31 July 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 30 June 2026 ("Q2 2026"). All financial numbers contained herein are in US dollars and are unaudited.

Q2 2026 Highlights

- Delivered H1 2026 revenue of $37.6M, **an increase of 14.7% over H1 2025**.
    - SPS plus RR increased 34.7% year over year.
- **H1 2026 EBITDA[1] of $3.4M**, the Company's best 1st half in more than 5 years.
    - Represents an increase of $2.7M and $3.2M, respectively, compared to Q2 and H1 2025
    - Benefitted from $3.5M in IVC O&M maintenance fees.
- **Gross margins of 35.5% in H1 2026, an increase of 8.7%** compared to H1 2025.
- **Q2 and H1 2026 new orders of $16.1M and $23.6M, respectively, exceeded the same periods in 2025 by 53.9% and 5.0%**
    - Q2 highlighted by large, strategic orders at SEA & China and IWR, as well as the 2025 IVC O&M maintenance fees of $3.5M.
    - H2 2026 forecasted to deliver significantly higher orders than H1 2026 and show strong new order growth in FY2026 overall.
- **Backlog as of Q2 2026 sits at $59.8M** and is expected to grow in H2 2026, supported by strong new orders.
    - MWW, IWR, IWB and SEA & China **increased backlog by $6.8M (18.4%)** compared to Q2 2025.
    - FY2026 revenue growth targets are strongly supported by YTD revenue, backlog expected to be recognized in H2 2026, recurring revenue and H2 2026 orders.
- **Cash balance of $10.9M**, plus $4.1M in security deposits, as at 30 June 2026.
    - $1.8M of operating cash flow generated in Q2 2026.
    - Received €6.0M Ivory Coast Addendum milestone in Q2 2026, with a number of related vendor payments scheduled to be settled during Q3 2026.
    - As a result of the timing of these receipts and payments, Q3 2026 operating cash flow is expected to be negative but is anticipated to reverse in Q4 2026.

[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 expanding higher-margin Smart Product Solutions ("SPS") and Recurring Revenue ("RR") products and services across its market-focused business units. During the first half of 2026 ("H1 2026"), the Company delivered strong financial and operating performance, with double-digit revenue growth, meaningful underlying gross margin expansion and significantly higher EBITDA[1] in the first half than has been delivered in more than 5 years.

Revenue for H1 2026 was $37.6M, an increase of $4.8M (14.7%) compared to the first half of 2025 ("H1 2025"). This included growth in SPS and RR of $7.0M (34.7%) compared to H1 2025.

This continued focus on growing SPS and RR, together with improved project execution, resulted in the expansion of gross margin to 35.5%, an increase of 8.7% compared to H1 2025. Even after excluding the positive impact of the 2025 IVC O&M maintenance fee, gross margins improved by 2.0%, demonstrating meaningful underlying operational improvement. Margin expansion has been driven by stronger project execution, an improved sales mix and lower project warranty accruals. These results continue to validate Fluence's strategy of prioritizing higher-margin SPS solutions and RR services.

The combination of higher revenues, improved gross margins and continued cost discipline resulted in H1 2026 EBITDA[1] of $3.4M, an increase of $3.2M compared to H1 2025 and the strongest half-year EBITDA[1] achieved in more than 5 years. This strong first half puts the Company on-track to achieve its FY2026 EBITDA[1] growth objectives.

CEO and Managing Director Ben Fash commented "*Management is encouraged by the Company's strong first-half performance and believes the business is well positioned for a strong finish to FY2026. Momentum in SPS and RR, together with expanding gross margins, strengthening order intake, a robust backlog, and further progress on the IVC O&M contract provide confidence in the Company's outlook. Management continues to expect double-digit revenue growth for FY2026 and is increasingly confident in its ability to meet its FY2026 EBITDA[1] targets*".

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, including the United Arab Emirates, Qatar and Lebanon. The situation 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 ships. These developments have contributed to heightened uncertainty across the region, including increased freight costs, longer logistics lead times and continued volatility in global supply chains.

From an operational standpoint, Fluence continues to closely monitor developments across the region and remains focused on maintaining operational flexibility. 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, all of which help manage potential disruption should conditions deteriorate further. Management continues to assess developments and will adjust its sourcing, logistics and project execution strategies where appropriate.

From a market perspective, the conflict has created a more uncertain operating environment, with many companies reporting delays in investment decisions and project activity as customers respond to evolving geopolitical conditions and its impact on global energy prices and input costs. Fluence continues to actively

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engage with its customers and believes the long-term fundamentals supporting demand for water and wastewater infrastructure remain strong. Such conditions may benefit the Company in the long-term given the need to secure water resources to ensure the resilience of both industrial and municipal demand. The Company has not experienced any direct impact on the business, such as project or order cancellations. We have, however, experienced some delays in order timelines as a result of deferred or delayed investment decisions with some customers.

Looking forward, the Company's primary risks relate to any prolonged escalation of the conflict that may lead to sustained increases in energy and input prices or further disrupt regional trade, logistics or broader economic activity. The longer the conflict in the Middle East persists, the higher the risk of disruption to project execution, customer demand and/or critical supply chains. Management will continue to closely monitor developments and reassess sourcing, pricing and execution strategies as necessary. At this time, the Company is not projecting a material financial impact from the conflict, although the geopolitical environment remains volatile and subject to change.

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™ and Niroflex™ product lines;
- 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, among others;
- 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;
- Global Water Services ("GWS", formerly BOO) which encompasses the Company's recurring revenue businesses, including Operations & Maintenance ("O&M"), Build-Own-Operate ("BOO") projects, equipment rentals, and equipment, spare parts and consumables sales; and
- The Ivory Coast Main Works and Ivory Coast Addendum projects ("IVC").

Table 1: Segmented Financial Results

(US$ millions)	**YTD Q2 2025**		**YTD Q2 2026**		***YTD Variance***	
	Revenue	**EBITDA** [(1)]	**Revenue**	**EBITDA** [(1)]	***Revenue***	***EBITDA*** [(1)]
Municipal Water & Wastewater	$4.8	$0.2	$4.7	($0.2)	*($0.1)*	*($0.5)*
Industrial Wastewater & Biogas	$4.9	$0.3	$8.1	$1.2	*$3.2*	*$0.9*
Industrial Water & Reuse	$7.9	$1.6	$6.9	$0.5	*($0.9)*	*($1.1)*
SEA & China	$2.5	($0.3)	$3.4	$0.1	*$0.9*	*$0.4*
Global Water Services	$1.3	$0.3	$1.3	$0.4	*($0.1)*	*$0.0*
IVC	$12.7	$1.4	$14.0	$5.0	*$1.3*	*$3.6*
Corporate	($1.2)	($3.4)	($0.8)	($3.6)	*$0.4*	*($0.3)*
Total	**$32.9**	**$0.2**	**$37.6**	**$3.4**	***$4.8***	***$3.2***

Note: Corporate revenue includes intercompany eliminations.

[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.

H1 2026 revenue and EBITDA[1] improved across IWB, SEA & China, GWS and IVC, while MWW and IWR were impacted by the timing of project execution and customer orders. Specifically:

- IVC contributed $5.0M of EBITDA[1], an increase of $3.6M compared to H1 2025, primarily reflecting recognition of 2025 O&M maintenance fees together with continued strong operating performance. Management expects IVC to deliver strong results in FY2026.
- IWB increased revenue by $3.2M and EBITDA[1] by $0.9M, reflecting continued growth in higher-margin SPS solutions and improved project execution. Management expects IWB to exceed its FY2025 financial performance.
- SEA & China increased revenue by $0.9M and EBITDA[1] by $0.4M, returning the business to positive EBITDA[1] through improved project execution and stronger order activity across the region, particularly in the regions of renewed focus across SEA. Management expects the business to deliver significantly improved results compared to FY2025 and is positioned for further strong growth into FY2027.
- GWS maintained revenue consistent with the prior year while increasing EBITDA[1] to $0.4M, reflecting continued stable performance across its delivered water and wastewater services. Management expects GWS to continue delivering consistent earnings through the remainder of FY2026.

EBITDA[1] for MWW and IWR for H1 2026 was lower than prior year, primarily due to the timing of project execution and customer order delays. The outlook for both business units remains positive, with activity expected to accelerate during H2 2026 as projects progress and order momentum improves. Management expects both MWW and IWR to deliver stronger results in H2 2026 than in H1 2026.

Key Recent Wins

The Company secured several notable new orders in Q2 2026 and July 2026, including:

- Confidential Steel Manufacturer (USA): $3.7M WTP;
- IVC 2025 O&M fees: $3.5M for maintenance services provided in FY2025;
- SWater (Vietnam): SWRO with MMF desal plant (confidential price);
- 2 x EGA orders (Dubai): $0.6M EDI WTP and a $1.1M demi-water plant;
- Climax Molybdenum (USA): $0.4M WWTP;
- CAP (Italy): $0.7M WWTP;
- Red Bluffs (USA): $0.6M WTP;
- iTest (China): $0.1M Aspiral MABR WWTPs; and
- Multiple Customers (SEA): $0.2M Aspiral MABR WWTPs.

Q2 2026 and H1 2026 new orders of $16.1M and $23.6M exceeded Q2 2025 and H1 2025 by 53.9% and 5.0%, respectively. Q2 2026 was highlighted by meaningful strategic orders, including SEA & China booking its 4th and 5th orders from Swater Kyanko Corporation in just over the last year as well as IWR booking its first order in the USA with a large steel manufacturer (quickly followed by its 2nd with the Red Bluffs project), further demonstrating the success of the growth strategy enacted over the past few years. Fluence secured an agreement with the IVC government to receive total fees of $3.5M in respect of 2025 IVC O&M maintenance services. Management remains confident that the Company will continue to show growth in new orders during H2 2026 and in FY2026 overall.

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Backlog remained strong at $59.8M as at 30 June 2026, providing solid revenue visibility for the remainder of FY2026. Backlog growth was driven by our core business units, which collectively increased backlog by $6.8M (18.4%) compared to Q2 2025. With order momentum accelerating and further awards expected during the second half of the year, management expects backlog to continue to strengthen, supporting the Company's revenue and EBITDA[1] growth objectives through the remainder of FY2026 and into FY2027.

Corporate Update

Fluence Continues to Bolster its Executive Leadership Team

The Company is excited to announce the appointment of Jeremy Dayment as Chief Operating Officer ("COO"), effective July 27, 2026. Mr. Dayment brings almost 30 years of operational, technical and commercial leadership experience spanning engineering, project management, sales, operations, supply chain, P&L and executive leadership. Mr. Dayment excels at problem solving and creating structure and scalability.

Mr. Dayment joins Fluence after serving as President – Engineered Solutions for Newterra where he also held other senior roles including COO, VP Sales & Marketing and managed various teams across Sales and Engineering. Mr. Dayment spent 25 years at Newterra, helping scale the company to one of the highest performing mid-market water companies with top-tier EBITDA margins and was a critical contributor to successful exits in 2020 and 2025. Mr. Dayment worked closely with Ben Fash, Fluence CEO and Managing Director while at Newterra from 2012-2021, helping to turn the business from an unprofitable company to one with strong positive EBITDA, ultimately leading to its sale to a private equity owner in 2020.

Working closely with the CEO, executive team and other senior leaders across Fluence, Mr. Dayment's responsibilities will include leadership of the Municipal Water & Wastewater business unit, enhancing global execution capabilities (with a particular focus on global cross-border projects), global project management, procurement and safety.

Mr. Dayment holds a degree in Electronics Engineering Technology from the RCC Institute of Technology and a Bachelor of Technology from the Memorial University of Newfoundland. His extensive executive leadership experience, through both turnaround and growth stages, combined with his proven ability to enhance processes and structure for scalable growth will be tremendous assets for Fluence as the Company enters its next phase of growth.

Fluence Extends Shareholder Revolving Credit Facility

In July 2026, the Company agreed to terms to extend the existing revolving credit facility (the "Revolving Credit Facility") provided by Nikolaus Oldendorff and Doug Brown, each of whom currently sits on the Company's Board of Directors and have been long-term supporters and shareholders of the business.

In July 2024, The Company entered into an agreement to replace the former credit facility provided by Upwell Water LLC (the "Upwell Facility") with the Revolving Credit Facility on more favorable terms to the Company than the Upwell Facility. In October 2024, the Revolving Facility was expanded by $5M to $20M total to provide additional working capital and new projects. Security in respect of the Revolving Credit Facility was initially limited to a maximum of $6.0M. The Revolving Credit Facility had an initial maturity date of 30 April 2026. The Company exercised its option to extend the Revolving Credit Facility in April 2026 through 31 July 2026 at an interest rate of US Prime plus 500 bps.

In July 2026, the Company reached an agreement with the Lenders to extend the US$20M Revolving Credit Facility for an additional 12 months through 31 July 2027, on substantially the same commercial terms as the

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existing facility. The interest rate will continue to be variable and linked to the US Prime Rate (currently 6.75%). The existing conditions precedent, financial covenants, events of default and security arrangements will remain unchanged.

The Company intends to seek shareholder approval at an Extraordinary General Meeting expected to be held on or before September 2026, and again at the 2027 Annual General Meeting if required, to satisfy accrued interest through the issuance of Fluence shares, consistent with prior practice. If shareholder approval is not obtained, or the shares are otherwise unable to be issued, all accrued interest will be payable in cash on the maturity date.

Suspension of Business Activities in Egypt

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

Unfortunately, despite the efforts of local and Fluence executive management, IWS has not been fully successful in collecting outstanding accounts receivable across a number of accounts. Most notably, collections related to the New Mansoura water treatment plant remains substantially in arrears despite the plant being fully operational for well over 2 years. As a result, on 31 December 2025, Fluence announced it would take a reserve against $4.5M of accounts receivable at IWS and undertake a thorough review of the future of the IWS operations, including the attractiveness of market opportunity relative to other markets where Fluence operates, IWS and Fluence's respective competitive positioning, the regulatory and legal framework and its JV partners.

Following an extensive review of the future potential of the IWS business, Fluence has determined that it will seek to work with its minority partners to pursue a suspension of operations with the ultimate goal of closing and liquidating the IWS business. Fluence will report IWS as a discontinued operation in its consolidated financial statements until such time as a liquidation process may be formally commenced and concluded.

Q2 2026 Cash Flows

As at 30 June 2026, the Company held cash and cash equivalents of $10.9M, compared to $8.0M at 31 March 2026. In addition, the Company held $4.1M in short and long-term deposits, of which approximately $3.8M are held as collateral supporting bank guarantees for the Ivory Coast Main Works project.

The Company generated positive operating cash flow of $1.8M during Q2 2026, reflecting continued improvement in working capital management and the receipt of milestone 7 of the IVC Addendum project. The Company anticipates operating cash flow to be negative in Q3 2026 as a result of the timing of vendor payments associated with the IVC Addendum project and the milestone payment received in Q2 2026. Management expects operating cash flow to be positive in Q4 2026 and is forecasting to receive milestones 8 and 9 during Q4 2026.

Investing cash outflows for the quarter were $0.2M, primarily relating to capital expenditures. Financing activities included a $1.5M drawdown under the Revolving Credit Facility to support working capital requirements, together with $0.1M of lease liability repayments. Management expects to repay the Revolving Credit Facility drawdown during H2 2026.

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Ivory Coast Update

During H1 2026, the Company continued the successful execution of the IVC Addendum works required to connect the Water Treatment Plant to the Abidjan water distribution network. Construction activities progressed across the distribution pipeline, bridge crossing, access roads and swamp stabilization works. The project experienced minor delays due to adverse weather conditions and the late delivery of certain piping accessories. Completion of the majority of the Addendum works related to the distribution pipeline and access road is still expected by the end of September 2026, while completion of the remaining swamp stabilization and bridge works is expected by the end of the year.

The Addendum Project continues to deliver strong financial performance. To date, the Company has collected seven milestone payments totaling €42.4M, representing approximately 87.6% of the contract value. Milestone 7 was received in two installments: €4.2M on 24 April 2026 and €1.8M on 27 June 2026. The remaining Milestones #8 and #9, which collectively amount to approximately €6.0M, are expected to be collected during Q4 2026 as the project nears completion.

The Company continues to advance discussions regarding the long-term O&M contract for the plant. Following the review of the technical proposal and business plan, negotiations have continued to progress and both parties are working to expedite the process with the goal of concluding negotiations as quickly as possible. In the meantime, the Company has continued to provide interim maintenance services and submitted an invoice totaling $3.5M in respect of 12 months of maintenance services in 2025.

Additional Disclosures

During Q2, the Company made payments totaling US $25,000 to former CEO Thomas Pokorsky in respect of salary for the period. There were no payments to related parties during the quarter, other than the payment of Directors' fees in the normal course of business. During the Quarter, the Company made payments of Directors' fees of approximately US $40,000.

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

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About Fluence Corporation Limited (ASX: FLC)

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

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

Forward looking statements

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

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