

1. Company details

Fluence Corporation Limited Appendix 4D Interim Financial Report Half-year 30 June 2025

Name of entity:	Fluence Corporation Limited
ABN:	52 127 734 196
Reporting period:	For the half-year ended 30 June 2025
Previous period:	For the half-year ended 30 June 2024

2. Results for announcement to the market

Current reporting period - half year ended 30 June 2025
Previous - half year ended 30 June 2024

			\$'000
Revenues from ordinary activities from continuing operations	up	65% to	33,063
Loss from ordinary activities after tax attributable to the Owners of Fluence Corporation Limited	down	59% to	(3,847)
Loss for the half-year attributable to the Owners of Fluence Corporation Limited	down	59% to	(3,847)

Dividends

There were no dividends paid, recommended or declared during the current financial period.

The loss for the Group after providing for income tax and non-controlling interest amounted to \$3,847,000 (30 June 2024: \$9,498,000).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	(1.01)	(0.85)

Explanation of the above information:

Refer to the Directors' Report - Review of operations.

To be read in conjunction with the 31 December 2024 Annual Report

ABN 52 127 734 196

Fluence Corporation Limited

Interim Financial Report - 30 June 2025

Directors' Report

The Directors present their report, together with the financial statements for the six months ended 30 June 2025 ("H1 2025") of Fluence Corporation Limited ("Fluence", the "Company", and together with its subsidiaries, the "Group"). Please note that unless otherwise stated, all figures are in US Dollars.

Directors

The following persons held office as Directors of Fluence for the whole of the period 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

Introduction

During H1 2025, 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.

The strategic realignment is beginning to realise the stated goals of growing the Company's sales reach, improving efficiency, reducing costs, and ultimately improving EBITDA¹ margins and growth. Fluence is starting to see the benefits of this renewed strategy and the realignment of its business units in the following ways: (1) enhanced commercial collaboration leading to revenue growth across its core business units; (2) a reduction of \$1.0 million (10.5%)² in fixed costs in H1 2025 as compared to H1 2024 and a reduction of \$3.5 million (40.4%)² as compared to H1 2022 prior to these changes being implemented; and (3) improved ability to allocate capital effectively.

The Company is now 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 around the world;
- **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").

^[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.

^[2] Excludes the impact of depreciation and amortisation as well as share-based payments

H1 2025 in Summary

During H1 2025, the Company is reporting the following highlights:

- H1 2025 Revenue of \$33.1 million, representing 64.7% growth over H1 2024 primarily due to the Ivory Coast Addendum commencing in Q4 2024 and contributing revenue of \$12.7 million, which was \$12.0 millions higher than H1 2024.
- H1 2025 SPS plus Recurring Revenue of \$20.4 million, representing 6.7% growth over H1 2024. H1 2025 SPS revenue growth was 19.3%.
- H1 2025 EBITDA¹ exceeded H1 2024 \$3.6 million, with all business units but IWR showing an improvement in EBITDA¹ over H1 2024 (IWR only modestly behind).
- Gross margins of 26.5% in H1 2025², a reduction of 4.1% compared to H1 2024 due to the increased contribution of the Ivory Coast Addendum, however, IWB and IWR exceeded H1 2024 gross margins by 5.8% and 3.1%, respectively, and MWW maintained gross margins in excess of 36%.
- SG&A and R&D savings of \$1.0 million (10.5%)² in H1 2025 as compared to H1 2024.
- H1 2025 New orders of \$22.6 million, with another \$10.0 million in orders booked in July 2025. MWW North America, IWR, IWB and SEA & China saw a combined increase in orders of \$4.2 million (21.6%).
- Backlog as of Q2 2025 sits at \$79.5 million; combining H1 2025 revenue with backlog forecasted to be recognised in H2 2025 is equal to \$74.6 million compared to revenue guidance of \$80-95 million (not including \$10.0 million in July orders).
- Cash balance of \$12.7 million plus \$4.0 million in security deposits as at 30 June 2025 with H1 2025 operating cash flow of \$4.9 million.

During H1 2025, Fluence continued to execute its renewed strategy of growing our high-margin SPS and RR products and services through our realigned and market-focused business units. Revenue in H1 2025 was \$33.1 million, which was \$13.0 million or 64.7% higher than H1 2024. SPS plus RR continued to show healthy growth of 6.7% compared to H1 2024. Contributions from the Ivory Coast Addendum was the largest reason for the increase as revenue in the Ivory Coast was \$12.0 million higher than H1 2024. H2 2025 is expected to show significant consolidated revenue growth as compared to H1 2025 and H2 2024 as a number of backlog projects have begun to accelerate combined with continued progress on the Ivory Coast Addendum. As a result, we are forecasting strong EBITDA¹ in H2 2025.

As a result of the revenue growth in H1 2025, EBITDA¹ was \$0.1 million, an increase of \$3.6 million compared to H1 2024. In addition to the revenue growth the Company experienced in H1 2025, the \$1.0 million reduction of SG&A and R&D² also contributed to the EBITDA¹ in H1 2025. Gross margins were 26.5% in H1 2025², a reduction of 4.1% which can be attributed to the lower gross margins of the Ivory Coast Addendum project. However, gross margins at IWB and IWR both exceeded H1 2024 by 5.8% and 3.1%, respectively, and MWW maintained gross margins in excess of 36% in H1 2025, supporting our renewed strategy to grow our high-margin SPS and RR revenue segments.

New orders were down 9.1% in H1 2025, however, new orders in July totalled \$10.0 million, which would increase the YTD total to over \$32.5 million. MWW North America, IWR, IWB and SEA & China saw a combined increase in orders of \$4.2 million (21.6%) in H1 2025 and this was before the new orders in July noted above. Although SEA & China showed strong order growth in H1 2025, the outlook for the region is not as strong as the other business units for the remainder of FY2025.

Backlog as of 30 June 2025 was \$79.5 million, down \$4.0M as compared to 31 December 2024 primarily due to progress on the Ivory Coast Addendum, offset by backlog growth in other BU's. MWW, IWR, IWB and SEA & China saw backlog growth of \$3.7 million (+11.0%) compared to 30 June 2024. H1 2025 revenue plus backlog forecasted to be recognised in FY2025 is now equal to \$74.6 million, 79-93% compared to revenue guidance of \$80-95 million. Including the \$10.0 million booked in July, the Company has close to 100% of the midpoint of the revenue guidance range.

The Company is maintaining its FY2025 guidance of \$80-95 million of revenue and EBITDA¹ of \$3-5 million noting, however, the downside risks remain due to potential tariff-based project delays and continued weakness in the China market.

^[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.

^[2] Excludes the impact of depreciation and amortisation. SG&A and R&D also excludes the impact of share-based payments.

Key Wins in H1 2025

The Company secured a number of important wins in H1 2025, including:

- Eneva (Brazil): Three (3) separate orders totaling \$3.6 million
 - Portable water treatment plant
 - Chemical dosing system
 - Sanitary wastewater treatment plant ("WWTP");
- Igor (Italy): \$2.4 million Anaerobic digestion of whey permeate to produce biomethane;
- Meat Processing Company (Argentina): \$2.9 million Aerobic WWTP;
- Aluar (Argentina): \$2.6 million Desalination Plant;
- Meat Processing Company (Brazil) \$2.2 million Aerobic WWTP (nutrient removal);
- Danone (Brazil): \$1.2 million Ultrafiltration system;
- Egg Processing Company (Italy): \$0.5 million Aerobic WWTP;
- San Leandro (California): \$0.2 million Aspiral WWTP demonstration plant;
- Confidential Dairy Processing Company (Italy): \$2.3 million Anaerobic Digester (WW-to-energy);
- Wilshire Road Development (California, USA): \$2.3 million Aspiral MABR (Phase 1 of 3) – 1st MABR water reuse project in California;
- Dow Polisor (Argentina): \$1.4 million, 2-year O&M contract renewal;
- Confidential Apple Processor (Indiana, USA): \$0.9 million Aerobic WWTP;
- Kuoloa Ranch (Hawaii, USA): \$0.8 million Aspiral MABR WWTP;
- Confidential MWW Client (Missouri, USA): \$0.8 million Aspiral MABR WWTP;
- Confidential MWW Client (Florida, USA): \$0.5 million RO water treatment plant;
- Confidential Automotive Client (South Korea): \$0.5 million Nitro MABR for ammonia treatment;
- iTest orders (China): \$1.0 million; nine (9) Aspiral MABR WWTPs.

Cash Flow

As at 30 June 2025, Cash and Cash Equivalents were \$12.7 million. In addition, the Company held \$4.0 million in short and long-term deposits, of which \$3.7 million are held as collateral for bank guarantees for the Ivory Coast Main Works. Operating cash flow generated in H1 2025 was \$4.9 million. This was primarily due to collecting €6.0 million related to the IVC Addendum on 26 June 2025, however, a significant amount of vendor payments were not settled until early July. As a result, Q3 2025 operating cash flow is forecasted to be negative, however, YTD Q3 2025 operating cash flow is still forecasted to be positive.

Fluence invested \$0.9 million in various capital projects in H1 2025. This is forecasted to continue through the balance of FY2025, the most significant project being the set-up of US membrane manufacturing.

The Company repaid \$1.0 million of its revolving credit facility in Q2 2025 and expects to continue to make principal repayments against the revolving credit facility in H2 2025.

Update on Potential Impact of US Tariffs

H1 2025 was a tumultuous and volatile period as a result of the evolving global trade policy environment. On 2 April 2025, the US Administration provided incremental details on its proposed 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 5 April 2025. While there have been several bi-lateral trade deals negotiated between the US and trading partners like the European Union and Japan, the US Administration's trade policy remains unpredictable and has changed rapidly several times over the past few months.

Overall, we expect the impact of the fluctuating US tariff policy on Fluence to be minor and predominantly limited to MWW US revenue where the manufacturing origin is outside of the US. However, the trade policy framework of the US Administration remains unpredictable and several existing projects have the potential risk of delays as a result of the alternative manufacturing strategies. To date, due to actions taken by management, the potential negative impact on FY2025 MWW gross margins has been largely mitigated. The Company evaluated alternative manufacturing strategies to minimize the impact on project margins, which we expect to be successful. The Company was already in the process of setting up manufacturing in the US, particularly with respect to MABR membranes. This process will continue to progress irrespective of the ongoing global trade uncertainties.

Segmented Financial Results

(US\$ millions)	YTD Q2 2024		YTD Q2 2025		YTD Variance	
	Revenue	EBITDA ⁽¹⁾	Revenue	EBITDA ⁽¹⁾	Revenue	EBITDA ⁽¹⁾
Municipal Water & Wastewater	\$3.7	(\$0.1)	\$5.0	\$0.2	\$1.3	\$0.3
Industrial Wastewater & Biogas	\$3.2	(\$0.2)	\$4.9	\$0.3	\$1.7	\$0.5
Industrial Water & Reuse	\$8.6	\$1.6	\$7.9	\$1.5	(\$0.7)	(\$0.1)
SEA & China	\$2.4	(\$0.7)	\$2.5	(\$0.3)	\$0.1	\$0.4
BOO	\$1.5	\$0.2	\$1.3	\$0.3	(\$0.2)	\$0.1
IVC	\$0.7	(\$0.2)	\$12.7	\$1.4	\$12.0	\$1.6
Corporate	-	(\$4.2)	(\$1.2)	(\$3.3)	(\$1.2)	\$0.9
Total	\$20.1	(\$3.6)	\$33.1	\$0.1	\$13.0	\$3.7

Note: Corporate revenue includes intercompany eliminations.

Municipal Water and Wastewater

Revenue from the MWW business unit was \$5.0 million in H1 2025 (H1 2024: \$3.7 million) representing growth of 35.1%. Gross Profit¹ in H1 2025 was \$1.8 million (H1 2024: \$1.5 million) and EBITDA² was \$0.2 million (H1 2024: -\$0.1 million).

The MWW business unit is comprised of operations in North America and the Middle East (Dubai and Egypt). While the Company will leverage its established position in the Middle East, the primary focus of the Company's growth investment is in building out the North American team and marketing Fluence to the North American market. The team has been introducing Fluence products and services through online and in-person training sessions, conferences, and rapid expansion of our sales representative network that currently totals 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 \$156 million as at the end of Q2 2026, which represents growth of 14% compared to Q4 2025. It is also leading to growth in new orders as MWW North America had new orders of \$4.6 million in H1 2025, an increase of \$1.5 million or 69.8% over H1 2024. MWW Middle East, however, had new orders of only \$0.2 million compared to \$5.6 million in H1 2024 as a result of the large Rabigh order in H1 2024. MWW Middle East is forecasting significantly higher order volume in H2 2025.

MWW backlog as of the end of H1 2025 was \$9.9 million (H1 2024: \$8.7 million), an increase of \$1.2 million, which positions the business well to meet its H2 2025 forecast and generate strong growth in FY2025, however, as noted previously, downside risks remain due to potential tariff-based project delays.

The Company eliminated MWW commercial operations in Israel during FY2024.

⁽¹⁾ Gross Profit excludes the impact of depreciation and amortisation.

⁽²⁾ EBITDA excludes the impact of Other Gains and Losses, which include FX gains and losses, gains and losses related to various legacy balance sheet items, restructuring, and other non-recurring items.

Industrial Wastewater & Biogas

Revenue from the IWB business unit was \$4.9 million in H1 2025 (H1 2024: \$3.2 million) representing growth of 53.1%. Gross Profit¹ in H1 2025 was \$1.3 million (H1 2024: \$0.7 million) and EBITDA² was \$0.3 million (H1 2024: -\$0.2 million).

The IWB business unit is comprised of operations in Italy as well as North and South America (sales and engineering only). The expansion of the North American team, partners and sales reps continues to be a focus of our growth initiative in H1 2025 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. IWB has also focused on growth in South America through its established geographical presence in Argentina and Brazil. These efforts, combined with the Company's end-to-end process engineering expertise, give Fluence a competitive advantage to win projects over its competitors and has led to significant new orders in both North and South America.

In H1 2025, IWB new orders were \$6.9 million (H1 2024: \$5.8 million), representing growth of 18.5%. This does not include an additional \$5.7 million in orders booked in July 2025. IWB finished H1 2025 with \$14.1 million in backlog (H1 2024: \$12.0 million), representing 16.8% growth and provides more than enough work to meet its revenue forecasts for FY2025.

Industrial Water & Reuse

Revenue from the IWR business unit was \$7.9 million in H1 2025 (H1 2024: \$8.6 million). due to project delays and lower spare parts orders. Gross Profit¹ in H1 2025 was \$3.0 million (H1 2024: \$3.0 million), representing an increase in gross margins of 3.1%. EBITDA² in H1 2025 was \$1.5 million (H1 2024: \$1.6 million).

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, particularly in Brazil, 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. The primary focus for growth for H2 2025 and beyond is Brazil and North America.

In H1 2025, IWR new orders were \$8.7 million (H1 2024: \$8.1 million), representing growth of 6.4%. IWR finished H1 2025 with \$8.4 million in backlog (H1 2024: \$10.3 million), a reduction of 18.8%. However, this is primarily a result of timing as IWR booked an additional \$3.6 million in orders in July 2025. Backlog, July orders and the high level of RR that IWR generates provides sufficient visibility for the business to meet its revenue forecast for FY2025.

Southeast Asia and China

Revenue from the SEA and China business unit for H1 2025 was \$2.5 million (H1 2024: \$2.4 million). Gross Profit¹ was \$0.5 million in H1 2025 (H1 2024: \$0.6 million) and EBITDA² was -\$0.3 million (H1 2024: -\$0.7 million). The lower EBITDA¹ loss driven primarily by lower SG&A and R&D as a result of a significant restructuring taken in H1 2025.

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 market in mainland China slowed considerably in 2023, which has continued through 2024 and H1 2025 due in large part to the collapse in the property and real estate markets. As a result, the SEA & China business unit has experienced a significant decline in revenue primarily due to a slowdown in government spending, which has had a detrimental impact on projects that utilise Fluence's wastewater treatment solutions. As a result of the Company's review of the performance of the SEA & China business unit, senior management made changes in local management and executed a significant reduction in fixed costs. Despite the slowdown in China, the Company still sees growth opportunities in countries outside of mainland China such as Taiwan, Vietnam and South Korea, however, senior management continues to evaluate this business unit including the growth and operating strategy moving forward.

^[1] Gross Profit excludes the impact of depreciation and amortisation.

^[2] EBITDA excludes the impact of Other Gains and Losses, which include FX gains and losses, gains and losses related to various legacy balance sheet items, restructuring, and other non-recurring items.

Build Own Operate Projects

Revenue from BOO projects was \$1.3 million in H1 2025 (H1 2024: \$1.5 million). H1 2025 EBITDA¹ was \$0.3 million (H1 2024: \$0.2 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 reviewing BOO opportunities across all of our business units.

Fluence is also working on rolling out equipment rental and lease programs for its clients based on demand across all business units. This is part of our strategic plan to help grow our recurring revenue business and the Company anticipates growth in this area in H2 2025 and beyond.

Ivory Coast

Revenues from the IVC project were \$12.7 million in H1 2025 (H1 2024: \$0.7 million). Gross Profit² in H1 2025 was \$1.6 million (H1 2024: -\$0.0 million) and EBITDA¹ was \$1.4 million (H1 2024: -\$0.2 million). Contributions from the Ivory Coast Addendum was the largest reason for the increase in revenue and EBITDA¹ as a result of the project starting in Q4 2024.

In H1 2025, Fluence continued commissioning the Main Works, which is now largely complete. Minor ongoing warranty work is being addressed and the largest work outstanding is stabilisation of an embankment for pipe crossing of the swamp. This will largely be completed in parallel with the Addendum works. The Addendum works are currently progressing on schedule and on budget, however the embankment stabilisation and pipe crossing of the swamp needs to be completed to avoid delays. Financially, the Addendum project is progressing well through H1 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 approximately 18 months to complete.

As of 30 June 2025, the Company had collected four (4) milestone payments related to the Addendum totaling €22.3 million, representing approximately 45% of the total payments. Milestone payment 4 (€6.0 million) was received on June 26, just prior to quarter-end, but the majority of payables related to this collection were not paid until early July. The 5th milestone payment (€8.0 million) was recently approved and is expected to be paid in the coming weeks.

Fluence is also continuing its efforts to secure a long-term O&M contract for the plant and continues to receive positive feedback from the client in this regard. Negotiations have commenced and a draft of the agreement is expected to be shared in the coming weeks. 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 plant maintenance contract awarded which Fluence is well-positioned to receive. Maintaining the plant on an interim basis would also position the Company well to be awarded the long-term O&M contract.

^[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.

^[2] Gross Profit excludes the impact of depreciation and amortisation.

Review of Financial Results

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

The revenue from ordinary activities from continuing operations for the six months ended 30 June 2025 was \$33,063,000 (2024: \$20,070,000) and the loss from ordinary activities from continuing operations before tax was \$3,563,000 (2024: loss of \$9,320,000).

Cost of sales from continuing operations for the six months ended 30 June 2025 increased to \$24,441,000 (2024: \$14,014,000).

Total fixed costs including R&D, Sales & Marketing, and General & Administrative expenses for the six months ended 30 June 2025 decreased to \$10,153,000 (2024: \$11,903,000)¹.

The Company's net liabilities increased by \$1,824,000 to \$9,315,000 on 30 June 2025 from \$7,491,000 as at 31 December 2024.

Significant Changes in the State of Affairs

During H1 2025, there was no significant change in the state of affairs of the Company.

Events After the Reporting Period

On August 18, 2025, Fluence and its JV partners signed a Purchase and Sale Agreement for the sale of Desaladora Kenton ("DK") with a target of closing prior to the end of FY 2025. DK had been established in connection with the San Quintin desalination project, which the Company designated as discontinued operation in FY 2020. The sale is subject to a number of conditions precedent, including financing, and there is no guarantee that the sale will be concluded.

Fluence has commenced the dissolution of E.T.G.R Water Infrastructure Limited Partnership ("ETGR") joint venture in Israel and distributed the cash balances of the entity to ETGR's partners, including Fluence. Fluence owns 50% of ETGR and the cash proceeds of approximately \$300,000 were distributed to each partner in July 2025.

The Company announced the appointment of Benjamin Fash as CEO and Managing Director effective on or before 30 December 2025. Mr. Fash currently serves as the Company's Chief Financial Officer, a position he has held since 2023. Following a transition period, current CEO and Managing Director Tom Pokorsky will retire following a distinguished 50-year career. The Company has commenced a search for a new Chief Financial Officer.

The Company announced that, subject to obtaining shareholder approval, the Company has agreed to convert, approximately US \$1.8 million of accrued interest under its US \$20.0 million revolving credit facility into fully paid ordinary shares of the Company. The conversion will be at a price of \$0.054 per share, representing the 30-day VWAP up to the trading day immediately prior to the date of the relevant agreement, which will result in the issuance of 52,494,189 fully paid ordinary shares if approved. The Company will hold an Extraordinary Shareholder General Meeting ("EGM") in October to, among other things, seek shareholder approval for the issuance of such shares in lieu of cash interest payment.

No other matter or circumstance has arisen since 30 June 2025 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.

Rounding of Amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

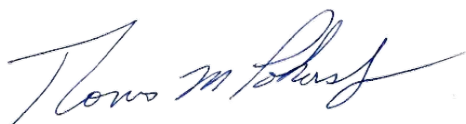
^[1] Includes depreciation, amortisation and share-based payments.

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.

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the Directors

A handwritten signature in blue ink, appearing to read "Thomas Pokorsky". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Thomas Pokorsky
Chief Executive Officer and Managing Director
29 August 2025
Plymouth, Minnesota

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

As lead auditor for the review of Fluence Corporation Limited for the half-year ended 30 June 2025, 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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, 29 August 2025

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General information

The financial statements cover Fluence Corporation Limited as a Group consisting of Fluence Corporation Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in US dollars, which is Fluence Corporation Limited's functional and presentation currency.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 29 August 2025.

This Interim Financial Report does not include all the notes of the type normally included in an Annual Financial Report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 31 December 2024 and any public announcements made by Fluence Corporation Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Fluence Corporation Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 30 June 2025



		Consolidated	
	Note	30 June 2025 \$'000	30 June 2024 \$'000
Revenue	5	33,063	20,070
Expenses			
Cost of sales		(24,441)	(14,014)
Research and development expenses		(889)	(1,062)
Sales and marketing expenses		(2,033)	(3,253)
General and administrative expenses		(7,231)	(7,588)
Other losses	6	(1,285)	(2,591)
Finance costs		(747)	(882)
Loss before income tax expense from continuing operations		(3,563)	(9,320)
Income tax expense		(124)	(229)
Loss after income tax expense from continuing operations		(3,687)	(9,549)
Profit/(loss) after income tax expense from discontinued and held for sale operations	7	(65)	86
Loss after income tax expense for the half-year		(3,752)	(9,463)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		1,363	(638)
Other comprehensive income for the half-year, net of tax		1,363	(638)
Total comprehensive income for the half-year		<u>(2,389)</u>	<u>(10,101)</u>
Other comprehensive income for the half-year			
From continuing operations		1,474	(688)
From discontinued operations		(111)	50
		<u>1,363</u>	<u>(638)</u>
Loss for the half-year is attributable to:			
Non-controlling interest		95	35
Owners of Fluence Corporation Limited		(3,847)	(9,498)
		<u>(3,752)</u>	<u>(9,463)</u>
Total comprehensive income for the half-year is attributable to:			
Continuing operations		109	53
Discontinued operations		(14)	(18)
Non-controlling interest		95	35
Continuing operations		(2,322)	(10,290)
Discontinued operations		(162)	154
Owners of Fluence Corporation Limited		<u>(2,484)</u>	<u>(10,136)</u>
		<u>(2,389)</u>	<u>(10,101)</u>

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

Fluence Corporation Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 30 June 2025



		Cents	Cents
Earnings per share for loss from continuing operations attributable to the Owners of Fluence Corporation Limited			
Basic earnings per share	8	(0.351)	(0.892)
Diluted earnings per share	8	(0.351)	(0.892)
Earnings per share for profit/(loss) from discontinued operations attributable to the Owners of Fluence Corporation Limited			
Basic earnings per share	8	(0.005)	0.010
Diluted earnings per share	8	(0.005)	0.010
Earnings per share for loss attributable to the Owners of Fluence Corporation Limited			
Basic earnings per share	8	(0.356)	(0.882)
Diluted earnings per share	8	(0.356)	(0.882)

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

		Consolidated	
	Note	30 June 2025 \$'000	31 December 2024 \$'000
Assets			
Current assets			
Cash and cash equivalents		12,720	8,945
Other financial assets		70	26
Trade and other receivables	10	29,505	38,902
Inventories	11	5,927	5,797
Prepayments		3,968	2,647
Concession arrangement assets	12	271	271
Other assets		178	229
Total current assets		<u>52,639</u>	<u>56,817</u>
Non-current assets			
Investments accounted for using the equity method		337	311
Deferred tax assets		1,874	1,893
Property, plant and equipment		8,558	8,006
Intangible assets	13	641	970
Concession arrangement assets	12	2,365	2,499
Long-term deposits	14	4,006	3,576
Other assets		12	39
Total non-current assets		<u>17,793</u>	<u>17,294</u>
Total assets		<u>70,432</u>	<u>74,111</u>
Liabilities			
Current liabilities			
Trade and other payables and other liabilities	15	31,865	34,799
Borrowings	16	20,784	3,171
Lease liabilities		459	478
Current tax liabilities		76	90
Provisions		3,257	3,126
Contract liabilities		22,033	21,486
Total current liabilities		<u>78,474</u>	<u>63,150</u>
Non-current liabilities			
Borrowings	16	-	17,500
Lease liabilities		561	297
Deferred tax liabilities		-	33
Provisions		555	468
Contract liabilities		157	154
Total non-current liabilities		<u>1,273</u>	<u>18,452</u>
Total liabilities		<u>79,747</u>	<u>81,602</u>
Net liabilities		<u>(9,315)</u>	<u>(7,491)</u>

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

Fluence Corporation Limited
Statement of financial position
As at 30 June 2025



		Consolidated	
	Note	30 June 2025 \$'000	31 December 2024 \$'000
Equity			
Contributed equity	17	232,864	232,614
Reserves		70	(1,608)
Accumulated losses		(240,126)	(236,279)
Deficiency in equity attributable to the Owners of Fluence Corporation Limited		(7,192)	(5,273)
Non-controlling interest		(2,123)	(2,218)
Total deficiency in equity		(9,315)	(7,491)

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

Fluence Corporation Limited
Statement of changes in equity
For the half-year ended 30 June 2025



	Issued capital	Reserves	Accumulated losses	Non- controlling interest	Total equity
Consolidated	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2024	232,313	(3,252)	(214,878)	(1,966)	12,217
Profit/(loss) after income tax expense for the half-year	-	-	(9,498)	35	(9,463)
Other comprehensive income for the half-year, net of tax	-	(638)	-	-	(638)
Total comprehensive income for the half-year	-	(638)	(9,498)	35	(10,101)
<i>Transactions with Owners in their capacity as Owners:</i>					
Issue of ordinary shares, net of transaction costs	316	(317)	-	-	(1)
Share based payments	-	1,129	-	-	1,129
Balance at 30 June 2024	<u>232,629</u>	<u>(3,078)</u>	<u>(224,376)</u>	<u>(1,931)</u>	<u>3,244</u>
	Issued capital	Reserves	Accumulated losses	Non- controlling interest	Total equity
Consolidated	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2025	232,614	(1,608)	(236,279)	(2,218)	(7,491)
Profit/(loss) after income tax expense for the half-year	-	-	(3,847)	95	(3,752)
Other comprehensive income for the half-year, net of tax	-	1,363	-	-	1,363
Total comprehensive income for the half-year	-	1,363	(3,847)	95	(2,389)
<i>Transactions with Owners in their capacity as Owners:</i>					
Issue of ordinary shares, net of transaction costs	250	(254)	-	-	(4)
Share based payments	-	569	-	-	569
Balance at 30 June 2025	<u>232,864</u>	<u>70</u>	<u>(240,126)</u>	<u>(2,123)</u>	<u>(9,315)</u>

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

Fluence Corporation Limited
Statement of cash flows
For the half-year ended 30 June 2025



	Consolidated	
	30 June 2025 \$'000	30 June 2024 \$'000
Cash flows from operating activities		
Receipt from customers	43,461	20,721
Payments to suppliers and employees	(38,272)	(33,214)
Interest received	10	160
Interest and other costs of finance paid	(70)	(1,056)
Income taxes paid	(269)	(214)
Net cash from/(used in) operating activities	4,860	(13,603)
Cash flows from investing activities		
Payments for property, plant and equipment	(571)	(681)
Proceeds from sale of property, plant and equipment	56	96
Proceeds from sale of Aeromix	-	1,837
(Transfers to)/proceeds from release of security deposits	(109)	(238)
Net cash from/(used in) investing activities	(624)	1,014
Cash flows from financing activities		
Proceeds from borrowings	410	-
Repayment of borrowings	(1,045)	(3,587)
Transaction costs related to the issuance of ordinary shares	(4)	-
Principal portion of lease liabilities	(356)	(626)
Net cash used in financing activities	(995)	(4,213)
Net increase/(decrease) in cash and cash equivalents	3,241	(16,802)
Cash and cash equivalents at the beginning of the financial half-year	8,945	24,635
Effects of exchange rate changes on cash and cash equivalents	534	90
Cash and cash equivalents at the end of the financial half-year	12,720	7,923

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

Note 1. General information and basis of preparation

These Interim Financial Statements of the Company are for the six months ended 30 June 2025 (the "**Interim Financial Statements**") and are presented in United States Dollars, which is the Company's presentation currency. These general purpose Interim Financial Statements have been prepared in accordance with the requirements of AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. They do not include all of the information required in Annual Financial Statements in accordance with Australian Accounting Standards, and should be read in conjunction with the financial statements of the Company for the year ended 31 December 2024 and any public announcements made by the Company during the half-year in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the *Corporations Act 2001*.

The Interim Financial Statements have been approved and authorised for issue by the board of directors on 29 August 2025.

Note 2. Going concern

The financial statements have been prepared on the 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.

As at 30 June 2025 the Company had cash and cash equivalents of \$12,720,000. In addition to that the Company had \$4,006,000 in long-term deposits.

The consolidated entity has prepared a cash flow forecast supported by detailed assumptions and scenario planning directed to sustaining business growth. These assumptions do not include any planned capital raises or changes. These forecasts indicate that the consolidated entity expects to have sufficient funds to support its ongoing operations for a period of at least 12 months from the date the financial report was authorised for issue.

As at 30 June 2025, the Company had a substantial contracted sales backlog of US\$79,503,000. Accordingly, the Company expects to earn significant revenue over the next 12 months and beyond. The resulting net cash flows associated with this revenue will provide further working capital to the consolidated entity.

Note 3. Material accounting policy information

The Interim Financial Statements have been prepared in accordance with the same accounting policies adopted in the Company's last Annual Financial Statements for the year ended 31 December 2024.

The accounting policies have been applied consistently throughout the Company for the purposes of preparation of these Interim Financial Statements. The principal accounting policies adopted are consistent with those of the previous accounting period and corresponding interim reporting period, unless stated otherwise.

Rounding of amounts

The amounts contained in the Directors' Report and in the Financial Report have been rounded to the nearest \$1,000 or \$1,000,000 (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 to which the Legislative Instrument applies.

Note 4. Segment information

The Company identified six 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.

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:

Note 4. Segment information (continued)

- **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 around the world;
- **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**").

2025	MWW \$'000	IWB \$'000	IWR \$'000	SEA & China \$'000	BOO \$'000	IVC \$'000	Intersegment Elimination \$'000	Corporate \$'000	Fluence \$'000
Revenue									
Revenue from continuing operations	5,009	4,889	7,866	2,454	1,338	12,694	(1,187)	-	33,063
	5,009	4,889	7,866	2,454	1,338	12,694	(1,187)	-	33,063
Segment gross profit	1,840	1,340	3,015	398	195	1,601	233	-	8,622
Operating expenses	(1,745)	(1,174)	(1,675)	(825)	(69)	(214)	(233)	(4,218)	(10,153)
Less depreciation and amortization	90	118	141	204	-	24	-	247	824
Other EBITDA adjustments	16	15	16	(74)	204	-	-	596	773
Segment EBITDA	201	299	1,497	(297)	330	1,411	-	(3,375)	66
Share of profits of associates	-	-	-	-	-	-	-	-	-
Profit/loss from discontinued operations	(9)	-	-	-	(56)	-	-	-	(65)
Other losses, finance cost and income tax	538	4	(648)	(588)	36	(42)	-	(1,456)	(2,156)
Segment results	624	170	692	(1,015)	106	1,345	-	(5,674)	(3,752)
2024¹	MWW \$'000	IWB \$'000	IWR \$'000	SEA & China \$'000	BOO \$'000	IVC \$'000	Intersegment Elimination \$'000	Corporate \$'000	Fluence \$'000
Revenue									
Revenue from continuing operations	3,721	3,240	8,641	2,420	1,489	716	(159)	2	20,070
	3,721	3,240	8,641	2,420	1,489	716	(159)	2	20,070
Segment gross profit	1,427	701	3,047	648	164	(51)	118	2	6,056
Operating expenses	(1,720)	(1,037)	(1,569)	(1,501)	(193)	(140)	(118)	(5,625)	(11,903)
Less depreciation and amortization	161	116	149	144	-	37	-	281	888
Other EBITDA adjustments	-	-	-	-	211	-	-	1,171	1,382
Segment EBITDA	(132)	(220)	1,627	(709)	182	(154)	-	(4,171)	(3,577)
Share of profits of associates	-	-	-	-	-	-	-	-	-
Profit/loss from discontinued operations	165	-	-	-	(79)	-	-	-	86
Other losses, finance cost and income tax	(183)	(16)	(391)	(1,668)	81	2	-	(1,527)	(3,702)
Segment results	(311)	(352)	1,087	(2,521)	(27)	(189)	-	(7,150)	(9,463)

^[1] 2024 Segments Results have been revised to exclude the management fee charged to Business Units in line with FY 2024 results.

Intersegment transactions

Intersegment transactions are made at market rates and are eliminated on consolidation.

Note 4. Segment information (continued)

Balance sheet disclosures for each reporting segment have not been included as they are not reviewed by the CODM.

Note 5. Revenue

	Consolidated	
	30 June 2025 \$'000	30 June 2024 \$'000
From continuing operations		
<u>Contract revenue</u>		
Smart Product Solutions	15,064	12,631
Customer Engineering Solutions	12,686	977
	<u>27,750</u>	<u>13,608</u>
<u>Service revenue</u>		
Revenues on services	3,401	3,855
Revenue on parts	574	1,118
Recurring revenue from concession assets	1,338	1,489
	<u>5,313</u>	<u>6,462</u>
	<u>33,063</u>	<u>20,070</u>

Revenue has been disaggregated based on contract revenue (inclusive of Smart Product Solutions and Customer Engineering Solutions) and service revenue (inclusive of Recurring Revenue). They comprise distinct revenue streams and margins. Refer to note 4 for disaggregation of revenue by operating segments.

	Consolidated	
	30 June 2025 \$'000	30 June 2024 \$'000
<i>Timing of revenue recognition</i>		
Goods transferred at a point in time	27,680	8,325
Services transferred over time	5,383	11,745
	<u>33,063</u>	<u>20,070</u>

Note 6. Other gains/(losses) - net

	Consolidated	
	30 June 2025 \$'000	30 June 2024 \$'000
Other gains/(losses) - net		
Restructuring provisions	(722)	-
Onerous contract provisions	(371)	(74)
Provision for intangible asset	(321)	-
Non-operating expenses	(77)	(99)
Foreign currency transactions costs	(7)	(923)
Provisions for contract receivables	-	(1,496)
Gain on disposal of property, plant and equipment	46	66
Foreign exchange gain/(loss)	77	(15)
Change in inventory provisions	109	27
Other	(19)	(77)
	<u>(1,285)</u>	<u>(2,591)</u>

Note 7. 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 was expected to improve liquidity and allow Fluence to streamline its focus on its core MWW operations. The Aeromix net assets on the date of disposal were \$1,792,000. The company recognised a gain from the sale of Aeromix business of \$195,000.

During the half-year ended 30 June 2025, the Company continued to classify its San Quintin project in Mexico ("Fluence SQ") as discontinued operations.

At the beginning of 2024, the company decided to enter the Colombian market. However, by 31 December 2024, the Company classified 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 half-year ended 30 June 2025.

	Consolidated	
	30 June 2025 \$'000	30 June 2024 \$'000
Aeromix		
Revenue	-	176
Cost of sales	-	(113)
Sales and marketing expenses	-	(33)
General and administration expenses	-	(58)
Finance costs	-	(2)
Loss before income tax	<u>-</u>	<u>(30)</u>
Gain from Aeromix sale	<u>-</u>	<u>195</u>
Profit/(loss) after income tax from held for sale operations	<u>-</u>	<u>165</u>

Note 7. Discontinued operations and assets classified as held for sale (continued)

Cash flow from operating activities	-	(28)
Cash flow from financing activities	-	(2)
Net (decrease) in cash and cash equivalents from held for sale operations	-	(30)

Consolidated	
30 June	30 June
2025	2024
\$'000	\$'000

Fluence Colombia

General and administration expenses	(9)	-
Loss after income tax from discontinued operations	(9)	-
Cash flow from operating activities	(7)	-
Changes in cash funds effects of exchange-rate changes	1	-
Net increase in cash and cash equivalents from discontinued operations	(6)	-

Consolidated	
30 June	30 June
2025	2024
\$'000	\$'000

Fluence SQ

Cost of sales	-	(1)
Sales and marketing expenses	-	(33)
General and administration expenses	(32)	(47)
Finance costs	-	2
Loss before income tax	(32)	(79)
Income tax expense	(24)	-
Loss after income tax from discontinued operations	(56)	(79)

Consolidated	
30 June	30 June
2025	2024
\$'000	\$'000

Cash flow from operating activities	(34)	(70)
Changes in cash funds effects of exchange-rate changes	2	94
Net increase in cash and cash equivalents from discontinued operations	(32)	24

Note 7. Discontinued operations and assets classified as held for sale (continued)

	Consolidated	
	30 June 2025 \$'000	30 June 2024 \$'000
Gain/(loss) after income tax expense from discontinued and held for sale operations		
Aeromix - held for sale	-	165
Fluence Colombia - discontinued	(9)	-
Fluence SQ - discontinued	(56)	(79)
	<u>(65)</u>	<u>86</u>

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

	Consolidated	
	30 June 2025 \$'000	31 December 2024 \$'000
Fluence Colombia		
Cash and cash equivalents	4	-
Trade and other receivables	4	-
Total assets	<u>8</u>	<u>-</u>
Trade and other payables and other liabilities	57	-
Total liabilities	<u>57</u>	<u>-</u>
Net liabilities	<u>49</u>	<u>-</u>

	Consolidated	
	30 June 2025 \$'000	31 December 2024 \$'000
Fluence SQ		
Cash and cash equivalents	19	50
Trade and other receivables	45	28
Prepayments	1	1
Other assets	2	2
Property, plant and equipment	134	122
Total assets discontinued	<u>201</u>	<u>203</u>
Trade and other payables and other liabilities	444	378
Contract liabilities	2	2
Total liabilities discontinued	<u>446</u>	<u>380</u>
Net liabilities	<u>245</u>	<u>177</u>

Note 8. Earnings per share

	Consolidated	
	30 June 2025 \$'000	30 June 2024 \$'000
<i>Earnings per share for loss from continuing operations</i>		
Loss after income tax	(3,687)	(9,549)
Non-controlling interest	(109)	(53)
Loss after income tax attributable to the Owners of Fluence Corporation Limited	<u>(3,796)</u>	<u>(9,602)</u>
	Cents	Cents
Basic earnings per share	(0.351)	(0.892)
Diluted earnings per share	(0.351)	(0.892)
	Consolidated	
	30 June 2025 \$'000	30 June 2024 \$'000
<i>Earnings per share for profit/(loss) from discontinued operations</i>		
Profit/(loss) after income tax	(65)	86
Non-controlling interest	14	18
Profit/(loss) after income tax attributable to the Owners of Fluence Corporation Limited	<u>(51)</u>	<u>104</u>
	Cents	Cents
Basic earnings per share	(0.005)	0.010
Diluted earnings per share	(0.005)	0.010
	Consolidated	
	30 June 2025 \$'000	30 June 2024 \$'000
<i>Earnings per share for loss</i>		
Loss after income tax	(3,752)	(9,463)
Non-controlling interest	(95)	(35)
Loss after income tax attributable to the Owners of Fluence Corporation Limited	<u>(3,847)</u>	<u>(9,498)</u>
	Cents	Cents
Basic earnings per share	(0.356)	(0.882)
Diluted earnings per share	(0.356)	(0.882)
	Number	Number
<i>Weighted average number of ordinary shares</i>		
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>1,081,305,225</u>	<u>1,076,317,541</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>1,081,305,225</u>	<u>1,076,317,541</u>

Note 9. Share based payments

Set out below are summaries of options granted to Directors, Consultants, and Employees under the Company's employee share option plan:

30 June 2025

Grant / change date	Expiry date	Exercise price (AU\$)	Granted	Exercised	Cancelled/ Lapsed/ Forfeited	Balance at 30 June 2025
Opening balance			205,971,872	(4,634,104)	(77,596,221)	123,741,547
28 January 2025	14 March 2027	0.26	-	-	(1,562,500)	(1,562,500)
28 January 2025	1 January 2027	0.18	-	-	(78,050)	(78,050)
28 January 2025	1 January 2027	0.23	-	-	(312,500)	(312,500)
28 January 2025	15 January 2028	0.23	-	-	(187,500)	(187,500)
31 January 2025	31 May 2025	0.23	-	-	(62,500)	(62,500)
3 February 2025	1 January 2026	0.18	-	-	(93,750)	(93,750)
31 March 2025	31 May 2025	0.23	-	-	(937,500)	(937,500)
25 May 2025	25 May 2025	0.93	-	-	(8,992,938)	(8,992,938)
25 May 2025	25 May 2025	0.84	-	-	(350,000)	(350,000)
31 May 2025	31 May 2025	0.23	-	-	(550,000)	(550,000)
25 June 2025	25 June 2025	0.23	-	-	(1,000,000)	(1,000,000)
Closing balance			205,971,872	(4,634,104)	(91,723,459)	109,614,309

As of 30 June 2025, 46,016,638 of the options out of the outstanding total of 109,614,309 under the Company's employee share option plan have vested.

Expenses arising from share-based payment transactions

	Consolidated	
	30 June 2025 \$'000	30 June 2024 \$'000
Share based payment expense		
Employee share based payments	329	630
Director share based payments	189	382
Consultants share based payments	51	117
	<u>569</u>	<u>1,129</u>

Note 10. Trade and other receivables

	Consolidated	
	30 June 2025 \$'000	31 December 2024 \$'000
Trade receivables	11,416	12,735
Less: Allowance for expected credit losses	(1,256)	(1,406)
	<u>10,160</u>	<u>11,329</u>
Contract assets (unbilled receivables)	16,369	25,108
GST and other taxes receivable	1,851	1,651
Income tax receivable	680	598
Other receivables	445	216
	<u>19,345</u>	<u>27,573</u>
Other receivables	1,242	1,101
Less: Allowance for expected credit losses	(1,242)	(1,101)
	<u>-</u>	<u>-</u>
	<u><u>29,505</u></u>	<u><u>38,902</u></u>

Note 11. Inventories

	Consolidated	
	30 June 2025 \$'000	31 December 2024 \$'000
Raw materials - at cost	3,821	4,167
Work in progress - at cost	1,070	1,370
Finished goods - at lower of cost or net realisable value	<u>1,036</u>	<u>260</u>
	<u><u>5,927</u></u>	<u><u>5,797</u></u>

Note 12. Concession asset

In July 2018 the Company entered into a service concession arrangement in the Bahamas to build a seawater desalination potable water 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 an expected period of 15 years, unless the grantor exercises its buyout clause. 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 six months ended 30 June 2025, the Company has recognised revenue of \$1,257,000 on the desalination plant.

	Consolidated	
	30 June 2025 \$'000	31 December 2024 \$'000
Concession assets		
Current concession asset	271	271
Non-current concession asset	<u>2,365</u>	<u>2,499</u>
	<u><u>2,636</u></u>	<u><u>2,770</u></u>

Note 13. Intangible assets

	Consolidated	
	30 June 2025 \$'000	31 December 2024 \$'000
Opening net book amount	970	1,140
Impairment loss	(321)	-
Amortisation charge	(82)	(158)
Currency translation differences	74	(12)
	<u>641</u>	<u>970</u>
Closing net book amount		

Note 14. Long-term deposits

	Consolidated	
	30 June 2025 \$'000	31 December 2024 \$'000
Collections from customers deposited for a period of more than twelve months	<u>4,006</u>	<u>3,576</u>

Long-term deposits are collections from the Ivory Coast projects deposited for a period of more than twelve months.

Note 15. Trade and other payables and other liabilities

	Consolidated	
	30 June 2025 \$'000	31 December 2024 \$'000
Trade payables	10,256	10,799
Accrued payroll liabilities	1,644	3,535
Accrued project expenses	16,778	18,426
Government grants (i)	501	515
Other accruals	<u>2,686</u>	<u>1,524</u>
	<u>31,865</u>	<u>34,799</u>

(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 the OCS's 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 30 June 2025 and 31 December 2024, the Company recognised a liability to the OCS in the amount of \$501,000 and \$515,000 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 16. Borrowings

In July 2024, the Company successfully obtained a new revolving credit facility, issued by two of the Company's Directors, for up to \$15.0 million (the "**Revolving Facility**"). The proceeds from the Revolving Facility were used to repay the remaining balance on the loan facility with Upwell Water LLC (the "**Upwell Facility**"). The terms of the Revolving Facility are more favorable to the Company than 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%.

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.

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.

	Consolidated	
	30 June 2025 \$'000	31 December 2024 \$'000
Borrowings		
Current borrowings and interest payable	20,784	3,171
Non-current borrowings	-	17,500
	<u>20,784</u>	<u>20,671</u>

Note 17. Contributed equity

(a) Share capital

(b) Ordinary shares - fully paid

	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 cost arising on share issue	-	(16)
Balance 31 December 2024	<u>1,080,966,412</u>	<u>232,614</u>
	Number of shares	\$'000
Opening balance 1 January 2025	1,080,966,412	232,614
Issue of shares in-lieu of Director's fees	4,356,173	254
Transaction cost arising on share issue	-	(4)
Balance 30 June 2025	<u>1,085,322,585</u>	<u>232,864</u>

Note 17. Contributed equity (continued)

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 18. 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 in 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).

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
31 December 2024				
<i>Intangible assets</i>				
Capitalised development costs (note 13)	-	970	-	970
<i>Financial liability</i>				
Government grant liability	-	-	515	515
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
30 June 2025				
<i>Intangible assets</i>				
Capitalised development costs (note 13)	-	614	-	614
<i>Financial liability</i>				
Government grant liability	-	-	501	501

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 as the present value over the expected time that the grant liability is to be repaid from the royalty stream from future revenue discounted at an annual rate of 18.2% (2024: 18.2%).

Reconciliation of Level 3 fair value movements

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

Note 18. Recognised fair value measurements (continued)

	Government grant \$'000
Opening balance at 1 January 2024	398
Adjustment to fair value of liability, included in "Research and development expense" in the Consolidated statement of profit or loss and other comprehensive income.	118
Currency translation differences	(1)
Closing balance at 31 December 2024	515
Adjustment to fair value of liability, included in "Research and development expense" in the Consolidated statement of profit or loss and other comprehensive income.	(14)
Closing balance at 30 June 2025	501

Note 19. 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. During the period ended 30 June, 2025, all liabilities payable to MST were settled.

There were no other material ongoing litigations as at 30 June 2025.

Note 20. Events after the reporting period

On August 18, 2025, Fluence and its JV partners signed a Purchase and Sale Agreement for the sale of Desaladora Kenton ("DK") with a target of closing prior to the end of FY 2025. DK had been established in connection with the San Quintin desalination project, which the Company designated as discontinued operation in FY 2020. The sale is subject to a number of conditions precedent, including financing, and there is no guarantee that the sale will be concluded.

Fluence has commenced the dissolution of E.T.G.R Water Infrastructure Limited Partnership ("ETGR") joint venture in Israel and distributed the cash balances of the entity to ETGR's partners, including Fluence. Fluence owns 50% of ETGR and the cash proceeds of approximately \$300,000 were distributed to each partner in July 2025.

The Company announced the appointment of Benjamin Fash as CEO and Managing Director effective on or before 30 December 2025. Mr. Fash currently serves as the Company's Chief Financial Officer, a position he has held since 2023. Following a transition period, current CEO and Managing Director Tom Pokorsky will retire following a distinguished 50-year career. The Company has commenced a search for a new Chief Financial Officer.

The Company announced that, subject to obtaining shareholder approval, the Company has agreed to convert, approximately US \$1.8 million of accrued interest under its US \$20.0 million revolving credit facility into fully paid ordinary shares of the Company. The conversion will be at a price of \$0.054 per share, representing the 30-day VWAP up to the trading day immediately prior to the date of the relevant agreement, which will result in the issuance of 52,494,189 fully paid ordinary shares if approved. The Company will hold an Extraordinary Shareholder General Meeting ("EGM") in October to, among other things, seek shareholder approval for the issuance of such shares in lieu of cash interest payment.

No other matter or circumstance has arisen since 30 June 2025 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.

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Company's financial position as at 30 June 2025 and of its performance for the financial half-year ended on that date; and
- There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the Directors

A handwritten signature in blue ink, appearing to read "Thomas M Pokorsky". The signature is fluid and cursive, with the first name "Thomas" and last name "Pokorsky" clearly distinguishable.

Thomas Pokorsky
Chief Executive Officer and Managing Director
29 August 2025
Plymouth, Minnesota

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Fluence Corporation Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Fluence Corporation Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2025, 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 half-year ended on that date, material accounting policy information and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- i. Giving a true and fair view of the Group's financial position as at 30 June 2025 and of its financial performance for the half-year ended on that date; and
- ii. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of 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 the audit of the annual 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 the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the directors for the financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2025 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit Pty Ltd

A handwritten signature in blue ink. It starts with 'BDO' in a stylized, cursive-like font, followed by a horizontal line, and then the name 'Katherine Robertson' in a flowing cursive script.

Katherine Robertson
Director

Melbourne, 29 August 2025