



30 April 2025

Fluence Corporation Quarterly Activities Report

Fluence Corporation Limited (ASX:FLC; “Fluence” or the “Company”) presents its Quarterly Activities Report and accompanying ASX Appendix 4C (the “Quarterly Cashflow Report”) for the quarter ended 31 March 2025 (“Q1 2025”). All financial numbers contained herein are in US dollars and are unaudited.

Q1 2025 Highlights

- **Q1 2025 Revenue of \$16.6M**, representing 64.5% growth over Q1 2024
 - SPS plus RR growth of 13.4%
 - Ivory Coast Addendum revenue of \$5.7M was \$5.3M higher than Q1 2024
- **Exceeded breakeven EBITDA¹ target for Q1 2025**, finishing with \$0.1M as compared to a loss of \$1.6M in Q1 2024
 - IWB led the way with an EBITDA¹ increase of \$0.7M
 - Ivory Coast Addendum contributed \$0.6M compared to a loss of \$0.1M in Q1 2024
- **Gross margins of 26.2%**, a reduction of 8.4% compared to Q1 2024 due to the increased contribution of the Ivory Coast Addendum
- **SG&A and R&D savings of \$0.8M (-14.6%)** in Q1 2025 as compared to Q1 2024
- **Q1 2025 New Orders of \$12.1M, representing growth of 21.8% over Q1 2024**
 - MWW, IWR and IWB saw order growth of \$1.8M (+18.9%)
- **Backlog as of Q1 2025 sits at \$83.5M**, a reduction of \$4.6M as compared to Q4 2024 primarily due to progress on the Ivory Coast Addendum
 - Q1 2025 revenue plus backlog forecasted to be recognized in FY2025 equal to \$66.0M compared to revenue guidance of \$80-95M
 - MWW, IWR and IWB saw backlog growth of \$2.2M (+7.1%) compared to Q4 2024 and \$6.2M (+23.6%) compared to Q1 2024
- **Cash balance of \$8.5M plus an additional \$3.7M in security deposits** as at March 31, 2025
 - Operating cash flow was -\$0.2M, consistent with breakeven EBITDA¹
 - Initial milestone of \$8.5M from the Ivory Coast Addendum project received in January 2025 with additional large milestones expected in Q2 and Q3 2025

¹ EBITDA excludes the impact of Other Gains and Losses, which include FX gains and losses, gains and losses related to various legacy balance sheet items, restructuring, and other non-recurring items.

Financial and Operating Update

During Q1 2025, Fluence continued to execute its renewed strategy of growing our high-margin Smart Product Solutions (“SPS”) and Recurring Revenue (“RR”) products and services through our realigned and market-focused business units. Revenue in Q1 2025 was \$16.6M, which was \$6.5M or 64.5% higher than Q1 2024. SPS plus RR continued to show strong growth of 13.4% compared to Q1 2024. Contributions from the Ivory Coast Addendum was the largest reason for the increase as revenue in the Ivory Coast was \$5.3M higher than Q1 2024. The first quarter has historically been slower for the Company with Q3 and Q4 typically being the strongest, which is expected again in FY2025. Revenue for Q2-Q4 2025 is expected to show growth relative to Q1 2025.

As a result of the growth in revenue in Q1 2025, EBITDA¹ was \$0.1M, an increase of \$1.6M compared to Q1 2024. In addition to the revenue growth the Company experienced in Q1 2025, the \$0.8M reduction of SG&A and R&D also contributed to the positive quarterly EBITDA¹. Gross margins were 26.2% in Q1 2025, a reduction of 8.4% which can be attributed to the lower gross margins of the Ivory Coast Addendum project.

New orders in Q1 2025 also showed substantial growth of 21.8% over Q1 2024 with the MWW, IWR and IWB business units combining for growth of 18.9%. SEA & China also grew significantly, although the outlook for the region is not as strong as the other business units for the remainder of FY2025.

As a result of the strong revenue, order growth and lower SG&A and R&D fixed costs, **the Company is maintaining its FY2025 guidance of \$80-95M of revenue and EBITDA¹ of \$3-5M.**

Potential Impact of US Tariffs

Q1 2025 saw significant market volatility and turmoil as a result of the evolving global trade policy coming from the new Trump administration in the US. On April 2nd, the Trump administration provided incremental detail on its tariff strategy. The resulting ‘Liberation Day tariffs’ were higher than many expected with an aggregate implied rate of 26% on total US imports, equivalent to a ~24% increase across the board compared to December 2024. This included a 10% universal tariff on all imports starting on April 5th. The resulting market impact was swift, deeply negative and resulted in significant stock and bond market selloff. On April 10th, Trump reversed course and announced that all countries that had not retaliated against US tariffs would receive a 90-day reprieve and only face a blanket US tariff of 10% until July 2025. The pause appears to reflect the hope of negotiating bilateral trade agreements on a country-by-country basis.

Despite this pause, Trump did not remove tariffs on China. Including reciprocal rates that have been applied, the current combined tariff rate is 170% (Original: 25%; IEEPA: 20%; Reciprocal: 125%). Trump has signaled a willingness to soften this policy in recent days.

The impact of the fluctuating US tariff policy on Fluence is expected to be minor and limited to US SPS revenue where the manufacturing origin is outside of the US. Total FY2025 US revenue from MWW and IWB is currently forecasted to be only \$8M or <10% of budget. The Company is currently evaluating alternative manufacturing strategies to mitigate and minimize the impact on project margins and timelines. However, several existing projects already in process have the potential risk of margin erosion and project delays.

As the Company has communicated, management was already in the process of setting up manufacturing in the US, particularly with respect to MABR membranes. This process will continue to progress and potentially accelerate in response to the ongoing global trade disputes.

¹ EBITDA excludes the impact of Other Gains and Losses, which include FX gains and losses, gains and losses related to various legacy balance sheet items, restructuring, and other non-recurring items.

Segmented Financial Results

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

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

Table 1: Segmented Financial Results

(US\$ millions)	YTD Q1 2024		YTD Q1 2025		YoY Variance	
	Revenue	EBITDA ¹	Revenue	EBITDA ¹	Revenue	EBITDA ¹
Municipal Water & Wastewater	\$1.7	\$0.2	\$2.4	\$0.1	\$0.7	(\$0.1)
Industrial Wastewater & Biogas	\$0.7	(\$0.4)	\$2.7	\$0.3	\$2.0	\$0.7
Industrial Water & Reuse	\$4.6	\$0.8	\$4.3	\$0.6	(\$0.3)	(\$0.2)
SEA & China	\$2.2	(\$0.0)	\$1.0	(\$0.0)	(\$1.2)	(\$0.0)
BOO	\$0.7	\$0.1	\$0.7	\$0.2	(\$0.1)	\$0.1
IVC	\$0.3	(\$0.1)	\$5.7	\$0.6	\$5.3	\$0.7
Corporate	(\$0.1)	(\$2.2)	(\$0.1)	(\$1.8)	(\$0.0)	\$0.4
Total	\$10.1	(\$1.6)	\$16.6	\$0.1	\$6.5	\$1.6

Note: Corporate revenue includes intercompany eliminations.

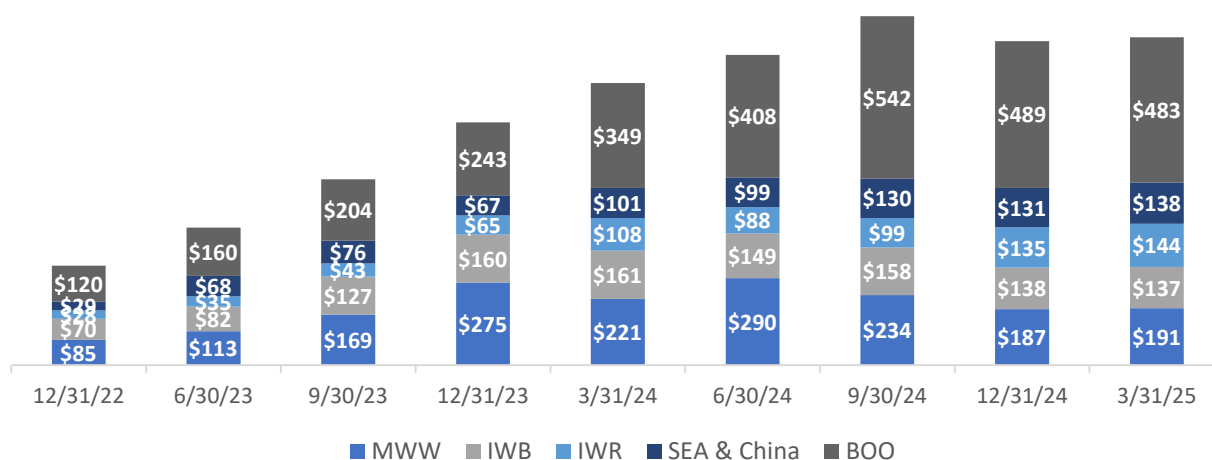
Q1 2025 revenue and EBITDA¹ increased across all business units other than IWR and SEA & China. Specifically:

- IWB led the way with an EBITDA¹ increase of \$0.7M on strong revenue growth of \$2.0M;
- Ivory Coast Addendum contributed \$0.6M of EBITDA¹ compared to a loss of \$0.1M in Q1 2024 due to revenue growth of \$5.3M from the Addendum project which kicked off in December 2024; and
- MWW saw revenue growth of \$0.7M while EBITDA¹ was effectively flat due to a large, one-time chemical sale on the New Mansoura project as well as several one-time reversals, both in Q1 2024.

IWR saw a modest reduction in revenue and EBITDA, mostly due to project delays and lower spare parts orders. The outlook for the remainder of FY2025 remains strong for the business, including strong new order activity in Q2 2025, which will improve backlog for H2 2025. SEA & China also saw reductions in revenue and EBITDA, mainly due to lackluster orders from Q4 2024 as a result of the continued slowdown in China. The outlook for SEA & China is for significant growth over FY2024, however, elevated risks remain in this region and the Company continues to evaluate this business unit.

¹ EBITDA excludes the impact of Other Gains and Losses, which include FX gains and losses, gains and losses related to various legacy balance sheet items, restructuring, and other non-recurring items.

Chart 1: Fluence Sales Pipeline²



(2) Excludes Ivory Coast O&M.

Our overall sales pipeline remains strong as of 31 March 2025 and has increased by \$152M (+16%) since Q1 2024 and \$283M (+35%) since Q4 2023.

Fluence secured \$12.1M in new order bookings during Q1 2025 (+\$2.2M or 21.8% compared to Q1 2024). Most notably, MWW, IWR and IWB saw an increase in orders of \$1.8M (+18.9%) over Q1 2024. Additionally, IWR and IWB have an additional \$8M in verbal orders (not guaranteed) that are expected to be booked in the coming weeks.

Backlog as of 31 March 2025 sits at \$83.5M, a quarterly reduction of \$4.6M due mostly to the Ivory Coast Addendum. MWW, IWR and IWB saw backlog growth of \$2.2M (+7.1%) compared to Q4 2024 and \$6.2M (+23.6%) compared to Q1 2024. Backlog forecast to be recognized in Q2-Q4 2025 is \$49.4M and, when combined with Q1 2025 revenue, is equal to \$66.0M or approximately 75% of the midpoint of the Company's FY2025 revenue guidance.

Key Recent Wins

The Company secured several notable new orders in Q1 and April 2025, including:

- Confidential Dairy Processing Company: Anaerobic Digester (WW-to-energy) – Italy (\$2.3M);
- Wilshire Road Development: Aspiral MABR (Phase 1 of 3) – 1st MABR water reuse project in California, USA (\$2.3M)
- Dow Polisor: 2-year O&M contract renewal – Argentina (\$1.4M);
- Confidential Apple Processor: Aerobic WWTP – Indiana, USA (\$0.9M);
- Kuoloa Ranch: Aspiral MABR WWTP – Hawaii, USA (\$0.8M);
- Confidential MWW Client: Aspiral MABR WWTP – Missouri, USA (\$0.8M);
- Confidential MWW Client: RO WTP – Florida, USA (\$0.5M);
- Confidential Automotive Client: Nitro MABR for ammonia treatment (\$0.5M); and
- Five (5) iTest orders (repeat customer): Nine (9) Aspiral MABR WWTP – China (\$0.5M total).

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Q1 2025 Cash Flows

The Appendix 4C quarterly cash flow report for Q1 2025 is attached.

As at 31 March 2025, Cash and Cash Equivalents were \$8.5M. In addition, the Company held \$3.7M in short and long-term deposits, of which \$3.4M are held as collateral for bank guarantees for the Ivory Coast Project. Operating cash flow used in Q1 2025 was \$257k. The Company expects to generate modest positive operating cash flow in Q2, which is forecasted to continue to increase in H2 2025.

Fluence invested \$293k in various capital projects in Q1 2025. This is forecasted to increase through the balance of FY2025, the most significant project being the set-up of US membrane manufacturing.

Financing cash flows used were nominal in Q1 2025, however, the Company expects to begin repaying debt in Q2 2025 and the balance of FY2025 as operating cash flow improves.

Ivory Coast Progress

In Q1 2025, Fluence continued commissioning the Main Works, which are now in the final stages and expected to be completed in Q2 2025. The Company also continued its work on the Addendum project, which commenced in Q4 2024 after receiving the Notice to Proceed from ONEP. The Addendum is currently progressing well through Q1 2025 and revenue is slightly ahead of forecast.

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

Fluence received the 1st milestone payment of \$8.5M on the Addendum project in Q1 2025. In Q2 2025, the Company is expected to collect two (2) additional milestone payments of more than \$10M, although it is possible one of those payments may not arrive until early Q3 2025.

Fluence is also continuing its efforts to secure the O&M contract for the plant and has received positive feedback from the client in this regard. The start of the long-term O&M contract requires the works being undertaken pursuant to the Addendum project to be completed. There may, however, be an interim O&M contract awarded which Fluence is well-positioned to receive. Operating the plant on an interim basis would also position the Company well to be awarded the long-term O&M contract.

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

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About Fluence Corporation Limited (ASX: FLC)

Fluence is a leader in Wastewater Treatment and Reuse, High-Strength Wastewater Treatment, Wastewater-to-Energy, Industrial and Drinking Water markets, with its pre-engineered, standardized Smart Products Solutions (SPS), including Aspiral™, NIROBOX™, SUBRE and Nitro. In addition to rapid delivery and commissioning of solutions to meet a broad range of needs from smaller communities to city-scale systems, Fluence offers ongoing operation and maintenance support, Build Own Operate (BOO) and other recurring revenue solutions. Fluence has a broad international footprint and focuses on high growth markets including North America and Southeast Asia.

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

Forward looking statements

"This quarterly business update contains "forward-looking" statements. Forward looking words, such as "expect", "anticipate", "should", "could", "may", "predict", "plan", "will", "believe", "forecast", "estimate", "target" and other similar expressions are intended to identify forward-looking statements. Forward-looking statements, opinions and estimates provided in this update are based on estimates and assumptions related to future business, contractual, economic, market, political and other conditions that, while Fluence considers them to be reasonable, are inherently subject to significant uncertainties, contingencies and delays.

Many known and unknown factors could cause actual events or results to differ materially from estimated or anticipated events or results reflected in such forward-looking statements. Such factors include, but are not limited to operating, competition and development risks, economic and political risks, economic uncertainty associated with COVID-19, and a number of other risks and also include unanticipated and unusual events, many of which are beyond Fluence's ability to control or predict.

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