

1Q FY2023 Earnings Presentation

FEBRUARY 9, 2023

Disclaimer

Forward-Looking Statements

The statements described herein that are not historical facts are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995. These forward-looking statements include, without limitation, statements set forth within this presentation, and other statements regarding future financial performance, revenue and Adjusted Gross Profit guidance for fiscal year 2023, expectation to achieve Adjusted EBITDA breakeven in 2024, anticipated demand for Fluence's energy storage products and services, impact of the Inflation Reduction Act of 2022 or any other proposed legislation, the implementation and anticipated benefits of the Company's enumerated strategic objectives including executing on our transformation, future results of operations, future revenue recognition and estimated revenues, losses, projected costs, prospects, and plans and objectives of management. Such statements can be identified by the fact that they do not relate strictly to historical or current facts. When used in this presentation, words such as "may," "possible," "will," "should," "expects," "plans," "anticipates," "could," "intends," "targets," "projects," "contemplates," "believes," "estimates," "predicts," "potential" or "continue" or the negative of these terms or other similar expressions and variations thereof and similar words and expressions are intended to identify such forward-looking statements, but the absence of these words does not mean that a statement is not forward-looking.

The forward-looking statements contained in this presentation are based on our current expectations and beliefs concerning future developments, as well as a number of assumptions concerning future events, and their potential effects on our business. These forward-looking statements are not guarantees of performance, and there can be no assurance that future developments affecting our business will be those that we have anticipated. These forward-looking statements involve a number of risks, uncertainties (some of which are beyond our control) or other assumptions that may cause actual results or performance to be materially different from those expressed or implied by these forward-looking statements, which include, but are not limited to, our ability to achieve or maintain profitability, our ability to successfully execute our business and growth strategy, including realizing the expected benefits of our partnerships and acquisitions as well as other strategic initiatives we may enter into in the future, our ability to develop new product offerings and services, the potential continued adverse effects of the ongoing global COVID-19 pandemic, including capacity constraints within the shipping industry, increased shipping costs and delays in the shipping of our energy storage products, projects delays and site closures and cost-overruns, failure to realize potential benefits of the Inflation Reduction Act of 2022, and other factors set forth under Item 1A. "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended September 30, 2022, filed with the Securities and Exchange Commission ("SEC") on December 14, 2022, and in other filings we make with the SEC from time to time. New risks and uncertainties emerge from time to time and it is not possible for us to predict all such risk factors, nor can we assess the effect of all such risk factors 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. Should one or more of these risks or uncertainties materialize, or should any of the assumptions prove incorrect, actual results may vary in material respects from those projected in these forward-looking statements. You are cautioned not to place undue reliance on any forward-looking statements made in this presentation. Each forward-looking statement speaks only as of the date of the particular statement, and we undertake no obligation to publicly update or revise any forward-looking statements to reflect events or circumstances that occur, or which we become aware of, after the date hereof, except as otherwise may be required by law.

Non-GAAP Financial Measures

Included in this presentation are certain non-GAAP financial measures, including Adjusted EBITDA, Adjusted Gross Profit (Loss), Adjusted Gross Profit Margin and Adjusted Net Income (Loss), which are designed to complement the financial information presented in accordance with GAAP because management believes such measures are useful to investors. Non-GAAP financial measures are not a substitute for or superior to measures of financial performance prepared in accordance with GAAP and should be not be considered as an alternative to any other Our non-GAAP metrics have limitations as analytical tools, and you should not consider them in isolation. 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 period and relative to performance of other companies in our industry, without regard to financing methods, historical cost basis or capital structure.

See the Appendix to this presentation for a reconciliation of the non-GAAP financial measures to the nearest GAAP measure, which should be carefully evaluated.

A reconciliation of the Company's 2023 Adjusted Gross Profit guidance to the most directly comparable GAAP financial measure cannot be provided without unreasonable efforts and is not provided herein because of the inherent difficulty in forecasting and quantifying certain amounts that are necessary for such reconciliation.

In this presentation, the Company relies on and refers to certain industry and market data and statistics obtained from third-party sources which it believes to be reliable. The Company has not independently verified the accuracy or completeness of any such third-party information. This data is subject to change. In addition, this presentation does not purport to be all-inclusive or to contain all of the information that may be required to make a full analysis of the Company. The recipient should make its own evaluation of the Company and of the relevance and adequacy of the information and should make such other investigations as it deems necessary.





Today's Agenda

1 Strategy Update

Julian Nebreda, President & CEO

2 Financial Update

Manavendra Sial, SVP & CFO

3 Q&A

Strong Q1'23 Performance to Start 2023

Robust quarterly order intake; gross margin improvement continues

Q1'23 Order Intake

\$856M

Highest Quarter Ever
624 MW Solutions¹, 139 MW Services,
783 MW Digital

Q1'23 Revenue Recognized

\$310M

Deployed 800 MWh Energy Storage Solutions²

Long-Term Services AUM³ at 12/31

2.0 GW

>90% Cumulative Deployed Attachment Rate as
of 12/31/22
11% Attachment Rate on Q1'23 Orders

Signed Contract Backlog at 12/31

\$2.7B

~72% With Non-Related Parties

Q1'23 Adjusted Gross Profit Margin⁴

4.7%

Q1'23 GAAP Gross Margin of 3.9%

Digital AUM at 12/31

14.0 GW

Q4'22 Digital AUM 13.7 GW

Note 1: Solutions are defined as or have been historically referred to as energy storage products, we believe solutions is more representative of the offering.

Note 2: Quarterly deployed MWh based on revenue recognition.

Note 3: Orders attachment rate and Cumulative Deployed attachment rate based on MWh; refer to supplemental metric sheet for definition of attachment rates.

Note 4: Refer to reconciliation of non-GAAP to the comparable GAAP financial measure in our appendix.



Strong Success in Implementing Turnaround



Deliver profitable growth

- Raising fiscal year 2023 guidance midpoint by \$150M on revenue and \$20M on adjusted gross margin.



Develop products and solutions that our customers need

- Ready to offer Northvolt batteries in our Gridstack system, providing our customers increased optionality while diversifying our battery supply by adding this European battery vendor.



Convert our supply chain into a competitive advantage

- All fiscal year 2023 battery requirements are in-country or in-transit, providing high confidence for execution and achieving guidance.



Use Fluence Digital as a competitive differentiator and margin driver

- Fluence Mosaic entered ERCOT market with its first contract. Mosaic is now active in three markets - CAISO, Australia NEM, and ERCOT.
- Launched Nispera's Battery Energy Storage Systems (BESS) performance management capabilities.



Work better

- Continued executing on several items previously announced including: 1) enhancing risk management; 2) improving execution; and 3) optimizing cost structure.





Seeing Initial Benefit from IRA on Robust Pipeline

Expect IRA to drive US revenue growth in 2024 of ~40-50%, implying consolidated revenue growth of ~35-40%

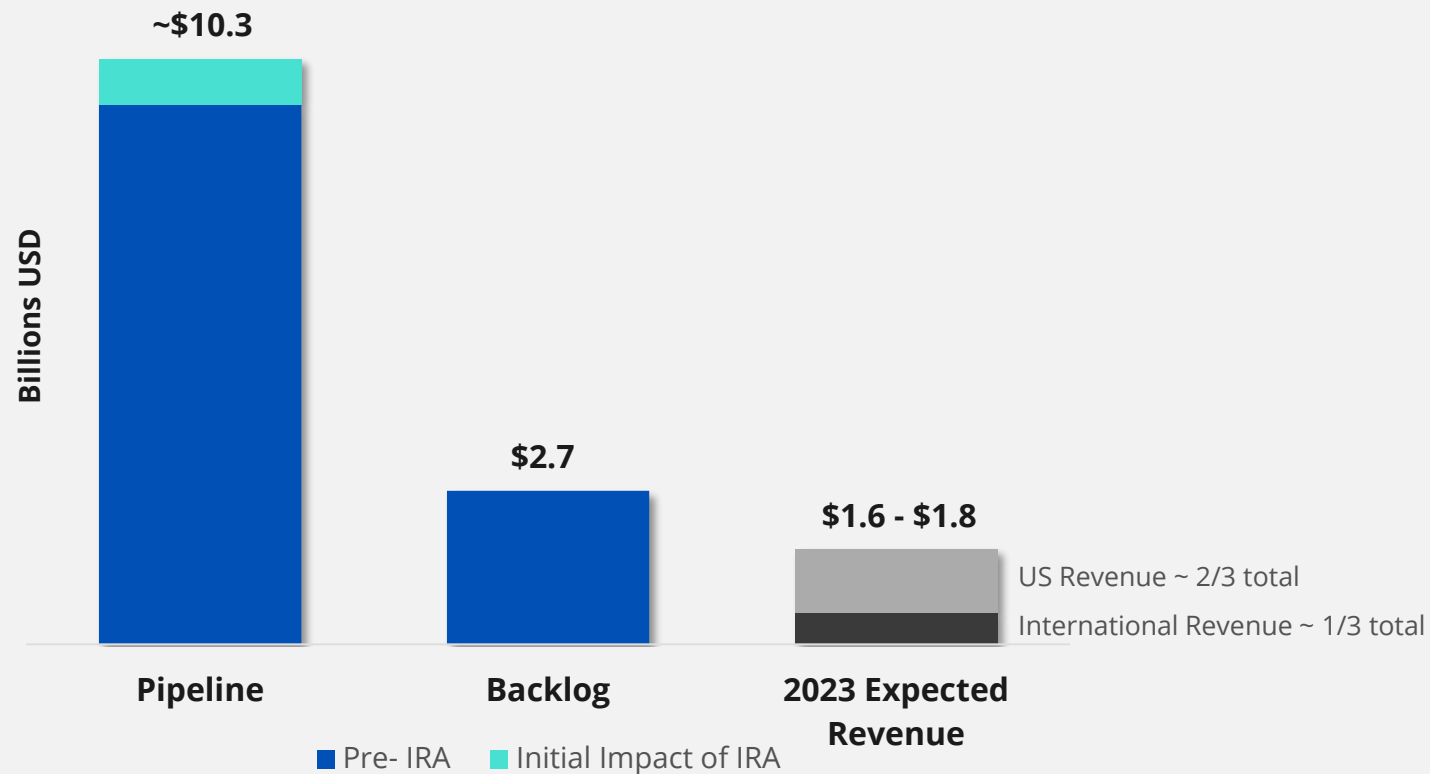


Chart as of December 31, 2022

- Strong demand at top of the funnel is a driver of ~\$10.3 billion pipeline, nearly 4x current backlog
- Seeing very early signs of IRA projects adding to our pipeline
- Assuming IRS guidelines released in Spring 2023, expect growth rate in the US to go from 30% to 40-50% in 2024



Note 1: All figures in \$ billion, unless specified.

Note 2: 2023 Expected Revenue is based on guidance shown on page 12.

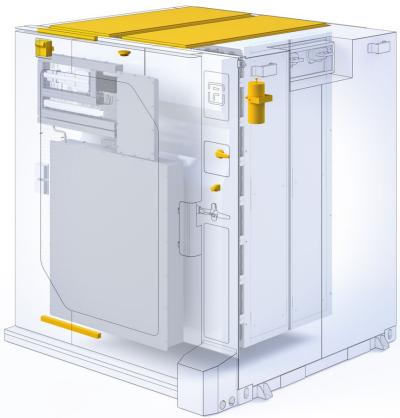
Note 3: Does not reflect formal guidance; assumptions based on expectations that IRS guidelines will be available by Spring 2023.



FLNC the Preferred Supplier of Storage Solutions; Builds Strong Customer Relationships and Drives Long-Term Service Contracts

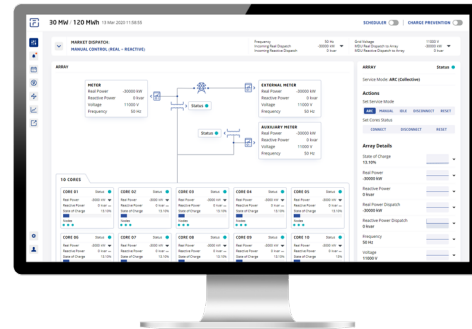
Customers cite safety, performance, bankability, and supply chain assurance in selecting FLNC; deployed services attachment rate >90%

Safety



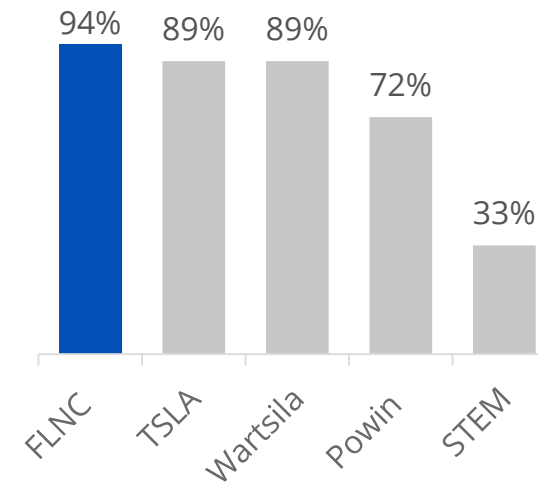
Battery Safety: UL1973, IEC62619, IEC61508
System Safety: UL9540
Fire Protection: NFPA 855
Software: 24/7 monitoring

Performance



Embedded fast response (150ms), advanced controls applications, and grid forming capabilities.

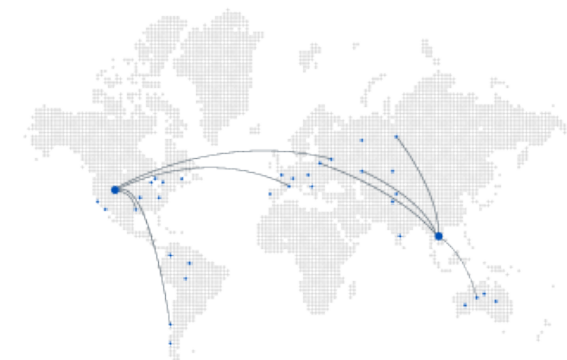
Bankability



Source: BNEF, Energy Storage System Cost Survey 2022, Figure 32 Storage providers & integrators bankability survey results 2022.

*Note select survey results displayed.

Supply Chain Assurance



All FY 2023 battery needs are **in country or in transit**, providing high confidence for execution and achieving guidance.





Leveraging Software to Maximize Profit for our Customers

Driving Revenue Uplift

MOSAIC OPTIMIZED BIDDING IN ERCOT

Awarded a framework contract with a non-related global IPP & utility company to optimize any ERCOT BESS brought online in ERCOT in the next 3 years

First allotment is 289 MW to optimize the market participation and bidding of their BESS



Lowering Total Cost of Ownership

NISPERA APM FOR FLUENCE AND THIRD-PARTY ENERGY STORAGE

Providing real time monitoring, data & performance analysis, and ticketing for BESS

Comprehensive asset performance management offering eliminating need for multiple platforms



Executing On Our Transformation

1. Enhance Risk Management

- New contracting committee formed to ensure contracts underwritten meet necessary hurdle requirements; implementing stronger contractual compliance for our suppliers

2. Improve Execution

- Continually improving product testing and commissioning to ensure project deadlines are met

3. Optimize Cost Structure

- Launched competitive workforce strategy that will increase the use of our India Technology Center to reduce operating leverage and retool our digital platform
- Expect to have 2x the headcount at India Technology Center at the end of fiscal year 2023





Today's Agenda

1 Strategy Update

Julian Nebreda, President & CEO

2 Financial Update

Manavendra Sial, SVP & CFO

3 Q&A

First Quarter 2023 Financial Performance

78% YOY revenue growth driven by improved execution / supply chain

All figures in \$ million, unless specified

	Q1'22	Q4'22	Q1'23
Revenue	175	442	310
Adjusted Gross Profit*	(8)	15	15
SG&A (a)	(25)	(37)	(35)
Platform investment ¹ (b)	(10)	(18)	(19)
Operating expenses ¹ (a+b)	(35)	(55)	(54)
Operating expenses, % of Revenue	20.1%	12.5%	17.4%
Adjusted EBITDA*	(43)	(40)	(25)
Total Cash ²	679	540	462
GAAP metrics			
Gross Profit	(53)	11	12
Net Income	(111)	(56)	(37)



Note 1: Platform investment includes R&D and Depreciation expenses. Operating expenses exclude stock compensation expense.

Note 2: Total cash includes Cash and cash equivalents + Restricted Cash + Short term investments.

Note 3: This amount consists of the settlement for ~\$19.5 offset by commissioning work of ~\$1.5.

*Non-GAAP figure. Refer to Appendix for reconciliation of Adjusted Gross Profit, Adjusted EBITDA, etc. to the comparable GAAP financial measures.

HIGHLIGHTS

1. 78% YoY revenue growth in Q1'23, as teams executed, managed supply chain well; >95% of revenue recognized in Q1'23 from legacy contracts
2. Q1'23 Gross Profit includes impact of recoveries from supplier on net claims³ amounting to ~\$18M
3. Q1'23 overhead spend in line with Q4'22; FY'23 overhead expected to grow <50% of revenue growth. FY'22 overhead as percentage of revenue of 15.5% expected to be highwater mark annually
4. Ended Q1'23 with \$462M of total cash, in line with guidance, and >\$150M of undrawn revolver

FY'23 Guidance Revised Higher; Increased Confidence in 2024 Adjusted EBITDA Outlook

Increased guidance due to incremental demand and better supply chain visibility

All figures in \$ million, unless specified

	FY 2022	FY 2023 Prior Guidance	FY 2023 Current Guidance
Revenue	\$1,199	\$1,400 - \$1,700	\$1,600 - \$1,800
Adj. Gross Profit ¹	\$(3)	\$60 - \$100	\$85 - \$115

1. ~99% of Revenue in backlog as of December 31st
2. Expect 40 / 60 revenue split between 1H / 2H 2023
3. Expect SG&A to grow at less than 50% of revenue growth
4. FY 2023 cash flow consistent with framework laid out in Q4'22 earnings call
5. Ample liquidity to meet next 12 months cash needs and expect to end 2023 with liquidity higher than \$500

Note 1: 2023 Adjusted Gross Profit = GAAP Gross Profit primarily adjusted for Stock compensation and restructuring / re-organization expense; see reconciliation of Adjusted Gross Profit to the comparable GAAP financial measure in the Appendix. We are unable to provide a quantitative reconciliation of Adjusted Gross Profit guidance to the most directly comparable GAAP financial measure without unreasonable efforts because of the inherent difficulty in forecasting and quantifying certain amounts that are necessary for such reconciliation.





Today's Agenda

- 1 Strategy Update**
Julian Nebreda, President & CEO
- 2 Financial Update**
Manavendra Sial, SVP & CFO
- 3 Q&A**



Appendix

Definitions

ITEM	DEFINITION
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.
Contracted Backlog	Represent signed purchase orders or contractual minimum purchase commitments with take-or pay provisions. For our energy storage product 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. For digital applications contracts, contracted backlog includes signed agreements where the associated subscription has not started.
Deployed	Represents cumulative energy storage products that have achieved substantial completion and are not decommissioned.
Assets Under Management	Assets under management for service contracts represents our long-term service contracts with customers associated with our completed energy storage products. We start providing maintenance, monitoring, or other operational services after the storage product projects are completed. Assets under management for digital software represents contracts signed and active (post go live).
BESS	Acronym for battery energy storage system
APM	Acronym for asset performance management platform



Note 1: Additional definitions provided in supplemental metric sheet.

Improved Battery Supply Drives Increased Adj. Gross Profit Guide

High confidence path to 2023 Adjusted Gross Profit guidance

All figures in \$ million, unless specified

	Prior Framework	Current Framework
FY 2022 Adjusted Gross Profit	\$(3)	\$(3)
Incremental deals at or close to <u>double-digit</u> margins		
• Signing contracts at higher margins relative to legacy contracts	\$40 - \$70	\$40 - \$50
Improved Supply Chain Visibility	-	\$20 - \$30
Better risk management and improved execution		
• Pricing index, Passing logistics costs, Gen 6 issues behind us	\$23 - \$33	\$28 - \$38
FY 2023 Adjusted Gross Profit	\$60 - \$100	\$85 - \$115

Note 1: Improved supply chain visibility enables conversion of new deals backlog into 2023 revenue.



Q1'23 Cash at \$462, No Recourse Debt, In-line with Commitments

Expect FY'23 to end with liquidity >\$500M; ample liquidity for cash needs for next 12 months

All figures in \$ million, unless specified

DESCRIPTION	Q1'23A	FY'23 Framework
Total Cash as of 9/30/22	\$540	
Financing	-	Assumes no debt or equity financing
Investing	\$(8)	Low double digit
Adj. EBITDA	\$(25)	See comments on slide 12
GAAP-only items	\$(2)	Non-recurring items
Change in Operating Cash ²	\$(43)	10% of YOY revenue increase; stronger operating cash in H2
Total Cash as of 12/31/22	\$462	

Prior call cash framework intact

Note 1: Total cash includes Cash and Cash Equivalents + Restricted Cash + Short-term investments.

Note 2: Include \$21 note receivable and \$2 proceeds from employees stock options exercised are shown as a part of operating cash in the bridge given its underlying nature. Change in operating cash mostly attributable to cash paid in conjunction with our battery vendor negotiations, net of our claims recovery. Refer to disclosure in FY 2022 10-K.



Non-GAAP Financial Measures & Reconciliations

(\$ in millions)	Q1'22	Q4'22	Q1'23
NET LOSS	(111.5)	(56.2)	(37.2)
ADD (DEDUCT):			
INTEREST EXPENSE (INCOME), NET	0.6	(1.2)	(0.7)
INCOME TAX EXPENSE (BENEFIT)	0.4	1.9	(0.6)
DEPRECIATION AND AMORTIZATION	1.4	2.2	2.4
STOCK-BASED COMPENSATION ^(a)	24.9	9.1	8.5
OTHER EXPENSES ^(c)			
COVID-19 pandemic	36.9	-	-
BBC Finland Cargo Loss Incident	4.3	2.7	1.1
Other	0.1	1.6	1.0
ADJUSTED EBITDA¹	(43.0)	(39.9)	(25.5)

(\$ in millions)	Q1'22	Q4'22	Q1'23
GROSS (LOSS) PROFIT	(53.1)	10.7	12.1
ADD (DEDUCT):			
STOCK-BASED COMPENSATION ^(b)	3.5	1.6	0.9
OTHER EXPENSES ^(c)			
COVID-19 pandemic	36.9	-	-
BBC Finland Cargo Loss Incident	4.3	2.7	1.1
Other	-	-	0.6
ADJUSTED GROSS (LOSS) PROFIT¹	(8.4)	15.0	14.7

- a) Included incentive awards that will be settled in shares and awards that will be settled in cash.
- b) Included COGS portion of stock compensation only
- c) Other primarily consists of severance costs and other legal matters.



Note 1: May not reconcile to financial statements due to rounding.

Non-GAAP Financial Measures & Reconciliations

(\$ in millions)	Q1'22	Q4'22	Q1'23
NET LOSS	(111.5)	(56.2)	(37.2)
ADD (DEDUCT):			
AMORTIZATION OF INTANGIBLE ASSETS	0.9	1.4	1.5
STOCK-BASED COMPENSATION ^(a)	24.9	9.1	8.5
OTHER EXPENSES ^(b)			
IPO one-time expenses	0.1	-	-
COVID-19 pandemic	36.9	-	-
BBC Finland Cargo Loss Incident	4.3	2.7	1.1
Other	-	1.6	1.0
ADJUSTED NET LOSS¹	(44.4)	(41.4)	(25.1)

- a. Included incentive awards that will be settled in shares and awards that will be settled in cash.
- b. Other primarily consists of severance costs and other legal matters.



Note 1: May not reconcile to financial statements due to rounding.

Upcoming Events

FEB 9, 2023

Q1 Earnings Call

FEB 27, 2023

Credit Suisse Energy Summit Vail

FEB 28, 2023

BofA Power, Utilities, Clean Energy
Conference Boston

MAR 21, 2023

Piper Sandler Energy Conference Las Vegas

MAY 2023

Q2 Earnings Call

Investor Relations Contact



Lexington May

Vice President, Finance & Investor Relations
Lexington.May@fluenceenergy.com

