

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**
FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended December 31, 2023

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to
Commission file number 001-40978

Fluence Energy, Inc.

(Exact name of registrant as specified in its charter)

Delaware

87-1304612

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification No.)

4601 Fairfax Drive, Suite 600
Arlington, Virginia

22203

(Address of Principal Executive Offices)

(Zip Code)

(833) 358-3623

Registrant's telephone number, including area code

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A common stock, \$0.00001 par value	FLNC	The Nasdaq Global Select Market

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports); and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

As of February 6, 2024, the registrant had 127,133,762 shares of Class A common stock outstanding and 51,499,195 shares of Class B-1 common stock outstanding.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This Quarterly Report on Form 10-Q for the three months ended December 31, 2023 (this "Report") contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in Section 27A of the Securities Act of 1933, as amended (the "Securities Act") and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Statements regarding our future results of operations and financial position, financial and operational performance, growth and business strategy, future revenue recognition and estimated revenues, future capital expenditures and debt service obligations, projected costs, prospects, plans, and objectives of management for future operations, including, among others, statements regarding expected growth and demand for our energy storage products and services, relationships with new and existing suppliers, introduction of new products, services, and digital application offerings and adoption of such offerings by customers, expectations regarding material weakness remediation, presumptions relating to the Company's tax receivable agreement, and potential impact from the Inflation Reduction Act of 2022 or any other proposed legislation, are forward-looking statements. In some cases, you may identify forward-looking statements by terms such as "may," "will," "should," "expects," "plans," "anticipates," "could," "seeks," "intends," "targets," "projects," "contemplates," "grows," "believes," "estimates," "predicts," "potential" or "continue" or the negative of these terms or other similar expressions. Accordingly, we caution you that any such forward-looking statements are not guarantees of future performance and are subject to risks, assumptions, and uncertainties that are difficult to predict. Although we believe that the expectations reflected in these forward-looking statements are reasonable as of the date made, actual results may prove to be materially different from the results expressed or implied by the forward-looking statements.

These forward-looking statements are subject to a number of important factors that could cause actual results to differ materially from those in the forward-looking statements, including the factors described under the headings Part I, Item 1A. "Risk Factors" and Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the year ended September 30, 2023 filed with the Securities and Exchange Commission (the "SEC") on November 29, 2023 (the "2023 Annual Report") and Item 2. "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this Report. If one or more events related to these or other risks or uncertainties materialize, or if our underlying assumptions prove to be incorrect, actual results may differ materially from what we anticipate. Many of the important factors that will determine these results are beyond our ability to control or predict. Accordingly, you should not place undue reliance on any such forward-looking statements. We qualify all forward-looking statements contained in this Report by these cautionary statements. Any forward-looking statement speaks only as of the date on which it is made, and, except as otherwise required by law, we do not undertake any obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise. New factors emerge from time to time, and it is not possible for us to predict which will arise. In addition, we cannot assess the impact of each factor on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

Part I - Financial Information

Item 1. Financial Statements

FLUENCE ENERGY, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(U.S. Dollars in Thousands, except share and per share amounts)

	Unaudited	December 31,	September 30,
		2023	2023
Assets			
Current assets:			
Cash and cash equivalents	\$ 317,614	\$ 345,896	
Restricted cash	135,864	106,835	
Trade receivables, net	172,021	103,397	
Unbilled receivables	182,232	192,064	
Receivables from related parties	75,427	58,514	
Advances to suppliers	112,570	107,947	
Inventory, net	564,466	224,903	
Current portion of notes receivable - pledged as collateral	55,251	24,330	
Other current assets	50,054	31,074	
Total current assets	1,665,499	1,194,960	
Non-current assets:			
Property and equipment, net	\$ 13,427	\$ 12,771	
Intangible assets, net	56,780	55,752	
Goodwill	27,535	26,020	
Deferred income tax asset	86	86	
Note receivable - pledged as collateral	—	30,921	
Other non-current assets	52,167	31,639	
Total non-current assets	149,995	157,189	
Total assets	<u><u>\$ 1,815,494</u></u>	<u><u>\$ 1,352,149</u></u>	
Liabilities and Stockholders' Equity			
Current liabilities:			
Accounts payable	\$ 318,548	\$ 62,899	
Deferred revenue	382,832	273,164	
Current portion of borrowings against note receivable - pledged as collateral	51,621	22,539	
Personnel related liabilities	18,783	52,174	
Accruals and provisions	172,009	172,223	
Payables and deferred revenue with related parties	265,048	116,488	
Taxes payable	30,994	29,465	
Other current liabilities	12,087	16,711	
Total current liabilities	1,251,922	745,663	
Non-current liabilities:			
Deferred income tax liability	5,370	4,794	
Borrowings against note receivable - pledged as collateral	—	28,024	
Other non-current liabilities	19,047	17,338	
Total non-current liabilities	24,417	50,156	
Total liabilities	<u><u>1,276,339</u></u>	<u><u>795,819</u></u>	
Stockholders' Equity:			
Preferred stock, \$0.00001 per share, 10,000,000 shares authorized; no shares issued and outstanding as of December 31, 2023 and September 30, 2023	—	—	
Class A common stock, \$0.00001 par value per share, 1,200,000,000 shares authorized; 127,657,916 shares issued and 126,967,942 shares outstanding as of December 31, 2023; 119,593,409 shares issued and 118,903,435 shares outstanding as of September 30, 2023, respectively	1	1	
Class B-1 common stock, \$0.00001 par value per share, 200,000,000 shares authorized; 51,499,195 shares issued and outstanding as of December 31, 2023; 58,586,605 shares issued and outstanding as of September 30, 2023	—	—	

Shares issued and outstanding as of December 31, 2023, 30,500,000 shares issued and outstanding as of September 30, 2023, respectively

Class B-2 common stock, \$0.00001 par value per share, 200,000,000 shares authorized; 0 shares issued and outstanding as of December 31, 2023 and September 30, 2023	—	—
Treasury stock, at cost	(7,797)	(7,797)
Additional paid-in capital	610,230	581,104
Accumulated other comprehensive income	4,382	3,202
Accumulated deficit	(190,907)	(174,164)
Total stockholders' equity attributable to Fluence Energy, Inc.	415,909	402,346
Non-Controlling interests	123,246	153,984
Total stockholders' equity	539,155	556,330
Total liabilities and stockholders' equity	\$ 1,815,494	\$ 1,352,149

The accompanying notes are an integral part of these condensed statements

FLUENCE ENERGY, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND
COMPREHENSIVE LOSS (UNAUDITED)
(U.S. Dollars in Thousands, except share and per share amounts)

	Three Months Ended December 31,	
	2023	2022
Revenue	\$ 247,382	\$ 209,454
Revenue from related parties	116,574	101,006
Total revenue	363,956	310,460
Cost of goods and services	327,570	298,420
Gross profit	36,386	12,040
Operating expenses:		
Research and development	15,440	19,162
Sales and marketing	10,706	8,792
General and administrative	37,728	31,267
Depreciation and amortization	2,483	2,424
Interest income, net	(1,993)	(656)
Other income, net	(1,187)	(11,142)
Loss before income taxes	(26,791)	(37,807)
Income tax benefit	(1,235)	(614)
Net loss	\$ (25,556)	\$ (37,193)
Net loss attributable to non-controlling interest	\$ (8,813)	\$ (12,551)
Net loss attributable to Fluence Energy, Inc.	<u>\$ (16,743)</u>	<u>\$ (24,642)</u>
Weighted average number of Class A common shares outstanding		
Basic and diluted	121,113,282	115,393,437
Loss per share of Class A common stock		
Basic and diluted	\$ (0.14)	\$ (0.21)
Foreign currency translation gain (loss), net of income tax expense of \$ 0.3 million in 2023 and 2022, respectively	1,635	(3,585)
Total other comprehensive income (loss)	\$ 1,635	\$ (3,585)
Total comprehensive loss	\$ (23,921)	\$ (40,778)
Comprehensive loss attributable to non-controlling interest	\$ (8,358)	\$ (13,761)
Total comprehensive loss attributable to Fluence Energy, Inc.	<u>\$ (15,563)</u>	<u>\$ (27,017)</u>

The accompanying notes are an integral part of these condensed statements

FLUENCE ENERGY, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (UNAUDITED)
(U.S. Dollars in Thousands, except Shares)

	Class A Common Stock		Class B-1 Common Stock		Additional Paid-In Capital	Accumulated Deficit	Other Comprehensive Income	Accumulated Treasury Stock		Non- Controlling stockholders' interest	Total equity
	Shares	Amount	Shares	Amount				Shares	Amount		
Balance at											
September 30,											
2023	118,903,435	\$ 1	58,586,695	—	\$ 581,104	\$ (174,164)	\$ 3,202	689,974	\$ (7,797)	\$ 153,984	\$ 556,330
Net loss	—	—	—	—	—	(16,743)	—	—	—	(8,813)	(25,556)
Stock-based compensation expense	169,800	—	—	—	5,630	—	—	—	—	—	5,630
Effect of AES redemption of Class B-1 common stock for Class A common stock	7,087,500	—	(7,087,500)	—	21,428	—	—	—	—	(21,428)	—
Effect of remeasurement of non-controlling interest due to other share transactions	354,134	—	—	—	952	—	—	—	—	(952)	—
Proceeds from exercise of stock options	453,073	—	—	—	1,116	—	—	—	—	—	1,116
Foreign currency translation gain, net of income tax expense of \$0.3 million	—	—	—	—	—	—	1,180	—	—	455	1,635
Balance at											
December 31, 2023	126,967,942	\$ 1	51,499,195	—	\$ 610,230	\$ (190,907)	\$ 4,382	689,974	\$ (7,797)	\$ 123,246	\$ 539,155

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	Class A Common Stock		Class B-1 Common Stock		Additional Paid-In Capital	Accumulated Deficit	Other Comprehensive Income	Accumulated Treasury Stock		Non- Controlling stockholders' interest	Total equity
	Shares	Amount	Shares	Amount				Shares	Amount		
Balance at September 30, 2022											
2022	114,873,121	1	58,586,695	—	542,602	(104,544)	2,784	550,904	(5,013)	193,378	629,208
Net Loss	—	—	—	—	—	(24,642)	—	—	—	(12,551)	(37,193)
Stock-based compensation expense	180,684	—	—	—	8,477	—	—	—	—	—	8,477
Repurchase of Common Stock placed into Treasury	(21,347)	—	—	—	—	—	—	21,347	(288)	—	(288)
Effect of remeasurement of non-controlling interest due to other share transactions	—	—	—	—	1,447	—	—	—	—	(1,447)	—
Proceeds from exercise of stock options	1,040,533	—	—	—	2,398	—	—	—	—	—	2,398
Foreign currency translation loss, net of income tax expense of \$0.3 million	—	—	—	—	—	—	(2,374)	—	—	(1,211)	(3,585)
Balance at December 31, 2022											
2022	116,072,991	\$ 1	58,586,695	—	\$ 554,924	\$ (129,186)	\$ 410	572,251	\$ (5,301)	\$ 178,169	\$ 599,017

The accompanying notes are an integral part of these condensed statements

FLUENCE ENERGY, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(U.S. Dollars in Thousands)

	Three Months Ended December 31,	
	2023	2022
Operating activities		
Net loss	\$ (25,556)	\$ (37,193)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	2,883	2,424
Amortization of debt issuance costs	682	229
Inventory (benefit) provision	298	(330)
Stock-based compensation expense	5,630	8,477
Deferred income taxes	295	(951)
Provision on loss contracts, net	(524)	(2,720)
Changes in operating assets and liabilities:		
Trade receivables	(70,550)	(21,821)
Unbilled receivables	11,895	(85,959)
Receivables from related parties	(16,882)	55,349
Advances to suppliers	3,216	8,033
Inventory	(336,408)	(430,541)
Other current assets	(48,709)	(3,507)
Other non-current assets	26,459	375
Accounts payable	255,347	200,722
Payables and deferred revenue with related parties	148,417	51,716
Deferred revenue	99,051	196,026
Current accruals and provisions	(455)	(20,907)
Taxes payable	(1,438)	(3,216)
Other current liabilities	(5,496)	(4,806)
Other non-current liabilities	(28,792)	(298)
Net cash provided by (used in) operating activities	19,363	(88,898)
Investing activities		
Proceeds from maturities of short-term investments	—	1,178
Payments for purchase of investment in joint venture	—	(5,013)
Capital expenditures on software	(1,128)	—
Purchase of property and equipment	(1,468)	(2,496)
Net cash used in investing activities	(2,596)	(6,331)
Financing activities		
Repurchase of Class A common stock placed into treasury	—	(288)
Payment of debt issuance costs	(3,583)	—
Payments for acquisitions	(3,892)	—
Proceeds from exercise of stock options	1,116	2,398
Proceeds from borrowing against note receivable - pledged as collateral	—	21,142
Net cash (used in) provided by financing activities	(6,359)	23,252
Effect of exchange rate changes on cash and cash equivalents	3,418	(5,776)
Net increase (decrease) in cash, cash equivalents, and restricted cash	13,826	(77,753)
Cash, cash equivalents, and restricted cash as of the beginning of the period	462,731	429,721
Cash, cash equivalents, and restricted cash as of the end of the period	<u>\$ 476,557</u>	<u>\$ 351,968</u>
Supplemental Cash Flows Information		
Interest paid	\$ 722	\$ 274
Cash paid for income taxes	\$ 916	\$ 284

The accompanying notes are an integral part of these condensed statements

FLUENCE ENERGY, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. Organization and Operations

Fluence Energy, Inc., a Delaware corporation (the "Company"), was formed on June 21, 2021. We conduct our business operations through Fluence Energy, LLC, and its direct and indirect subsidiaries. Fluence Energy, LLC was formed on June 30, 2017 as a joint venture between Siemens Industry, Inc. ("Siemens Industry"), an indirect subsidiary of Siemens AG ("Siemens"), and AES Grid Stability, LLC ("AES Grid Stability"), an indirect subsidiary of the AES Corporation ("AES"), and commenced operations on January 1, 2018. We refer to Siemens Industry and AES Grid Stability as the "Founders" in this Quarterly Report on Form 10-Q (this "Report").

Upon the completion of our initial public offering ("IPO") on November 1, 2021, Fluence Energy, Inc. became a holding company whose sole material assets are the limited liability company interests (the "LLC Interests") in Fluence Energy, LLC. All of our business is conducted through Fluence Energy, LLC, together with its subsidiaries, and the financial results of Fluence Energy, LLC are consolidated in our financial statements. Fluence Energy, LLC is taxed as a partnership for federal income tax purposes and, as a result, its members, including Fluence Energy, Inc., pay income taxes with respect to their allocable shares of its net taxable income. As of December 31, 2023, Fluence Energy, LLC had subsidiaries operating in Germany, Australia, Philippines, Chile, the Netherlands, the United States, India, Singapore, United Kingdom, Canada, Taiwan, Ireland, and Switzerland. Except where the context clearly indicates otherwise, "Fluence," "we," "us," "our" or the "Company" refers to Fluence Energy, Inc. and all of its direct and indirect subsidiaries, including Fluence Energy, LLC. When used in a historical context that is prior to the completion of the IPO, "we," "us," "our" or "the Company" refers to Fluence Energy, LLC and its subsidiaries.

The Company's fiscal year begins on October 1 and ends on September 30. References to "fiscal year 2022" and "fiscal year 2023" refer to the twelve months ended September 30, 2022 and September 30, 2023, respectively.

The Company's chief operating decision maker ("CODM") is its Chief Executive Officer. The Company's CODM reviews financial information on a consolidated basis for purposes of making operating decisions, allocating resources, and evaluating financial performance. As such, the Company has determined that it operates in one operating segment, which corresponds to one reportable segment.

Siemens Industry Redemption

On June 30, 2022, Siemens Industry exercised its redemption right pursuant to the terms of the Third Amended and Restated Limited Liability Company Agreement of Fluence Energy, LLC (the "LLC Agreement") with respect to its entire holding of 58,586,695 LLC Interests of Fluence Energy, LLC, together with the corresponding cancellation of an equivalent number of shares of Class B-1 common stock of Fluence Energy, Inc. (the "Siemens Redemption").

The Company elected to settle the Siemens Redemption through the issuance of 58,586,695 shares of the Company's Class A common stock. The Siemens Redemption settled on July 7, 2022.

The Siemens Redemption increased the beneficial ownership interest of the Company in Fluence Energy, LLC to 66.08% as of June 30, 2022. The impact of the change in ownership interest did not result in a change in control. The Siemens Redemption has been accounted for as an equity transaction and the carrying amount of non-controlling interest has been adjusted. Refer to "Consolidated statements of changes in stockholders' equity" included herein.

Secondary Offering and AES Redemption

On December 8, 2023, AES Grid Stability, Siemens Pension-Trust e.V. ("Siemens Pension Trust"), Qatar Holding LLC ("QHL" and together with AES Grid Stability and Siemens Pension Trust in such context, the "Selling Stockholders") closed an underwritten public offering (the "Offering") of 18,000,000 shares of Class A common stock of the Company by the Selling Stockholders. The Company did not sell any of its shares of Class A common stock in the Offering and the Company did not receive any of the proceeds from the Offering. Pursuant to the terms of the Company's Registration Rights Agreement, dated as of November 1, 2021, by and among the Company and the Original Equity Owners (as defined therein), the Company paid \$0.7 million in certain expenses of the Selling Stockholders related to the Offering, while the Selling Stockholders paid all applicable underwriting discounts and commissions.

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In conjunction with the Offering, AES Grid Stability exercised its redemption right pursuant to the terms of the LLC Agreement with respect to 7,087,500 LLC Interests held by AES Grid Stability, together with the corresponding cancellation of an equivalent number of shares of Class B-1 common stock of the Company (the "AES Redemption"). The Company elected to settle the AES Redemption through the issuance of 7,087,500 shares of the Company's Class A common stock. The AES Redemption settled on December 8, 2023. All of the 7,087,500 shares issued to AES Grid Stability in connection with the AES Redemption were sold in the Offering.

The AES Redemption increased the beneficial ownership interest of the Company in Fluence Energy, LLC to 71.12% as of December 8, 2023. The impact of the change in ownership interest did not result in a change in control. The AES Redemption has been accounted for as an equity transaction and the carrying amount of the non-controlling interest has been adjusted. Refer to "Consolidated statements of changes in stockholders' equity" included herein.

2. Summary of Significant Accounting Policies and Estimates

Principles of Accounting and Consolidation

The accompanying condensed consolidated financial statements are prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP") and under the rules of the U.S. Securities and Exchange Commission (the "SEC"). The accompanying condensed consolidated financial statements include the accounts of Fluence Energy, Inc. and its subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

Non-Controlling Interest

As the sole managing member of Fluence Energy, LLC, Fluence Energy, Inc. operates and controls all the business and affairs of Fluence Energy, LLC and, through Fluence Energy, LLC and its direct and indirect subsidiaries, conducts the Company's business. Fluence Energy, LLC is a variable interest entity, of which Fluence Energy, Inc. beneficially owns a 71.14% interest as of December 31, 2023. For accounting purposes, Fluence Energy, Inc. is considered the primary beneficiary and therefore consolidates the results of Fluence Energy, LLC and its direct and indirect subsidiaries. The table below summarizes the ownership structure at the end of each respective period:

	December 31, 2023	September 30, 2023	
Controlling Interest Ownership	71.14	%	66.99
Non-Controlling Interest Ownership (AES)	28.86	%	33.01

Unaudited Interim Financial Information

The accompanying condensed consolidated financial statements as of December 31, 2023, and for the three months ended December 31, 2023 and 2022 are unaudited. These financial statements should be read in conjunction with the Company's audited financial statements included in our 2023 Annual Report. In our opinion, such unaudited financial statements reflect all adjustments, including normal recurring items, that are necessary for the fair statement of the Company's financial position as of December 31, 2023, the results of its operations for the three months ended December 31, 2023 and 2022, and its cash flows for the three months ended December 31, 2023 and 2022. The financial data and other information disclosed in these notes related to the three months ended December 31, 2023 and 2022 are also unaudited. The results for the three months ended December 31, 2023 and 2022 are not necessarily indicative of results for the full year ending September 30, 2024 and 2023, any other interim periods, or any future year or period. The balance sheet as of September 30, 2023 included herein was derived from the audited financial statements as of that date. Certain disclosures have been condensed or omitted in the interim financial statements.

For a complete description of our significant accounting policies, refer to "Note 2 - Summary of Significant Accounting Policies and Estimates" in the audited consolidated financial statements included in our 2023 Annual Report.

Use of Estimates

The preparation of the condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the accompanying condensed consolidated financial statements and accompanying notes. Actual results could differ materially from those estimates. Items subject to such estimates and assumptions include: the relative fair value allocations to contingencies with multiple elements, the carrying amount and estimated useful lives of long-lived assets; impairment of goodwill, intangible assets, and long-lived assets; valuation allowances for inventories; deferred tax assets; revenue recognized under the percentage-

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of-completion method; accrued bonuses; and various project-related provisions including but not limited to estimated losses, warranty obligations, and liquidated damages.

Cash, Cash Equivalents, and Restricted Cash

Cash and cash equivalents include cash on-hand and highly liquid investments readily convertible to cash, with an original maturity of 90 days or less when purchased.

Cash restricted for use as a result of financing or other obligations is classified separately as restricted cash. If the purpose of restricted cash relates to acquiring a long-term asset, liquidating a long-term liability, or is otherwise unavailable for a period longer than one year from the balance sheet date, the restricted cash is included in "other non-current assets." Otherwise, restricted cash is included as a separate line item on the Company's consolidated balance sheets.

The Company typically retains cash for operations within one or more bank accounts. These accounts may hold cash in excess of the FDIC limit of \$250,000. As a result, we are subject to concentration risk associated with the underlying custodial banks with whom deposits of cash and cash equivalents in excess of the FDIC limits are held. If access to these accounts is delayed or suspended indefinitely, it could have a material adverse impact on the Company's ability to meet its financial obligations required for operations.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash at the end of each respective period as shown in the Company's condensed consolidated balance sheets.

<i>in thousands</i>	December 31, 2023	September 30, 2023
Cash and cash equivalents	\$ 317,614	\$ 345,896
Restricted cash	135,864	106,835
Restricted cash included in "Other non-current assets"	23,079	10,000
Total cash, cash equivalents and restricted cash	\$ 476,557	\$ 462,731

Restricted cash at the end of each respective period consisted of the following:

<i>in thousands</i>	December 31, 2023	September 30, 2023
Collateral for credit card program	\$ 2,449	\$ 2,406
Collateral for outstanding bank guarantees	133,415	104,429
Collateral for surety program included in "Other non-current assets"	23,079	10,000
Total restricted cash	\$ 158,943	\$ 116,835

Revenue and Cost Recognition

The Company's revenue recognition policy included herein is based on the application of Accounting Standards Codification - Revenue from Contracts with Customers (ASC 606). As of December 31, 2023, the Company's revenue was generated primarily from the sale of energy storage products and solutions, providing operational services, and the sale of digital applications and solutions.

Revenue from Energy Storage Products and Solutions: The Company enters into contracts with utility companies, developers, and commercial and industrial customers to design and build battery-based energy storage products. Each storage product is customized depending on the customer's energy needs. Customer payments are due upon meeting certain milestones that are consistent with contract-specific phases of a project. The Company determines the transaction price based on the consideration expected to be received which includes estimates of liquidated damages ("LDs") or other variable consideration that are included in the transaction price in accordance with ASC 606. We assess any variable consideration using an expected value method. The transaction price identified is allocated to each distinct performance obligation to deliver a good or service based on the relative standalone selling prices. Generally, the Company's contracts to design and build battery-based storage products are determined to have one performance obligation. When shipping and handling activities are performed after the customer obtains control of the product, we elect to account for shipping and handling as activities to fulfill the promise to transfer the product.

The Company recognizes revenue over time as we transfer control of our product to the customer. This transfer of control to the customer is supported by clauses in the contracts, that provides enforceable rights to payment of the transaction price associated with work performed to date for products that do not have an alternative use to the Company and/or as the project is built and control transfers depending on the contract terms.

Revenue for these performance obligations is recognized using the percentage of completion method based on cost incurred as a percentage of total estimated contract costs. Standard inventory materials (including batteries, enclosures, chillers, and others, which are assembled into "cubes") that could be used interchangeably on other projects are included in our measure of progress when they are integrated into, or restricted to, the production of the customer's project. Due to the significance of the costs associated with cubes, our judgement on when such costs should be included in the measure of progress has a material impact on revenue recognition. Contract costs include all direct material and labor costs related to contract performance. Pre-contract costs with no future benefit are expensed in the period in which they are incurred. Since the revenue recognition of these contracts depends on estimates, which are assessed continually during the term of the contract, recognized revenues and profit are subject to revisions as the contract progresses to completion. The cumulative effects of revisions of estimated total contract costs and revenues, together with any contract reserves which may be deemed appropriate, are recorded in the period in which they occur. Due to the uncertainties inherent in the estimation process, it is reasonably possible that these estimates will be revised in a different period. When a loss is forecasted for a contract, the full amount of the anticipated loss is recognized in the period in which it is determined that a loss will occur. Refer to "Loss Contracts" below for further discussion.

Our contracts generally provide our customers the right to liquidated damages against Fluence in the event specified milestones are not met on time, or equipment is not delivered according to contract specifications. Liquidated damages are accounted for as variable consideration, and the contract price is reduced by the expected penalty or LD amount when recognizing revenue. Variable consideration is included in the transaction price only to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty is resolved. Estimating variable consideration requires certain estimates and assumptions, including whether and by how much a project will be delayed and/or will not meet performance contractual specifications. The existence and measurement of liquidated damages may also be impacted by our judgements about the probability of favorable outcomes of customer disputes involving whether certain events qualify as force majeure or the reason for the events that caused project delays. Variable consideration for liquidated damages is estimated using the expected value of the consideration to be received.

Fluence may incur additional costs to execute on the performance of a contract. When this happens, we typically attempt to recover the revenue associated with these costs via a change order with the customer. When this fact pattern occurs, it can create a timing difference between when we have incurred the cost versus when we record the revenue as costs are recognized immediately when incurred and the revenue from the change order is recognized as an increase to contract price when it is legally enforceable, which is usually upon signing a respective change order or equivalent document confirming the claim acceptance by customer. Revenue is recorded net of any taxes assessed on and collected from customers, which are remitted to the governmental authorities.

For our sale of energy storage products and solutions, services, and digital applications contracts where there are multiple performance obligations in a single contract or we sign separate contracts at or near the same time with the same customer that meet the criteria for combination, the Company allocates the consideration to the various obligations in the contract based on the relative standalone selling price. Standalone selling prices are estimated based on estimated costs plus margin taking into consideration pricing history and market factors.

Revenue from Services: The Company also enters into long-term service agreements with customers to provide operational services related to battery-based energy storage products and solutions. The services include maintenance, monitoring, and other minor services. The Company accounts for the services as a single performance obligation as the services are substantially the same and have the same pattern of transfer to customers. We typically recognize revenue overtime using a straight-line recognition method for these types of services. The Company believes using a time-based method to measure progress is appropriate as the performance obligations are satisfied evenly over time based on the fact that customers receive the services evenly. Revenue is recognized by dividing the total transaction price over the service period.

Some of the agreements also provide a commitment to perform augmentation activities which would typically be represented by installation of additional batteries, and other components as needed, to compensate for partially lost capacity due to degradation of batteries over time. The obligation to perform augmentation activities can take the form of either maintaining battery capacity above a given threshold for a stated term while others provide a fixed number of augmentations over a contract term. Augmentation arrangements that require us to maintain battery capacity above an established thresholds for a given term may be considered service-type warranties depending on the contract terms. These represent a stand-ready obligation in which the customer benefits evenly overtime, of which we recognize revenue for these arrangements using a straight-line recognition method. Alternatively, augmentation arrangements that require us to perform a fixed number of augmentations over a contract term follow the percentage of completion revenue recognition method. Since these arrangements require a fixed number of augmentations we must perform, we use the pattern of cost as a proxy to identify when our obligations are satisfied and to recognize revenue.

Revenue from Digital Applications and Solutions: The Company provides access to proprietary cloud-based Software-as-a-Service ("SaaS") through the Fluence IQ platform. The Fluence IQ platform currently includes Fluence Mosaic and Fluence Nispera. Fluence Mosaic is an intelligent bidding software for utility-scale storage and renewable assets, enabling customers to optimize asset trading in wholesale electricity markets. Fluence Mosaic is currently available in the NEM (Australia), CAISO (California), and ERCOT (Texas) markets. Fluence Nispera is our asset performance management (APM) software, which we acquired in 2022. Fluence Nispera helps customers monitor, analyze, forecast, and optimize the performance and value of renewable energy assets. Its flagship offering is an AI-driven utility-scale asset performance management platform that supports portfolios of energy storage, solar, and wind assets. Customers do not receive legal title or ownership of the applications as a result of these arrangements. The use of the Fluence IQ platform is separately identifiable from other promises that the Company offers to its customers (i.e., it is not highly interrelated or integrated with other solutions). As such, we determined that the Fluence IQ platform is accounted for as a separate performance obligation when combined with other products and services. We consider access to the platform and related support services in a customer contract to be a series of distinct services which comprise a single performance obligation because they are substantially the same and have the same pattern of transfer. We recognize revenue over time using a straight-line recognition method.

Cost of Goods and Services: Cost of goods and services consists primarily of product costs, including purchased materials and supplies, as well as costs related to shipping, customer support, product warranty and personnel. Personnel costs in cost of goods and services includes both direct labor costs as well as costs attributable to any individuals whose activities relate to the transformation of raw materials or component parts into finished goods or the transportation of materials to the customer. Cost of goods and services are recognized when services are performed, or control of goods are transferred to the customers, which is generally based upon International Commercial Terms (commonly referred to as "incoterms") stated in corresponding supply agreements or purchase orders. Standard inventory materials that could be used interchangeably on other projects are included in cost of goods sold when they are integrated into, or restricted to, the production of the customer's project.

Deferred Revenue: Deferred revenue represents the excess billings to date over the amount of revenue recognized to date. Contract advances represent amounts received by the Company upon signing of the related contracts with customers. The advances are offset proportionately against progress billings. Any outstanding portion is included in deferred revenue on the accompanying consolidated balance sheets.

Loss Contracts: A contract becomes a loss contract when its estimated total costs are expected to exceed its total revenue. The Company accrues the full loss expected in the period a loss contract is identified in "Current liabilities — Accruals and provisions" and "Cost of goods and services" on the Company's consolidated balance sheets and consolidated statements of operations and comprehensive loss, respectively.

Inventory, Net

Inventory consists of cubes, batteries and equipment, enclosures, inverters, and spare parts which are used in ongoing battery storage projects for sale. Inventory is stated at the lower of cost or net realizable value with cost being determined by the specific identification method. Costs include cost of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The Company periodically reviews its inventory for potential obsolescence and write down of its inventory, as appropriate, to net realizable value based on its assessment of usefulness and marketability conditions.

Software Development Costs

Our software development costs primarily relate to three categories: (i) internal-use software development costs, (ii) hosting arrangements which are service contracts, and (iii) external-use software development costs. We capitalize costs incurred to purchase or develop software for internal use and software to be sold or leased externally.

Internal-use software development costs are capitalized during the application development stage in accordance with ASC 350-40, *Internal-Use Software*. These capitalized costs are reflected in "Intangible assets, net" on the consolidated balance sheets and are amortized over the estimated useful life of the software. Our internal-use software relates to our (i) SaaS customer offerings and is amortized to "Cost of goods and services" and (ii) internally developed solutions and are amortized to "General and administrative." The useful life of our internal-use software development costs is generally 3 to 5 years.

During the three months ended December 31, 2023 and December 31, 2022, the Company capitalized \$ 0.9 million and \$0 million, respectively, of internal-use software.

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Internal-use software development costs associated with hosting arrangements are capitalized during the application development stage. These are generally cloud-computing arrangements that are service contracts. The capitalized costs are reflected in "Other long-term assets" on the consolidated balance sheets and are amortized to "General and administrative" once ready for intended use over the remaining hosting period.

During the three months ended December 31, 2023 and December 31, 2022, the Company capitalized \$ 1.5 million and \$0 million, respectively, of development costs related to hosting arrangements.

External-use software development costs developed to be sold or leased externally are capitalized upon the establishment of technological feasibility for a product in accordance with ASC 985-20, Software to be Sold or Leased Externally. These software development costs are reflected in "Intangible assets, net" on our consolidated balance sheets and amortized to "Cost of goods and services" on a product basis by the greater of the straight-line method over the estimated economic life of the product or the ratio that current gross revenues for a product bear to the total current and anticipated future gross revenues for that product. The useful life of our external-use software development costs is generally 5 years.

During the three months ended December 31, 2023 and December 31, 2022, the Company capitalized \$ 0.2 million and \$0 million, respectively, of external-use software to be sold.

Fair Value Measurements

The fair value of the Company's financial assets and liabilities reflects management's estimate of amounts that the Company would have received in connection with the sale of the assets or paid in connection with the transfer of the liabilities in an orderly transaction between market participants at the measurement date. In connection with measuring the fair value of its assets and liabilities, the Company seeks to maximize the use of observable inputs and to minimize the use of unobservable inputs. The following fair value hierarchy, defined by ASC 820, *Fair Value Measurements*, is used to classify assets and liabilities based on the observable inputs and unobservable inputs used to value the assets and liabilities:

Level 1—Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2—Pricing inputs are other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reporting date. Level 2 inputs include those financial instruments that are valued using models or other valuation methodologies. These models are primarily industry-standard models that consider various assumptions, including quoted prices, time value, volatility factors, and current market and contractual prices for the underlying instruments, as well as other relevant economic measures. Substantially all of these assumptions are observable in the marketplace throughout the full term of the instrument, can be derived from observable data or are supported by observable levels at which transactions are executed in the marketplace.

Level 3—Pricing inputs include significant inputs that are generally less observable from objective sources. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value from the perspective of a market participant. The Company does not have significant recurring Level 3 fair value measurements.

The Company's cash equivalents include term deposits with original maturity of less than 90 days and are recorded at amortized cost. Fair value of cash equivalents approximates the carrying amount. The carrying amounts of trade receivables, accounts payable and short-term debt obligations approximate fair values due to their short maturities.

Loss per Share

As of December 31, 2023, the Company's amended and restated certificate of incorporation authorizes three classes of common stock: Class A, Class B-1 and Class B-2. Loss per share is calculated and reported under the "two-class" method. The "two-class" method is an earnings allocation method under which loss per share is calculated for each class of common stock considering both distributions declared or accumulated and participation rights in undistributed losses as if all such loss had been distributed during the period.

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Basic loss per share of Class A common stock is computed by dividing net loss attributable to Class A common stockholders by the weighted average number of shares of Class A common stock outstanding during the period. Diluted net loss per share of Class A common stock is computed by adjusting the net loss available to Class A common stockholders and the weighted average shares of Class A common stock outstanding to give effect to potentially dilutive securities. Shares of our Class B-1 and Class B-2 common stock are not entitled to receive any distributions or dividends. When a common unit of Fluence Energy, LLC is redeemed for cash or Class A common stock, at the Company's election, by a Founder who holds shares of our Class B-1 or Class B-2 common stock, as applicable, such Founder will be required to surrender a share of Class B-1 or Class B-2 common stock, as the case may be, which we will cancel for no consideration. In the event of cash settlement, the Company is required to issue new shares of Class A common stock and use the proceeds from the sale of these newly-issued shares of Class A common stock to fully fund the cash settlement. Therefore, we did not include shares of our Class B-1 or Class B-2 common stock in the computation of basic loss per share. As we have incurred losses for all periods presented, diluted loss per share is equal to basic loss per share because the effect of potentially dilutive securities would be antidilutive.

The following table presents the potentially dilutive securities that were excluded from the computation of diluted loss per share:

	Three Months Ended December 31,	
	2023	2022
Class B-1 common stock	51,499,195	58,586,695
Outstanding pre-IPO options ("2020 Unit Option Plan")	4,846,089	7,835,243
Outstanding phantom units	256,935	513,865
Outstanding restricted stock units ("RSUs")	2,351,121	2,011,690
Outstanding performance share units ("PSUs")	329,055	—
Outstanding non-qualified stock options ("NQSOs")	132,524	—
Outstanding restricted stock ("Nispera")	354,134	531,202

Basic and diluted net loss per share of Class A common stock for the three months ended December 31, 2023 and 2022, respectively, have been computed as follows:

	Three Months Ended December 31,	
<i>In thousands, except share and per share amounts</i>	2023	2022
Net loss	\$ (25,556)	\$ (37,193)
Less: Net loss attributable to the non-controlling interest	(8,813)	(12,551)
Net loss attributable to Fluence Energy, Inc.	\$ (16,743)	\$ (24,642)
Weighted average number of Class A common stock - basic and diluted	121,113,282	115,393,437
Loss per share of Class A common stock - basic and diluted	\$ (0.14)	\$ (0.21)

Recent Accounting Standards Adopted

The following table presents accounting standards adopted during the three months ended December 31, 2023.

Standard	Description	Period of Adoption	Effect on the financial statements and other significant matters
Accounting Standards Update ("ASU") No. 2022-04: Liabilities-Supplier Finance Programs (Subtopic 405-50): Disclosure of Supplier Finance Program Obligations	ASU 2022-04 requires entities to disclose the key terms of supplier finance programs they use in connection with the purchase of goods and services, along with the amount of obligations outstanding at the end of each period and an annual roll forward of such obligations. This standard does not affect the recognition, measurement, or financial statement presentation of supplier finance program obligations.	As of the three months ended December 31, 2023.	The Company presented the key terms of its supply chain financing programs along with a roll forward of activity in "Footnote 16 - Supply Chain Financing." There was no impact as a result of the adoption on financial statement presentation or results of operations for any period presented.

Recent Accounting Standards Not Yet Adopted

The following table presents accounting standards not yet adopted:

Standard	Description	Required date of adoption	Effect on the financial statements and other significant matters
Accounting Standards Update ("ASU") No. 2023-07: Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures	ASU 2023-07 requires disclosure of incremental segment information on an annual and interim basis for all public entities to enable investors to for fiscal year ending to Reportable Segment Disclosures develop more decision-useful financial analyses. The update requires other specified segment items and amounts, such as depreciation, amortization, and depletion expense, to be disclosed under certain circumstances. The amendments in this Update do not change or remove those disclosure requirements. The amendments in this Update also do not change how a public entity identifies its operating segments, aggregates those operating segments, or applies the quantitative thresholds to determine its reportable segments.	September 30, 2025.	The Company is evaluating the impact that this guidance will have on its disclosures. The Company only has one reportable segment.
Accounting Standards Update (ASU) No. 2023-09: Income Taxes (Topic 740): Improvements to Income Tax Disclosures	ASU 2023-09 adopts certain amendments to improve the effectiveness of income tax disclosures, including jurisdictional information, by requiring (1) consistent categories and greater disaggregation of information in the rate reconciliation, and (2) Income taxes paid, disaggregated by jurisdiction.	ASU 2023-09 is effective for the Company's annual report for fiscal year ending September 30 2026.	The Company is evaluating the impact this guidance will have on income tax disclosures.

Reclassifications

Certain prior period amounts have been reclassified to conform to the current period presentation. Interest income of \$ 1.5 million for the three months ended December 31, 2022, was reclassified from other income, net to interest income, net on the consolidated statement of operations and comprehensive loss. The reclassification had no net impact on loss before income taxes or net loss for any period presented.

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3. Revenue from Contracts with Customers

Revenue is primarily derived from sales of our energy storage products and solutions. The following table presents the Company's revenue disaggregated by product or service type:

In thousands	Three Months Ended December 31,	
	2023	2022
Revenue from energy storage products and solutions	\$ 356,941	\$ 305,803
Revenue from services	5,747	3,876
Revenue from digital applications and solutions	1,268	781
Total	\$ 363,956	\$ 310,460

The following table presents the Company's revenue disaggregated by geographical region. Revenues are attributed to regions based on location of customers:

In thousands	Three Months Ended December 31,	
	2023	2022
Americas (North, Central and South America)	\$ 259,217	\$ 176,471
APAC (Asia Pacific)	81,872	19,560
EMEA (Europe, Middle-East and Africa)	22,867	114,429
Total	\$ 363,956	\$ 310,460

Customer Concentration

For the three months ended December 31, 2023, the Company's top four customers, in the aggregate, accounted for approximately 86% of total revenue.

For the three months ended December 31, 2022, the Company's top two customers, in the aggregate, accounted for approximately 51% of total revenue.

Deferred Revenue

Deferred revenue represents the excess billings over the amount of revenue recognized to date. Deferred revenue from related parties is included in payables and deferred revenue with related parties on the Company's condensed consolidated balance sheets. The following table provides information about deferred revenue from contracts with customers:

In thousands	December 31,	
	2023	2022
Deferred revenue, beginning of period	\$ 273,164	\$ 273,073
Additions	215,742	287,840
Revenue recognized related to amounts that were included in beginning balance of deferred revenue	(106,074)	(91,815)
Deferred revenue, end of period	\$ 382,832	\$ 469,098

In thousands	December 31,	
	2023	2022
Deferred revenue from related parties, beginning of period	\$ 110,274	\$ 300,697
Additions	209,018	88,530
Revenue recognized related to amounts that were included in beginning balance of deferred revenue	(61,060)	(38,332)
Deferred revenue from related parties, end of period	\$ 258,232	\$ 350,895

Remaining Performance Obligations

The Company's remaining performance obligations ("backlog") represent the unrecognized revenue value of its contractual commitments, which include deferred revenue and amounts that will be billed and recognized as revenue in future periods. The Company's backlog may vary significantly each reporting period based on the timing of major new contractual commitments and the backlog may fluctuate with currency movements. In addition, under certain circumstances, the Company's customers have the right to terminate contracts or defer the timing of its services and their payments to the Company.

As of December 31, 2023, the Company had \$ 3.7 billion of remaining performance obligations related to contractual commitments, of which, we expect to recognize in revenue approximately 60% in the next 12 months, with the remainder recognized in revenue in periods thereafter.

Variable Consideration

As of December 31, 2023 and September 30, 2023, transaction prices have been reduced to reflect variable consideration of \$ 89.3 million and \$84.1 million, respectively. Variable consideration primarily relates to the Company's customers' rights to liquidated damages in the event a specified milestone has not been met or equipment is not delivered to contract specifications. Variable consideration is estimated using the expected-value method which computes a weighted average amount based on a range of potential outcomes. In contracts in which a significant reversal may occur, we constrain the amount of revenue recognized based on our estimations using the expected-value method.

4. Inventory, Net

Inventory consisted of the following:

In thousands	December 31, 2023			September 30, 2023		
	Cost	Provision	Net	Cost	Provision	Net
Cubes, batteries, and other equipment	\$ 561,191	\$ (339)	\$ 560,852	\$ 221,711	\$ (105)	\$ 221,606
Spare parts	3,850	(236)	3,614	3,469	(172)	3,297
Total	\$ 565,041	\$ (575)	\$ 564,466	\$ 225,180	\$ (277)	\$ 224,903

5. Other Current Assets

Other current assets consisted of the following amounts:

In thousands	December 31, 2023		September 30, 2023	
Taxes recoverable	\$	18,854	\$	16,411
Advance payments		710		1,102
Prepaid expenses		13,570		3,470
Prepaid insurance		10,899		674
Derivative assets ^(a)		269		2,310
Other		5,752		7,107
Total	\$	50,054	\$	31,074

(a) Derivative assets represent forward contracts which are used predominantly to mitigate foreign exchange rate exposure on costs incurred on customer projects. Gains and losses on forward contracts are recorded to cost of goods and services.

6. Intangible Assets, Net

Intangible assets are stated at amortized cost and consisted of the following:

In thousands	December 31, 2023			September 30, 2023		
	Cost	Accumulated Amortization	Net	Cost	Accumulated Amortization	Net
Patents and licenses	\$ 28,676	\$ (11,487)	\$ 17,189	\$ 28,673	\$ (11,002)	\$ 17,671
Developed technology	30,906	(6,044)	24,862	29,430	(5,218)	24,212
Customer relationship	4,626	(1,522)	3,104	4,277	(1,233)	3,044
Trade names/Trademarks	5,332	(3,506)	1,826	5,265	(3,337)	1,928
Capitalized internal-use software	7,539	(1,106)	6,433	6,458	(762)	5,696
Capitalized software to be sold	3,509	(143)	3,366	3,266	(65)	3,201
Total	\$ 80,589	\$ (23,809)	\$ 56,780	\$ 77,369	\$ (21,617)	\$ 55,752

Intangible assets are amortized over their estimated useful lives on a straight-line basis. Total amortization expense for the three months ended December 31, 2023 and 2022 was \$1.9 million and \$1.5 million, respectively. The amortization expense for the three months ended December 31, 2023 included \$0.4 million for capitalized software. No capitalized software amortization expense was recorded for the three months ended December 31, 2022.

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7. Goodwill

No impairment was recognized for the three months ended December 31, 2023 or 2022. The following table presents the goodwill activity for the three months ended December 31, 2023 and 2022:

In thousands	December 31,	
	2023	2022
Goodwill, Beginning of the period	\$ 26,020	\$ 24,851
Foreign currency adjustment	1,515	965
Goodwill, End of the period	\$ 27,535	\$ 25,816

8. Leases

The Company's right-of-use assets and lease liabilities primarily relate to offices, land, warehouses, and equipment. The Company's leases generally have remaining lease terms of one year to three years. The Company's leases are all classified as operating leases. Certain of the Company's leases contain renewal, extension, or termination options. The Company assesses each option on an individual basis and will only include options reasonably certain of exercise in the lease term. The Company generally considers the base term to be the term provided in the contract. None of the Company's lease agreements contain material options to purchase the leased property, material residual value guarantees, or material restrictions or covenants.

The amounts of assets and liabilities and other information for our operating leases are as follows:

In thousands	Balance Sheet Caption	December 31, 2023	September 30, 2023
Assets:			
Right of use asset - operating leases	Other non-current assets	\$ 4,558	\$ 2,857
Liabilities:			
Current portion of operating lease liabilities	Other current liabilities	\$ 2,219	\$ 1,569
Operating lease liabilities, net of current portion	Other non-current liabilities	2,272	1,334
		\$ 4,491	\$ 2,903

9. Current Accruals and Provisions

Accruals mainly represent milestones not yet invoiced for inventory such as batteries, cubes, and inverters. According to master supply agreements between the Company and suppliers of our inventory, vendor invoices are issued according to contracted billing schedules with certain milestones invoiced after delivery, upon full installation and commissioning of the equipment at substantial completion and final completion project stages. Current accruals and provisions consisted of the following:

In thousands	December 31, 2023	September 30, 2023
Accruals	\$ 149,340	\$ 148,906
Provisions for expected project losses	10,555	12,072
Current portion of warranty accrual	12,114	11,245
Total	\$ 172,009	\$ 172,223

10. Debt

Revolving Credit Facility

On November 1, 2021, the Company entered into a credit agreement for a revolving credit facility (the "Revolver"), by and among Fluence Energy, LLC, as the borrower, Fluence Energy, Inc., as a parent guarantor, the subsidiary guarantors party thereto, the lenders party thereto and JP Morgan Chase Bank, N.A., as administrative agent and collateral agent (the "Credit Agreement"). The Revolver was secured by a (i) first priority pledge of the equity securities of Fluence Energy, LLC and its subsidiaries and (ii) first priority security interests in, and mortgages on, substantially all tangible and intangible personal property and material fee-owned real property of Fluence Energy, LLC, the parent guarantor and each subsidiary guarantor party thereto, in each case, subject to customary exceptions and limitations. The initial aggregate amount of commitments was \$190.0 million from the lenders party thereto including JP Morgan Chase Bank, N.A., Morgan Stanley Senior Funding, Inc., Bank of America, N.A., Barclays Bank PLC, and five other banks. On June 30, 2022, the Company increased the revolving commitment available under the Revolver by \$10.0 million to an aggregate of \$200.0 million with the addition of UBS AG, Stamford Branch as an additional lender under the Revolver. On May 19, 2023, the Credit Agreement was amended to replace Adjusted LIBOR with Adjusted Term SOFR as the applicable benchmark interest rate with respect to certain classes of loans. The Revolver was originally scheduled to mature on November 1, 2025. The Revolving Credit Agreement was terminated effective November 22, 2023, in conjunction with the entry into the new ABL Credit Agreement (as further described below).

The Revolver bore interest at either (i) the Adjusted SOFR Rate (as defined in the Revolving Credit Agreement) plus 3.0% or (ii) the Alternate Base Rate (as defined in the Revolving Credit Agreement) plus 2.0% (subject to customary LIBOR replacement provisions and alternative benchmark rates including customary spread adjustments with respect to borrowings in foreign currency), at the option of Fluence Energy, LLC. Fluence Energy, LLC was required to pay to the lenders a commitment fee of 0.55% per annum on the average daily unused portion of the revolving commitments through maturity. The Revolver also provided for up to \$200.0 million in letter of credit issuances, which required customary issuance and administration fees, as well as a fronting fee payable to each issuer thereof and a letter of credit participation fee of 2.75% per annum payable to the lenders.

The Revolving Credit Agreement contained covenants that, among other things, restricted our ability to incur additional indebtedness; incur liens; sell, transfer, or dispose of property and assets; make investments or acquisitions; make dividends, distributions, or other restricted payments; and engage in affiliate transactions. Under the terms of the Revolving Credit Agreement, Fluence Energy, LLC and its subsidiaries were limited in their ability to pay cash dividends to, lend to, or make other investments in Fluence Energy, Inc., subject to certain exceptions, including among others (i) the ability to make investments of up to the greater of (a) \$10,500,000 and (b) 1.5% of the consolidated assets of Fluence Energy, Inc. and its subsidiaries, and (ii) the ability to issue dividends and make other restricted payments (a) if after giving pro forma effect to such dividend or other restricted payment the Total Liquidity (as defined in the Revolving Credit Agreement) of Fluence Energy, Inc. and its subsidiaries party to the Revolving Credit Agreement was at least \$600,000,000, or (b) such dividend or other restricted payment was made to reimburse Fluence Energy, Inc. for certain tax distributions under the LLC Agreement and certain payments under the Company's Tax Receivable Agreement and certain operational expenses incurred in connection with the ownership and management of Fluence Energy, LLC. In addition, we were required to maintain (i) minimum liquidity and gross revenue requirements, in each case, until consolidated EBITDA reached \$150.0 million for the most recent four fiscal quarters and we made an election, and (ii) thereafter, a maximum total leverage ratio and a minimum interest coverage ratio. Such covenants were tested on a quarterly basis.

Asset-Based Lending Facility

On November 22, 2023, the Company entered into an asset-based syndicated credit agreement with revolving commitments in an aggregate principal amount of \$400.0 million (the "ABL Facility"), by and among Fluence Energy, LLC, as parent borrower, Fluence Energy, Inc., as parent, the other borrowers party thereto, the other guarantors party thereto, the lenders party thereto (the "ABL Lenders"), and Barclays Bank PLC ("Barclays"), as administrative agent (the "ABL Credit Agreement"). The ABL Facility is secured by (i) a first priority pledge of Fluence Energy, Inc.'s equity interests in Fluence Energy, LLC and (ii) first priority security interests in, and mortgages on, substantially all tangible and intangible personal property and material fee-owned real property of Fluence Energy, Inc., Fluence Energy, LLC and Fluence Energy Global Production Operation, LLC, in each case, subject to customary exceptions and limitations. Borrowings under the ABL Facility will mature, and lending commitments thereunder will terminate, on November 22, 2027. The Company entered into that certain Master Assignment and Assumption and Issuing Bank Joinder, effective December 15, 2023, with Citibank N.A., the ABL Lenders, and Barclays, adding Citibank N.A. as a lender party to the ABL Facility (the "ABL Joinder"). Borrowing availability under the ABL Facility is determined by a borrowing base calculation that is based on specified percentages of U.S. eligible inventory, net orderly liquidation value of most recent inventory appraisal, and U.S. eligible in-transit inventory, less the aggregate amount of any reserves.

The ABL Credit Agreement provides for a full cash dominion period (a) if an event of default is occurring or (b) beginning on the date on which Excess Availability is less than the greater of (i) 12.5% of the Line Cap and (ii) if the borrowing base then in effect is (A) less than \$ 200.0 million, \$25.0 million and (B) greater than or equal to \$ 200.0 million, \$50.0 million. Line Cap is defined under the ABL Facility as the lesser of the total commitments of the ABL Lenders and the borrowing base. Excess Availability is defined under the ABL Facility as an amount equal to (a) the lesser of (i) the total commitments of all lenders and (ii) the borrowing base, minus (b) total revolving extensions of credit then outstanding at anytime.

The ABL Credit Agreement sets forth that (i) loans comprising each ABR Borrowing (as defined in the ABL Credit Agreement) shall bear interest at the Alternate Base Rate (as defined in the ABL Credit Agreement) plus an additional margin ranging from 1.00% to 1.50%, depending on the Average Excess Availability (as defined in the ABL Credit Agreement) during the applicable determination period, (ii) loans comprising each Canadian Prime Loan Borrowing (as defined in the ABL Credit Agreement) shall bear interest at the Canadian Prime Rate (as defined in the ABL Credit Agreement) plus an additional margin ranging from 1.00% to 1.50%, depending on the Average Excess Availability during the applicable determination period, and (iii) the loans comprising each Term Benchmark Borrowing (as defined in the ABL Credit Agreement) shall bear interest at the Adjusted Term SOFR Rate, the Adjusted EURIBOR Rate or Adjusted Term CORRA (each as defined in the ABL Credit Agreement), as applicable, plus an additional margin ranging from 2.00% to 2.50%, depending on the Average Excess Availability during the applicable determination period, in each instance subject to customary benchmark replacement provisions. Fluence Energy, LLC is required to pay to the ABL Lenders a commitment fee on the average daily unused portion of the commitments through maturity, which shall accrue at the rate of (a) until the last day of the first full calendar quarter following the closing of the ABL Facility, 0.450% per annum, and (b) thereafter, 0.450% per annum if average revolving loan utilization is less than or equal to 50% and 0.375% per annum if average revolving loan utilization is greater than 50%. The ABL Facility also provides for a letter of credit sublimit in the amount of \$200.0 million, if certain conditions are met. Each letter of credit issuance will be conditioned upon, among other conditions, the payment of certain customary issuance and administration fees, as well as payment of a fronting fee to each issuer thereof and payment of a letter of credit participation fee payable to the ABL Lenders.

The ABL Credit Agreement contains customary covenants for this type of financing, including, but not limited to, covenants that restrict our ability to incur indebtedness; incur liens; sell, transfer, or dispose of property and assets; make investments or acquisitions; pay dividends, make distributions or other restricted payments; and engage in affiliate transactions. The ABL Credit Agreement limits our ability to make certain payments, including dividends and distributions on Fluence Energy, LLC's equity, the Company's equity and other restricted payments. Under the terms of the ABL Credit Agreement, Fluence Energy, LLC and its subsidiaries are currently limited in their ability to pay cash dividends to, lend to, or make other investments in Fluence Energy, Inc., subject to certain exceptions. In addition, if certain payment conditions under the ABL Credit Agreement are satisfied, including the satisfaction of a minimum excess availability requirement, then additional specified transactions may be made by the Company and its subsidiaries. The Company agreed that it will not, and its subsidiaries will not, permit Total Liquidity (as defined in the ABL Credit Agreement) at any time to be less than the greater of (i) 20% of the Line Cap then in effect and (ii) \$ 64.0 million, and the Company agreed that it will not, and its subsidiaries will not, permit Excess Availability to be less than the greater of (i) \$15.0 million and (ii) 10% of the Line Cap then in effect. Such covenants will be tested on a quarterly basis and upon certain restricted payments, the incurrence of indebtedness, certain dispositions and other specified transactions. As of December 31, 2023, we were in compliance with all such covenants or maintained availability above such covenant triggers.

As of December 31, 2023, we had no borrowings under the ABL Facility and \$0 of letters of credit outstanding, and availability under the facility of \$75.2 million.

Borrowings Against Note Receivable - Pledged as Collateral

In December 2022, the Company transferred \$24.3 million in customer receivables to Standard Chartered Bank ("SCB") in the Philippines for proceeds of \$21.1 million. The receivables all related to our largest customer in that country. The underlying receivables transferred were previously aggregated into a long term note, with interest, and has a maturity date of September 30, 2024. In April 2023, the Company aggregated into an additional long term note and transferred an additional \$30.9 million in receivables with the same customer to SCB for proceeds of \$ 27.0 million, upon substantially similar terms as the December 2022 transfer and has a maturity date of December 27, 2024. These transactions are treated as secured borrowings as the Company did not transfer the entire note receivables due from the customer to SCB. The Company continues to receive quarterly interest income from the customer, while SCB is responsible for collecting payments on the principal balances which represent the initial receivable balances from the customer. The Company has no other continuing involvement or exposure related to the underlying receivables. For the three months ended December 31, 2023, the Company recorded net interest income of \$0.1 million, which represents the aggregate of \$1.2 million in interest income and \$1.1 million in interest expense recorded in "Interest income, net."

Refer to "Note 13 - Related-Party Transactions" for details regarding borrowings from related parties.

11. Income Taxes

The Company's provision for income taxes is based on the estimated annual effective tax rate, plus discrete items.

Income tax benefit was \$1.2 million and \$0.6 million for the three months ended December 31, 2023 and 2022, respectively. The effective tax rate for the three months ended December 31, 2023 and 2022 was 4.6% and 1.6%, respectively. For the three months ended December 31, 2023, the Company's effective tax rate differs from the U.S. statutory tax rate of 21% primarily due to valuation allowances. For the three months ended December 31, 2022, the Company's effective tax rate differs from the U.S. statutory tax rate of 21% primarily due to flow-through losses attributable to the Founders, valuation allowances, and foreign exchange gains.

As of each of December 31, 2023 and September 30, 2023, the Company does not believe it has any significant uncertain tax positions and therefore, has not recorded any unrecognized tax benefits.

The Company evaluates the realizability of its deferred tax assets on a quarterly basis and establishes valuation allowances when it is more-likely-than-not that all or a portion of a deferred tax asset may not be realized. As of December 31, 2023 and September 30, 2023, the Company had recorded a full valuation allowance against deferred tax assets on Fluence Energy, Inc. primarily related to its investment in Fluence Energy, LLC, as well as on certain foreign subsidiaries based on the weight of available evidence, including cumulative losses. In the event that the valuation allowance related to tax benefits associated with the Tax Receivable Agreement is released in a future period, a Tax Receivable Agreement liability will be recorded based on the amounts probable and reasonably estimable in accordance with ASC 450.

12. Commitments and Contingencies

Guarantees, Commitments, Letter of Credits and Surety Bonds

As of December 31, 2023, the Company had outstanding bank guarantees, parent guarantees, letters of credit, and surety bonds issued as performance security arrangements for a number of our customer projects. These contractual commitments are all accounted for off-balance sheet. In the event that we fail to perform under a project backstopped by such credit support, the customer may demand performance and/or payment, as applicable, pursuant to the terms of the project contract and applicable credit support instrument from the Company, surety, or bank, as the case may be. Our relationship with our sureties is such that we will indemnify the sureties for any expenses they incur in connection with any of the bonds they issue on our behalf and we may be required to post collateral to support the bonds. The Company expects that its performance obligations secured by these bank guarantees, parent company guarantees, letters of credit and surety bonds will generally be completed in the ordinary course of business and in accordance with the applicable contractual terms.

Typical energy storage products and solutions contracts and long-term service agreements contain provisions for performance liquidated damages payments if the solution fails to meet the guaranteed performance thresholds at completion of the project or throughout the service agreement period.

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The following table summarizes contingent contractual obligations as of December 31, 2023. Amounts presented in the following table represent the Company's current undiscounted exposure to guarantees, commitments, letters of credit and surety bonds and the range of maximum undiscounted potential exposure. The maximum exposure is not reduced by the amounts, if any, that could be recovered under the recourse or collateralization provisions in the guarantees, commitments, letters of credit, and surety bonds.

	Amount (in \$ millions)	Number of Agreements	Maximum Exposure Range for Each Agreement (in \$ millions)
Guarantees and commitments	\$1,613	50	\$0 - 445.8
Letters of credit under the bilateral credit facility ^(a)	125	32	0 - 29.5
Letters of credit under ABL Credit Agreement	—	—	0 - 0
Surety bonds	389	39	0 - 81.9
Total	\$2,127	121	

^(a) In conjunction with the termination of the Revolving Credit Agreement on November 22, 2023 (as described above in "Note 10 – Debt"), the outstanding letters of credit under the terminated agreement were transferred to a bilateral credit facility with JP Morgan Chase Bank, N.A.

Purchase Commitments

The Company has commitments for minimum volumes of purchases of battery modules under a master supply agreement. Liquidated damages apply if the minimum purchase volumes are not met. The Company expects to meet the minimum committed volumes of purchases. The following table presents our future minimum purchase commitments by fiscal year, primarily for battery modules, and liquidated damages, if the minimum purchase volumes are not met, as of December 31, 2023:

in thousands	Purchase Commitments	Liquidated Damages
2024	\$ 16,531	—
2025	232,107	9,000
2026	757,133	16,200
2027	750,000	16,200
2028 and thereafter	2,250,000	48,600
Total	\$ 4,005,771	90,000

During the three months ended December 31, 2021, the Company made a \$ 60.0 million advance payment as a capacity guarantee pursuant to a purchase agreement with one of our suppliers, of which, as of December 31, 2023, the balance of \$12.8 million is recorded within "Advances to suppliers" on the condensed consolidated balance sheets.

Negotiations with our Largest Battery Module Vendor

In December 2021, the Company entered negotiations with our largest battery module vendor to amend the battery supply agreement. As part of the discussions, the vendor sought to renegotiate the price the Company would pay for battery modules purchased in calendar year 2022 as well as those expected to be purchased during the remainder of calendar year 2022 and calendar year 2023. As part of these negotiations, the Company also discussed settlement of contractual claims by Fluence to the vendor. These negotiations continued throughout calendar year 2022. On December 15, 2022, the Company finalized an agreement with the vendor, amending the supply agreement and resolving Fluence's claims. The approximately \$19.5 million settlement for the Company's claims was recognized as a reduction of costs of goods and services for the three months ended December 31, 2022.

Warranties

The Company is party to both assurance and service-type warranties for various lengths of time. The Company recognizes revenue for service-type warranties using a straight-line approach.

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The Company provides a limited warranty related to the successful operation of battery-based energy storage solutions, apart from the service-type warranties described above and are normally provided for a limited period of time from one to five years, after the commercial operation date or substantial completion depending on the contract terms. The warranties are considered assurance-type warranties which provide a guarantee of quality of the products. For assurance-type warranties, the Company records an estimate of future warranty cost over the period of construction, consistent with transfer of control and revenue recognition on the equipment or battery-based energy storage products. Furthermore, we accrue the estimated liability cost of specific reserves or recalls when they are probable and estimable if identified. Warranty expense is recorded as a component of "Costs of goods and services" in the Company's condensed consolidated statements of operations.

The Company's assurance-type warranties are often backed by supplier covered warranties for major original equipment manufacturers (OEMs) such as batteries and inverters, which is included in our estimated warranty liability. The Company records a corresponding asset for a portion of the warranty cost to be covered by the supplier warranty due to the fact that the contracts are enforceable, the suppliers are financially viable, and we have a history of satisfying claims with our suppliers. The asset is recorded with in "Other current assets" and "Other non-current assets" on the condensed consolidated balance sheet.

As of December 31, 2023 and September 30, 2023, the Company accrued the below estimated warranty liabilities, which the table reflects three months activity and twelve months activity:

<i>In thousands</i>	December 31, 2023	September 30, 2023
Warranty balance, beginning	\$ 26,909	1,625
Warranties issued and assumed in period	2,517	12,168
Change in estimates	—	8,288
Change in balance sheet presentation	—	10,307
Net changes in liability for warranty expirations, costs incurred, and foreign exchange impact	(887)	(5,479)
Warranty balance, ending	\$ 28,539	\$ 26,909
Less: Recoverable warranty costs from suppliers	10,959	10,307
Warranty balance, net of recoverable warranty costs from suppliers, at end of period	\$ 17,580	\$ 16,602

Effective March 31, 2023, the Company updated its estimation model for calculating the recurring warranty reserve rate, which is a key input into our estimated assurance-type warranty liability. We then subsequently updated the presentation effective September 30, 2023, to present the full warranty liability and record a corresponding asset for recoverable warranty costs from suppliers.

The key inputs and assumptions used by us to estimate our warranty liability are: (1) the number of units expected to fail or be replaced over time (i.e., failure rate); and (2) the per unit cost of replacement, including shipping, labor costs, and costs for equipment necessary for repair or replacement that are expected to be incurred to replace or repair failed units over time (i.e., repair or replacement cost). The Company's Safety and Quality department has primary responsibility to determine the estimated failure rates for each generation of product.

The key inputs and assumptions used in calculating the estimated assurance warranty liability are reviewed by management on an as needed basis. The Company may make additional adjustments to the estimated assurance warranty liability based on our comparison of actual warranty results to expected results for significant differences or based on performance trends or other qualitative factors. If actual failure rates, or replacement costs differ from our estimates in future periods, changes to these estimates may be required, resulting in increases or decreases in our estimated assurance warranty liability which may be material. As we are in an evolving market, there is a degree of estimation uncertainty regarding our estimated recurring warranty accrual rate.

Legal Contingencies

From time to time, the Company may be involved in litigation relating to claims that arise out of our operations and businesses and that cover a wide range of matters, including, but not limited to, intellectual property matters, contract and employment claims, personal injury claims, product liability claims, and warranty claims. The Company accrues for litigation and claims when it is probable that a liability has been incurred and the amount of loss can be reasonably estimated. It is reasonably possible that some matters could have an unfavorable result to the Company and could require the Company to pay damages or make expenditures in amounts that could be material.

2021 Overheating Event at Customer Facility

On September 4, 2021, a 300 MW energy storage facility owned by one of our customers experienced an overheating event. Fluence served as the energy storage technology provider designed and installed portions of the facility, which was completed in fiscal year 2021. No injuries were reported from the incident. The facility was taken offline as teams from Fluence, our customer, and the battery designer/manufacturer investigated the incident. Our customer released initial findings in the second fiscal quarter of 2022 on what it contends is the root cause of the incident. At this time, Fluence cannot comment on or accept the customer's stated findings. The customer's stated findings, if ultimately confirmed and proven, could relate to certain scopes of work for which Fluence or its subcontractors could be responsible. The customer's stated findings, however, could also relate to certain scopes of work for which other parties were responsible and/or relate to other causes, including the design and installation of portions of the facility over which Fluence did not have responsibility or control. The customer has alleged that Fluence is liable for the incident but has not yet demanded a specific amount of compensation nor alleged a particular level of responsibility. Fluence has denied liability. No formal legal proceedings have been commenced, but it is reasonably possible that litigation may result from this matter if a resolution cannot be achieved. Any such dispute would also likely include claims by Fluence and counterclaims by the customer relating to disputed costs arising from the original design and construction of the facility. The customer announced in July of 2022 that a large portion of the facility was back online. We are currently not able to estimate the impact, that this incident may have on our financial results. To date, we do not believe that this incident has impacted the market's adoption of our products.

2022 Overheating Event at Customer Facility

On April 18, 2022, a 10 MW energy storage facility in Chandler, Arizona owned by AES experienced an overheating event. Fluence served as the energy storage technology provider for the facility, which was completed in 2019, and Fluence previously provided maintenance services for the facility. There were no injuries. The facility has been taken offline as teams from Fluence, AES, and the battery manufacturer continue to investigate the incident. We are currently not able to estimate the impact, if any, that this incident may have on our reputation or financial results, or on market adoption of our products.

2023 Project-Related Litigation

In October 2023, Fluence filed a complaint in the Superior Court of California, Contra Costa County, against Diablo Energy Storage, LLC, Empire Business Park, LLC, the Bank of New York Mellon and others, seeking approximately \$37.0 million in damages arising from the supply and construction of an energy storage facility for the defendants, including for the defendants' nonpayment of contractual amounts owed. On or about November 10, 2023, Defendant Diablo Energy Storage, LLC filed a cross-complaint against Fluence, seeking a minimum of \$25.0 million of alleged damages and disgorgement of all compensation received by Fluence for the project, in the amount of approximately \$230.0 million. The disgorgement claim was based upon an alleged deficiency in Fluence's contractor license. Fluence denies the allegations in the cross-complaint and intends to vigorously defend against them and to enforce our claims against the defendants. We are currently not able to estimate the impact, if any, that this litigation may have on our reputation or financial results, or on market adoption of our products.

13. Related-Party Transactions

Related parties are represented by AES and Siemens, their respective subsidiaries and other entities under common control. As of December 31, 2023, AES Grid Stability holds 51,499,195 shares of Class B-1 common stock of Fluence Energy, Inc. and Siemens beneficially owns an aggregate of 51,499,195 of Class A common stock of Fluence Energy, Inc.

Sales and Procurement Contracts with Related Parties

The Company signs back-to-back battery-based energy storage product and related service contracts with AES, Siemens, and their subsidiaries (collectively referred to as affiliates) in relation to execution of the affiliates' contracts with external customers and also signs direct contracts with affiliates.

The Company also provides consulting services to AES whereby Fluence will advise and in some cases provide support to AES on procurement, logistics, design, safety and commissioning of certain of their projects. Revenue from consulting services is classified as "Revenue from sale of energy storage products and solutions" in the Company's Disaggregation of revenue table in "Note 3 - Revenue from Contracts with Customers". Revenue from the consulting services is primarily recognized ratably over time based on a project specific period of performance in which we expect the performance obligation to be fulfilled. For the three months ended December 31, 2023, the Company recognized \$1.4 million in revenue from consulting services with related parties.

Revenue from contracts with affiliates is included in "Revenue from related parties" on the Company's condensed consolidated statements of operations and comprehensive loss.

In addition, the Company purchases materials and supplies from its affiliates and records the costs in "Cost of goods and services" on the Company's condensed consolidated statements of operations and comprehensive loss.

Contract Performance Guarantees

Fluence paid performance guarantee fees to its affiliates in exchange for guaranteeing Fluence's performance obligations under certain contracts with Fluence's customers, which are based on the affiliates' weighted-average cost for bank guarantees and their per annum cost of surety bonds with a reasonable markup. The guarantee fees are included in "Costs of goods and services" on Fluence's condensed consolidated statements of operations and comprehensive loss.

Balance Sheet Related Party Transactions

The Company's condensed consolidated balance sheet included the following transactions with related parties for the periods indicated:

<i>In thousands</i>	December 31, 2023	September 30, 2023
Accounts receivable	\$ 10,277	\$ 7,945
Unbilled receivables	65,150	50,569
Total receivables from related parties	75,427	58,514
Advances to Suppliers - short-term	22,317	17,592
Total advances to suppliers with related parties	22,317	17,592
Accounts payable	1,910	2,477
Deferred revenue	258,232	110,274
Accrued liabilities	4,906	3,737
Total payables and deferred revenue with related parties	\$ 265,048	\$ 116,488

Unbilled receivables represent the excess of revenues recognized over billings to date on sales or service contracts with related parties. Deferred revenue represents the excess billings to date over the amount of revenue recognized to date on sales or service contracts with related parties. Receivables from related parties and payables and deferred revenue with related parties are unsecured and settlement of these balances occurs in cash. No provision has been made related to the receivables from related parties.

Income Statement Related Party Transactions

The following table presents the related party transactions that are included the Company's condensed consolidated statements of operations and comprehensive loss for the periods indicated:

<i>In thousands</i>	Three Months Ended December 31,	
	2023	2022
Revenue	\$ 116,574	\$ 101,006
Cost of goods and services	1,149	6,407
Research and development expenses	134	191
Sales and marketing expenses	—	13
General and administrative expenses	2,177	30

Refer to "Note 16 - Supply Chain Financing" for details of the related party guarantees associated with the supply chain financing program.

14. Stock-Based Compensation

Option Plan

In 2020, the Company established the 2020 Unit Option Plan (the "Option Plan") under which employees, directors, and consultants, were originally granted non-qualified options to purchase Class A-1 units of Fluence Energy, LLC. As of September 30, 2021, the Company determined that achievement of the performance conditions related to awards granted under the Option Plan was not probable and therefore, no expense was recognized for the non-qualified options during the fiscal year ended September 30, 2021. The completion of the IPO on November 1, 2021 resulted in achievement of the performance condition for the majority of the underlying awards granted under the Option Plan. In connection with the IPO, the non-qualified options were converted into non-qualified stock options to purchase shares of Class A common stock of Fluence Energy, Inc. Non-qualified stock options under the Option Plan have a contractual term of ten years from the date of grant and an exercise price of \$ 2.45. The Company estimated the fair value of the awards using the Black-Scholes option-pricing model. The outstanding awards will continue to be governed by the existing terms under the Option Plan. The Option Plan is accounted for as an equity plan. The Company will not make any further awards under the Option Plan.

As of December 31, 2023, 4,846,089 stock options under the Option Plan remain outstanding with unrecognized stock compensation expense of \$0.1 million.

Phantom Units

Employees, directors, and consultants were granted compensation under the Phantom Equity Incentive Plan (the "Phantom Incentive Plan"). As of September 30, 2021, the Company determined that achievement of the performance conditions related to awards granted under the Phantom Incentive Plan was not probable and therefore, no expense was recognized for the phantom units during the fiscal year ended September 30, 2021. The completion of the IPO on November 1, 2021 resulted in achievement of the performance condition for the majority of the underlying awards granted under the Phantom Incentive Plan. At the completion of the IPO, a portion of the awards to the Company's officers were modified, extending out the vesting period. All outstanding awards relate to those held by the Company's officers as a result of the modification. The Company will not make any further awards under the Phantom Incentive Plan.

As of December 31, 2023, 256,935 phantom unit awards previously issued remained outstanding with unrecognized stock compensation expense of \$0.9 million.

2021 Stock-Based Compensation Plan

During fiscal year 2021, the Company established the 2021 Incentive Award Plan (the "2021 Incentive Plan") which reserved 9,500,000 shares of Class A common stock of Fluence Energy, Inc. for issuance to management, other employees, consultants, and board members of the Company. The 2021 Incentive Plan governs both equity-based and cash-based awards, including incentive stock options, non-qualified stock options, performance share units ("PSUs") and restricted stock units ("RSUs"). Employee stock-based awards currently issued pursuant to the 2021 Incentive Plan that are expected to be settled by issuing shares of Class A common stock are recorded as equity awards. The 2021 Incentive Plan is accounted for as an equity plan. The Company accounts for forfeitures as they occur.

Restricted Stock Units

RSUs granted under the 2021 Incentive Plan vest ratably at one-third annually on the anniversary of the grant date over a three-year period pursuant to the terms of their applicable award agreements. The Company generally expenses the grant date fair value of the awards on a straight-line basis over each of the three separately vesting tranches within a given grant. There is no contractual term on the RSUs granted under the 2021 Incentive Plan. The Company estimated the fair value of the awards using the market value of our Class A common stock. The market value of our Class A common stock is calculated using the closing price of our Class A common stock on the date of grant. The following table summarizes activity under the 2021 Incentive Plan for the three months ended December 31, 2023:

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	Number of RSUs
Outstanding as of October 1, 2023	1,843,570
Granted	741,775
Vested	(169,800)
Forfeited	(64,424)
Outstanding as of December 31, 2023	2,351,121

As of December 31, 2023, 2,351,121 restricted stock units previously issued remained outstanding with unrecognized stock compensation expense of \$28.8 million.

[Non-Qualified Stock Options](#)

During the three months December 31, 2023, the Company granted 132,524 non-qualified stock options to purchase Class A common stock under the 2021 Incentive Plan with an exercise price of \$21.93. Non-qualified stock options under the 2021 Incentive Plan have a contractual term of ten years from the date of grant. The Company estimated the fair value of the awards using the Black-Scholes option-pricing model. The non-qualified stock options granted under the 2021 Incentive Plan vest ratably at one-third annually on the anniversary of the grant date over a three-year period pursuant to the terms of their applicable award agreements. The Company generally expenses the grant date fair value of the awards on a straight-line basis over each of the three separately vesting tranches within a given grant.

As of December 31, 2023, 132,524 non-qualified stock options previously issued remained outstanding with unrecognized stock compensation expense of \$2.4 million.

[Performance Share Units](#)

During the three months ended December 31, 2023, the Company granted 329,055 performance share units redeemable for Class A common stock under the 2021 Incentive Plan. The PSUs are considered fully vested when both the performance and service based requirements are met in accordance with the vesting requirements and will be settled in shares no more than 60 days after September 30, 2026. The performance criteria is based on target revenue and adjusted EBITDA for the performance period set by the Compensation and Human Resources Committee of the Company's Board of Directors. The awards can be paid out in a range of 50% to 200%, with 0% paid out for below-threshold performance, based on the achievement of the performance criteria and upon continued service through the performance period. The Company estimated the fair value of the awards using the market value of our common stock. The market value of our common stock is calculated using the closing price of our common stock on the date of grant. The Company monitors the achievement of the performance criteria and expenses ratably the grant date fair value of the awards probable to vest over the requisite service period. If there are changes to the amount of probable awards to vest based on achievement of performance criteria, the related stock-based compensation expense may be significantly increased or reduced in the period that our estimate changes.

As of December 31, 2023, 329,055 performance share units previously issued remained outstanding with unrecognized stock compensation expense of \$7.0 million.

Other

In connection with the acquisition of Nispera AG in 2022, Fluence issued 531,202 shares of restricted stock to Nispera's management team. The estimated post combination expense to the Company as a result of the business combination was approximately \$6.9 million which will be recognized on a straight-line basis over the remaining service period that was stipulated in each holder's original restricted stock agreement.

Stock-based compensation expense

Stock-based compensation expense was recorded as follows (in thousands):

In thousands	Three Months Ended December 31,	
	2023	2022
Cost of goods and services	\$ 1,259	\$ 900
Research and development	726	2,360
Sales and marketing	295	518
General and administrative	3,350	4,699
Total	\$ 5,630	\$ 8,477

15. Investment in Joint Venture

On August 5, 2022, Fluence Energy Singapore PTE. LTD., a subsidiary of Fluence Energy, LLC, and ReNew Power entered into an agreement to form a partnership in India for an initial investment of \$5.0 million, plus a line of credit of \$ 15.0 million each for a 50% interest in the partnership. The Company funded the investment and the joint venture commenced operations in the first quarter of fiscal year 2023. The investment is recorded in "Other non-current assets" on our condensed consolidated balance sheet. The investment is accounted for under the equity method with results being reported by Fluence one quarter in arrears. The joint venture is not considered a variable interest entity and we do not consolidate the joint venture as we do not hold a controlling financial interest. The Company recorded an insignificant equity method loss on the investment for the three months ended December 31, 2023.

16. Supply Chain Financing

The Company has provided certain of our suppliers with access to a supply chain financing program through a third-party financing institution ("SCF Bank"). This program allows the Company to seek extended payment terms up to 120 days with our suppliers and allows our suppliers to monetize their receivables prior to the payment due date, subject to a discount. The Company does not pledge any assets as collateral under the program. Once a supplier elects to participate in the program and reaches an agreement with SCF Bank, the supplier chooses which individual invoices to sell to the SCF Bank. The Company then pays SCF Bank on the invoice due date. The Company has no economic interest in a supplier's decision to sell an underlying receivable to SCF Bank. The agreements between our suppliers and SCF Bank are solely at their discretion and are negotiated directly between those two parties. Our suppliers' ability to continue using such agreements is primarily dependent upon the strength of our financial condition and guarantees issued by AES and Siemens. As of December 31, 2023, AES and Siemens issued guarantees of \$ 50 million each, for a total of \$ 100 million, to SCF Bank on our behalf. The Company's outstanding obligations confirmed as valid under its supplier financing program for periods ended December 31, 2023, and September 30, 2023, are as follows:

In thousands	December 31, 2023	September 30, 2023
Obligations outstanding at the beginning of the period	\$ 30,001	\$ 24,728
Invoices issued during the period	46,238	35,115
Invoices paid during the period	(30,357)	(29,842)
Obligations outstanding at the end of the period	\$ 45,882	\$ 30,001

As of December 31, 2023, three suppliers were actively participating in the supply chain financing program. All outstanding payments owed under the program are recorded within "Accounts payable" on the condensed consolidated balance sheets.

17. Subsequent Events

None.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview

The following analysis provides information that management believes is relevant to an assessment and understanding of the consolidated financial condition and results of operations of Fluence and should be read in conjunction with the accompanying unaudited consolidated financial statements and related notes thereto included in this Quarterly Report on Form 10-Q (this "Report") and in conjunction with our audited consolidated financial statements and related notes included in our Annual Report on Form 10-K for the fiscal year ended September 30, 2023 filed with the Securities and Exchange Commission (the "SEC") on November 29, 2023 (the "2023 Annual Report").

Fluence Energy, Inc. is a holding company whose sole material assets are the limited liability interests in Fluence Energy, LLC (the "LLC Interests"). All of our business is conducted through Fluence Energy, LLC, together with its subsidiaries, and the financial results of Fluence Energy, LLC are consolidated in our financial statements. Except where the context clearly indicates otherwise, "Fluence," "we," "us," "our" or the "Company" refers to Fluence Energy, Inc. and its wholly owned subsidiaries.

Our fiscal year begins on October 1 and ends on September 30. References to "fiscal year 2023" refers to the fiscal year ended September 30, 2023.

Segments

The Company's chief operating decision maker ("CODM") is its Chief Executive Officer. The Company's CODM reviews financial information on a consolidated basis for purposes of making operating decisions, allocating resources, and evaluating financial performance. As such, the Company has determined that it operates in one operating segment, which corresponds to one reportable segment.

Siemens Industry Redemption

On June 30, 2022, Siemens Industry, Inc. exercised its redemption right pursuant to the terms of the Third Amended and Restated Limited Liability Company Agreement of Fluence Energy, LLC (the "LLC Agreement") with respect to its entire holding of 58,586,695 LLC Interests of Fluence Energy, LLC, together with the corresponding cancellation of an equivalent number of shares of Class B-1 common stock of Fluence Energy, Inc., par value \$0.00001 per share (the "Siemens Redemption").

The Company elected to settle the Siemens Redemption through the issuance of 58,586,695 shares of the Company's Class A common stock (the "Shares"). The Siemens Redemption settled on July 7, 2022. Siemens Industry, Inc. effected an internal transfer of its interest in the Shares to Siemens AG at the time of Siemens Redemption and as of June 30, 2022, Siemens AG became the beneficial owner of 58,586,695 shares of Class A common stock. The Siemens Redemption increased the beneficial ownership interest of the Company in Fluence Energy, LLC to 66.08% as of June 30, 2022. The impact of the change in ownership interest did not result in a change in control. The Siemens Redemption has been accounted for as an equity transaction and the carrying amount of non-controlling interest has been adjusted.

Subsequent to the Siemens Redemption, on September 29, 2022, Siemens AG effected an internal transfer of 18,848,631 shares of Class A common stock to Siemens Pension-Trust e.V., an affiliated entity and a permitted transferee under the terms of the Stockholders Agreement dated October 27, 2021, by and among Fluence Energy, LLC, Fluence Energy, Inc., and the Stockholders (as defined therein) (the "Stockholders Agreement").

Secondary Offering and AES Redemption

On December 8, 2023, AES Grid Stability, Siemens Pension Pension-Trust e.V. ("Siemens Pension Trust"), Qatar Holding LLC ("QHL" and together with AES Grid Stability and Siemens Pension Trust in such context, the "Selling Stockholders") sold an aggregate of 18,000,000 shares of Class A common stock in an underwritten public offering (the "Offering"). Fluence did not sell any of its shares of Class A common stock in the Offering and the Company did not receive any of the proceeds from the Offering. Pursuant to the terms of the Company's Registration Rights Agreement, dated as of November 1, 2021, by and among the Company and the Original Equity Owners (as defined therein), the Company paid \$0.7 million in certain expenses of the Selling Stockholders related to the Offering, while the Selling Stockholders paid all applicable underwriting discounts and commissions.

In conjunction with the Offering, AES Grid Stability exercised its redemption right pursuant to the terms of the LLC Agreement with respect to 7,087,500 LLC Interests held by AES Grid Stability, together with the corresponding cancellation of an equivalent number of shares of Class B-1 common stock of Fluence Energy, Inc., par value \$0.00001 per share (the "AES Redemption"). The Company elected to settle the AES Redemption through the issuance of 7,087,500

shares of the Company's Class A common stock. The AES Redemption settled on December 8, 2023, the closing date of the Offering. All of the 7,087,500 shares issued to AES Grid Stability in connection with the AES Redemption were sold in the Offering.

The AES Redemption increased the beneficial ownership interest of the Company in Fluence Energy, LLC to 71.12% as of December 8, 2023. The impact of the change in ownership interest did not result in a change in control. The AES Redemption has been accounted for as an equity transaction and the carrying amount of non-controlling interest has been adjusted. Refer to "Consolidated statements of changes in stockholders' equity" included herein.

Negotiations with our Largest Battery Module Vendor

In December 2021, we entered negotiations with our largest battery module vendor to amend our battery supply agreement. As part of the discussions, the vendor sought to renegotiate the price we were to pay for battery modules purchased in calendar year 2022, as well as those expected to be purchased during the remainder of calendar year 2022 and calendar year 2023. As part of these negotiations, we also discussed settlement of contractual claims by Fluence to the vendor. These negotiations continued throughout calendar year 2022. On December 15, 2022, we finalized an agreement with the vendor, amending the supply agreement and resolving our claims. The approximately \$19.5 million settlement for our claims was recognized as a reduction of costs of goods and services for the three months ended December 31, 2022.

2021 Cargo Loss Incident

On April 28, 2021, the Company was notified of an emergency aboard a vessel carrying Fluence inventory. This incident (the "Cargo Loss Incident") resulted in damage to a portion of our cargo aboard the vessel. The Company has recorded \$13.0 million provision to its inventory as of September 30, 2021, based on the net realizable value of cargo that was destroyed. During fiscal year 2022, \$13.0 million of inventory was written off against the provision. In addition to the inventory losses, we incurred incremental expenses related to the incident, primarily consisting of inspection costs, project cost overruns due to logistical changes, legal fees, fees to dispose of the damaged cargo, and additional cost to replace the damaged cargo. We received an aggregate of \$10.0 million in insurance proceeds related to non-disputed claims, \$7.5 million of which was collected in October 2021 and the remaining \$2.5 million was collected in April 2022. As of December 31, 2023, we expect to continue to incur legal fees as plaintiff in the pending matter relating to this incident.

2021 Overheating Event at Customer Facility

On September 4, 2021, a 300 MW energy storage facility owned by one of our customers experienced an overheating event. Fluence served as the energy storage technology provider and designed and installed portions of the facility, which was completed in fiscal year 2021. No injuries were reported from the incident. The facility was taken offline as teams from Fluence, our customer, and the battery designer/manufacturer investigated the incident. Our customer released initial findings in the second fiscal quarter of 2022 on what it contends is the root cause of the incident. The customer's stated findings, if ultimately confirmed and proven, could relate to certain scopes of work for which Fluence or its subcontractors could be responsible. The customer's stated findings, however, could also relate to certain scopes of work for which other parties were responsible and/or relate to other causes, including the design and installation of portions of the facility over which Fluence did not have responsibility or control. The customer has alleged that Fluence is liable for the incident but has not yet demanded a specific amount of compensation nor alleged a particular level of responsibility. At this time, Fluence cannot accept the customer's stated findings and has denied liability. No formal legal proceedings have been commenced, but it is reasonably possible that litigation may result from this matter if a resolution cannot be achieved. Any such dispute would also likely include claims by Fluence and counterclaims by the customer relating to disputed costs arising from the original design and construction of the facility. The customer announced in July of 2022 that a large portion of the facility was back online. We are currently not able to estimate the impact, that this incident may have on our financial results. To date, we do not believe that this incident has impacted the market's adoption of our products and solutions.

2022 Overheating Event at Customer Facility

On April 18, 2022, a 10 MW energy storage facility in Chandler, Arizona owned by AES experienced an overheating event. Fluence served as the energy storage technology provider for the facility, which was completed in 2019, and Fluence currently provides maintenance services for the facility. There were no injuries. The facility has been taken offline as teams from Fluence, AES, and the battery manufacturer investigate the incident. We are currently not able to estimate the impact, if any, that this incident may have on our reputation or financial results, or on market adoption of our products and solutions.

2023 Project-Related Litigation

In October 2023, Fluence filed a complaint in the Superior Court of California, Contra Costa County, against Diablo Energy Storage, LLC, Empire Business Park, LLC, the Bank of New York Mellon and others, seeking approximately \$37.0 million in damages arising from the supply and construction of an energy storage facility for the defendants, including for the defendants' nonpayment of contractual amounts owed. On or about November 10, 2023, Defendant Diablo Energy Storage, LLC filed a cross-complaint against Fluence, seeking a minimum of \$25.0 million of alleged damages and disgorgement of all compensation received by Fluence for the project, in the amount of approximately \$230.0 million. The disgorgement claim was based upon an alleged deficiency in Fluence's contractor license. Fluence denies the allegations in the cross-complaint and intends to vigorously defend against them and to enforce our claims against the defendants. We are currently not able to estimate the impact, if any, that this litigation may have on our reputation or financial results, or on market adoption of our products.

Investment in Joint Venture

On August 5, 2022, Fluence Energy Singapore PTE. LTD., a subsidiary of Fluence Energy, LLC, and ReNew Power entered into an agreement to form a partnership in India for an initial investment of \$5.0 million, plus a line of credit of \$15.0 million each for a 50% interest in the partnership. We funded the investment in the first quarter of fiscal year 2023. The joint venture commenced operations during the first fiscal quarter of fiscal year 2023 and began hiring staff. We recorded an insignificant equity method loss on the investment for the three months ended December 31, 2023.

Key Factors and Trends Affecting our Performance

We believe that our performance and future success depend on several factors that present significant opportunities for us but also pose risks and challenges, including those discussed below and those in Part I, Item 1A. "Risk Factors" in our 2023 Annual Report.

Lithium-ion Battery Cost

Our revenue growth is directly tied to the continued adoption of energy storage products and solutions by our customers. The cost of lithium-ion energy storage hardware has declined significantly in the last decade and has resulted in a large addressable market today.

However, according to BloombergNEF's 2022 (issued December 2022) battery price survey, higher raw material costs pushed the average price of lithium-ion battery packs up in calendar year 2022. We have seen prices for lithium-ion battery packs decline during calendar year 2023 and in January of 2024. The 2022 price increase marked the first annual increase in price since at least 2018. The market for energy storage is rapidly evolving, and while we believe costs will continue to decline over the long term, there is no guarantee that they will decline or decline at the rates we expect. If costs do not continue to decline long term, this could adversely affect our ability to increase our revenue or grow our business.

Supply Chain

Although we do not rely on any single supplier for the majority of our key components, including our batteries and inverters, we do obtain certain key components from a limited number of suppliers. If one or more suppliers were unable to satisfy our requirements for particular key components, we could experience a disruption to our operations and delays in completing our projects as alternative suppliers are identified and qualified, and new supply arrangements are entered into. Moreover, if one of our suppliers is unable to satisfy our requirements and we turn to another supplier, such replacement supply arrangements may be on less advantageous terms for us and result in higher costs to the Company. In addition, a number of our suppliers are situated outside of the United States, which exposes us to changes in international trade regulations, taxes, tariffs, and/or quotas. As of the date of this Report, we believe that we have adequate access to our key components to meet the needs of our operations. See Part I, Item 1A. "Risk Factors" of the 2023 Annual Report for further discussion on supply chain risks for our business.

Increasing Deployment of Renewable Energy

Deployment of renewable energy resources has accelerated over the last decade, and solar and wind have become a low-cost energy source. BloombergNEF estimates that renewable energy is expected to represent 70% of all new global capacity installations over the next ten years. Energy storage is critical to reducing the intermittency and volatility of renewable energy generation. However, there is no guarantee that the deployment of renewable energy will occur at the rate estimated by BloombergNEF or that such renewable energy will rely on lithium-ion battery technology for energy storage. Inflationary pressures, supply chain disruptions, geo-political conflicts, government regulations and incentives, and other factors could result in fluctuations in demand for and deployment of renewable energy resources, adversely affecting our revenue and ability to generate profits in the future. See Part I, Item IA. "Risk Factors" of the 2023 Annual Report for further discussion on these risks.

Competition

The energy storage industry is competitive and continuously evolving. Our energy storage products and solutions, services, and digital applications are highly specialized and specific to the clean energy industry. The unique expertise required to design these offerings as well as integrate these solutions for our customers can be very complex and technical, however, the number of additional companies offering similar products and services is growing every year. In addition, we are continuously engaging in developing new use cases and opening new market segments, which are often less contested. We believe that competitive factors in the energy storage market include, but are not limited to:

- safety, reliability and quality;
- stability in supply chain;
- performance of energy storage products and solutions, services and digital applications;
- historical customer track record (as the market and industry continues to grow);
- experience in the battery energy storage system market (both of the Company and key members of leadership);
- technological expertise and innovation;
- comprehensive solutions and offerings from a single provider;
- brand recognition;
- certain government initiatives, legislation, regulations, and policies;
- ease of integration; and
- seamless hardware and software-enabled service offerings.

Our competition varies by geography, country, grid service, and customer segment. There is a rising demand for energy storage products and solutions globally, and with that growing demand, we see increasing numbers of new entrants and potential entrants in the energy storage space. We believe that a key differentiator for Fluence from our competitors is our ability to identify customer needs and deliver customer-centric products, services, and use cases that can compete in the market either as packages or standalone offerings. We believe we compete favorably based on performance and value-creation, including low total cost of ownership, long-term reliability, varied service options, and convenient and efficient sales and delivery processes.

Seasonality

Through fiscal year 2021, we experienced variability in the timing of our order intake, with higher volumes of orders coming the second half of our fiscal year. However, in fiscal years 2022 and 2023, order intake was relatively consistent across each quarter. In fiscal year 2024, we currently expect to see a higher amount of our order intake in the second half of the fiscal year. The variability in our order intake is primarily driven due to timing of customer approvals which typically coincides with their own internal budgeting processes. The timing of our order intake can be difficult to predict, and could result in significant variation among fiscal quarters.

Government Regulation and Compliance

Governments across the globe have announced and implemented various policies, regulation and legislation to support the transition from fossil fuels to low-carbon forms of energy and to support and accelerate adoption of clean and/or reliable distributed generation technologies. The operation of our business and our customers' use of our products and services are impacted by these various government actions. For example, in August 2022, the United States passed the Inflation Reduction Act of 2022 (the "IRA"), which consists of a number of provisions aimed directly at confronting the climate change crisis. Among other things, the IRA introduced an investment tax credit (ITC) for standalone energy storage

and it contains provisions with incentives for grid modernization equipment including domestic battery cell manufacturing, battery module manufacturing and its components, as well as various upstream applications.

Although we generally are not regulated as a utility, federal, state, and local government statutes and regulations concerning electricity heavily influence the market for our product and services. These statutes and regulations, like the IRA, often relate to electricity pricing, transmission and distribution rates, net metering, incentives, taxation, competition with utilities and the interconnection of customer-owned electricity generation. We believe we are well positioned to capture incentives contained in the IRA and that its enactment is favorable to our business and future operations with our forthcoming battery module manufacturing as well as our contract manufacturing facility in Utah and our supply agreement for U.S. manufactured battery cells. However, as this legislation was recently adopted in August 2022 and applicable U.S. Department of Treasury and Internal Revenue Service guidelines were published in the third quarter of fiscal year 2023, we have not yet seen the impact these IRA related incentives may have on our business, operations and financial performance as we go forward and cannot guarantee we will realize anticipated benefits of incentives under the IRA. We are continuing to evaluate the overall impact and applicability of the IRA to our expected results of operations going forward.

Key Components of Our Results of Operations

The following discussion describes certain line items in our condensed consolidated statements of operations and comprehensive loss.

Total Revenue

We generate revenue from energy storage products and solutions, service agreements with customers to provide operational services related to battery-based energy storage products, and from digital application contracts. Fluence enters into contracts with utility companies, developers, and commercial and industrial customers. We derive the majority of our revenue from selling energy storage products and solutions. When we sell a battery-based energy storage product and solution, we enter into a contract with our customers covering the price, specifications, delivery dates and warranty for the products being purchased, among other things. The manner in which a solution is provided to a customer may vary; not all solutions may require Fluence to procure batteries on behalf of a customer. A solution may only require logistics, design, installation and/or commission services depending on customer requirements. We also generate revenue by providing consulting services to AES whereby Fluence has agreed to advise, and in some cases provide support to AES, on procurement, logistics, design, safety, and commissioning of certain of their projects.

Our revenue is affected by changes in the price, volume, and mix of products and services purchased by our customers, which is driven by the demand for our products, geographic mix of our customers, strength of competitors' product offerings, and availability of government incentives to the end-users of our products. The Company recognizes revenue over time for our energy storage products and solutions as we transfer control of our product to the customer. This transfer of control to the customer is supported by clauses in the contracts that provide enforceable rights to payment of the transaction price associated with work performed to date for products that do not have an alternative use to the Company and/or as the project is built and control transfers depending on the contract terms.

Our revenue growth is dependent on continued growth in the amount of battery-based energy storage products and solutions projects constructed each year and our ability to increase our share of demand in the geographic regions where we currently compete and plan to compete in the future as well as our ability to continue to develop and commercialize new and innovative products that address the changing technology and performance requirements of our customers.

Cost of Goods and Services

Cost of goods and services consists primarily of product costs, including purchased materials and supplies, as well as costs related to shipping, customer support, product warranty, and personnel. Personnel costs in cost of goods and services includes both direct labor costs as well as costs attributable to any individuals whose activities relate to the transformation of raw materials or component parts into finished goods or the transportation of materials to the customer.

Our product costs are affected by the underlying cost of raw materials, including steel and aluminum supply costs, including inverters, casings, fuses, and cable; technological innovation; economies of scale resulting in lower supply costs; and improvements in production processes and automation. We do not currently hedge against changes in the price of raw materials as we do not purchase raw materials; instead, we buy the components of energy storage products from our suppliers and we rely on our suppliers to hedge the underlying raw materials. We generally expect the ratio of cost of

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goods and services to revenue to decrease as sales volumes increase due to economies of scale, however, some of these costs, primarily personnel-related costs, are not directly affected by sales volume.

Gross Profit and Gross Profit Margin

Gross profit and gross profit margin may vary from quarter to quarter and is primarily affected by our sales volume, product prices, product costs, product mix, customer mix, geographical mix, shipping costs, and warranty costs.

Operating Expenses

Operating expenses consist of research and development, sales and marketing and general and administrative expenses as well as depreciation and amortization. Personnel-related expenses are the most significant component of our operating expenses and include salaries, stock-based compensation, and employee benefits. We expect to invest in additional resources to support our growth which will increase our operating expenses in the near future.

Research and Development Expenses

Research and development expenses consist of personnel-related costs across our global research and development (R&D) centers for engineers engaged in the design and development and testing of our integrated products and technologies. Engineering competencies include data science, machine learning, software development, network and cyber security, battery systems engineering, industrial controls, UI / UX, mechanical design, power systems engineering, certification, and more. R&D expenses also support three product testing labs located across the globe, including a system-level testing facility in Pennsylvania that is used for quality assurance and the rapid iteration, testing, and launching of new Fluence energy storage technology and products. We are standing up an additional Hardware in the Loop testing facility which is co-located with our technical team in Bangalore, India. We expect R&D expenses to generally increase in future periods to support our growth and as we continue to invest in research and development activities that are necessary to achieve our technology and product roadmap goals. These expenses may vary from period to period as a percentage of revenue, depending primarily upon when we choose to make more significant investments.

Sales and Marketing Expenses

Sales and marketing expenses consist primarily of personnel-related expenses, including salaries, stock-based compensation, and employee benefits. We have and intend to continue to expand our sales presence and marketing efforts to additional countries in the future.

General and Administrative Expenses

General and administrative expenses consist primarily of personnel-related expenses, including salaries, stock-based compensation, and employee benefits, for our executives, finance, human resources, information technology, engineering and legal organizations that do not relate directly to the sales or research and development functions, as well as travel expenses, facilities costs, bad debt expense, and fees for professional services. Professional services consist of audit, legal, tax, insurance, information technology, and other costs.

Depreciation and Amortization

Depreciation consists of costs associated with property, plant, and equipment ("PP&E") and amortization of intangibles consisting of patents, licenses, and developed technology over their expected period of use. We expect that as we increase both our revenues and the number of our general and administrative personnel, we will invest in additional PP&E to support our growth resulting in additional depreciation and amortization.

Interest Income, net

Interest income, net consists of interest income net of interest expense. Interest income consists of interest earned on cash deposits and interest on customer notes receivables. Interest expense consists primarily of interest on borrowings against notes receivable pledged as collateral, unused line fees related to the revolving credit facility (the "Revolver") pursuant to a credit agreement, dated November 1, 2021, by and among Fluence Energy, LLC, as the borrower, Fluence Energy, Inc., as a parent guarantor, the subsidiary guarantors party thereto, the lenders party thereto and JP Morgan Chase Bank, N.A., as administrative agent and collateral agent (the "Revolving Credit Agreement"), which was terminated upon

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repayment in full of all obligations under the Revolver, effective November 22, 2023, and amortization of debt issuance costs. Interest income, net also consists of unused line and commitment fees on the ABL Facility that was entered into on November 22, 2023.

Other Income, Net

Other income, net primarily consists of income or expense from foreign currency exchange gains and losses on monetary assets and liabilities.

Tax Benefit

We are subject to U.S. federal and state income taxes with respect to our allocable share of any taxable income or loss of Fluence Energy, LLC, and are taxed at the prevailing corporate tax rates. We are also subject to foreign income taxes with respect to our foreign subsidiaries and our expectations are valuation allowances will be recorded in certain tax jurisdictions. In addition to tax expenses, we also will incur expenses related to our operations, as well as payments under the Tax Receivable Agreement, which we expect could be significant over time. We will receive a portion of any distributions made by Fluence Energy, LLC. Any cash received from such distributions from our subsidiaries will be first used by us to satisfy any tax liability and then to make payments required under the Tax Receivable Agreement.

Key Operating Metrics

The following tables present our key operating metrics as of December 31, 2023 and September 30, 2023, and order intake for the three months ended December 31, 2023 and 2022. The tables below present the metrics in either Gigawatts

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(GW) or Gigawatt hours (GWh). Our key operating metrics focus on project milestones to measure our performance and designate each project as either “deployed”, “assets under management”, “contracted” or “pipeline”.

	December 31, 2023	September 30, 2023	Change	Change %
Energy Storage Products and Solutions				
Deployed (GW)	3.6	3.0	0.6	20%
Deployed (GWh)	8.7	7.2	1.5	21%
Contracted Backlog (GW)	5.1	4.6	0.5	11%
Pipeline (GW)	13.2	12.2	1.0	8%
Pipeline (GWh)	37.8	34.2	3.6	11%

(amounts in GW)	December 31, 2023	September 30, 2023	Change	Change %
Service Contracts				
Assets under Management	3.3	2.8	0.5	18%
Contracted Backlog	3.5	2.9	0.6	21%
Pipeline	14.7	13.7	1.0	7%

(amounts in GW)	December 31, 2023	September 30, 2023	Change	Change %
Digital Contracts				
Assets under Management	17.0	15.5	1.5	10%
Contracted Backlog	5.7	6.8	(1.1)	(16%)
Pipeline	31.7	24.4	7.3	30%

	Three Months Ended December 31,			
(amounts in GW)	2023	2022	Change	Change %
Energy Storage Products and Solutions				
Contracted	1.2	0.6	0.6	100%
Service Contracts				
Contracted	1.1	0.1	1.0	1000%
Digital Contracts				
Contracted	0.4	0.8	(0.4)	(50)%

Deployed

Deployed represents cumulative energy storage products and solutions that have achieved substantial completion and are not decommissioned. Deployed is monitored by management to measure our performance towards achieving project milestones.

Assets Under Management

Assets under management for service contracts represents our long-term service contracts with customers associated with our completed energy storage system products and solutions. We start providing maintenance, monitoring, or other operational services after the storage product projects are completed. In some cases, services may be commenced for energy storage solutions prior to achievement of substantial completion. This is not limited to energy storage solutions delivered by Fluence. Assets under management for digital software represents contracts signed and active (post go live). Assets under management serves as an indicator of expected revenue from our customers and assists management in forecasting our expected financial performance.

Contracted Backlog

For our energy storage products and solutions contracts, contracted backlog includes signed customer orders or contracts under execution prior to when substantial completion is achieved. For service contracts, contracted backlog includes signed service agreements associated with our storage product projects that have not been completed and the associated service has not started. For digital applications contracts, contracted backlog includes signed agreements where the associated subscription has not started.

Contracted/Order Intake

Contracted, which we use interchangeably with "Order Intake", represents new energy storage product contracts, new service contracts and new digital contracts signed during each period presented. We define "Contracted" as a firm and binding purchase order, letter of award, change order or other signed contract (in each case an "Order") from the customer that is received and accepted by Fluence. Our order intake is intended to convey the dollar amount and gigawatts (operating measure) contracted in the period presented. We believe that order intake provides useful information to investors and management because the order intake provides visibility into future revenue and enables evaluation of the effectiveness of the Company's sales activity and the attractiveness of its offerings in the market.

Pipeline

Pipeline represents our uncontracted, potential revenue from energy storage products, service, and digital software contracts, which have a reasonable likelihood of contract execution within 24 months. Pipeline is an internal management metric that we construct from market information reported by our global sales force. Pipeline is monitored by management to understand the anticipated growth of our Company and our estimated future revenue related to customer contracts for our battery-based energy storage products and solutions, services and digital software.

We cannot guarantee that our contracted backlog or pipeline will result in actual revenue in the originally anticipated period or at all. Contracted backlog and pipeline may not generate margins equal to our historical operating results. We have only recently begun to track our contracted backlog and pipelines on a consistent basis as performance measures, and as a result, we do not have significant experience in determining the level of realization that we will achieve on these contracts. Our customers may experience project delays or cancel orders as a result of external market factors and economic or other factors beyond our control. If our contracted backlog and pipeline fail to result in revenue as anticipated or in a timely manner, we could experience a reduction in revenue, profitability, and liquidity.

Non-GAAP Financial Measures

This section contains references to certain non-GAAP financial measures, including Adjusted EBITDA, Adjusted Gross Profit, Adjusted Gross Profit Margin, and Free Cash Flow.

Adjusted EBITDA is calculated from the consolidated statements of operations using net income (loss) adjusted for (i) interest income, net, (ii) income taxes, (iii) depreciation and amortization, (iv) stock-based compensation, (v) other income or expenses and (vi) non-recurring income or expenses. Adjusted EBITDA may in the future also be adjusted for amounts impacting net income related to the Tax Receivable Agreement liability.

Adjusted Gross Profit is calculated using gross profit, adjusted to exclude (i) stock-based compensation expenses, (ii) amortization, (iii) certain other income or expenses, and (iv) non-recurring income or expenses. Adjusted Gross Profit Margin is calculated using Adjusted Gross Profit divided by total revenue.

Free Cash Flow is calculated from the consolidated statements of cash flows and is defined as net cash provided by (used in) operating activities, less purchase of property and equipment made in the period. We expect our Free Cash Flow to fluctuate in future periods as we invest in our business to support our plans for growth. Limitations on the use of Free Cash Flow include (i) it should not be inferred that the entire Free Cash Flow amount is available for discretionary expenditures (for example, cash is still required to satisfy other working capital needs, including short-term investment policy, restricted cash, and intangible assets); (ii) Free Cash Flow has limitations as an analytical tool, and it should not be considered in isolation or as a substitute for analysis of other GAAP financial measures, such as net cash provided by operating activities; and (iii) this metric does not reflect our future contractual commitments.

These non-GAAP measures are intended as supplemental measures of performance and/or liquidity that are neither required by, nor presented in accordance with, GAAP. We believe that such non-GAAP measures, when read in conjunction with our operating results presented under GAAP, can be used to better assess our performance from period to

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period and relative to performance of other companies in our industry, without regard to financing methods, historical cost basis or capital structure.

These non-GAAP measures should not be considered in isolation or as substitutes for performance measures calculated in accordance with GAAP and may not be comparable to similar measures presented by other entities. Readers are cautioned that these non-GAAP measures should not be construed as alternatives to other measures of financial performance calculated in accordance with GAAP. These non-GAAP measures and their reconciliation to GAAP financial measures are shown below.

The following tables present our non-GAAP measures for the periods indicated.

(\$ in thousands)	Three Months Ended December 31,			Change	Change %
	2023	2022			
Net loss	\$ (25,556)	\$ (37,193)	\$ 11,637		31 %
Add:					
Interest income, net	(1,993)	(656)	(1,337)		204 %
Income tax benefit	(1,235)	(614)	(621)		101 %
Depreciation and amortization	2,883	2,424	459		19 %
Stock-based compensation ^(a)	5,630	8,477	(2,847)		(34) %
Other expenses ^(b)	1,984	1,507	477		32 %
Adjusted EBITDA	\$ (18,287)	\$ (26,055)	\$ 7,768		30 %

(a) Includes incentive awards that will be settled in shares and incentive awards that will be settled in cash.

(b) Amount for the three months ended December 31, 2023 includes approximately \$1.2 million of costs related to the termination of the Revolving Credit Agreement and \$0.8 million in costs related to the secondary offering.

Amount for the three months ended December 31, 2022 includes approximately \$1.5 million of costs related to the restructuring plan, including severance. Costs related to the COVID-19 pandemic and the Cargo Loss Incident, which the Company had historically excluded from Adjusted EBITDA, are no longer excluded. Adjusted EBITDA results for the three months ended December 31, 2022 have been recast for comparative purposes.

(\$ in thousands)	Three Months Ended December 31,			Change	Change %
	2023	2022			
Total revenue	\$ 363,956	\$ 310,460	\$ 53,496		17 %
Cost of goods and services	327,570	298,420	29,150		10 %
Gross profit	36,386	12,040	24,346		202 %
Add:					
Stock-based compensation ^(a)	1,259	900	359		40 %
Amortization ^(b)	400	—	400		100 %
Other expenses ^(c)	—	189	(189)		(100) %
Adjusted Gross Profit	\$ 38,045	\$ 13,129	\$ 24,916		190 %
Adjusted Gross Profit Margin %	10.5 %		4.2%		

(a) Includes incentive awards that will be settled in shares and incentive awards that will be settled in cash.

(b) Amount relates to amortization of capitalized software included in cost of goods and services.

(c) Amount for the three months ended December 31, 2022 includes \$0.2 million of costs related to the restructuring plan, including severance. Costs related to the COVID-19 pandemic and the Cargo Loss Incident, which the Company had historically excluded from Adjusted Gross Profit and Adjusted Gross Profit Margin, are no longer excluded. Adjusted Gross Profit and Adjusted Gross Profit Margin results for the three months ended December 31, 2022 have been recast for comparative purposes.

(\$ in thousands)	Three Months Ended December 31,		Change	Change %
	2023	2022		
Net cash provided by (used in) operating activities	\$ 19,363	\$ (88,898)	\$ 108,261	122 %
Less: Purchase of property and equipment	(1,468)	(2,496)	1,028	41 %
Free Cash Flow	\$ 17,895	\$ (91,394)	\$ 109,289	120 %

Results of Operations

Comparison of the Three Months Ended December 31, 2023 to the Three Months Ended December 31, 2022

The following table sets forth our operating results for the periods indicated.

(\$ in thousands)	Three Months Ended December 31,		Change	Change %
	2023	2022		
Total revenue	\$ 363,956	\$ 310,460	\$ 53,496	17%
Costs of goods and services	327,570	298,420	29,150	10%
Gross profit	36,386	12,040	24,346	202 %
Gross profit margin %	10.0%	3.9%		
Operating expenses:				
Research and development	15,440	19,162	(3,722)	(19)%
Sales and marketing	10,706	8,792	1,914	22%
General and administrative	37,728	31,267	6,461	21%
Depreciation and amortization	2,483	2,424	59	2%
Interest income, net	(1,993)	(656)	(1,337)	204%
Other income, net	(1,187)	(11,142)	9,955	89%
Loss before income taxes	\$ (26,791)	\$ (37,807)	\$ 11,016	29 %
Income tax benefit	(1,235)	(614)	(621)	101%
Net loss	\$ (25,556)	\$ (37,193)	\$ 11,637	31 %

Total Revenue

Total revenue increased by \$53.5 million, or 17%, for the three months ended December 31, 2023, compared to the three months ended December 31, 2022. The increase was mainly attributable to the expansion of sales of our battery-based energy storage products and solutions by \$51.1 million. The expansion of sales of our battery-based energy storage products and solutions was primarily driven by increased volumes of Gen6 solutions sold in the Americas and APAC regions offset by (i) a decrease in volumes of Gen6 solutions sold in the EMEA region and (ii) non-recurring favorable impacts in the prior period due to price increase change orders issued during the period where the performance obligations were substantially satisfied in previous periods.

Costs of Goods and Services

Cost of goods and services increased by \$29.2 million, or 10%, for the three months ended December 31, 2023, compared to the three months ended December 31, 2022. The increase in cost of goods and services was mainly attributable to the expansion of volume of Gen6 solutions sold in Americas and APAC regions, offset by a decrease in volume of Gen6 solutions sold in EMEA region. The increase in costs of goods and services was less than the percentage increase in revenue due to an improvement in gross margins on newer Gen6 solutions projects offset by non-recurring favorable impact of a settlement of contractual claims with our largest battery module vendor of \$19.5 million in December 2022.

Gross Profit and Gross Profit Margin

Gross profit increased by \$24.3 million, or 202%, for the three months ended December 31, 2023, compared to the three months ended December 31, 2022. The increase in gross profit is primarily due to improvement in gross margins on

the newer Gen6 solutions projects in the current period offset by non-recurring favorable impacts in the prior period due to (i) a settlement of contractual claims with our largest battery module vendor in December 2022 for \$19.5 million and (ii) \$10.1 million for price increase change orders issued during the period where the performance obligations were substantially satisfied in previous periods.

Research and Development Expenses

Research and development expenses decreased by \$3.7 million, or 19%, for the three months ended December 31, 2023, compared to the three months ended December 31, 2022. The decrease was primarily attributable to (i) a \$1.6 million reduction in stock-based compensation expense, and (ii) a \$1.3 million decrease in third party services.

Sales and Marketing Expenses

Sales and marketing expenses increased by \$1.9 million, or 22%, for the three months ended December 31, 2023, compared to the three months ended December 31, 2022. The increase was primarily attributable to (i) an increase in IT cost allocations of \$1.4 million to support our growth and (ii) spend on conferences, sponsorships and other related advertising of \$0.4 million.

General and Administrative Expenses

General and administrative expenses increased by \$6.5 million, or 21%, for the three months ended December 31, 2023, compared to the three months ended December 31, 2022. The increase was primarily attributable to (i) an increase in personnel-related costs of \$7.1 million due to higher headcount to support our growth and (ii) a \$2.0 million increase in information technology licenses and consulting services related to implementation of new systems to support our growth offset by a reduction in consulting services of \$2.6 million, which were mostly indirectly related to the restructuring plan from fiscal year 2023 that was substantially completed.

Depreciation and Amortization

Depreciation and amortization increased by \$0.1 million, or 2%, for the three months ended December 31, 2023, compared to the three months ended December 31, 2022. The depreciation increase is primarily attributed to an increase in equipment capitalized.

Interest Income, Net

Interest income, net increased by \$1.3 million, or 204%, in the three months ended December 31, 2023, compared to the three months ended December 31, 2022. The increase was primarily attributable to an increase in interest income of \$1.6 million due to higher interest rates on cash deposits and investments offset by additional interest expense of \$0.4 million related to writing off a portion of capitalized debt issuance costs related to termination of the Revolver.

Other Income, Net

Other income, net decreased by \$10.0 million, or 89%, for the three months ended December 31, 2023, compared to the three months ended December 31, 2022. The decrease in other income, net was primarily attributable to \$9.2 million decrease in favorable foreign currency exchange gains for monetary assets and liabilities period over period.

Income Tax Benefit

Income tax benefit increased by \$0.6 million, or 101%, for the three months ended December 31, 2023, compared to the three months ended December 31, 2022. The increase in tax benefit is primarily due to a change in the mix of pre-tax losses globally in the three months ended December 31, 2023.

Net Loss

Net loss decreased by \$11.6 million, or 31%, for the three months ended December 31, 2023, compared to the three months ended December 31, 2022. The decrease is primarily attributable to (i) increase in "gross profit", (ii) decrease in "research and development expenses" and (iii) increase in "interest income, net" as described above. This was partially offset by (i) decrease in "other income, net" and (ii) an increase in "general and administrative expenses" as described above.

Liquidity and Capital Resources

Since inception and through December 31, 2023, our principal sources of liquidity were the proceeds from our IPO, our cash and cash equivalents, short-term borrowings, borrowings available under the Revolver, borrowings available under the ABL Credit Facility, supply chain financing, capital contributions from AES Grid Stability and Siemens Industry, proceeds from the investment and borrowings against note receivables.

We believe the proceeds received from our IPO, cash flows from operations, borrowings against notes receivable and borrowings available under the ABL Credit Facility will be sufficient to meet our expense and capital requirements for at least the next 12 months following the filing of this Report.

Our future capital requirements may vary materially from those currently planned and will depend on many factors, including our rate of revenue growth, the timing and extent of our growth initiatives and our introduction of new products, services, and digital application offerings, and overall economic conditions. To the extent that current and anticipated future sources of liquidity are insufficient to fund our future business activities and cash requirements, we may be required to seek additional equity or debt financing. The sale of additional equity would result in additional dilutions to our stockholders. The incurrence of additional debt financing would result in debt service obligations and the instruments governing such debt could provide for operating and financing covenants that would restrict our operations. If we are unable to raise additional capital or generate cash flows necessary to expand our operations and invest in continued innovation, we may not be able to compete successfully, which would harm our business, operations and financial condition.

On November 1, 2021, upon the closing of our IPO, we received net proceeds of \$935.8 million, after deducting underwriting discounts and offering expenses payable by the Company. The net proceeds from the IPO were used to purchase 35,650,000 newly issued LLC Interests directly from Fluence Energy, LLC at a price per unit equal to the IPO price per share of Class A common stock less the underwriting discount and estimated offering expenses payable by us. Fluence Energy, LLC used the net proceeds from the sale of LLC Interests to Fluence Energy, Inc. to repay all outstanding borrowings relating to a line of credit and promissory notes. The remainder of the proceeds has been used for working capital and other general corporate purposes.

We have provided certain of our suppliers with access to a supply chain financing program through a third-party financing institution (the "SCF Bank"). This program allows us to seek extended payment terms with our suppliers and allows our suppliers to monetize their receivables prior to the payment due date, subject to a discount. Once a supplier elects to participate in the program and reaches an agreement with the SCF Bank, the supplier elects which individual invoices to sell to the SCF Bank. We then pay the SCF Bank on the invoice due date. We have no economic interest in a supplier's decision to sell a receivable to the SCF Bank. The agreements between our suppliers and the SCF Bank are solely at their discretion and are negotiated directly between them. Our suppliers' ability to continue using such agreements is primarily dependent upon the strength of our financial condition and guarantees issued by AES and Siemens. As of December 31, 2023, AES and Siemens issued guarantees of \$50.0 million each, for a total of \$100.0 million, to SCF Bank on our behalf.

As of December 31, 2023, three suppliers were actively participating in the supply chain financing program, and we had \$45.9 million of payables outstanding subject to the program. All outstanding payments owed under the program are recorded within "Accounts payable" on the condensed consolidated balance sheets.

On August 11, 2023, we filed an automatic shelf registration statement on Form S-3 with the SEC (the "Form S-3") which became effective upon filing and will remain effective through August 11, 2026. The Form S-3 allows us to offer and sell from time-to-time Class A common stock, preferred stock, depository shares, debt securities, warrants, purchase contracts or units comprised of any combination of these securities for our own account and allows certain selling stockholders to offer and sell 135,666,665 shares of Class A common stock in one or more offerings.

The Form S-3 is intended to provide us flexibility to conduct registered sales of our securities, subject to market conditions and our future capital needs. The terms of any future offering under the Form S-3 will be established at the time of such offering and will be described in a prospectus supplement filed with the SEC prior to the completion of any such offering.

Revolving Credit Facility

We entered into a Revolving Credit Agreement for a Revolving Credit Facility (the "Revolver") on November 1, 2021, by and among Fluence Energy, LLC, as the borrower, Fluence Energy Inc., as a parent guarantor, the subsidiary guarantors party thereto, the lenders party thereto and JP Morgan Chase Bank, N.A., as administrative agent and collateral agent. The aggregate amount of commitments was \$200.0 million. The Revolver was originally scheduled to mature on November 1, 2025. The Revolving Credit Agreement was terminated effective November 22, 2023, in conjunction with the entry into the new ABL Credit Agreement (as further described below) in connection with which the Company prepaid all amounts outstanding under the Revolver and terminated all Commitments (as defined in the Revolving Credit Agreement) thereunder. No penalties were required to be paid as a result of the termination.

The Revolver was secured by (i) a first priority pledge of the equity securities of Fluence Energy, LLC and its subsidiaries and (ii) first priority security interests in, and mortgages on, substantially all tangible and intangible personal property and material fee-owned real property of Fluence Energy, LLC, the parent guarantor and each subsidiary guarantor party thereto, in each case, subject to customary exceptions and limitations. On May 19, 2023, the Revolving Credit Agreement was amended to replace Adjusted LIBOR with Adjusted Term SOFR as the applicable benchmark interest rate with respect to certain classes of loans.

The Revolver bore interest at either (i) the Adjusted SOFR Rate (each as defined in the Revolving Credit Agreement) plus 3.0 % or (ii) the Alternate Base Rate (as defined in the Revolving Credit Agreement) plus 2.0% (subject to customary LIBOR replacement provisions and alternative benchmark rates including customary spread adjustments with respect to borrowings in foreign currency), at the option of Fluence Energy, LLC. Fluence Energy, LLC was required to pay to the lenders a commitment fee of 0.55 % per annum on the average daily unused portion of the revolving commitments through maturity, which was originally scheduled to be the four-year anniversary of the closing date of the Revolver. The Revolver also provided for up to \$200.0 million in letter of credit issuances, which required customary issuance and administration fees, as well as a fronting fee payable to each issuer thereof and a letter of credit participation fee of 2.75% per annum payable to the lenders.

The Revolving Credit Agreement contained covenants that, among other things, restricted our ability to incur additional indebtedness; incur liens; sell, transfer, or dispose of property and assets; make investments or acquisitions; make dividends, distributions, or other restricted payments; and engage in affiliate transactions. The terms of the Revolving Credit Agreement limited our ability to make certain payments, including dividends and distributions on Fluence Energy, LLC's equity, Fluence Energy, Inc.'s equity and other restricted payments. Under the terms of the Revolving Credit Agreement, Fluence Energy, LLC and its subsidiaries were limited in their ability to pay cash dividends to, lend to, or make other investments in Fluence Energy, Inc., subject to certain exceptions, including among others (i) the ability to make investments of up to the greater of (a) \$10,500,000 and (b) 1.5% of the consolidated assets of Fluence Energy, Inc. and its subsidiaries, and (ii) the ability to issue dividends and make other Restricted Payments (as defined in the Revolving Credit Agreement) (a) if after giving pro forma effect to such dividend or other Restricted Payment the Total Liquidity (as defined in the Revolving Credit Agreement) of Fluence Energy, Inc. and its subsidiaries party to the Revolving Credit Agreement was at least \$600,000,000, or (b) such dividend or other Restricted Payment was made to reimburse Fluence Energy, Inc. for certain tax distributions under the Fluence Energy LLC Agreement and certain payments under the Tax Receivable Agreement and certain operational expenses incurred in connection with the ownership and management of Fluence Energy, LLC. In addition, we were required to maintain (i) minimum liquidity and gross revenue requirements, in each case, until consolidated EBITDA reached \$150.0 million for the most recent four fiscal quarters and we made an election, and (ii) thereafter, a maximum total leverage ratio and a minimum interest coverage ratio. Such covenants were tested on a quarterly basis.

Asset-Based Lending Facility

On November 22, 2023, the Company entered into an asset-based syndicated credit agreement with revolving commitments in an aggregate principal amount of \$400.0 million (the "ABL Facility"), by and among Fluence Energy, LLC, as parent borrower, Fluence Energy, Inc., as parent, the other borrowers party thereto, the other guarantors party thereto, the lenders party thereto (the "ABL Lenders"), and Barclays Bank PLC ("Barclays"), as administrative agent (the "ABL Credit Agreement"). The ABL Facility is secured by (i) a first priority pledge of Fluence Energy, Inc.'s equity interests in Fluence Energy, LLC and (ii) first priority security interests in, and mortgages on, substantially all tangible and intangible personal property and material fee-owned real property of Fluence Energy, Inc., Fluence Energy, LLC and Fluence Energy Global Production Operation, LLC, in each case, subject to customary exceptions and limitations. Borrowings under the ABL Facility will mature, and lending commitments thereunder will terminate, on November 22, 2027. The Company entered into that certain Master Assignment and Assumption and Issuing Bank Joinder, effective December 15, 2023, with Citibank N.A., the ABL Lenders, and Barclays, adding Citibank N.A. as a lender party to the ABL Facility (the "ABL Joinder").

Borrowing availability under the ABL Facility is determined by a borrowing base calculation that is based on specified percentages of U.S. eligible inventory, net orderly liquidation value of most recent inventory appraisal, and U.S. eligible in-transit inventory, less the aggregate amount of any reserves. The ABL Credit Agreement provides for a full cash dominion period (a) if an event of default is occurring or (b) beginning on the date on which Excess Availability is less than the greater of (i) 12.5% of the Line Cap and (ii) if the borrowing base then in effect is (A) less than \$200.0 million, \$25.0 million and (B) greater than or equal to \$200.0 million, \$50.0 million. Line Cap is defined under the ABL Facility as the lesser of the total commitments of the ABL Lenders and the borrowing base. Excess Availability is defined under the ABL Facility as an amount equal to (a) the lesser of (i) the total commitments of all lenders and (ii) the borrowing base, minus (b) total revolving extensions of credit then outstanding at anytime.

The ABL Credit Agreement sets forth that (i) loans comprising each ABR Borrowing (as defined in the ABL Credit Agreement) shall bear interest at the Alternate Base Rate (as defined in the ABL Credit Agreement) plus an additional margin ranging from 1.00% to 1.50%, depending on the Average Excess Availability (as defined in the ABL Credit Agreement) during the applicable determination period, (ii) loans comprising each Canadian Prime Loan Borrowing (as defined in the ABL Credit Agreement) shall bear interest at the Canadian Prime Rate (as defined in the ABL Credit Agreement) plus an additional margin ranging from 1.00% to 1.50%, depending on the Average Excess Availability during the applicable determination period, and (iii) the loans comprising each Term Benchmark Borrowing (as defined in the ABL Credit Agreement) shall bear interest at the Adjusted Term SOFR Rate, the Adjusted EURIBOR Rate or Adjusted Term CORRA (each as defined in the ABL Credit Agreement), as applicable, plus an additional margin ranging from 2.00% to 2.50%, depending on the Average Excess Availability during the applicable determination period, in each instance subject to customary benchmark replacement provisions including, but not limited to, alternative benchmark rates, customary spread adjustments with respect to borrowings in foreign currencies and benchmark replacement conforming changes. Fluence Energy, LLC is required to pay to the ABL Lenders a commitment fee on the average daily unused portion of the commitments through maturity, which shall accrue at the rate of (a) until the last day of the first full calendar quarter following the closing of the ABL Facility, 0.450% per annum, and (b) thereafter, 0.450% per annum if average revolving loan utilization is less than or equal to 50% and 0.375% per annum if average revolving loan utilization is greater than 50%. The ABL Facility also provides for a letter of credit sublimit in the amount of \$200.0 million, if certain conditions are met. Each letter of credit issuance will be conditioned upon, among other conditions, the payment of certain customary issuance and administration fees, as well as payment of a fronting fee to each issuer thereof and payment of a letter of credit participation fee payable to the ABL Lenders.

The ABL Credit Agreement contains customary covenants for this type of financing, including, but not limited to, covenants that restrict our ability to incur indebtedness; incur liens; sell, transfer, or dispose of property and assets; make investments or acquisitions; pay dividends, make distributions or other restricted payments; and engage in affiliate transactions. The ABL Credit Agreement limits our ability to make certain payments, including dividends and distributions on Fluence Energy, LLC's equity, the Company's equity and other restricted payments. Under the terms of the ABL Credit Agreement, Fluence Energy, LLC and its subsidiaries are currently limited in their ability to pay cash dividends to, lend to, or make other investments in Fluence Energy, Inc., subject to certain exceptions. In addition, if certain payment conditions under the ABL Credit Agreement are satisfied, including the satisfaction of a minimum excess availability requirement, then additional specified transactions may be made by the Company and its subsidiaries. The Company agreed that it will not, and its subsidiaries will not, permit Total Liquidity (as defined in the ABL Credit Agreement) at any time to be less than the greater of (i) 20% of the Line Cap then in effect and (ii) \$64.0 million, and the Company agreed that it will not, and its subsidiaries will not, permit Excess Availability to be less than the greater of (i) \$15.0 million and (ii) 10% of the Line Cap then in effect. Such covenants will be tested on a quarterly basis and upon certain restricted payments, the incurrence of indebtedness, certain dispositions and other Specified Transactions (as defined in the ABL Credit Agreement). As of December 31, 2023, we were in compliance with all such covenants or maintained availability above such covenant triggers.

As of December 31, 2023, we had no borrowings under the ABL Facility and \$0 of letters of credit outstanding, and availability under the facility of \$75.2 million.

Borrowings Against Note Receivable - Pledged as Collateral

In December 2022, we transferred \$24.3 million in customer receivables to Standard Chartered Bank ("SCB") in the Philippines for proceeds of \$21.1 million. The receivables all related to our largest customer in that country. The underlying receivables transferred were previously aggregated into a long term note, with interest, and which has a maturity date of September 30, 2024. In April 2023, we aggregated and transferred an additional \$30.9 million in receivables into a second long term note with the same customer to SCB for proceeds of \$27.0 million, upon substantially similar terms as the December 2022 transfer and with a maturity date of December 27, 2024. These transactions are treated as secured borrowings as we did not transfer the entire note receivables due from the customer to SCB. We continue to receive quarterly interest income from the customer, while SCB is responsible for collecting payments on the principal balances which represent the initial receivable balances from the customer. We have no other continuing involvement or exposure related to the underlying receivables. For the three months ended December 31, 2023, the Company recorded net interest income of \$0.1 million, which represents the aggregate of \$1.2 million in interest income and \$1.1 million in interest expense recorded in "Interest income, net."

Credit Support and Reimbursement Agreement

We are party to an Amended and Restated Credit Support and Reimbursement Agreement with AES and Siemens Industry whereby they may, from time to time, agree to furnish credit support to us in the form of direct issuances of credit support to our lenders or other beneficiaries or through their lenders' provision of letters of credit to backstop our own facilities or obligations. Pursuant to the Amended and Restated Credit Support and Reimbursement Agreement, if AES or Siemens Industry agree to provide a particular credit support (which they are permitted to grant or deny in their sole discretion), they are entitled to receipt of a credit support fee and reimbursement for all amounts paid to our lenders or other counterparties, payable upon demand. The Amended and Restated Credit Support and Reimbursement Agreement initially expires on June 9, 2025 (the "initial expiration date"), and will automatically and indefinitely continue after such date; after such initial expiration date, either AES or Siemens Industry is permitted to terminate the agreement upon six months prior notice. Any credit support under the Credit Support and Reimbursement Agreement will remain in effect after any such termination until such credit support has been replaced by the Company.

Commitments, Guarantees, Letter of Credits, Surety Bonds, Off-Balance Sheet Arrangements

As of December 31, 2023, the Company had outstanding bank guarantees, parent guarantees, letters of credit, and surety bonds issued as performance security arrangements for a large number of customer projects. The Company has certain battery purchase obligations under a master supply agreement with a supplier. We are also party to both assurance and service-type warranties for various lengths of time. Refer to "Note 12 - Commitments and Contingencies" to our unaudited condensed financial statements included elsewhere in this Report for more information regarding our contingent obligations, including off-balance sheet arrangements, and legal contingencies.

Historical Cash Flows

The following table summarizes our cash flows from operating, investing, and financing activities for the periods presented.

(\$ in thousands)	Three Months Ended December 31,		Change	Change %
	2023	2022		
Net cash provided by (used in) operating activities	\$ 19,363	\$ (88,898)	\$ 108,261	121.8 %
Net cash used in investing activities	\$ (2,596)	\$ (6,331)	\$ 3,735	(59.0)%
Net cash provided by (used in) financing activities	\$ (6,359)	\$ 23,252	\$ (29,611)	(127.3)%

Net cash flows provided by operating activities of \$19.4 million for the three months ended December 31, 2023, were primarily driven by increases in (i) payables and deferred revenue with related parties of \$148.4 million and (ii) accounts payable of \$255.3 million offset by an increase in inventory, impacting cash flow negatively by \$336.4 million and net loss of \$25.6 million. The increase in payables and deferred revenues with related parties and inventory is primarily driven by timing of payments received and the timing of execution of certain contracts, as we are expecting higher revenues in the last three fiscal quarters of 2024.

Net cash flows used in operating activities of \$88.9 million for the three months ended December 31, 2022, were primarily due to (i) net loss of \$37.2 million, (ii) purchases of inventory of \$430.5 million, (iii) offset by an increase in accounts payable of \$200.7 million and an (iv) increase in third party deferred revenue of \$196.0 million. We had built up our inventory balance at the end of fiscal year 2022 and continued to do so for the first three months ended December 31, 2022, as a risk mitigation strategy to provide the Company with supply chain assurance. The inventory build up was partially funded by milestone payments from customers driving up our deferred revenue balance and due to timing of payments to our vendors, which caused the increase in our accounts payable balances.

Net cash flows used in investing activities were \$2.6 million for the three months ended December 31, 2023, which included \$1.5 million purchases of property and equipment, and capital expenditures on internal-use software and software to be sold of \$1.1 million.

Net cash flows used in investing activities were \$6.4 million for the three months ended December 31, 2022, which included \$2.5 million purchases of property and equipment and \$5.0 million investment in joint venture offset by proceeds on short term investments.

Net cash flows used in financing activities were approximately \$6.4 million for the three months ended December 31, 2023. The net cash flows used in financing activities were primarily related to \$3.6 million in payments related to debt issuances costs for the ABL Facility and \$3.9 million in payments for a previously acquired company (Nispera) offset by \$1.1 million of proceeds from the exercise of stock options.

Net cash flows provided by financing activities were \$23.3 million for the three months ended December 31, 2022. The net cash flows provided by financing activities were primarily driven by \$21.1 million of proceeds from secured borrowings against notes receivable and \$2.4 million of proceeds from the exercise of stock options, offset by \$0.3 million related to repurchase of Class A common stock placed in treasury.

Tax Receivable Agreement

In connection with the IPO, we entered into the Tax Receivable Agreement with Fluence Energy, LLC and Siemens Industry and AES Grid Stability (together, the "Founders"). Under the Tax Receivable Agreement, we are required to make cash payments to the Founders equal to 85% of the tax benefits, if any, that we actually realize, or in certain circumstances are deemed to realize, as a result of (1) the increases in our share of the tax basis of assets of Fluence Energy, LLC and its subsidiaries resulting from any redemptions or exchanges of LLC Interests from the Founders and certain distributions (or deemed distributions) by Fluence Energy, LLC; and (2) certain other tax benefits arising from payments under the Tax Receivable Agreement. The payment obligation under the Tax Receivable Agreement is an obligation of Fluence Energy, Inc. and not of Fluence Energy, LLC. We expect to use distributions from Fluence Energy, LLC to fund any payments that we will be required to make under the Tax Receivable Agreement. To the extent we are unable to make timely payments under the Tax Receivable Agreement for any reason, such payments generally will be deferred and will accrue interest until paid; provided, however, that nonpayment for a specified period may constitute a material breach of a material obligation under the Tax Receivable Agreement resulting in the acceleration of payments due under the Tax Receivable Agreement.

Fluence Energy, Inc. expects to benefit from the remaining 15% of cash tax benefits, if any, it realizes from such tax benefits. For purposes of the Tax Receivable Agreement, the cash tax benefits will be computed by comparing the actual income tax liability of Fluence Energy, Inc. to the amount of such taxes that Fluence Energy, Inc. would have been required to pay had there been no such tax basis adjustments of the assets of Fluence Energy, LLC or its subsidiaries as a result of redemptions or exchanges and had Fluence Energy, Inc. not entered into the Tax Receivable Agreement.

On June 30, 2022, Siemens Industry, Inc. exercised its redemption right pursuant to the terms of LLC Agreement with respect to its entire holding of 58,586,695 LLC Interests of Fluence Energy, LLC, together with the corresponding cancellation of an equivalent number of shares of Class B-1 common stock of Fluence Energy, Inc., par value \$0.00001 per share.

On December 8, 2023, AES Grid Stability exercised its redemption right pursuant to the terms of LLC Agreement with respect to 7,087,500 LLC Interests of Fluence Energy, LLC, together with the corresponding cancellation of an equivalent number of shares of Class B-1 common stock of Fluence Energy, Inc., par value \$0.00001 per share.

The redemptions resulted in increases in the tax basis of the assets of Fluence Energy, LLC and certain of its subsidiaries. The increases in tax basis and tax basis adjustments increases (for tax purposes) the depreciation and amortization deductions available to Fluence Energy, Inc. and, therefore, may reduce the amount of U.S. federal, state, and local tax that Fluence Energy, Inc. would otherwise be required to pay in the future, although the IRS may challenge all or part of the validity of that tax basis, and a court could sustain such a challenge.

As a result of the tax basis adjustment of the assets of Fluence Energy, LLC and its subsidiaries upon the redemptions and our possible utilization of certain tax attributes, the payments that we may make under the Tax Receivable Agreement will be substantial. The redemptions will result in future tax savings of \$138.6 million. AES and Siemens will be entitled to receive payments under the Tax Receivable Agreement equaling 85% of such amount, or \$117.8 million; assuming, among other factors, (i) we will have sufficient taxable income to fully utilize the tax benefits; (ii) Fluence Energy, LLC is able to fully depreciate or amortize its assets; and (iii) there are no material changes in applicable tax law. The payments under the Tax Receivable Agreement are not conditioned upon continued ownership of us by the Founders. Although the timing and extent of future payments could vary significantly under the Tax Receivable Agreement, we anticipate funding payments from the Tax Receivable Agreement from cash flow from operations of our subsidiaries, available cash or available borrowings under any future debt agreements.

We have determined it is not probable payments under the Tax Receivable Agreement would be made, given the projected inability to fully utilize the related tax benefits over the term of the agreement. Therefore, the Company has not recognized the liability. Should we determine that the Tax Receivable Agreement payment is probable, a corresponding liability will be recorded and as a result, our future results of operations and earnings could be impacted as a result of these matters.

Critical Accounting Policies and Use of Estimates

Our financial statements have been prepared in accordance with U.S. GAAP. In the preparation of these financial statements, we consider an accounting judgment, estimate or assumption to be critical when (1) the estimate or assumption is complex in nature or requires a high degree of judgment and (2) the use of different judgments, estimates, and assumptions could have a material impact on the consolidated financial statements.

During the three months ended December 31, 2023, there were no significant changes in application of our critical accounting policies or estimation procedures from those described under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Use of Estimates" in our 2023 Annual Report and the notes to the audited consolidated financial statements appearing elsewhere in the 2023 Annual Report.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no material changes with respect to our exposure to market risk as disclosed in Part II, Item 7A, "Quantitative and Qualitative Disclosures About Market Risk" of our 2023 Annual Report.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures designed to provide reasonable assurance of achieving the objective that information in our Securities Exchange Act of 1934, as amended (the “Exchange Act”) reports is recorded, processed, summarized and reported within the time periods specified and pursuant to the requirements of the SEC’s rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow for timely decisions regarding required disclosures. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, carried out an evaluation of the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of December 31, 2023, the end of the period covered by this Report. Based upon that evaluation, and as a result of the material weaknesses described below, management concluded that, as of December 31, 2023, our disclosure controls and procedures were not effective at the reasonable assurance level.

Material Weaknesses and Remediation Measures

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of annual or interim financial statements will not be prevented or detected on a timely basis.

As of December 31, 2023, a material weakness in the internal control related to the Company’s estimate at completion (“EAC”) process, which is used in the Company’s percentage of completion (“POC”) accounting has not been remediated.

We assessed the material weakness as not remediated as the EAC controls did not consistently operate for a sufficient period of time. Management has enhanced the process and training to control owners during the first quarter of fiscal year 2024. However, additional time is required to ensure the successful implementation of the remediation efforts over a sustained period of time before management can conclude that the material weakness has been remediated.

The actions that we are taking are subject to ongoing senior management review, as well as Audit Committee oversight. We are committed to maintaining a strong internal control environment and implementing measures designed to help ensure that control deficiencies contributing to the material weakness are remediated as soon as possible; we believe our efforts will enable us to successfully remediate our material weakness in fiscal year 2024 however, we cannot provide assurance as to when our further remediation measures will be complete. We will consider the material weakness remediated after the applicable controls operate for a sufficient period of time, and management has concluded, through testing, that the controls are operating effectively.

Changes in Internal Control over Financial Reporting

Other than the changes to our internal control over financial reporting described in “Material Weaknesses and Remediation Measures” above, there were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended December 31, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Part II - Other Information

Item 1. Legal Proceedings

From time to time, we may be involved in litigation relating to claims that arise out of our operations and business that cover a wide range of matters, including, among others, intellectual property matters, contract disputes, insurance and property damage claims, employment claims, personal injury claims, product liability claims, environmental claims and warranty claims. Currently, there are no claims or proceedings against us that we believe will have a material adverse effect on our business, financial condition, results of operations or cash flows. However, the results of any current or future litigation cannot be predicted with certainty, and regardless of the outcome, we may incur significant costs and experience a diversion of management resources as a result of claims and litigation.

For a description of our material pending legal contingencies, please see "Note 12 - Commitments and Contingencies", to the unaudited condensed consolidated financial statements included elsewhere in this Report.

Item 1A. Risk Factors

There have been no material changes with respect to our risk factors previously disclosed in our 2023 Annual Report. You should carefully consider the risks described in Item 1A. "Risk Factors" of our 2023 Annual Report, and all of the other information included in this Report, before making an investment decision. Our business, financial condition and results of operations could be materially and adversely affected by any of these risks or uncertainties.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

There were no unregistered sales of our equity securities during the three months ended December 31, 2023, that were not otherwise disclosed in a Current Report on Form 8-K.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

(c) Director and Officer Rule 10b5-1 Trading Arrangements

During the three months ended December 31, 2023, the following directors or "officers" (as defined in Rule 16a-1(f) under the Exchange Act) of the Company adopted, modified or terminated "Rule 10b5-1 trading arrangements" and/or "non-Rule 10b5-1 trading arrangements" (each as defined in Item 408 of Regulation S-K).

John Zahurancik, Senior Vice President and President, Americas

On December 15, 2023, Mr. Zahurancik adopted a Rule 10b5-1 sales plan that is intended to satisfy the affirmative defense of Rule 10b5-1(c) (the "Zahurancik Plan"). The Zahurancik Plan provides for the potential exercise of vested stock options and the associated sale of up to an aggregate of 25,000 shares of Class A common stock. The Zahurancik Plan terminates on the earlier of (i) March 26, 2024, or (ii) such date the Zahurancik Plan is otherwise terminated according to its terms.

Peter Williams, Senior Vice President and Chief Supply Chain and Manufacturing Officer

On December 7, 2023, Mr. Williams terminated a sell-to-cover instruction intended to satisfy the affirmative defense of Rule 10b5-1(c) (the "Williams Sell-to-Cover Instruction"), originally adopted on September 20, 2023 with respect to his tax obligations due in connection with the vesting of an aggregate of 25,765 restricted stock units, all of which remained unvested at the time of termination. During the three months ended December 30, 2023, no shares of Class A common stock were sold pursuant to the Williams Sell-to-Cover Instruction.

Item 6. Exhibits

(a) The following exhibits are filed as part of this Report.

Incorporated by Reference					
Exhibit No.	Exhibit Description	Form	File No.	Exhibit No.	Filing Date
3.1	Amended and Restated Certificate of Incorporation of Fluence Energy, Inc.	8-K	001-40978	3.1	November 3, 2021
3.2	First Certificate of Amendment to the Amended and Restated Certificate of Incorporation of Fluence Energy, Inc.	8-K	001-40978	3.1	December 22, 2022
3.3	Amended and Restated Bylaws of Fluence Energy, Inc.	8-K	001-40978	3.2	November 3, 2021
10.1*	Master Assignment and Assumption and Issuing Bank Joinder dated as of December 15, 2023				
10.2*†	Transition Services Agreement, executed January 19, 2024, by and between Fluence Energy, LLC and Krishna Vanka				
10.3*†	Offer Letter, dated April 1, 2021, between Fluence Energy, LLC and Carol Couch				
10.4*†	Transition Services Agreement dated July 5, 2023, by and between Fluence Energy, LLC and Carol Couch				
10.5*†	Amendment of the Fluence Energy, LLC Phantom Equity Incentive Plan, dated October 17, 2021				
10.6*	SPT Invest Management, Sarl Joinder, dated December 19, 2023, to the Registration Rights Agreement, dated November 1, 2021, by and among Fluence Energy, Inc. and the other parties named therein				
10.7*	SPT Invest Management, Sarl Joinder, dated December 19, 2023, to the Stockholders Agreement, dated October 27, 2021, by and among Fluence Energy, Inc. and the other parties named therein				
31.1*	Certification of the Company's Chief Executive Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				
31.2*	Certification of the Company's Chief Financial Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				
32.1**	Certification of the Company's Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				
32.2**	Certification of the Company's Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.				
101.SCH*	XBRL Taxonomy Extension Schema Document.				
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document.				

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		Incorporated by Reference
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document.	
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document.	
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document.	
104	Cover Page Interactive Data File - The cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.	

† Indicates a management or compensatory plan or arrangement.

* Filed herewith.

** This certification is being furnished solely to accompany this Quarterly Report on Form 10-Q pursuant to 18 U.S.C. Section 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference into any filing of the registrant under the Securities Act of 1933, as amended, or the Exchange Act, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

SIGNATURES

Pursuant to the requirements of the Section 13 or 15 (d) of the Securities Exchange Act of 1934, the registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

Fluence Energy, Inc.

Date: February 8, 2024

By: /s/ Julian Nebreda

Julian Nebreda

Chief Executive Officer and President (Principal Executive Officer)

Date: February 8, 2024

By: /s/ Ahmed Pasha

Ahmed Pasha

Chief Financial Officer and Senior Vice President (Principal Financial Officer)

MASTER ASSIGNMENT AND ASSUMPTION AND ISSUING BANK JOINDER

This Master Assignment and Assumption and Issuing Bank Joinder (this "Assignment and Assumption") is dated as of the Effective Date set forth below and is entered into by and between each of the parties listed on Annex II hereto as an Assignor (each, an "Assignor" and collectively, the "Assignors") and CITIBANK, N.A. (the "Assignee"). Capitalized terms used but not defined herein shall have the meanings given to them in the Syndicated Facility Agreement identified below (as amended, restated, amended and restated, supplemented, extended and/or otherwise modified from time to time, the "Credit Agreement"), receipt of a copy of which is hereby acknowledged by the Assignee. The Standard Terms and Conditions set forth in Annex I attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Assumption as if set forth herein in full.

For an agreed consideration, each Assignor hereby irrevocably sells and assigns to the Assignee, and the Assignee hereby irrevocably purchases and assumes from such Assignor, subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Effective Date set forth below (i) all of such Assignor's rights and obligations in its capacity as a Lender under the Credit Agreement and any other documents or instruments delivered pursuant thereto to the extent related to the amount and percentage interest identified on Annex II hereto of all of such outstanding rights and obligations of such Assignor under the facility identified below (including any letters of credit included in the facility) and (ii) to the extent permitted to be assigned under applicable law, all claims, suits, causes of action and any other right of such Assignor (in its capacity as a Lender) against any Person, whether known or unknown, arising under or in connection with the Credit Agreement, any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby or in any way based on or related to any of the foregoing, including contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (i) above (the rights and obligations sold and assigned pursuant to clauses (i) and (ii) above being referred to herein collectively as the "Assigned Interest"). Such sale and assignment is without recourse to any Assignor and, except as expressly provided in this Assignment and Assumption, without representation or warranty by any Assignor.

1. Assignor:	Each Assignor listed on Annex II hereto
2. Assignee:	Citibank, N.A.
3. Parent Borrower:	Fluence Energy, LLC (the " Company ")
4. Administrative Agent:	Barclays Bank PLC, as administrative agent under the Credit Agreement
5. Syndicated Facility Agreement:	Syndicated Facility Agreement, dated as of November 22, 2023, among the Company, as Parent Borrower, the other Borrowers party thereto, Fluence Energy, Inc. (the " Parent "), as Parent, the other Guarantors party thereto, the Lenders party thereto and Barclays Bank PLC, as Administrative Agent.
6. Assigned Interest:	Each Assigned Interest listed on Annex II hereto
7. Effective Date:	December 15, 2023

On the Effective Date, each Assignor shall pay, or cause to be paid, to the Administrative Agent, for the account of the Assignee, an upfront fee in the amount set forth with respect to such Assignor on Annex II hereto (each, an "**Upfront Fee**"). The Upfront Fees shall be fully earned as of the date of execution of this Assignment and Assumption.

The Assignee hereby agrees, as of the Effective Date, to become bound as an Issuing Bank by the terms, conditions and other provisions of, and to assume all of the right, title and interest in and to, and liabilities and obligations under, the Credit Agreement as an Issuing Bank, with all attendant rights, duties and obligations stated therein, with the same force and effect as if originally named therein as a party and as if the Assignee executed the Credit Agreement as of the date thereof. The Assignee further agrees, as of the date first above written, that each reference in the Credit Agreement to an "Issuing Bank" shall also mean and be a reference to the Assignee in its capacity as an Issuing Bank. Notwithstanding anything herein or in the Credit Agreement to the contrary, the Assignee's commitment to issue Letters of Credit shall equal \$40,000,000 in the aggregate (the "**Citibank Letter of Credit Sublimit**"). For the avoidance of doubt, the Citibank Letter of Credit Sublimit is part of, and not in addition to, the aggregate \$200,000,000 Letter of Credit sublimit for all Issuing Banks. Subject to the terms and conditions set forth in the Credit Agreement, from time to time during the Availability Period, the Assignee, in its capacity as an Issuing Bank, may be requested by the Borrowers to issue Letters of Credit denominated in Dollars, Australian Dollars, Canadian Dollars, Euros or Pounds Sterling.

The parties to this Assignment and Assumption (including each Assignee in its capacity as a Lender and a Lender directly affected thereby and collectively constituting Required Lenders) hereby agree that, from and after the Effective Date, (a) notwithstanding anything to the contrary contained in the definition of "Issuing Bank" under the Credit Agreement, each of Barclays Bank PLC, JPMorgan Chase Bank, N.A., Citibank, N.A. Goldman Sachs Bank USA and Morgan Stanley Senior Funding, Inc. shall constitute Issuing Banks for purposes of the

Credit Agreement and other Loan Documents, and (b) Schedule 2.01 of the Credit Agreement is amended by replacing the table set forth therein in its entirety with the table set forth in Annex III hereto.

The Assignee agrees to deliver to the Administrative Agent a completed Administrative Questionnaire in which the Assignee designates one or more credit contacts to whom all syndicate-level information (which may contain material non-public information) will be made available and who may receive such information in accordance with the Assignee's compliance procedures and applicable laws, including Federal and state securities laws.

The Administrative Agent waives the \$3,500 processing and recordation fee required pursuant to Section 10.04(b)(ii)(C) of the Credit Agreement with respect to each assignment to be effected under this Assignment and Assumption.

[signatures on following page]

The terms set forth in this Assignment and Assumption are hereby agreed to:

ASSIGNORS:

BARCLAYS BANK PLC, as an Assignor

By: /s/Koruthu Mathew
Name: Koruthu Mathew
Title: VP

JPMORGAN CHASE BANK N.A., as an Assignor

By: /s/ Santiago Gascon
Name: Santiago Gascon
Title: Vice President

GOLDMAN SACHS BANK USA, as an Assignor

By: /s/ Andrew B. Vernon
Name: Andrew Vernon
Title: Authorized Signatory

MORGAN STANLEY SENIOR FUNDING, INC., as an Assignor

By: /s/ Michael King
Name: Michael King
Title: Vice President

HSBC BANK USA, NATIONAL ASSOCIATION, as an Assignor

By: /s/ Jessica Smith
Name: Jessica Smith
Title: Director

ROYAL BANK OF CANADA, as an Assignor

By: /s/ Henry Chang
Name: Henry Chang
Title: Authorized Signatory

ASSIGNEE:

CITIBANK, N.A., as Assignee and an Issuing Bank

By: /s/ Allister Chan
Name: Allister Chan
Title: Vice President

CONSENTED TO AND ACCEPTED:

BARCLAYS BANK PLC,
as Administrative Agent

By: /s/ Koruthu Mathew
Name: Koruthu Mathew
Title: VP

CONSENTED TO:

BARCLAYS BANK PLC,
as an Issuing Bank

By: /s/ Koruthu Mathew
Name: Koruthu Mathew
Title: VP

CONSENTED TO:

BARCLAYS BANK PLC,
as Swingline Lender

By: /s/ Koruthu Mathew
Name: Koruthu Mathew
Title: VP

GOLDMAN SACHS BANK USA,
as an Issuing Bank

By: /s/ Andrew B. Vernon
Name: Andrew Vernon
Title: Authorized Signatory

MORGAN STANLEY SENIOR FUNDING,
as an Issuing Bank

By: /s/ Michael King
Name: Michael King
Title: Vice President

CONSENTED TO:

FLUENCE ENERGY, LLC

By: /s/ Manavendra Sial

Name: Manavendra Sial

Title: Senior Vice President and Chief Financial Officer

By: /s/ Francis A. Fuselier

Name: Francis A. Fuselier

Title: Senior Vice President, General Counsel and Secretary

FLUENCE ENERGY, LLC SYNDICATED FACILITY AGREEMENT

**Standard Terms and Conditions for
Master Assignment and Assumption**

1. Representations and Warranties.

1.1 Assignor. Each Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of its Assigned Interest, (ii) its Assigned Interest is free and clear of any lien, encumbrance or other adverse claim, (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and (iv) it is not a Defaulting Lender; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement or any other Loan Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Documents or any collateral thereunder, (iii) the financial condition of the Parent, the Company, any of their respective Subsidiaries or Affiliates or any other Person obligated in respect of any Loan Document or (iv) the performance or observance by the Parent, the Company, any of their respective Subsidiaries or Affiliates or any other Person of any of their respective obligations under any Loan Document.

1.2 Assignee. The Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (ii) it satisfies the requirements, if any, specified in the Credit Agreement that are required to be satisfied by it in order to acquire the Assigned Interest and become a Lender, (iii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, to the extent of the Assigned Interest, shall have the obligations of a Lender thereunder, (iv) it has received and/or had the opportunity to review a copy of the Credit Agreement to the extent it has in its sole discretion deemed necessary, together with copies of the most recent financial statements delivered pursuant to Section 5.01(a) and Section 5.01(b) thereof, as applicable, and such other documents and information as it has in its sole discretion deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption and to purchase the Assigned Interest on the basis of which it has made such analysis and decision independently and without reliance on the Administrative Agent or any other Lender, and (v) attached to this Assignment and Assumption is any documentation required to be delivered by it pursuant to the terms of the Credit Agreement, duly completed and executed by the Assignee; (b) agrees that it will, independently and without reliance on the Administrative Agent, any Assignor or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents; (c) appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers under the Credit Agreement and the other Loan Documents as are delegated to or otherwise conferred upon the Administrative Agent by the terms thereof, together with such powers as are reasonably incidental thereto; and (d) agrees that it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender.

2. Payments. From and after the Effective Date, the Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to each Assignor for amounts owing to the applicable Assignor which

have accrued to but excluding the Effective Date and to the Assignee for amounts which have accrued from and after the Effective Date.

3. *Effect of Assignment.* Upon the delivery of a fully executed original hereof to the Administrative Agent, as of the Effective Date, (i) the Assignee shall be a party to the Credit Agreement and, to the extent provided in this Assignment and Assumption, have the rights and obligations of a Lender thereunder and under the other Loan Documents and (ii) each Assignor shall, to the extent provided in this Assignment and Assumption, relinquish its rights and be released from its obligations under the Credit Agreement and the other Loan Documents.

4. *General Provisions.* This Assignment and Assumption shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment and Assumption may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment and Assumption by telecopy or other means of electronic imaging shall be effective as delivery of a manually executed counterpart of this Assignment and Assumption. THIS ASSIGNMENT AND ASSUMPTION SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

January 8, 2024

Dear Krishna Vanka,

In connection with your separation from your role as Senior Vice President and Chief Digital Officer of Fluence Energy, LLC ("Fluence" and, together with its affiliated and related entities, the "Company"), we believe it is mutually beneficial to put in writing the terms of such separation. This letter (this "Agreement"), upon your signature, will constitute an agreement between us regarding the terms and conditions of your separation from the Company.

Effective January 1, 2024, you shall cease serving as Senior Vice President of the Company but shall remain as Chief Digital Officer of the Company, provided that such role shall immediately transition into that of non-officer employee role at the Company and you hereby resign from all roles as an officer of the Company and its subsidiaries effective January 1, 2024 (and shall take all actions requested by the Company to effect such resignations). From January 1, 2024 to January 31, 2024 (the "Transition Period"), you shall provide the transition services to the Company from time to time, as reasonably requested by you by the President and Chief Executive Officer and Chief Financial Officer (such services, the "Transition Services"), provided that the parties acknowledge and agree that the level of Transition Services to be provided to the Company is reasonably anticipated to be no less than 20% of the average level of services performed during the immediately preceding 36-month period. In consideration of the Transition Services, the Company will provide you with your annual base salary through January 31, 2024, your annual cash incentive opportunity and welfare benefits consistent with the terms thereof as provided to you as of the date hereof. Further any outstanding equity awards held by you shall continue to be eligible to vest through the end of the Transition Period. For all severance plans and in all benefit plans, you will be treated as though you retained the position as Senior Vice President and Chief Digital Officer through the end of the Transition Period.

Unless otherwise determined by the Company, your employment will terminate effective January 31, 2024 (the "Termination Date"). Subject to your compliance with this letter (including, without limitation, the provision of Transition Services through the end of the Transition Period) you shall be eligible to receive the severance payments and benefits payable upon an Involuntary Termination (as defined in the Fluence Energy, Inc. Executive Severance Plan (the "Executive Severance Plan")) outside of the CIC Period (as defined in the Executive Severance Plan), on the terms and conditions set forth in the Executive Severance Plan (including, without limitation, the requirement to execute and not revoke a release, a copy of which attached hereto as Exhibit A, within 21 days of the Termination Date). However, at your request, the Company has agreed to pay for expenses related to specific training programs in such amount not to exceed \$25,000 in lieu of any outplacement benefits you may have been provided under the terms of the Executive Severance Plan and in consideration for such payment by the Company for specific training programs, you have agreed to expressly waive and relinquish all rights and benefits to any outplacement benefits available under the Executive Severance Plan.

To consent to the terms of and accept this Agreement, please date and sign this document and return it to Larissa Cerqueira, Chief Human Resources Officer.

Very truly yours,

Fluence Energy, LLC

By: /s/ Larissa Cerqueira

Name: Larissa Cerqueira

Title: Chief Human Resources Officer

By: /s/Krishna Vanka

Krishna Vanka

Exhibit A General Release

1. Your employment is terminated effective January 31, 2024 (the "Termination Date"). You acknowledge and agree that you have been paid your earned compensation through and including the Termination Date. You have received or will receive by separate cover information regarding your rights to continuation of your health insurance which will cease as of the last day of the month in which your Termination Date occurs. You acknowledge and agree that you have submitted all expense reimbursement requests for legitimate business expense to Fluence Energy, LLC (together with its affiliated and related entities, the "Company") and the Company has reimbursed you in accordance with its existing policies for all such legitimate expenses you incurred on Company business prior to the Termination Date.
2. You represent and warrant that you have returned all reports, files, memoranda, records, software, laptops, computer equipment, cellular phones, credit cards, cardkey passes, door and file keys, computer access codes or disks and instructional manuals and other physical or personal property that you received in connection with your employment with the Company that you then have in your possession, and you shall not retain any copies, duplicates, reproductions or excerpts thereof.
3. In consideration for your execution of this general release (the "Release") and return of it to the Company **no earlier than the Termination Date and no later than February 21, 2024**, and provided you do not timely revoke your acceptance of this Release, the Company will provide to you with the severance payments and benefits payable upon an Involuntary Termination (as defined in the Fluence Energy, Inc. Executive Severance Plan (the "Executive Severance Plan")) outside of the CIC Period (as defined in the Executive Severance Plan), on the terms and conditions set forth in the Executive Severance Plan.
4. Notwithstanding any provision of this Release to the contrary, if any benefit provided under that certain Separation Agreement between you and the Company (the "Agreement"), this Release or the Executive Severance Plan is subject to the provisions of Section 409A of the Internal Revenue Code of 1986, as amended, and the regulations and other binding guidance promulgated thereunder (collectively, "Section 409A"), the provisions of the Release will be administered, interpreted and construed in a manner necessary to comply with Section 409A or an exception thereto (or disregarded to the extent such provision cannot be so administered, interpreted, or construed). Notwithstanding any provision of the Release to the contrary, in no event shall the Administrator (as defined in the Executive Severance Plan), the Company, (or their employees, officers, directors or affiliates) have any liability to you (or any other person) due to the failure of the Agreement, this Release, or the Executive Severance Plan to satisfy the requirements of Section 409A or any other applicable law.
5. ***Unless you accept this Release by timely executing and returning it by the date specified above, you shall not be entitled to any of the payments and benefits for which you may be eligible under this Release or the Executive Severance Plan.*** If you participate in any long term compensation plans, please see any relevant plan and notice documents (including, for the avoidance of doubt, the 2021 Incentive Plan of Fluence Energy, LLC) for other important provisions that may be triggered by your termination.
6. The intent of this section is to secure your promise to release all claims and not to sue the Company, or anyone connected with it, for any harm you may claim to have suffered in connection with your employment or the termination of your employment, in return for the benefits described in this Release. Accordingly, in consideration for the payments, benefits and promises contained in this Release, including, without limitation, under the Executive Severance Plan (collectively, the "Consideration"), and intending to be legally bound hereby, you hereby agree as follows:

- a. Except as otherwise provided in this Section 6(a), you knowingly and voluntarily hereby release, to the fullest extent permitted by law, the Company and all of its past, present and/or future related entities, including but not limited to parents, divisions, affiliates and subsidiaries, and each current and former bonus, pension, welfare, or other benefit plans sponsored by any of the foregoing, and each of the respective officers, directors, members, stockholders, trustees, employees, agents, representatives, administrators, attorneys, insurers, fiduciaries, predecessors, successors and assigns of such entities and/or benefit plans, in their individual and/or representative capacities (hereinafter collectively referred to as the "Released Parties"), from any and all causes of action, suits, agreements, promises, damages, disputes, controversies, contentions, differences, judgments, claims and demands of any kind whatsoever ("Claims") which you or your heirs, executors, administrators, successors and assigns ever had, now have or may have against the Released Parties, whether known or unknown to you, and whether asserted or unasserted, (i) by reason of your employment and/or cessation of employment with the Company, other than the Consideration in accordance with its terms, or (ii) that otherwise arose or is based on facts which occurred on or prior to the date that you sign this Release.

Such released Claims include, but are not limited to, any and all Claims under Title VII of the Civil Rights Act of 1964, the Civil Rights Act of 1866, the Civil Rights Act of 1991, the Fair Labor Standards Act, the Family and Medical Leave Act of 1993, the Age Discrimination in Employment Act of 1967, the Older Workers' Benefit Protection Act of 1990, the Americans With Disabilities Act, the Employee Retirement Income Security Act of 1974 (including, without limitation, any claim for severance pay), the Virginia Human Rights Act, the Virginians with Disabilities Act, the Virginia Overtime Wage Act, the Virginia Equal Pay law, the Virginia Occupational Safety and Health Act, the Virginia Payment of Wage Law, and/or the Virginia Minimum Wage Act, the California Fair Employment and Housing Act, the California Equal Pay Law, the Moore-Brown-Roberti Family Rights Act of 1991, the California Labor Code, the California WARN Act, the California False Claims Act and the California Corporate Criminal Liability Act, and any and all other federal, state or local laws, statutes, rules and regulations pertaining to employment (each as amended); any and all Claims under state contract or tort law; any and all Claims based on the design or administration of any employee benefit plan, program policy, procedure or arrangement, whether written or oral; any and all Claims for wages, commissions, bonuses, continued employment in any position, and compensatory, punitive or liquidated damages; and any and all Claims for attorneys' fees and costs.

If your place or places of work with the Company has included California in granting the release herein, which includes claims which may be unknown to you at present, you acknowledge that you have read and understand Section 1542 of the California Civil Code: **"A general release does not extend to claims which the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release, and that if known by him or her would have materially affected his or her settlement with the debtor or released party."** You hereby expressly waive and relinquish all rights and benefits under that section and any law of any jurisdiction of similar effect with respect to your release of any unknown or unsuspected claims herein.

You also waive any rehire or reemployment rights and agree not to apply for future employment with the Company.

- b. If you commence, continue, join in, or in any other manner attempt to assert any Claim released herein against any of the Released Parties or otherwise breach the promises made in this Release, you shall reimburse the Released Parties for all attorneys' fees incurred by the Released Parties in defending against such a Claim and the Company shall have a right to the return of all Consideration paid to you pursuant to this Release, together with interest thereon, and to cease furnishing to you any further Consideration; provided that this right of return of such Consideration and the cessation of payment of

further Consideration is without prejudice to the Released Parties' other rights hereunder, including any right to obtain an agreement and release of any and all claims against the Released Parties.

- c. You agree that you will not bring any lawsuits or claims of any kind against the Released Parties for any of the Claims released herein and that you will not accept and hereby waive the benefits of any such lawsuits or claims of any kind brought on your behalf against the Released Parties.
- d. Notwithstanding the foregoing, you are not releasing any of the following claims: (i) any rights or claims for indemnification you may have pursuant to any written indemnification agreement with the Company to which you are a party, the charter, bylaws, or operating agreements of the Company, or under applicable law; (ii) any rights which cannot be waived as a matter of law; (iii) claims for vested retirement benefits, if any, under any Company sponsored plan; (iv) claims for vested benefits, if any, under any long-term benefit plan in which you participate; or (v) any claims arising from the breach of this Release. Nothing in this Release shall interfere with or waive your right to enforce this Release in a court of competent jurisdiction or seek a judicial determination of the validity of the release of your rights under the Age Discrimination in Employment Act.
- e. The Company is providing you with the Consideration solely to ease the impact of your separation from employment with the Company. The fact that the Company is offering Consideration to you should not be understood as nor is it intended to be an admission that any of the Released Parties has violated your rights (or the rights of anyone else) in any manner whatsoever.

7. You further acknowledge and agree that you will not, unless required by law, disclose to anyone other than members of the Fluence Legal department or the Fluence HR department any information regarding the following:

- a. Any information regarding the practices, procedures, trade secrets, inventions, technology, customer lists, product marketing or other confidential information of the Company or Released Parties.
- b. The terms of this Release, except that you may disclose this information to your attorney, accountant or other professional advisor to whom you must make the disclosure in order for them to render professional services to you. You will instruct them, however, to maintain the confidentiality of this information just as you must. In addition, you will not make, or cause to be made, any statements, observations or opinions, or communicate any information (whether oral or written) (collectively "Statements") including Statements to the press, media, Company employees, clients, customer, contractors or any other party, that disparage or are likely in any way to harm the reputation of the Company or Released Parties.

8. In the event that you breach any of your obligations under this Release, the Company will be entitled to the relief provided under this Release, including, but not limited to, Section 6(b), and to obtain all other relief provided by law or equity.

9. This Release shall be governed by Delaware law and you hereby submit to and agree that the exclusive jurisdiction for any suit, action or proceeding involving this Release will be any federal or state court located in Arlington County, Virginia. If any provision of this Release is deemed to be unenforceable, it shall not affect the enforceability of the remaining provisions of this Release. This document, the Agreement and the Executive Severance Plan contain the entire agreement between you and the Company concerning the subject matter contained herein. For the avoidance of doubt, you acknowledge and agree that you remain subject to the covenants included in Exhibit B of the Executive Severance Plan and such covenants are governed by the terms of Executive Severance Plan.

10. Nothing contained in this Release shall be deemed to preclude you from providing truthful testimony or information pursuant to a valid court order or similar legal process; provided, however, that prior to making any such disclosure, you will promptly notify the Company of such request or requirement. In any such case, you will use your reasonable efforts to cooperate with the Company in its efforts in responding to such court order or legal process. Notwithstanding the foregoing, nothing contained in this Release shall be deemed to preclude you from, or require you to notify or obtain authorization from the Company prior to, (i) filing a charge with or cooperating with any requests or investigation by any federal, state or local government agency including without limitation the U.S. Equal Employment Opportunity Commission, the U.S. Securities and Exchange Commission, the U.S. Commodity Futures Trading Commission, the U.S. Department of Justice, or the U.S. National Labor Relations Board, provided that, you do release any right you have to receive monetary damages in connection with the proceeding; (ii) exercising any rights you may have under Section 7 of the U.S. National Labor Relations Act; (iii) reporting possible violations of federal law or regulation to any governmental agency or entity, or making other disclosures that are protected under the whistleblower provisions of federal law or regulation; or (iv) discussing or disclosing information about unlawful acts in the workplace, such as harassment or discrimination based on a protected characteristic or any other conduct that you have reason to believe is unlawful.

You also acknowledge receipt of the following notice of immunity rights under the U.S. Defend Trade Secrets Act, which states: "(1) An individual shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that (A) is made (i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal; and (2) an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose a trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual (A) files any document containing the trade secret under seal, and (B) does not disclose a trade secret, except pursuant to court order."

11. You acknowledge and agree to provide reasonable cooperation at mutually agreeable times and places to the Released Parties in connection with the Released Parties' prosecution or defense in any legal proceeding of any and all causes of action, suits, disputes, controversies, contentions, differences, claims and demands of any kind whatsoever concerning or related to any matter that arises out of events or occurrences during your involvement in the business and affairs of the Released Parties, except for any such Claims that you may assert. Reasonable cooperation shall include but shall not be limited to liaising with internal and external counsel of the Released Parties, participating in discovery, preparing for hearings and depositions, and attending hearings and depositions. You will be reimbursed for reasonable out of pocket expenses incurred in connection with such cooperation. Except as otherwise required pursuant to applicable law or court order, or as otherwise expressly permitted under this Release, and in each such case, provided that you comply with the requirements of any provisions expressly permitting disclosure, you further agree to maintain in strict confidence any information or knowledge you have regarding the legal proceedings involving the Released Parties or Claims against the Released Parties. You agree to communicate with any party adverse to the Released Parties, or with a representative, agent or legal counsel for any such Claims solely through legal counsel for the Released Parties, although you may at your own expense retain your own counsel in connection with any such matter.

12. You acknowledge and agree (i) that you have not been forced or pressured in any manner whatsoever to sign this Release; (ii) that you have agreed to all of its terms voluntarily; (iii) that you have read this Release in its entirety and understand the terms of the Release; and (iv) that you received a copy of this Release on or prior to the Termination Date and have been given at least twenty-one (21) days from the receipt of this Release to consider all of its terms and to consult with counsel of your choice, which we advise you to do. Any changes to this Release, the Agreement or the Executive Severance Plan during that period, whether material or not, will not

extend the 21-day period. You may revoke your acceptance of the Release by sending written notice of your intent to revoke your acceptance, to the Company, at the following address: c/o Larissa Cerqueira, Chief Human Resources Officer, 4601 N. Fairfax Drive, Suite 600, Arlington, Virginia 22203, within seven (7) days of your execution of the Release. ***If you revoke this Release, this Release and the promises contained herein shall automatically be deemed null and void and you will not be entitled to any severance pay or any other benefits provided under this Release or the Executive Severance Plan.*** If you do not revoke your acceptance, your agreement will become effective on the eighth day after the date on which it is signed.

To accept this Agreement, please date and sign this document and return it to me. An extra copy for your files is enclosed. We wish you success in your future endeavors.

Very truly yours,

Fluence Energy, LLC

By:
Name:
Title:

By:
Name:
Title:

BY SIGNING THIS RELEASE, I ACKNOWLEDGE (i) THAT I HAVE NOT BEEN FORCED OR PRESSURED IN ANY MANNER WHATSOEVER TO SIGN THIS RELEASE; (ii) THAT I HAVE HAD AT LEAST 21 DAYS FROM THE RECEIPT OF THIS RELEASE TO CONSIDER ALL OF THE TERMS OF THIS RELEASE WITH COUNSEL OF MY CHOICE, WHICH WE ADVISE YOU TO DO; (iii) THAT I HAVE READ THIS RELEASE IN ITS ENTIRETY AND UNDERSTAND THE TERMS OF THE RELEASE; AND (iv) THAT I VOLUNTARILY AGREE TO THEM. I FURTHER UNDERSTAND THAT I MAY REVOKE MY ACCEPTANCE OF THE RELEASE BY SENDING WRITTEN NOTICE OF MY INTENT TO REVOKE MY ACCEPTANCE TO THE COMPANY, AT THE FOLLOWING ADDRESS: c/o LARISSA CERQUEIRA, CHIEF HUMAN RESOURCES OFFICER, 4601 N. FAIRFAX DRIVE, SUITE 600, ARLINGTON, VA 22203, WITHIN SEVEN (7) DAYS OF MY EXECUTION OF THIS RELEASE. IF I HAVE NOT REVOKED MY ACCEPTANCE, THIS RELEASE WILL BECOME EFFECTIVE ON THE EIGHTH DAY AFTER IT IS EXECUTED AND RETURNED TO THE COMPANY.

By:
Krishna Vanka

Agreed to this day of 202

4601 N. Fairfax Drive, Suite 600 | Arlington, VA 22203
 +1 (703) 682-6629
fluenceenergy.com

March 31, 2021

Carol Couch

Dear Carol,

I am delighted to confirm an offer from Fluence, a Siemens and AES company, as VP, Global Operations Support & Services, reporting to Manuel Perez Dubuc, in Arlington, VA. Fluence requires certification of your eligibility to work in the United States and will require documents evidencing such eligibility from you. You will be required to complete a background check and sign a Confidentiality and Proprietary Information Agreement prior to beginning employment with Fluence. In this position you will participate in, or be eligible for, the compensation and benefits outlined below in accordance with the job being evaluated as Executive level.

COMPENSATION AND BENEFITS

Base Salary: Your position has been initially assigned an Executive in the Fluence structure. Your initial base salary will be \$325,000. You will be paid monthly, and your base salary will be reviewed annually in accordance with the Fluence policy and practice.

Annual Incentive Plan: Your annual bonus target will be 45% of your annual base salary earnings during the year. Bonuses will be awarded based upon annual individual performance and business performance measured against established objectives and they are typically paid in the first quarter following the end of each fiscal year. Your potential receipt of an annual bonus is subject to the discretion of Fluence and the amount of any award made to you will depend on a number of factors in addition to your individual performance, including your employment by Fluence at the time that such awards are made.

Retirement: You will be eligible to participate in The Fluence Energy Savings Plan which is a 401(k) plan (the "Savings Plan"), after you receive your first paycheck. You may contribute up to 50% of your gross salary to your account in accordance with the terms and conditions of the Retirement Plan and you will receive a company matching contribution of 100% of your contributions up to 5% of your gross salary.

Sign-On Bonus: You are eligible to receive a sign-on bonus equal to \$50,000, payable to you once you complete sixty (60) days of employment at Fluence.

Long Term Incentive Award: The Board of Managers of Fluence has approved a long-term incentive for all employees. You will be eligible to receive a grant of Unit Options with a grant value of \$1,000,000, pursuant to the terms and conditions of Fluence's long-term incentive plan. The terms and conditions of such plan and the award thereunder will be finalized and communicated to you at a later date.

ACCEPTANCE PROCESS

Carol, your experience and background will be an asset to this position, and we look forward to you joining Fluence.

To confirm your acceptance of this offer, please call or email me and then sign and email a copy of all pages of this letter to Human Resourcesattention of Larissa Cerqueira, Larissa.Cerqueira@fluenceenergy.com within three business days of the date on this letter. If you have any questions concerning the terms of this offer, please do not hesitate to contact me.

Sincerely,

/s/ Larissa Cerqueira
 Larissa Cerqueira CHRO

Your employment with Fluence Energy, LLC, is and will be "at will" employment, for an indefinite period of time. This means that you or the Company may terminate the employment relationship at any time, for any reason or for no reason. No oral or written representation made by anyone at Fluence may change the "at will" nature of this relationship. You retain the option, as does Fluence, of ending your employment with Fluence at any time, with or without notice and with or without cause. This letter is governed by the laws of Virginia. Fluence is an "at will" employer; this letter does not constitute a contract for employment.

Read and Accepted:

Signature: */s/ Carol Couch*

Date: 4/1/2021

Start Date: May 3, 2021

July 5, 2023

Dear Carol Couch,

In connection with your separation from your role as Senior Vice President and Chief Supply Chain and Manufacturing Officer of Fluence Energy, LLC ("Fluence" and, together with its affiliated and related entities, the "Company"), we believe it is mutually beneficial to put in writing the terms of such separation. This letter (this "Agreement"), upon your signature, will constitute an agreement between us regarding the terms and conditions of your separation from the Company.

From the date hereof until July 16, 2023, you shall continue in your current role as Senior Vice President and Chief Supply Chain and Manufacturing Officer, including performance of all duties associated therewith, on the same terms and conditions as in effect as of the date hereof. Effective July 17, 2023, you shall transition into a role as a non-executive employee of the Company and hereby resign from all roles as an executive officer of the Company and its subsidiaries on such date (and shall take all actions requested by the Company to effect such resignations). From July 17, 2023 until July 31, 2023 (the "Transition Period"), you shall provide the transition services to the Company from time to time, as reasonably requested by you by the President and Chief Executive Officer and Chief Financial Officer (such services, the "Transition Services"), provided that the parties acknowledge and agree that the level of Transition Services to be provided to the Company is reasonably anticipated to be no less than 20% of the average level of services performed during the immediately preceding 36-month period. In consideration of the Transition Services, the Company will provide you with your annual base salary through July 31, 2023, your annual cash incentive opportunity and welfare benefits consistent with the terms thereof as provided to you as of the date hereof. Further any outstanding equity awards held by you shall continue to be eligible to vest through the end of the Transition Period. For all severance plans and in all benefit plans, you will be treated as though you retained the position as Senior Vice President and Chief Supply Chain and Manufacturing Officer through the end of the Transition Period.

Your employment will terminate effective July 31, 2023 (the "Termination Date"). Subject to your compliance with this letter (including, without limitation, the provision of Transition Services through the end of the Transition Period), you shall be eligible to receive the severance payments and benefits payable upon an Involuntary Termination (as defined in the Fluence Energy, Inc. Executive Severance Plan (the "Executive Severance Plan")) outside of the CIC Period (as defined in the Executive Severance Plan), on the terms and conditions set forth in the Executive Severance Plan (including, without limitation, the requirement to execute and not revoke a release, a copy of which attached hereto as Exhibit A, within 21 days of the Termination Date)

To consent to the terms of and accept this Agreement, please date and sign this document and return it to Larissa Cerqueira, Chief Human Resources Officer.

Very truly yours,

Fluence Energy, LLC

By: /s/ Larissa Cerqueira
Name: Larissa Cerqueira
Title: CHRO

By: /s/ Carol Couch
Name: Carol Couch

Exhibit A
General Release

1. Your employment is terminated effective July 31, 2023 (the "Termination Date"). You acknowledge and agree that you have been paid your earned compensation through and including the Termination Date. You have received or will receive by separate cover information regarding your rights to continuation of your health insurance which will cease as of the last day of the month in which your Termination Date occurs. You acknowledge and agree that you have submitted all expense reimbursement requests for legitimate business expense to Fluence Energy, LLC (together with its affiliated and related entities, the "Company") and the Company has reimbursed you in accordance with its existing policies for all such legitimate expenses you incurred on Company business prior to the Termination Date.
2. You represent and warrant that you have returned all reports, files, memoranda, records, software, laptops, computer equipment, cellular phones, credit cards, cardkey passes, door and file keys, computer access codes or disks and instructional manuals and other physical or personal property that you received in connection with your employment with the Company that you then have in your possession, and you shall not retain any copies, duplicates, reproductions or excerpts thereof.
3. In consideration for your execution of this general release (the "Release") and return of it to the Company no earlier than the Termination Date and no later than August 21, 2023 and provided you do not timely revoke your acceptance of this Release, the Company will provide to you with the severance payments and benefits payable upon an Involuntary Termination (as defined in the Fluence Energy, Inc. Executive Severance Plan (the "Executive Severance Plan")) outside of the CIC Period (as defined in the Executive Severance Plan), on the terms and conditions set forth in the Executive Severance Plan.
4. Notwithstanding any provision of this Release to the contrary, if any benefit provided under that certain Separation Agreement between you and the Company (the "Agreement"), this Release or the Executive Severance Plan is subject to the provisions of Section 409A of the Internal Revenue Code of 1986, as amended, and the regulations and other binding guidance promulgated thereunder (collectively, "Section 409A"), the provisions of the Release will be administered, interpreted and construed in a manner necessary to comply with Section 409A or an exception thereto (or disregarded to the extent such provision cannot be so administered, interpreted, or construed). Notwithstanding any provision of the Release to the contrary, in no event shall the Administrator (as defined in the Executive Severance Plan), the Company, (or their employees, officers, directors or affiliates) have any liability to you (or any other person) due to the failure of the Agreement, this Release, or the Executive Severance Plan to satisfy the requirements of Section 409A or any other applicable law.
5. ***Unless you accept this Release by timely executing and returning it by the date specified above, you shall not be entitled to any of the payments and benefits for which you may be eligible under this Release or the Executive Severance Plan.*** If you participate in any long term compensation plans, please see any relevant plan and notice documents (including, for the avoidance of doubt, the 2020 Unit Option Plan of Fluence Energy, LLC) for other important provisions that may be triggered by your termination.
6. The intent of this section is to secure your promise to release all claims and not to sue the Company, or anyone connected with it, for any harm you may claim to have suffered in connection with your employment or the termination of your employment, in return for the benefits described in this Release. Accordingly, in consideration for the payments, benefits and promises contained in this Release, including, without limitation, under the Executive Severance Plan (collectively, the "Consideration"), and intending to be legally bound hereby, you hereby agree as follows:

a. Except as otherwise provided in this Section 6(a), you knowingly and voluntarily hereby release, to the fullest extent permitted by law, the Company and all of its past, present and/or future related entities, including but not limited to parents, divisions, affiliates and subsidiaries, and each current and former bonus, pension, welfare, or other benefit plans sponsored by any of the foregoing, and each of the respective officers, directors, members, stockholders, trustees, employees, agents, representatives, administrators, attorneys, insurers, fiduciaries, predecessors, successors and assigns of such entities and/or benefit plans, in their individual and/or representative capacities (hereinafter collectively referred to as the "Released Parties"), from any and all causes of action, suits, agreements, promises, damages, disputes, controversies, contentions, differences, judgments, claims and demands of any kind whatsoever ("Claims") which you or your heirs, executors, administrators, successors and assigns ever had, now have or may have against the Released Parties, whether known or unknown to you, and whether asserted or unasserted, (i) by reason of your employment and/or cessation of employment with the Company, other than the Consideration in accordance with its terms, or (ii) that otherwise arose or is based on facts which occurred on or prior to the date that you sign this Release.

Such released Claims include, but are not limited to, any and all Claims under Title VII of the Civil Rights Act of 1964, the Civil Rights Act of 1866, the Civil Rights Act of 1991, the Fair Labor Standards Act, the Family and Medical Leave Act of 1993, the Age Discrimination in Employment Act of 1967, the Older Workers' Benefit Protection Act of 1990, the Americans With Disabilities Act, the Employee Retirement Income Security Act of 1974 (including, without limitation, any claim for severance pay), the Virginia Human Rights Act, the Virginians with Disabilities Act, the Virginia Overtime Wage Act, the Virginia Equal Pay law, the Virginia Occupational Safety and Health Act, the Virginia Payment of Wage Law, and/or the Virginia Minimum Wage Act, the California Fair Employment and Housing Act, the California Equal Pay Law, the Moore-Brown-Roberti Family Rights Act of 1991, the California Labor Code, the California WARN Act, the California False Claims Act and the California Corporate Criminal Liability Act, and any and all other federal, state or local laws, statutes, rules and regulations pertaining to employment (each as amended); any and all Claims under state contract or tort law; any and all Claims based on the design or administration of any employee benefit plan, program policy, procedure or arrangement, whether written or oral; any and all Claims for wages, commissions, bonuses, continued employment in any position, and compensatory, punitive or liquidated damages; and any and all Claims for attorneys' fees and costs.

If your place or places of work with the Company has included California in granting the release herein, which includes claims which may be unknown to you at present, you acknowledge that you have read and understand Section 1542 of the California Civil Code: **"A general release does not extend to claims which the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release, and that if known by him or her would have materially affected his or her settlement with the debtor or released party."** You hereby expressly waive and relinquish all rights and benefits under that section and any law of any jurisdiction of similar effect with respect to your release of any unknown or unsuspected claims herein.

You also waive any rehire or reemployment rights and agree not to apply for future employment with the Company.

b. If you commence, continue, join in, or in any other manner attempt to assert any Claim released herein against any of the Released Parties or otherwise breach the promises made in this Release, you shall reimburse the Released Parties for all attorneys' fees incurred by the Released Parties in defending against such a Claim and the Company shall have a right to the return of all Consideration paid to you pursuant to this Release, together with interest thereon, and to cease furnishing to you any further Consideration; provided that this right of return of such Consideration

and the cessation of payment of further Consideration is without prejudice to the Released Parties' other rights hereunder, including any right to obtain an agreement and release of any and all claims against the Released Parties.

c. You agree that you will not bring any lawsuits or claims of any kind against the Released Parties for any of the Claims released herein and that you will not accept and hereby waive the benefits of any such lawsuits or claims of any kind brought on your behalf against the Released Parties.

d. Notwithstanding the foregoing, you are not releasing any of the following claims: (i) any rights or claims for indemnification you may have pursuant to any written indemnification agreement with the Company to which you are a party, the charter, bylaws, or operating agreements of the Company, or under applicable law; (ii) any rights which cannot be waived as a matter of law; (iii) claims for vested retirement benefits, if any, under any Company sponsored plan; (iv) claims for vested benefits, if any, under any long-term benefit plan in which you participate; or (v) any claims arising from the breach of this Release. Nothing in this Release shall interfere with or waive your right to enforce this Release in a court of competent jurisdiction or seek a judicial determination of the validity of the release of your rights under the Age Discrimination in Employment Act.

e. The Company is providing you with the Consideration solely to ease the impact of your separation from employment with the Company. The fact that the Company is offering Consideration to you should not be understood as nor is it intended to be an admission that any of the Released Parties has violated your rights (or the rights of anyone else) in any manner whatsoever.

7. You further acknowledge and agree that you will not, unless required by law, disclose to anyone other than members of the Fluence Legal department or the Fluence HR department any information regarding the following:

a. Any information regarding the practices, procedures, trade secrets, inventions, technology, customer lists, product marketing or other confidential information of the Company or Released Parties.

b. The terms of this Release, except that you may disclose this information to your attorney, accountant or other professional advisor to whom you must make the disclosure in order for them to render professional services to you. You will instruct them, however, to maintain the confidentiality of this information just as you must. In addition, you will not make, or cause to be made, any statements, observations or opinions, or communicate any information (whether oral or written) (collectively "Statements") including Statements to the press, media, Company employees, clients, customer, contractors or any other party, that disparage or are likely in any way to harm the reputation of the Company or Released Parties.

8. In the event that you breach any of your obligations under this Release, the Company will be entitled to the relief provided under this Release, including, but not limited to, Section 6(b), and to obtain all other relief provided by law or equity.

9. This Release shall be governed by Delaware law and you hereby submit to and agree that the exclusive jurisdiction for any suit, action or proceeding involving this Release will be any federal or state court located in Arlington County, Virginia. If any provision of this Release is deemed to be unenforceable, it shall not affect the enforceability of the remaining provisions of this Release. This document, the Agreement and the Executive Severance Plan contain the entire agreement between you and the Company concerning the subject matter contained herein. For the avoidance of doubt, you acknowledge and agree that you remain subject to the covenants included in Exhibit B of the Executive Severance Plan and such covenants are governed by the terms of Executive Severance Plan.

10. Nothing contained in this Release shall be deemed to preclude you from providing truthful testimony or information pursuant to a valid court order or similar legal process; provided, however, that prior to making any such disclosure, you will promptly notify the Company of such request or requirement. In any such case, you will use your reasonable efforts to cooperate with the Company in its efforts in responding to such court order or legal process. Notwithstanding the foregoing, nothing contained in this Release shall be deemed to preclude you from, or require you to notify or obtain authorization from the Company prior to, (i) filing a charge with or cooperating with any requests or investigation by any federal, state or local government agency including without limitation the U.S. Equal Employment Opportunity Commission, the U.S. Securities and Exchange Commission, the U.S. Commodity Futures Trading Commission, the U.S. Department of Justice, or the U.S. National Labor Relations Board, provided that, you do release any right you have to receive monetary damages in connection with the proceeding; (ii) exercising any rights you may have under Section 7 of the U.S. National Labor Relations Act; (iii) reporting possible violations of federal law or regulation to any governmental agency or entity, or making other disclosures that are protected under the whistleblower provisions of federal law or regulation; or (iv) discussing or disclosing information about unlawful acts in the workplace, such as harassment or discrimination based on a protected characteristic or any other conduct that you have reason to believe is unlawful.

You also acknowledge receipt of the following notice of immunity rights under the U.S. Defend Trade Secrets Act, which states: "(1) An individual shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that (A) is made (i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal; and (2) an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose a trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual (A) files any document containing the trade secret under seal, and (B) does not disclose a trade secret, except pursuant to court order."

11. You acknowledge and agree to provide reasonable cooperation at mutually agreeable times and places to the Released Parties in connection with the Released Parties' prosecution or defense in any legal proceeding of any and all causes of action, suits, disputes, controversies, contentions, differences, claims and demands of any kind whatsoever concerning or related to any matter that arises out of events or occurrences during your involvement in the business and affairs of the Released Parties, except for any such Claims that you may assert. Reasonable cooperation shall include but shall not be limited to liaising with internal and external counsel of the Released Parties, participating in discovery, preparing for hearings and depositions, and attending hearings and depositions. You will be reimbursed for reasonable out of pocket expenses incurred in connection with such cooperation. Except as otherwise required pursuant to applicable law or court order, or as otherwise expressly permitted under this Release, and in each such case, provided that you comply with the requirements of any provisions expressly permitting disclosure, you further agree to maintain in strict confidence any information or knowledge you have regarding the legal proceedings involving the Released Parties or Claims against the Released Parties. You agree to communicate with any party adverse to the Released Parties, or with a representative, agent or legal counsel for any such Claims solely through legal counsel for the Released Parties, although you may at your own expense retain your own counsel in connection with any such matter.

12. You acknowledge and agree (i) that you have not been forced or pressured in any manner whatsoever to sign this Release; (ii) that you have agreed to all of its terms voluntarily; (iii) that you have read this Release in its entirety and understand the terms of the Release; and (iv) that you received a copy of this Release on or prior to the Termination Date and have been given at least twenty-one (21) days from the receipt of this Release to consider all of its terms and to consult with counsel of your choice, which we advise you to do. Any changes to this Release, the Agreement or the Executive Severance Plan during that period, whether

material or not, will not extend the 21-day period. You may revoke your acceptance of the Release by sending written notice of your intent to revoke your acceptance, to the Company, at the following address: c/o Larissa Cerqueira, Chief Human Resources Officer, 4601 N. Fairfax Drive, Suite 600, Arlington, Virginia 22203, within seven (7) days of your execution of the Release. ***If you revoke this Release, this Release and the promises contained herein shall automatically be deemed null and void and you will not be entitled to any severance pay or any other benefits provided under this Release or the Executive Severance Plan.*** If you do not revoke your acceptance, your agreement will become effective on the eighth day after the date on which it is signed.

To accept this Agreement, please date and sign this document and return it to me. An extra copy for your files is enclosed. We wish you success in your future endeavors.

Very truly yours,

Fluence Energy, LLC

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

BY SIGNING THIS RELEASE, I ACKNOWLEDGE (i) THAT I HAVE NOT BEEN FORCED OR PRESSURED IN ANY MANNER WHATSOEVER TO SIGN THIS RELEASE; (ii) THAT I HAVE HAD AT LEAST 21 DAYS FROM THE RECEIPT OF THIS RELEASE TO CONSIDER ALL OF THE TERMS OF THIS RELEASE WITH COUNSEL OF MY CHOICE, WHICH WE ADVISE YOU TO DO; (iii) THAT I HAVE READ THIS RELEASE IN ITS ENTIRETY AND UNDERSTAND THE TERMS OF THE RELEASE; AND (iv) THAT I VOLUNTARILY AGREE TO THEM. I FURTHER UNDERSTAND THAT I MAY REVOKE MY ACCEPTANCE OF THE RELEASE BY SENDING WRITTEN NOTICE OF MY INTENT TO REVOKE MY ACCEPTANCE TO THE COMPANY, AT THE FOLLOWING ADDRESS: c/o LARISSA CERQUEIRA, CHIEF HUMAN RESOURCES OFFICER, 4601 N. FAIRFAX DRIVE, SUITE 600, ARLINGTON, VA 22203, WITHIN SEVEN (7) DAYS OF MY EXECUTION OF THIS RELEASE. IF I HAVE NOT REVOKED MY ACCEPTANCE, THIS RELEASE WILL BECOME EFFECTIVE ON THE EIGHTH DAY AFTER IT IS EXECUTED AND RETURNED TO THE COMPANY.

By:
Carol Couch

Agreed to this _____ day of _____ 202____

**AMENDMENT
OF THE
FLUENCE ENERGY, LLC PHANTOM EQUITY INCENTIVE PLAN
October 17, 2021**

WHEREAS, Fluence Energy, LLC, a Delaware limited liability company (the "Company"), has previously adopted the Fluence Energy, LLC Phantom Equity Incentive Plan, (and as may be amended from time to time, the "Plan");

WHEREAS, Section 8.1 of the Plan allows the Board of Managers of the Company (the Board) to amend the Plan in certain respects from time to time;

WHEREAS, the Board has determined that it is appropriate to amend Plan and have the Plan assumed by Fluence Energy, Inc., effective as of the date Fluence Energy, Inc.'s registration statement on Form S-1 is declared effective (the Amendment Date), subject to the consummation of the initial public offering of Fluence Energy, Inc. Class A Common Stock (the "IPO");

NOW, THEREFORE, BE IT RESOLVED, that the Plan is hereby revised as set forth below and assumed by Fluence Energy, Inc., effective as of the Amendment Date, and the Plan, as revised by this amendment, constitutes the entire Plan as amended through the Amendment Date. Capitalized terms not defined herein shall have the meanings assigned to them under the Plan.

Notwithstanding any other provision in the Plan, the Plan is hereby amended as set forth below:

1. The definition of "Fluence" and the "Company" in Section 1.1 is hereby amended to be "Fluence Energy, Inc. (or any successor thereto)."

2. The definition of "Fluence Units" in Section 2.12 is hereby amended as follows:

"Fluence Units" shall mean any shares or other ownership interest in Fluence (or any successor thereto) issued by Fluence (or any successor thereto) from time to time.

3. The definition of "Units" in Section 2.22 is hereby amended as follows:

"Units" or "Fluence Shares" shall mean shares of the Class A Common Stock of Fluence."

4. Section 6.2(c) of the Plan is hereby amended to read as follows:

"(c) Form of Payment.

(i) Any payment due to a Participant in accordance with this Section 6.2 may be paid in cash or, subject to applicable securities laws, any such other form of consideration deemed appropriate by the Administrator, including without limitation, securities of any acquiring or successor entity(ies) or any Affiliate(s) thereof.

(ii) Fluence hereby reserves 1,080,000 Fluence Shares for issuance under the Plan (the Share Reserve), provided that, in the event of any nonreciprocal transaction between the Company and its stockholders, such as a stock dividend, stock split, spin-off or recapitalization through a large, nonrecurring cash dividend,

that affects the number or kind of Fluence Shares (or other Company securities) or the share price of Fluence Shares (or other Company securities) and causes a change in the per share value of Fluence Shares underlying outstanding awards, shall equitably adjust the Share Reserve. Fluence Shares issued under the Plan may consist of authorized but unissued shares, shares purchased on the open market or treasury shares."

(iii) To the extent not preempted by federal law, this amendment shall be construed in accordance with and governed by the internal laws of the State of Delaware, without regard to the principles of conflicts of law thereof, or principles of conflicts of law of any other jurisdiction which could cause the application of the laws of any jurisdiction other than the State of Delaware.

* * * * *

Executed as of the first date set forth above.

FLUENCE ENERGY, LLC

/s/ Francis A. Fuselier _____

Name: Francis A. Fuselier _____

Title: SVP, General Counsel and Secretary

FLUENCE ENERGY, INC.

By: /s/ Francis A. Fuselier _____

Name: Francis A. Fuselier _____

Title: SVP, General Counsel and Secretary

Signature Page to Amendment to Phantom Plan

REGISTRATION RIGHTS AGREEMENT JOINDER

The undersigned is executing and delivering this Joinder pursuant to the Registration Rights Agreement dated as of November 1, 2021 (as the same may hereafter be amended, the "**Registration Rights Agreement**"), among Fluence Energy, Inc., a Delaware corporation (the "**Corporation**"), and the other person named as parties therein.

By executing and delivering this Joinder to the Corporation, and upon acceptance hereof by the Corporation upon the execution of a counterpart hereof, the undersigned hereby agrees to become a party to, to be bound by, and to comply with the provisions of the Registration Rights Agreement as a Holder of Registrable Securities in the same manner as if the undersigned were an original signatory to the Registration Rights Agreement, and the undersigned's shares of Class A Common Stock shall be included as Registrable Securities under the Registration Rights Agreement to the extent provided therein. The Corporation is directed to add the address below the undersigned's signature on this Joinder to the Schedule of Holders attached to the Registration Rights Agreement.

[Signature Pages Follow]

Accordingly, the undersigned has executed and delivered this Joinder as of the 19 day of December, 2023.

SPT Invest Management, SARL

/s/ Thomas Grünwald

Name: Thomas Grünwald

Title: Manager

/s/ Ramon Stöckle

Name: Ramon Stöckle

Title: Manager

Agreed and Accepted as of December 19, 2023

Fluence Energy, Inc

By: /s/ Francis A. Fuselier

Name: Francis A. Fuselier

Its: SVP, General Counsel & Secretary

STOCKHOLDERS AGREEMENT JOINDER

The undersigned is executing and delivering this joinder agreement ("Joinder Agreement") pursuant to the Stockholders Agreement, dated as of October 27, 2021, by and among Fluence Energy, Inc., a Delaware corporation (the "Corporation"), and the other parties thereto, as amended and restated, restated, amended, supplemented or otherwise modified from time to time (the "Stockholders Agreement"). Capitalized terms used, but not defined, in this Joinder Agreement shall have the meanings ascribed to them in the Stockholders Agreement.

The undersigned hereby joins and enters into this Joinder Agreement having acquired shares of Class A Common Stock as a Permitted Transferee of Siemens Pension-Trust e.V., a party to the Stockholders Agreement. By executing and delivering to the Corporation this Joinder Agreement, the undersigned hereby agrees to become a party to the Stockholders Agreement, to succeed to all of the rights and obligations of a "Stockholder" and an "Siemens Related Party" and to be fully bound by, and subject to, all of the covenants, terms and conditions of the Stockholders Agreement as though an original party thereto.

Accordingly, the undersigned has executed and delivered this Joinder Agreement as of the 19th day of December, 2023.

[Signature Pages Follow]

SPT INVEST MANAGEMENT, SARL

By: /s/ Thomas Grünwald

Name: Thomas Grünwald

Title: Manager

By: /s/ Ramon Stöckle

Name: Ramon Stöckle

Title: Manager

SPT INVEST MANAGEMENT, SARL

By:__ Name:
Title:

By:__ Name:
Title:

Agreed and Accepted as of
December 19, 2023

FLUENCE ENERGY, INC.

By: /s/ Francis A. Fuselier Name: Francis A. Fuselier
Title: SVP, General Counsel & Secretary

CERTIFICATION

I, Julian Nebreda, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Fluence Energy, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 8, 2024

Fluence Energy, Inc.

By: /s/ Julian Nebreda

Julian Nebreda

Chief Executive Officer and President (Principal Executive Officer)

CERTIFICATION

I, Ahmed Pasha, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Fluence Energy, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 8, 2024

Fluence Energy, Inc.

By: /s/ Ahmed Pasha

Ahmed Pasha

Senior Vice President and Chief Financial Officer (Principal Financial Officer)

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Fluence Energy, Inc. (the "Company") for the quarter ended December 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Julian Nebreda, Chief Executive Officer and President of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 8, 2024

By: /s/ Julian Nebreda
Julian Nebreda
*Chief Executive Officer and President (Principal
Executive Officer)*

**CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Fluence Energy, Inc. (the "Company") for the quarter ended December 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Ahmed Pasha, Senior Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 8, 2024

By: /s/ Ahmed Pasha

Ahmed Pasha
*Senior Vice President and Chief Financial Officer (Principal
Financial Officer)*