

Fluence Energy Inc.

Supplemental operations and financial metrics

Fluence Energy Inc. Supplemental operations and financial metrics¹

all numbers in \$ million, unless specified

	FY'22	Q1'23	Q2'23	Q3'23	Q4'23	FY'23	Q1'24
Income Statement metrics							
Energy storage solutions	1,180	306	694	530	668	2,198	357
Services and Digital	18	5	4	6	5	20	7
Total Revenue	1,199	310	698	536	673	2,218	364
Energy Storage solutions GWh (Revenue Rec basis)	3.7	0.8	2.0	1.5	1.5	5.9	1.0
Adjusted Gross Profit (Loss)²	(54)	13	32	24	78	147	38
Adjusted Gross Profit (Loss) % ²	(4.5%)	4.2%	4.6%	4.4%	11.6%	6.6%	10.5%
Operating expenses, excluding stock compensation expenses²	(186)	(54)	(61)	(56)	(59)	(231)	(62)
Operating expenses, excluding stock compensation expenses % ²	15.5%	17.4%	8.8%	10.4%	8.8%	10.4%	17.0%
Adjusted EBITDA²	(235)	(26)	(28)	(27)	20	(61)	(18)
Adjusted EBITDA % ²	(19.6%)	(8.4%)	(4.0%)	(5.1%)	2.9%	(2.8%)	(5.0%)
GAAP metrics							
Gross Profit	(62)	12	31	22	76	141	36
Net Income / (loss)	(289)	(37)	(37)	(35)	5	(105)	(26)
Demand metrics							
Order intake	1,769	856	847	565	737	3,005	1,134
Backlog, in \$ billion	2.2	2.7	2.8	2.9	2.9	2.9	3.7
Annual recurring revenue (ARR)							64
Balance sheet metrics							
Cash and cash equivalents	357	287	194	298	346	346	318
Restricted Cash	72	65	118	118	116	116	159
Investments	110	111	71	-	1	1	-
Total Cash	540	462	384	416	463	463	477
Total Recourse Debt	-	-	-	-	-	-	-
Shares, Class A Issued, in millions	115	117	117	119	120	120	127

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	FY'22	Q1'23	Q2'23	Q3'23	Q4'23	FY'23	Q1'24
Top of the funnel metrics (GWs and GWh)							
Energy Storage Solutions							
Orders in GW	1.9	0.6	0.6	0.4	0.6	2.2	1.2
Orders in GWh	4.0	1.8	1.1	1.4	2.1	6.3	2.8
Pipeline in GW	9.3	9.7	10.7	11.5	12.2	12.2	13.2
Energy Storage solutions Deployed, cumulative (GW)	1.8	1.9	2.3	2.5	3.0	3.0	3.6
Energy Storage solutions Deployed, cumulative (GWh)	5.0	5.1	5.5	6.1	7.2	7.2	8.7
Services							
Orders in GW	1.3	0.1	1.0	0.1	0.7	1.9	1.1
Orders in GWh	2.2	0.2	2.8	0.1	1.6	4.8	2.3
Pipeline in GW	8.8	8.3	7.5	8.3	13.7	13.7	14.7
Services attachment rate	56%	11%	263%	11%	78%	76%	82%
Services attachment rate, Deployed, cumulative		96%	97%	91%	95%	95%	94%
Digital Applications							
Orders in GW	4.9	0.8	2.7	1.0	1.8	6.2	0.4
Pipeline in GW	19.6	20.6	21.4	19.4	24.4	24.4	31.7
Assets Under Management							
Services - storage assets in GWh	5.0	5.1	5.3	5.6	6.9	6.9	8.1
Digital - storage assets in GW	0.3	0.5	0.5	0.6	0.6	0.6	0.7
Digital - non-storage assets in GW	13.4	13.6	14.3	13.7	14.9	14.9	16.3
Digital - assets in GW	13.7	14.0	14.8	14.4	15.5	15.5	17.0

Note 1: Included in this document are certain non-GAAP financial measures, including Adjusted EBITDA, Adjusted Gross Profit (Loss), Adjusting Gross Profit (Loss) % (Margin), Operating Expenses (excluding stock compensation), and Operating Expenses (excluding stock compensation) as a percentage of revenue, 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. Please refer to the reconciliations of the non-GAAP financial measures to their most directly comparable GAAP measures included in this sheet and the accompanying tables contained at the end of this document.

Note 2: Non-GAAP financial metric. Refer to attachment for a reconciliation of such non-GAAP financial measure to the most directly comparable GAAP financial measure.

Fluence Energy Inc. Basis of preparation and metrics definitions

Please see our periodic reports filed with the SEC and our quarterly earnings presentations available on our website at <https://ir.fluenceenergy.com/>

1. Basis of Preparation

Note 1: Due to rounding, numbers presented may not add up precisely to totals provided.

Note 2: All numbers presented are reflected as of December 31, 2023.

Note 3: Correlation between GW and GWh numbers depends on duration (in hours) of orders or projects reported in each period and may be not linear between the periods.

Note 4: Methodology used for definition of some metrics may be revised in the future as appropriate and details of changes, if any, will be disclosed accordingly.

2. Definitions

Revenue in GWh

Calculated in line with revenue recognition basis in \$, based on projects data as of December 31, 2023.

Solutions

Solutions are defined as energy storage products as this is more reflective of offering provided. Could be also referred as Hardware Solutions in some cases and should never be interpreted as "batteries offerings".

Operating Expenses, Excluding Stock Compensation Expense

Represents Sales & Marketing and General & Administrative expenses, including Research & Development and Depreciation & Amortization expenses, excluding stock compensation expenses. Includes corporate opex spend.

Order Intake

Represents new energy storage solution contracts, new service contracts and new digital application contracts signed during each period presented, including firm and binding purchase orders, letter of awards, change orders or other signed contracts from the customer that is received and accepted by us.

Backlog

Represents signed energy storage solutions contracts, service agreements and digital application contracts, including any subsequent change orders, net of revenue already recognized in prior periods.

Total Cash

Total Cash includes Cash and cash equivalents, Restricted Cash, Short-Term Investments and Deposits, stated at fair value and including accrued interest.

Deployed

Represents cumulative energy storage products and solutions that have achieved substantial completion and are not decommissioned.

Pipeline

Represents our uncontracted, potential revenue from energy storage products and solutions, service and digital software contracts which have a reasonable likelihood of contract execution within 24 months.

Services attachment rate

Calculated as "Services Orders in GWh" / "Energy Storage Solutions Orders in GWh" in each respective period. There might be a lag effect in the calculated attachment rate if Service order is signed in the period after the Solution order was signed.

Services attachment rate, Deployed, cumulative

Calculated as "Services - storage assets in GWh" / "Energy Storage solutions Deployed, cumulative (GWh)". For this calculation, "Services - storage assets in GWh" ("AUM") excludes assets where services have commenced, but storage solutions not deployed yet.

Assets Under Management

Assets Under Management for service contracts represents our long-term service contracts with customers associated with completed energy storage 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. Not limited to energy storage solutions delivered by Fluence.

Assets under management for digital software represents contracts signed and active (post go live).

Annual Recurring Revenue (ARR)

ARR represents the annualized value of software subscriptions, licensing, long term service agreements, and warranty fee arrangements as of the measurement date.

Non-GAAP Financial Measures & Reconciliations

Adjusted EBITDA (\$ in millions)	Actuals							Three Months Ended December 31			
	2022	2023	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	2023	2024	Change	Change %
Net loss	(289)	(105)	(37)	(37)	(35)	5	(26)	(37)	(26)	12	31%
Add (deduct):											
Interest expense (income), net	(0)	(5)	(1)	(2)	(2)	(1)	(2)	(1)	(2)	(1)	204%
Income tax expense (benefit)	1	5	(1)	(0)	(1)	7	(1)	(1)	(1)	(1)	101%
Depreciation and amortization	7	11	2	3	3	3	3	2	3	0	19%
Stock-based compensation ^(a)	44	27	8	7	6	6	6	8	6	(3)	(34%)
Other expenses ^(b)	2	7	2	2	2	1	2	2	2	0	32%
Adjusted EBITDA	(235)	(61)	(26)	(28)	(27)	20	(18)	(26)	(18)	8	30%
Adjusted EBITDA %	(19.6%)	(2.8%)	(8.4%)	(4.0%)	(5.1%)	2.9%	(5.0%)	(8.4%)	(5.0%)	8	3.4%

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

Adjusted Gross Profit (Loss) (\$ in millions)	Actuals							Three Months Ended December 31			
	2022	2023	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	2023	2024	Change	Change %
Total revenue	1,199	2,218	310	698	536	673	364	310	364	53	17%
Cost of goods and services	<u>1,261</u>	<u>2,077</u>	<u>298</u>	<u>667</u>	<u>515</u>	<u>597</u>	<u>328</u>	<u>298</u>	<u>328</u>	<u>29</u>	<u>10%</u>
Gross profit (loss)	(62)	141	12	31	22	76	36	12	36	24	202%
Add (deduct):											
Stock-based compensation ^(a)	9	4	1	1	1	1	1	1	1	0	40%
Amortization ^(b)	-	1	-	-	0	0	0	-	0	0	-
Other expenses ^(c)	-	1	0	0	0	1	0	0	-	(0)	(100%)
Adjusted Gross Profit (Loss)	(54)	147	13	32	24	78	38	13	38	25	190%
Adjusted Gross Profit (Loss), %	(4.5%)	6.6%	4.2%	4.6%	4.4%	11.6%	10.5%	4.2%	10.5%	25	6.2%

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

Operating Expenses (\$ in millions)	Actuals							Three Months Ended December 31			
	2022	2023	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	2023	2024	Change	Change %
Research and Development	60.1	66.3	19.2	22.6	9.9	14.7	15.4	19.2	15.4	(3.7)	(19%)
Sales and Marketing	37.2	41.1	8.8	10.4	10.1	11.8	10.7	8.8	10.7	1.9	22%
General and Administrative	116.7	136.3	31.3	31.8	38.1	35.1	37.7	31.3	37.7	6.5	21%
Depreciation and amortization	7.1	9.8	2.4	2.7	2.3	2.5	2.5	2.4	2.5	0.1	2%
Less: Stock-Based Compensation	35.6	22.8	7.6	6.0	4.5	4.7	4.4	7.6	4.4	(3.2)	(42%)
Operating Expenses excluding Stock Compensation	185.6	230.8	54.1	61.4	56.0	59.4	62.0	54.1	62.0	7.9	15%
Operating Expenses (excl. Stock Comp.) as % of Revenue	15.5%	10.4%	17.4%	8.8%	10.4%	8.8%	17.0%	17.4%	17.0%	0.4%	(0.4%)

Note: For more information on adjustments to non-GAAP financial measures, please refer to prior period investor presentations, earnings releases, and other documentation available on the Fluence Investor Relations website at <https://ir.fluenceenergy.com/> for reconciliations to the most directly comparable GAAP financial measures and related footnotes; provided, that as noted above, costs related to the Covid-19 pandemic and the cargo loss incident are no longer excluded from the Company's non-GAAP results beginning the period ended June 30, 2023 and the periods presented herein have been recast from historical presentation accordingly.