS) has been prepared in accordance with the *Corporations Act 2001.* It includes certain information for each entity that was part of the consolidated entity at the end of the financial year.

Determination of Tax Residency

Section 295 (3A) of the *Corporation Acts 2001* defines tax residency as having the meaning in the *Income Tax Assessment Act 1997.* The determination of tax residency involves judgement as there are currently several different interpretations that could be adopted, and which could give rise to a different conclusion on residency. It should be noted that the definitions of 'Australian resident' and 'foreign resident' in the *Income Tax Assessment Act 1997* are mutually exclusive. This means that if an entity is an 'Australian resident' it cannot be a 'foreign resident' for the purposes of disclosure in the CEDS. In determining tax residency, the consolidated entity has applied the following interpretations:

Australian tax residency

The consolidated entity has applied current legislation and judicial precedent, including having regard to the Tax Commissioner's public guidance in Tax Ruling TR 2018/5.

Foreign tax residency

As the definition of 'foreign resident' under the *Income Tax Assessment Act 1997* is an entity that is not an 'Australian resident' as defined under that Act, the entities that are disclosed as foreign tax residents are entities that are not Australian tax residents. Where necessary, the consolidated entity has used independent tax advisers in foreign jurisdictions to assist in determining tax residency and ensure compliance with applicable foreign tax legislation.

Partnerships and Trusts

Section 295(3B) of the *Corporation Acts 2001* has been introduced to clarify that an Australian resident for the purposes of these disclosures includes a partnership with at least one member of which is an Australian resident within the meaning of the *Income Tax Assessment Act 1997* and a resident trust estate under the meaning in Division 6 of the *Income Tax Assessment Act 1936*.

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;

- the attached financial statements and notes give a true and fair view of the Company's financial position as at 31 December 2024 and of its performance for the financial year ended on that date;

- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

- the information disclosed in the attached consolidated entity disclosure statement is true and correct.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the Directors

Thomas Pokorsky
CEO and Managing Director

28 March 2025
Plymouth, Minnesota, United States of America

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INDEPENDENT AUDITOR'S REPORT

To the members of Fluence Corporation Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Fluence Corporation Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 31 December 2024 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	*How the matter was addressed in our audit*
Revenue recognised over time The Group is a project driven business and enters into contracts in geographic regions around the world. Under *AASB 15 Revenue from Contracts with Customers*, contract revenue can be recognised over time, or at point in time, as performance obligations are fulfilled. AASB 1059 Service Concession Arrangements is also applicable to Fluence's B.O.T ('Build, Operate, Transfer') contracts. Revenue has been determined as a key audit matter due to the: • Complexity associated with accounting for individual contract terms and conditions and the timing of revenue recognition • Degree of estimation required over the course of a contract in relation to costs to complete and profit margins • Judgement involved to assess the probability of recovery of contract assets and receivables. The accounting policy for revenue is described in Note 1, *'Revenue recognition'*, details of the key accounting estimates and assumptions associated with revenue are disclosed in Note 1(i), *'Revenue recognised over time'*, and a split of revenue recognised over time or point in time is included in Note 4.	Our audit procedures included, but were not limited to: • Evaluating Management's processes and controls in respect of the recognition of revenue to ensure compliance with AASB 15. • Assessed the reasonableness of recoverability of unbilled sales and trade receivables, with particular focus around contracts in China due to the continued slowdown in government spending. • Selecting a sample of contracts for testing based on a number of quantitative and qualitative factors which may indicate that a greater level of judgement is required in recognising revenue, including: - History of issues identified - Likelihood of risk events - Material new contracts - High value contracts which may also include more than one performance obligation • For the samples selected the following procedures were performed, as appropriate: - Obtaining an understanding of the contract terms and conditions to evaluate whether they reflected Management's position including estimated forecast revenue and costs - Reviewing the determination and allocation of each performance obligation and associated margin - Vouching a sample of costs incurred to date and agreeing these to supporting documentation - Testing the determination of the revenue recognition for B.O.T. contracts in accordance with AASB 1059 and the associated margins and timeline in line with the terms of the concession arrangement - Assessing the measurement of stage of completion for contracts which satisfy the requirement to record revenue over time - Assessing the forecast costs to complete through discussion and challenging the project managers and finance personnel. - Corroborating the contract status through examinations of third-party evidence, such as approved variations and customer or subcontractor correspondence. • Assessing the appropriateness of the relevant disclosures in the financial statements.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 31 December 2024, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of:

a) the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and

b) the consolidated entity disclosure statement that is true and correct in accordance with the Corporations Act 2001, and

for such internal control as the directors determine is necessary to enable the preparation of:

i) the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

ii) the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

https://www.auasb.gov.au/media/bwvjcgre/ar1_2024.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 16 to 33 of the directors' report for the year ended 31 December 2024.

In our opinion, the Remuneration Report of Fluence Corporation Limited, for the year ended 31 December 2024, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit Pty Ltd

BDO
Katherine Robertson

Katherine Robertson
Director

Melbourne, 28 March 2025

Fluence Corporation Limited
Shareholder information
31 December 2024

Following is a summary of shareholder information as at 3 March 2025.

Equity security holders

Distribution of equity securities

Analysis of number of equity security holders by size of holding:

Holdings Ranges	*Ordinary Shares*			*Unquoted Options*		
	Holders	**Total Units**	**%**	**Holders**	**Total Units**	**%**
1-1,000	495	104,221	0.010	0	0	0.000
1,001-5,000	735	2,124,854	0.200	0	0	0.000
5,001-10,000	430	3,418,764	0.320	0	0	0.000
10,001-100,000	1,011	35,569,011	3.290	2	125,000	0.10%
100,001-9,999,999,999	319	1,039,749,562	96.190	20	121,382,247	99.90%
Totals	**2,990**	**1,080,966,412**	**100.000**	**22**	**121,507,247**	**100.000**

Holding less than a marketable parcel

Based on the Fluence closing share price on March 3, 2025 of A$0.057, there were 1,488 holders of less than a marketable parcel of ordinary shares, holding 3,974,710 shares in aggregate.

Holdings of 20% or more of the unquoted securities

The following person(s) hold 20% or more of the unquoted equity securities:

Name	Securities	Number Held
Thomas Pokorsky	Options	42,734,375

Voting Rights

All issued ordinary shares carry one vote per share.

All options do not carry the right to vote.

Top 20 largest holders of ordinary shares

Name	Balance as at 3 March 2025	%
CITICORP NOMINEES PTY LIMITED	237,750,622	21.994%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <GSCO CUSTOMERS A/C>	151,467,237	14.012%
MR NIKOLAUS EGON MORITZ OLDENDORFF	116,122,116	10.742%
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	82,125,278	7.597%
RARE COSTA SUPER PTY LTD <RARE COSTA SUPER FUND A/C>	47,500,000	4.394%
UBS NOMINEES PTY LTD	43,988,984	4.069%
JAGEN GROUP INVESTMENT PTY LTD <JAGEN GROUP INVESTMENT A/C>	41,875,000	3.874%
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT>	30,386,823	2.811%
PLAN B VENTURES I LLC	20,007,151	1.851%
PYXIS HOLDINGS PTY LTD <THE MAPLETREE A/C>	18,000,000	1.665%
MR RICHARD SMITH	15,970,870	1.477%
EMPLOYEE EQUITY ADMINISTRATION PTY LTD	14,425,000	1.334%

HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	11,833,803	1.095%
WILLJO PTY LTD <THE SOLO 1 A/C>	10,000,000	0.925%
MR HAO JING	9,100,000	0.842%
HOSANDA CORPORATION PTY LIMITED	8,382,480	0.775%
PYXIS HOLDINGS PTY LTD <THE MAPLETREE A/C>	8,000,000	0.740%
WARBONT NOMINEES PTY LTD <UNPAID ENTREPOT A/C>	6,624,940	0.613%
BNP PARIBAS NOMS PTY LTD	6,613,277	0.612%
HOLLYPORT SECONDARY OPPORTUNITIES VIII LIMITED	5,968,766	0.552%
Total Securities of Top 20 Holdings	886,142,347	81.977%
Total Securities of remaining shareholders	194,824,065	18.03%
Total of Securities	**1,080,966,412**	**100.000%**

Substantial Holders

Substantial holders in the Company, as disclosed in substantial holding notices given to the Company, are set out below:

Name	Number held	Percentage	Date of Notice to ASX
Douglas R Brown	150,500,000	13.98%	07/12/23
Regal Funds Management Pty Limited and its associates	83,853,462	7.78%	22/4/2024
Nikolaus Egon Moritz Oldendorff	107,997,116	11.2429%	14/11/2023

On-market buy-back

There is no current on-market buy-back

Shareholder enquiries

Shareholders with enquiries about their shareholdings should contact the share registry:

Boardroom Pty Ltd
Level 8, 210 George Street, Sydney, NSW, 2000, Australia
Telephone: 1300 737 760 (local), +61 2 9290 9600 (international)
Email: enquiries@boardroomlimited.com.au
Post: GPO Box 3993, Sydney NSW 2001

Change of address, change of name, consolidation of shareholdings

Shareholders should contact the Share Registry to obtain details of the procedure required for any of these changes.

Annual report

Shareholders do not automatically receive a hard copy of the Company's Annual Report unless they notify the Share Registry in writing. An electronic copy of the Annual Report can be viewed on the company's website: www.fluencecorp.com

Corporate Governance Statement

Refer to the Company's Corporate Governance statement at: https://www.fluencecorp.com/investor-news/

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Tax file numbers

It is important that Australian resident Shareholders, including children, have their tax file number or exemption details noted by the Share Registry.

CHESS (Clearing House Electronic Sub-register System)

Shareholders wishing to move to uncertified holdings under the Australian Securities Exchange CHESS system should contact their stockbroker.

Uncertified share register

Shareholding statements are issued at the end of each month that there is a transaction that alters the balance of an individual/company's holding.

Company Secretary

The name of the Company Secretary is Ms Melanie Leydin.

Registered office

The address of the registered office is Level 4, 96-100 Albert Road, South Melbourne VIC 3205, Australia.

Phone: +61 3 9692 7222

Stock exchange listing

Quotation has been granted for all the ordinary shares of the Group on all member exchanges of the Australia Securities Exchange Limited.

Closing Date for Director Nominations for Annual General Meeting

An election of Directors will be held at the Company’s 2025 Annual General Meeting on 28 May 2025. Notice is hereby given in accordance with ASX Listing Rules 3.13.1 and the Company’s constitution that the closing date for receipt of nominations from persons wishing to be considered for election as a Director is 3 April 2025 (‘Closing Date’).

Nomination must be received in writing no later than 5.00pm (Melbourne Time) on the Closing Date at the Company’s registered office.