30 April 2026

Fluence Corporation Quarterly Activities Report

Fluence Corporation Limited (ASX:FLC; “Fluence” or the “Company”) presents its Quarterly Activities Report and accompanying ASX Appendix 4C (the “Quarterly Cashflow Report”) for the quarter ended 31 March 2026 (“Q1 2026”). All financial numbers contained herein are in US dollars and are unaudited.

Q1 2026 Highlights

- Q1 2026 Revenue of $17.2M, representing 3.6% growth over Q1 2025
  - MWW, IWR, IWB and SEA & China business units combined contributed to 9.4% revenue growth in Q1 2026 when compared to Q1 2025
  - IVC revenue was modestly lower by $0.1M
- Strong EBITDA[1] growth for Q1 2026, finishing with $0.5M as compared to $0.1M in Q1 2025
  - MWW, IWR, IWB, and SEA & China delivered a combined 39.1% increase in EBITDA in Q1 2026 versus Q1 2025, reflecting improved execution and profitability
- Gross margins of 29.2%, an increase of 3.0% versus Q1 2025, driven by improved execution across MWW, IWB, and SEA & China
- Q1 2026 new orders were $7.5M, lower by $4.6M, representing a 38.0% decrease when compared to Q1 2025
  - Significant number of projects expected to be booked in Q1 2026 were delayed, but not lost
  - The Company has a high level of visibility on near-term new orders in its pipeline and expect a significant increase in new orders in Q2 2026
- Backlog as of Q1 2026 sits at $64.4M
  - MWW, IWR, IWB and SEA & China increased backlog by $6.9M (18.6%) in Q1 2026 compared to Q1 2025
- Cash balance of $8.0M plus $4.0M in security deposits as at 31 March 2026
  - IVC Addendum milestone 7 forecasted to be received by 31 March 2026; $4.9M collected in late April with remaining amount coming in mid-May
  - Had milestone 7 been collected as forecasted, operating cash used would have been less than $1.0M
  - Delays in new orders and several large collections also contributed to weak cash flow in Q1
  - Forecasting positive operating cash flow for the balance of FY2026

[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

Fluence continued to execute its strategy of growing higher-margin Smart Product Solutions ("SPS") and Recurring Revenue ("RR") products and services across its market-focused business units. While first half of the financial year is historically slower than Q3 and Q4, Q1 2026 demonstrated continued growth in revenue, expanded gross margins and increased EBITDA when compared to Q1 2025.

Q1 2026 revenue was $17.2M, representing an increase of $0.6M (+3.6%) compared to Q1 2025. Revenue growth across all core business units was 9.4%, with SEA & China and IWB leading the way at 96% and 29%, respectively. MWW and IWR were slightly behind prior year as a result of several project and order delays, which are expected to accelerate later in Q2 and Q3. These delays are expected to shift revenue in these business units into H2 2026 but are not expected to get pushed beyond FY2026.

The continued focus on SPS and RR, combined with improved project execution, contributed to expansion of gross margin to 29.2%, an increase of 3.0% compared to Q1 2025. Margin improvement was driven by strong execution across all core business units and a reduction in project warranty accruals. This reflects the ongoing benefits of Fluence's strategy to prioritise higher-margin, SPS solutions and RR services.

As a result of revenue growth across its SPS product lines driving increased gross margins and continue to maintain disciplined cost controls, EBITDA for Q1 2026 was $0.5M, an increase of $0.4M compared to Q1 2025.

New orders for Q1 2026 were $7.5M, lower than Q1 2025 by $4.6M (-38%), reflecting a slower start to the year primarily as a result of order delays across all business units. However, the Company has a high level of visibility on new orders in its pipeline and expect a significant increase in Q2 2026. The majority of the projects the Company was expecting to book as new orders in Q1 2026 were delayed and not lost.

Backlog closed at $64.4M as of 31 March 2026, down from $74.8M at year-end FY2025, reflecting lower order intake during the quarter combined with ongoing project execution, particularly the Ivory Coast Addendum project. However, MWW, IWR, IWB and SEA & China combined to increase backlog by a total of $6.9M (18.6%) in Q1 2026 compared to Q1 2025. Backlog continues to support revenue visibility for FY2026 and management is confident it is sufficient to meet the Company's growth targets.

Management remains confident in the positive direction of the Company and continues to expect double-digit revenue growth driven by momentum in SPS and RR segments in our core markets. Combined with expansion of gross margins and disciplined cost controls, EBITDA is expected to show strong growth in FY2026.

Update on Potential Impact of Middle East Conflict

During Q1 2026, geopolitical tensions in the Middle East escalated following the conflict involving Iran, Israel, the United States as well as several other countries in the region such as the United Arab Emirates, Qatar and Lebanon. The situation has introduced increased volatility in global energy markets and supply chains, particularly due to disruptions in key shipping routes such as the Strait of Hormuz, through which approximately 20% of global oil supply typically transits. These developments have contributed to higher input costs, longer delivery times and increased freight and insurance costs across global supply chains.

Operationally, the direct impact on Fluence to date has been limited. The Company has not experienced any material disruption to project execution, customer demand, or supply chain availability during Q1 2026.

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However, there are several projects that have experienced minor delays as a result of, among other things, increased mitigation planning by customers, validating vendor pricing and overall market uncertainty. The Company has implemented a number of mitigation strategies over the past 18 months, including diversified sourcing, regional supply chain flexibility, and disciplined project pricing to help the Company to manage short-term volatility without a material impact on project execution, gross margins or EBITDA.

From a demand perspective, some companies have reported delays or reduced activity in the Middle East region due to heightened uncertainty as well as dramatic increases in energy prices as well as other input costs. Fluence has only seen a relatively minor impact on customer demand as a result of the uncertain environment, which has primarily manifested in the form of minor delays as customers recalibrate to the new environment. Management does believe this had a modest impact on order volume in Q1 2026. However, the Company has not experienced any project or order cancellations as a result of the ongoing conflict.

Looking forward, the Company's primary risks relate to sustained increases in energy prices, further disruption to global logistics network, and potential delays in project execution should the conflict escalate or persist. The longer the conflict in the Middle East persists, the higher the risk of disruption to project execution, customer demand, and critical supply chains. Management will continue to closely monitor developments and reassess sourcing, pricing, and execution strategies as needed. At this time, the Company is not projecting a material financial impact from the conflict, although the geopolitical situation remains volatile, uncertain, and subject to change.

Segmented Financial Results

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

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

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Table 1: Segmented Financial Results

(US$ millions)	YTD Q1 2025		YTD Q1 2026		*YTD Variance*	
	Revenue	EBITDA (1)	Revenue	EBITDA (1)	*Revenue*	*EBITDA (1)*
Municipal Water & Wastewater	$2.4	$0.1	$1.8	$0.2	*($0.5)*	*$0.0*
Industrial Wastewater & Biogas	$2.7	$0.3	$3.5	$0.7	*$0.8*	*$0.4*
Industrial Water & Reuse	$4.3	$0.6	$4.0	$0.4	*($0.3)*	*($0.2)*
SEA & China	$1.0	($0.0)	$2.0	$0.2	*$1.0*	*$0.3*
BOO	$0.7	$0.2	$0.6	$0.2	*($0.0)*	*$0.0*
IVC	$5.7	$0.6	$5.6	$0.6	*($0.1)*	*($0.0)*
Corporate	($0.1)	($1.8)	($0.3)	($1.8)	*($0.2)*	*$0.0*
Total	**$16.6**	**$0.1**	**$17.2**	**$0.5**	***$0.6***	***$0.4***

Note: Corporate revenue includes intercompany eliminations.

FY 2026 saw EBITDA[1] increases across all business units. Specifically:

- IWB saw an EBITDA increase of $0.4M in Q1 2026 on revenue growth of $0.8M, reflecting improved execution and higher margins as a result of strong project execution;
- SEA & China achieved revenue growth of $1.0M and improved EBITDA by $0.3M compared to Q1 2025, driven by higher volumes and margin expansion;
- MWW improved EBITDA by $0.1M despite lower revenue, benefiting from higher gross margins;
- IWR saw a decline in EBITDA of ($0.2M) on slightly lower revenue, driven by less favorable revenue mix with lower parts and consumables sales;
- IVC remained relatively flat year-over-year, with EBITDA broadly in line with Q1 2025; and
- Corporate costs were consistent with the prior year, with no material impact on EBITDA in the quarter.

Key Recent Wins

The Company secured several notable new orders in Q1 2026 and April 2026, including:

- Dow (Argentina): $3.4M UF and 2-pass BWRO for demi-water production;
- Confidential Hazardous Waste Company (Italy): $1.5M Anaerobic digestion pretreatment;
- EGA (Dubai): $0.6M EDI WTP;
- Stockade (USA): $0.5M Aspiral MABR WWTP;
- Applegreen (USA): $0.4M Aspiral MABR WWTP; and
- iTest (China): $0.1M Aspiral MABR WWTPs.

New orders for Q1 2026 were $7.5M, lower than Q1 2025 by $4.6M (-38%), reflecting a slower start to the year primarily as a result of order delays across all business units. However, the Company has a high level of visibility on new orders in its pipeline and expect a significant increase in Q2 2026. The majority of the projects the Company was expecting to book as new orders in Q1 2026 were delayed rather than lost. Management remains confident that the Company will continue to show growth in new orders over the course of FY2026.

[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.

Corporate Update

In July 2024, the Company replaced its loan with Upwell Water LLC (the "Upwell Facility") with a new debt financing facility for up to $15.0 million (the “Revolving Credit Facility”) on more favorable terms. The Revolving Credit Facility was initially used to pay off the Upwell Facility, for working capital and to support new project wins. The Revolving Credit Facility was provided by Nikolaus Oldendorff and Doug Brown (the “Lenders”), each of whom currently sit on the Company’s Board of Directors and have been long-term supporters of the business. On 31 October 2024, the Revolving Credit Facility was expanded by $5 million to $20 million total to provide additional working capital for new projects. The interest rate on the Revolving Credit Facility is variable and equal to the US Prime Rate. The initial term was 21 months, maturing on 30 April 2026, with an option to extend for up to three (3) months at Prime Rate plus 5%.

The Company and Lenders are currently in the process of negotiating an extension to the Revolving Credit Facility. Both parties are negotiating in good faith and expect to come to an agreement well in advance of the July 2026 maturity. Once the terms of the extension are agreed, the Company will make an announcement detailing the terms of the extension.

Fluence had previously indicated its intention to seek external bank financing. The Company approached a number of commercial banks in the United States and Australia to seek interest in providing a debt financing facility to refinance the Revolving Credit Facility and establish a global banking relationship with Fluence. Unfortunately, the Company was not able to secure commercial bank financing at this time. Management will continue to seek commercial bank financing as the Company continues to deliver improved financial results.

Q1 2026 Cash Flows

The Appendix 4C quarterly cash flow report for Q1 2026 is attached. As of 31 March 2026, Cash and Cash Equivalents were $8.0M, compared to $16.6M at 31 December 2025. In addition, the Company held $4.0M in short and long-term deposits, of which $3.7M are held as collateral for bank guarantees for the Ivory Coast Main Works.

Operating cash flow used in Q1 2026 was $8.2M, primarily as a result of timing of Ivory Coast payments, collection delays on several large projects and delays in securing new orders. As a result of receiving milestone 6 on the Ivory Coast Addendum project late in 2025, the Company was in a significant cash surplus position on the project as of 31 December 2025. In Q1 2026, a significant amount of vendor payments needed to be paid as part of our project commitments. The Company also expected to receive payment milestone 7 of €6.6M by 31 March, 2026, which did not occur. A portion of this payment has since been collected, but had the payment been received as forecasted and promised by the client, operating cash used would have been approximately $1M. The Ivory Coast Addendum project has been cash positive throughout and remains so as we continue to execute the project, targeting completion in Q3 2026.

In addition, lower new order bookings in Q1 2026 resulted in fewer customer deposits, reducing a key source of operating cash flows. The Company also experienced delays on several other larger customer collections in the quarter, all of which are expected to be resolved in Q2 2026. As a result, operating cash used in Q1 2026 reflected these combined pressures following strong cash generation in Q4 2025. The Company expects to deliver positive operating cash flow for Q2-Q4 2026.

Investing cash outflows for the quarter were $0.2M, primarily related to capital expenditures, while financing outflows of $0.2M related to lease payments.

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Ivory Coast Progress

The Ivory Coast project continues to progress, with overall execution remaining on or ahead of the cost budget. The Addendum scope remains largely on track for completion in Q3 2026. While the commissioning of the Main Works is largely complete, delays in embankment stabilization may push the finalization of the swamp crossing bridge by several months and closer to the end of FY2026. The Company remains engaged with the embankment subcontractor with recent on-site discussions focused on resolving field delays and accelerating progress.

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

Discussions have formally commenced with respect to the O&M contract, with executives recently traveling to Ivory Coast to initiate negotiations. A draft agreement has been shared by the Company, with follow-up meetings scheduled in Abidjan to advance key commercial terms. Additionally, the Company has requested payment for maintenance services to date and is working with the client, who has acknowledged the Company's position and is working toward a solution to pay for these maintenance services.

As of 31 December 2025, the Company had collected six (6) milestone payments under the Addendum contract totaling €35.4M, representing approximately 73% of the total payments. In early 2026, the project had significant cash outflows as a result of vendor commitments, which is reflected in the operating cash flow in Q1 2026. Milestone 7 (€6.6M), was originally expected by the end of March. Approximately 70% of this milestone was collected in late April, with the remaining 30% expected by the end of May.

Overall, while there are timing-related pressures on execution and cash flow, the project remains fundamentally strong, on budget, and positioned to deliver continued positive cash generation and incremental upside as contractual adjustments are finalized.

Additional Disclosures

During the quarter, the Company made payments to related parties totaling approximately $36,000. This included payments to the former CEO, Thomas Pokorsky, of $25,000, representing fees for the period, as well as Directors' fees of approximately $11,000 paid in the ordinary course of business. There were no other payments to related parties during the quarter.

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

-ENDS-

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For further information, please contact:

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

United States of America
Ben Fash
CEO and Managing Director
E: bfash@fluencecorp.com

About Fluence Corporation Limited (ASX: FLC)

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

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

Forward looking statements

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

Many known and unknown factors could cause actual events or results to differ materially from estimated or anticipated events or results reflected in such forward-looking statements. Such factors include, but are not limited to operating, competition and development risks, economic and political risks, 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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