UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended December 31, 2022

OR

o **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 x No o

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 x No o

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	o	Accelerated filer	o
Non-accelerated filer	x	Smaller reporting company	o
		Emerging growth company	x

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. x

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

As of February 5, 2023, the registrant had 116,187,222 shares of Class A common stock outstanding and 58,586,695 shares of Class B-1 common stock outstanding.

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Cautionary Statement Regarding Forward-Looking Information

Certain statements in this Quarterly Report on Form 10-Q for the three-months ended December 31, 2022 (this "Report"), excluding historical information, contain or may contain forward-looking statements. 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, business strategy and plans, and objectives of management for future operations, including, among others, statements regarding expected growth, introduction of new products and services, future capital expenditures and debt service obligations, 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.

Factors that could cause our actual results to differ materially from those indicated in any forward-looking statements, include, but are not limited to, the following:

- our future financial and operating performance, including our ability to achieve or maintain profitability;
- our ability to successfully execute our business plan and growth strategy;
- the sufficiency of our cash and cash equivalents to meet our liquidity needs;
- our ability to attract and retain customers;
- our ability to develop new offerings and services, including digital applications;
- our ability to optimize existing and future sales channels and market segmentation;
- our ability to compete with existing and new competitors in existing and future markets and offerings;
- our revenue may be affected by any disruptions in asset deployment caused by supply, construction or utility delays;
- our ability to manage our supply chains and distribution channels, including our ability to secure inventory from suppliers to meet customer demand and source materials in line with our expectations;
- risk associated with fluctuations in the market prices of commodity raw materials, including steel, aluminum, lithium carbonate, and cobalt, that are used in the components from suppliers, such as lithium-ion batteries, that are used in our energy storage products and solutions;
- our ability to attract and retain talent;
- the impact of economic, social, and political instability in the markets in which we operate and other regions of the world, including any impacts arising out of the ongoing conflict in Ukraine;
- changes in levels of inflation, interest rates, and foreign currency exchange rates and related actions taken by government authorities in connection therewith;
- our expectations regarding the size and growth of our existing and future markets in which we compete;
- the continued and potential future impact of the COVID-19 pandemic on our ground operations at project sites, our manufacturing facilities, our customers, our workforce, and our suppliers and our vendors;
- our ability to maintain customer contracts due to events and incidents relating to storage, delivery, installation, operation and shutdowns of our energy storage products and solutions, including events and incidents outside of our control;

- our ability to prevent defects, errors, or bugs in hardware or software of our products and technology as well as any defects that may give rise to claims of product liability or other potential legal claims;
- our ability to manage information technology related risks;
- the impact of compliance with any existing and future applicable laws, regulations, sanctions, or tariffs on our business and operations;
- the status and implementation of government and economic incentives for energy storage products and solutions and/or services;
- our assessment and expectations regarding our global growth;
- our ability to maintain, protect, and enhance our intellectual property;
- our ability to recognize anticipated synergies from strategic initiatives and/or acquisitions by the Company;
- the increased expenses associated with being a public company;
- the continued listing of our securities on the Nasdaq Global Select Market;
- the significant influence that Siemens AG and AES Grid Stability, LLC have over us, including control over decisions that require the approval of stockholders; and
- other factors described in Part I, 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 (the “2022 Annual Report”).

The foregoing factors should not be construed as exhaustive and should be read together with the other cautionary statements included 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, 2022	September 30, 2022
Assets		
Current assets:		
Cash and cash equivalents	$ 286,735	$ 357,296
Restricted cash	55,233	62,425
Short-term investments	109,862	110,355
Trade receivables	108,591	86,770
Unbilled receivables	224,484	138,525
Receivables from related parties	56,678	112,027
Advances to suppliers	55,191	54,765
Inventory, net	1,083,607	652,735
Other current assets	29,747	26,635
Total current assets	2,010,128	1,601,533
Non-current assets:		
Property and equipment, net	15,167	13,755
ROU Asset - Operating Leases	2,004	2,403
Intangible assets, net	51,482	51,696
Goodwill	25,816	24,851
Deferred income tax asset	2,571	3,028
Advances to suppliers	—	8,750
Debt issuance cost	2,590	2,818
Note receivable - pledged as collateral	24,330	24,330
Other non-current assets	17,839	12,490
Total non-current assets	141,799	144,121
Total assets	$ 2,151,927	$ 1,745,654
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 505,620	$ 304,898
Deferred revenue	469,098	273,073
Personnel related liabilities	14,410	21,286
Accruals and provisions	160,187	183,814
Payables and deferred revenue with related parties	358,064	306,348
Taxes payable	7,898	11,114
Current portion of operating lease liabilities	1,636	1,732
Other current liabilities	9,441	7,198
Total current liabilities	1,526,354	1,109,463
Non-current liabilities:		
Operating lease liabilities, net of current portion	668	1,011
Deferred income tax liability	3,467	4,876
Borrowings against note receivable - pledged as collateral	21,142	—
Other non-current liabilities	1,279	1,096
Total non-current liabilities	26,556	6,983
Total liabilities	1,552,910	1,116,446
Stockholders' Equity:		
Preferred stock, $0.00001 per share, 10,000,000 shares authorized; no shares issued and outstanding as of December 31, 2022 and September 30, 2022	—	—
Class A common stock, $0.00001 par value per share, 1,200,000,000 shares authorized; 116,645,242 shares issued and 116,072,991 shares outstanding as of December 31, 2022; 115,424,025 shares issued and 114,873,121 shares outstanding as of September 30, 2022	1	1
Class B-1 common stock, $0.00001 par value per share, 200,000,000 shares authorized; 58,586,695 and 58,586,695 shares issued and outstanding as of December 31, 2022 and September 30, 2022, respectively	—	—
Class B-2 common stock, $0.00001 par value per share, 200,000,000 shares authorized; no shares issued and outstanding as of December 31, 2022 and September 30, 2022	—	—
Treasury stock, at cost	(5,301)	(5,013)
Additional paid-in capital	554,924	542,602
Accumulated other comprehensive income	410	2,784
Accumulated deficit	(129,186)	(104,544)
Total stockholders' equity attributable to Fluence Energy, Inc.	420,848	435,830
Non-Controlling interests	178,169	193,378
Total stockholders' equity	599,017	629,208
Total liabilities and stockholders' equity	$ 2,151,927	$ 1,745,654

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, 2022	Three Months Ended December 31, 2021
Revenue	$ 209,454	$ 27,054
Revenue from related parties	101,006	147,833
Total revenue	310,460	174,887
Cost of goods and services	298,420	228,036
Gross (loss) profit	12,040	(53,149)
Operating expenses:		
Research and development	19,162	10,758
Sales and marketing	8,792	13,059
General and administrative	31,267	31,201
Depreciation and amortization	2,424	1,427
Interest expense	816	682
Other income (expense), net	12,614	(826)
Loss before income taxes	(37,807)	(111,102)
Income tax expense (benefit)	(614)	358
Net loss	$ (37,193)	$ (111,460)
Net loss attributable to non-controlling interest	$ (12,551)	$ (82,655)
Net loss attributable to Fluence Energy, Inc.	$ (24,642)	$ (28,805)
Weighted average number of Class A common shares outstanding		
Basic and diluted	115,393,437	54,143,275
Loss per share of Class A common stock		
Basic and diluted	$ (0.21)	$ (0.53)
Foreign currency translation gain (loss), net of income tax expense of $0.3 million in 2022, and $0 in 2021	(3,585)	299
Total other comprehensive income (loss)	$ (3,585)	$ 299
Total comprehensive loss	$ (40,778)	$ (111,161)
Comprehensive loss attributable to non-controlling interest	$ (13,761)	$ (82,570)
Total comprehensive loss attributable to Fluence Energy, Inc.	$ (27,017)	$ (28,591)

The accompanying notes are an integral part of these condensed statements

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

	Class A Common Stock		Class B-1 Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Treasury Stock		Non-Controlling interest	Total stockholders' equity and members' deficit
	Shares	Amount	Shares	Amount				Shares	Amount		
Balance at September 30, 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 and related vesting	180,684	—	—	—	8,477	—	—	—	—	—	$ 8,477
Repurchase of Class A 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)	$ 0
Proceeds from exercise of stock options	1,040,533	—	—	—	2,398	—	—	—	—	—	$ 2,398
Foreign currency translation gain (loss), net of income tax (expense) benefit of $(0.3) million	—	—	—	—	—	—	(2,374)	—	—	(1,211)	$ (3,585)
Balance at December 31, 2022	116,072,991	$ 1	58,586,695	$ —	$ 554,924	$ (129,186)	$ 410	572,251	$ (5,301)	$ 178,169	$ 599,017

	Mezzanine Equity	Members' capital contributions	Class A Common Stock		Class B-1 Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Non-Controlling interest	Total stockholders' equity and members' deficit
			Shares	Amount	Shares	Amount					
Balance at September 30, 2021	$ 117,235	$ 106,152	—	$ —	—	$ —	$ —	$ (279,301)	$ (285)	$ —	$ (173,434)
Net loss prior to the Transactions	—	—	—	—	—	—	—	—	—	(20,317)	$ (20,317)
Other comprehensive gain prior to the Transactions, net of income tax benefit of $0	—	—	—	—	—	—	—	—	175		$ 175
Effect of the Organization Transactions	(117,235)	(106,152)	18,493,275	—	117,173,390	1	(24,091)	279,301	75	(31,899)	$ 117,235
Issuance of class A common stock in IPO, net of issuance cost	—	—	35,650,000	—	—		295,740			640,022	$ 935,762
Net loss subsequent to the transactions	—	—	—		—			(28,805)	—	(62,338)	$ (91,143)
Activity under stock-based compensation plan	—	—	—		—		9,698		—		$ 9,698
Other comprehensive gain subsequent to the Transactions, net of income tax expense of $0	—	—	—		—		—		39	85	$ 124
Balance at December 31, 2021	$ —	$ —	54,143,275	$ —	117,173,390	$ 1	$ 281,347	$ (28,805)	$ 4	$ 525,553	$ 778,100

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,	
	2022	2021
Operating activities		
Net loss	$ (37,193)	$ (111,460)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Depreciation and amortization	2,424	1,427
Amortization of debt issuance costs	229	137
Inventory provision	(330)	3,517
Stock-based compensation expense	8,477	24,877
Deferred income taxes	(951)	—
Provision (benefit) on loss contracts	(2,720)	5,668
Changes in operating assets and liabilities:		
Trade receivables	(21,821)	(9,472)
Unbilled receivables	(85,959)	15,042
Receivables from related parties	55,349	(15,026)
Advances to suppliers	8,033	(30,845)
Inventory, net	(430,541)	(56,086)
Other current assets	(3,507)	(134)
Other non-current assets	375	(35,371)
Accounts payable	200,722	(59,244)
Payables and deferred revenue with related parties	51,716	(21,904)
Deferred revenue	196,026	74,400
Current accruals and provisions	(20,907)	23,027
Taxes payable	(3,216)	4,872
Other current liabilities	(4,806)	(4,794)
Other non-current liabilities	(298)	(182)
Net cash used in operating activities	(88,898)	(191,551)
Investing activities		
Proceeds from maturities of short-term investments	1,178	—
Payments for purchase of investment in joint venture	(5,013)	—
Purchase of property and equipment	(2,496)	(870)
Net cash used in investing activities	(6,331)	(870)
Financing activities		
Proceeds from issuance of Class A common stock sold in an IPO, net of underwriting discounts and commissions	—	947,991
Payment of IPO costs	—	(5,465)
Payment of transaction cost related to issuance of Class B membership units	—	(6,320)
Payment of debt issuance costs	—	(2,719)
Repurchase of class A common stock placed into treasury	(288)	—
Proceeds from exercise of stock options	2,398	—
Repayment of promissory notes – related parties	—	(50,000)
Repayment of line of credit	—	(50,000)
Proceeds from borrowing against note receivable - pledged as collateral	21,142	—
Net cash provided by financing activities	23,252	833,487
Effect of exchange rate changes on cash and cash equivalents	(5,776)	280
Net (decrease) increase in cash and cash equivalents	(77,753)	641,346
Cash, cash equivalents, and restricted cash as of the beginning of the period	429,721	38,069
Cash, cash equivalents, and restricted cash as of the end of the period	$ 351,968	$ 679,415
Supplemental Cash Flows Information		
Interest paid	$ 274	$ 503
Cash paid for income taxes	$ 284	$ 9

Non-cash financing activities		
Reclassification of deferred offering costs to additional paid-in capital	—	6,764
IPO costs included in accounts payable	—	4,865

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 will be 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. will pay income taxes with respect to their allocable shares of its net taxable income. As of December 31, 2022, Fluence Energy, LLC had subsidiaries operating in Germany, Australia, Philippines, Chile, the Netherlands, the United States, India, Singapore, 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.

Our fiscal year begins on October 1 and ends on September 30. References to "fiscal year 2021" and "fiscal year 2022" refer to the fiscal years ended September 30, 2021 and September 30, 2022, respectively.

The Company's chief operating decision maker ("CODM") is its Chief Executive Officer. The Company's CODM reviews financial information on a condensed 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.

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 66.46% interest as of December 31, 2022. 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. Prior to the IPO, Fluence Energy, Inc. had no operations and had no assets or liabilities. Accordingly, financial results, balances, and other information included herein for periods prior to the IPO are reflective of Fluence Energy, LLC. The table below summarizes the ownership structure at end of each respective period:

	December 31, 2022	September 30, 2022
Controlling Interest Ownership	66.46 %	66.22 %
Non-Controlling Interest Ownership (AES)	33.54 %	33.78 %

Unaudited Interim Financial Information

The accompanying condensed consolidated financial statements as of December 31, 2022, and for the three months ended December 31, 2022 and 2021 are unaudited. These financial statements should be read in conjunction with the Company's audited financial statements included in our 2022 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, 2022, the results of its operations for the three months ended December 31, 2022 and 2021, and its cash flows for the three months ended December 31, 2022 and 2021. The financial data and other information disclosed in these notes related to the three months ended December 31, 2022 and 2021 are also unaudited. The results for the three months ended December 31, 2022 and 2021 are not necessarily indicative of results for the full year ending September 30, 2023 and 2022, any other interim periods, or any future year or period. The balance sheet as of September 30, 2022 included herein was derived from the audited financial statements as of that date. Certain disclosures have been condensed or omitted from the interim financial statements.

For a complete description of our significant accounting policies, refer to Note 2 - *Summary of Significant Accounting Policies and Estimates* to the audited consolidated financial statements included in our 2022 Annual Report. We include herein certain updates to those policies.

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-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 long-term assets. Otherwise, restricted cash is included as a separate line item on the Company's consolidated balance sheets.

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

in thousands		December 31, 2022		September 30, 2022
Cash and cash equivalents	$	286,735	$	357,296
Restricted cash		55,233		62,425
Restricted cash included in "Other non-current assets"	$	10,000		10,000
Total cash, cash equivalents and restricted cash	$	351,968	$	429,721

Restricted cash consisted of the following:

in thousands		December 31, 2022		September 30, 2022
Collateral for credit card program	$	1,901	$	1,580
Collateral for outstanding bank guarantees		53,332		60,845
Collateral for surety program included in "Other non-current assets"		10,000		10,000
Total restricted cash	$	65,233	$	72,425

Revenue and Cost Recognition

The Company's revenue recognition policy included herein is based on the application of ASC 606. As of December 31, 2022, the Company's revenue was generated primarily from sale of energy storage products and solutions, providing operational services, and digital applications and solutions.

Revenue from Sale of 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 and solutions. Each storage product and or solution 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 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 and solutions are determined to have one performance obligation. The Company believes that the prices negotiated with each individual customer are representative of the stand-alone selling price of the product.

The Company recognizes revenue over time as a result of the continuous transfer of control of our product to the customer. This continuous 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 the project is built on customer's land that is under the customer's control.

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 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. 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 ("LDs") against Fluence in the event specified milestones are not met on time or equipment is not delivered according to contract specifications. LDs 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 judgments 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.

At times Fluence will 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 negotiated claim or change order with the customer. When this fact pattern occurs on a contract it will 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. For the quarter ended December 31, 2022, we recognized revenue of approximately $11.5 million on a change order during the period in which the performance obligations were substantially satisfied in previous periods.

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 the customers. We 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 threshold for a given term are considered service-type warranties. 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: In October 2020, Fluence Energy, LLC acquired the Advanced Microgrid Solutions (“AMS”) software and digital intelligence platform, which became the Fluence Trading Platform. In April 2022, the Company acquired Nispera AG, a Zurich based provider of artificial intelligence (AI) and machine learning-enabled Software-as-a-Service (SaaS) targeting the renewable energy sector. Contracts involving the Fluence Trading Platform are generally entered into with commercial entities that control utility-scale storage and renewable generation assets. Fluence Trading Platform arrangements consist of a promise to provide access to proprietary cloud-based Software-as-a-Service to promote enhanced financial returns on the utility-scale storage and renewable generation assets. The Fluence Trading Platform is a hosted service that delivers automated, market-compliant bids to local electricity market operators. Customers do not receive legal title or ownership of the software as a result of these arrangements.

The Fluence Trading Platform is technology- and vendor-agnostic (i.e., it can be utilized for wind and solar assets as well as non-Fluence systems). The Fluence Trading Platform is separately identifiable from other services 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 Trading Platform is accounted for as a separate performance obligation. Revenue from the Fluence Trading Platform includes an integration fee and a monthly subscription fee. We consider the access to the Fluence Trading 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.

For our sale of energy storage products, services, and digital applications and solutions contracts where there are multiple performance obligations in a single contract, the Company allocates the consideration to the various obligations in the contract based on the relative standalone selling price method. Standalone selling prices are estimated based on estimated costs plus margin. Revenue is recorded net of any taxes assessed on and collected from customers, which are remitted to the governmental authorities.

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 which is recorded 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 batteries and equipment, cases, 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 market conditions.

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 three months 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.

Short-term Investments and Marketable Securities: We obtain pricing from Level 1 inputs which includes information from quoted market prices, pricing vendors or quotes from brokers/dealers. We conduct reviews of our primary pricing vendors to determine whether the inputs used in the vendor’s pricing processes are deemed to be observable. The fair value of U.S. Treasury securities and government-related securities, corporate bonds and notes and common stock is generally determined using standard observable inputs, including reported trades, quoted market prices, matrix pricing, benchmark yields, broker/dealer quotes, issuer spreads, two-sided markets and/or benchmark securities. Marketable securities are presented on the balance sheets at fair value at the end of each reporting period. Gains and losses resulting from the change in fair value of these securities is included in "*Other Income*" in the accompanying statement of operations. The Company recorded a gain of $0.7 million from short-term investments for the three months ended December 31, 2022.

in thousands		**Three Months Ended December 31, 2022**
Beginning balance		110,355
Contributions / (withdrawals)		(1,178)
Changes in fair market value		685
Ending Balance	$	109,862

Supply Chain Financing

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, 2022, AES and Siemens issued guarantees of $50 million each, for a total of $100 million, to the SCF Bank on our behalf.

As of December 31, 2022, three suppliers were actively participating in the supply chain financing program, and we had $97.8 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.

Loss per Share

As of December 31, 2022, 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 earnings (loss) per share is calculated for each class of common stock considering both distributions declared or accumulated and participation rights in undistributed earnings as if all such loss had been distributed during the period.

Basic net 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, at the Company's election, for cash or Class A common stock 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,	
	2022	2021
Class B-1 common stock	58,586,695	117,173,390
Outstanding stock options	7,835,243	11,294,681
Outstanding phantom units	513,865	2,170,541
Outstanding restricted stock units (“RSUs”)	2,011,690	670,487

In October 2021, the existing limited liability company agreement of Fluence Energy, LLC was amended and restated which recapitalized all existing interests in the Company on the basis of a 14.79-for-1 split. All shares and per share information has been retroactively adjusted to give effect to the recapitalization for all periods presented, unless otherwise indicated.

All earnings prior to and up to November 1, 2021, the date of completion of the IPO, were entirely allocable to non-controlling interest and, as a result, loss per share information is not applicable for reporting periods prior to this date. Consequently, only the net loss allocable to Fluence Energy, Inc. from the period subsequent to November 1, 2021 is included in the net loss attributable to the stockholders of Class A common stock for the three months ended December 31, 2022 and 2021. Basic and diluted net loss per share of Class A common stock for the three months ended December 31, 2022 and 2021, respectively, have been computed as follows:

In thousands, except share and per share amounts	Three Months Ended December 31, 2022	Three Months Ended December 31, 2021
Net loss	(37,193)	(111,460)
Less: Net loss attributable to the non-controlling interest	$ (12,551)	$ (82,655)
Net loss attributable to Fluence Energy, Inc.	$ (24,642)	$ (28,805)
Weighted average number of Class A common stock - basic and diluted	115,393,437	54,143,275
Loss per share of Class A common stock, basic and diluted	$ (0.21)	$ (0.53)

Recent Accounting Standards Adopted

No new accounting standards were adopted during the three months ended December 31, 2022.

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. 2022-04: Liabilities-Supplier Finance Programs (Subtopic 405-50): Disclosure of Supplier Finance Program Obligations	In September 2022, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2022-04, "Disclosure of Supplier Finance Program Obligations" ("ASU 2022-04"). 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 rollforward of such obligations. This standard does not affect the recognition, measurement, or financial statement presentation of supplier finance program obligations.	ASU 2022-04 is effective for the Company beginning in its fiscal year ending, September 30, 2024 ("Fiscal 2024") and is to be applied retrospectively to all periods in which a balance sheet is presented. The annual rollforward disclosure is not required to be made until its fiscal year ending September 30, 2025 ("Fiscal 2025") and is to be applied prospectively. Early adoption is permitted.	The Company is evaluating the impact that this guidance will have on disclosures related to its supplier finance program obligations.

3. Revenue from Contracts with Customers

Our revenue is primarily derived from sales of our energy storage products and solutions.

	Three Months Ended December 31,	
In thousands	**2022**	**2021**
Revenue from sale of energy storage products and solutions	$ 305,803	$ 172,655
Revenue from services	3,441	1,896
Revenue from digital applications and solutions	781	336
Other	$ 435	$ —
Total	$ 310,460	$ 174,887

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

	Three Months Ended December 31,	
In thousands	**2022**	**2021**
Americas (North, Central and South America)	$ 176,471	$ 141,833
APAC (Asia Pacific)	19,560	16,809
EMEA (Europe, Middle-East and Africa)	114,429	16,245
Total	$ 310,460	$ 174,887

Customer Concentration

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

For the three months ended December 31, 2021, the Company had one customer that accounted for 84% 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:

	Three Months Ended December 31,	
In thousands	**2022**	**2021**
Deferred revenue beginning of period	$ 273,073	$ 71,365
Additions	287,840	87,800
Revenue recognized related to amounts that were included in beginning balance of deferred revenue	(91,815)	(13,400)
Deferred revenue end of period	$ 469,098	$ 145,765

	Three Months Ended December 31,	
In thousands	**2022**	**2021**
Deferred revenue from related parties beginning of period	$ 300,697	$ 220,122
Additions	88,530	87,543
Revenue recognized related to amounts that were included in beginning balance of deferred revenue	(38,332)	(107,580)
Deferred revenue from related parties end of period	$ 350,895	$ 200,085

Remaining Performance Obligations

The Company's remaining performance obligations ("backlog") represent the unrecognized revenue value of its contract 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 contract commitments and the backlog may fluctuate with currency movements. In addition, the Company's customers have the right, under some circumstances, to terminate contracts or defer the timing of its services and their payments to the Company.

As of December 31, 2022, the Company had $2.7 billion of remaining performance obligations related to our contractual commitments, of which we expect to recognize approximately 80% in revenue in the next 9 to 33 months, 15% in 34 to 57 months and the remainder thereafter.

Variable Consideration

As of December 31, 2022 and September 30, 2022, our transaction prices have been reduced to reflect variable consideration of $70.8 million and $75.5 million, respectively. Variable consideration primarily relates to our 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 use constraint in recognizing revenue on variable consideration.

4. Inventory, Net

Inventory consisted of the following:

In thousands	December 31, 2022			September 30, 2022		
	Cost	Provision	Net	Cost	Provision	Net
Cubes, batteries, and other equipment	$ 1,084,949	$ (1,624)	$ 1,083,325	$ 653,059	$ (1,294)	$ 651,765
Shipping containers and spare parts	294	(12)	282	982	(12)	970
Total	$ 1,085,243	$ (1,636)	$ 1,083,607	$ 654,041	$ (1,306)	$ 652,735

5. Other Current Assets

Other current assets consisted of the following amounts:

In thousands	December 31, 2022	September 30, 2022
Taxes recoverable	$ 14,956	$ 14,378
Advance payments	1,522	1,813
Prepaid expenses	1,750	2,095
Prepaid insurance	7,845	1,549
Derivative asset (a)	991	5,574
Other	$ 2,683	1,226
Total	$ 29,747	$ 26,635

(a) Derivative assets relate to forward contracts used to mitigate foreign exchange risk exposure 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 consist of the following:

In thousands	December 31, 2022			September 30, 2022		
	Cost	Accumulated Amortization	Net	Cost	Accumulated Amortization	Net
Patents and licenses	$ 28,557	$ (9,511)	$ 19,046	$ 28,551	$ (9,033)	$ 19,518
Developed technology	29,677	(3,413)	26,264	28,347	(2,720)	25,627
Customer relationship	3,534	(426)	3,108	3,340	(263)	3,077
Tradenames /Trademarks	5,257	(2,839)	2,418	5,216	(2,679)	2,537
Other	967	(321)	646	1,213	(276)	937
Total	$ 67,992	$ (16,510)	$ 51,482	$ 66,667	$ (14,971)	$ 51,696

Intangible assets are amortized over their estimated useful lives on a straight-line basis. Total amortization expense for the three months ended December 31, 2022 and 2021 was $1.5 million and $0.9 million, respectively.

7. Goodwill

No impairment was recognized for the three months ended December 31, 2022 and 2021, respectively. The following table presents the goodwill activity:

In thousands	Three Months Ended December 31,	
	2022	2021
Goodwill, Beginning of the period	$ 24,851	$ 9,176
Foreign currency adjustment	965	(9)
Goodwill, End of the period	$ 25,816	$ 9,167

8. Current Accruals and Provisions

Accruals mainly represent not yet invoiced milestones for inventory such as batteries, cubes, and inverters. According to master supply agreements between the Company and suppliers of the inventory, vendor bills are issued according to contracted billing schedules with some 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, 2022	September 30, 2022
Accrued purchases	$ 106,864	$ 120,446
Solution projects accruals	35,764	32,550
Provisions for expected project losses	16,290	30,032
Warranty accrual	2,291	1,625
Total	$ 161,209	$ 184,653
Less: non-current portion	(1,022)	(839)
Current portion	$ 160,187	$ 183,814

9. Debt

Revolving Credit Facility

On November 1, 2021, we 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 is 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. The maturity date of the Revolver is November 1, 2025.

The Revolver bears interest at either (i) the Adjusted LIBOR or Adjusted EURIBO Rate (each as defined in the Credit Agreement) plus 3.0% or (ii) the Alternate Base Rate (as defined in the 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 is 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 provides for up to $200.0 million in letter of credit issuances, which will require 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 Credit Agreement contains customary covenants for these types of financing, including, but not limited to, covenants that restrict 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 Credit Agreement limits 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 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, 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 Credit Agreement) (a) if after giving pro forma effect to such dividend or other Restricted Payment the Total Liquidity (as defined in the Credit Agreement) of Fluence Energy, Inc. and its subsidiaries party to the Credit Agreement is at least $600,000,000, or (b) such dividend or other Restricted Payment is made to reimburse Fluence Energy, Inc. for certain tax distributions under the Third Amended and Restated Limited Liability Company Agreement of Fluence Energy, LLC (the “LLC Agreement”) and certain payments under the Tax Receivable Agreement, dated as of November 1, 2021, entered into connection with the IPO, by and among Fluence Energy, Inc., Fluence Energy, LLC and the Founders (the “Tax

Receivable Agreement") and certain operational expenses incurred in connection with the ownership and management of Fluence Energy, LLC.

In addition, we are required to maintain (i) minimum liquidity and gross revenue requirements, in each case, until consolidated EBITDA reaches $150.0 million for the most recent four fiscal quarters and we make an election, and (ii) thereafter, a maximum total leverage ratio and a minimum interest coverage ratio. Such covenants will be tested on a quarterly basis. As of December 31, 2022, we were in compliance with all such covenants or maintained availability above such covenant triggers.

As of December 31, 2022, we had no borrowings under the Revolver and availability under the facility of $156.4 million, net of letters of credit issued of $43.6 million.

Line of Credit

Prior to the IPO, the Company had an Uncommitted Line of Credit Agreement ("Line of Credit') with Citibank, N.A. ("Citibank") which allowed us to borrow an amount in aggregate not to exceed $50.0 million, with the expiration date on March 31, 2023. Outstanding borrowings from the Line of Credit were $50.0 million as of September 30, 2021. The weighted average annual interest rate of the borrowing was 2.83%. On November 1, 2021, the $50.0 million outstanding borrowings from the Line of Credit was paid off using the proceeds from our IPO and the Line of Credit was canceled shortly thereafter.

Refer to Note 12 — *Related-Party Transactions* for borrowings from related parties.

Borrowings Against Note Receivable - Pledged as Collateral

During the quarter, we transferred $24.3 million in customer receivables to Standard Charter 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 had a maturity date of 24 months as of September 30, 2022 and was previously classified under "*Other non-current assets*." The transaction is treated as a secured borrowing as we did not transfer the entire note receivable 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 which represents the initial receivable balance from the customer. We have no other continuing involvement or exposure related to underlying receivables. We will record aggregate interest expense of $3.2 million to SCB over the 24 month period until the note receivable is fully due from the customer.

10. Income Taxes

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

Income tax expense (benefit) was $(0.6) million and $0.4 million for the three months ended December 31, 2022 and 2021, respectively. The effective tax rate for the three months ended December 31, 2022 and 2021 was 1.6% and (0.3)%, respectively. 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. For the three months ended December 31, 2021, the Company's effective tax rate differs from the U.S. statutory tax rate of 21% primarily due to flow-through losses incurred prior to the IPO on November 1, 2021, flow-through losses attributable to the Founders, and valuation allowances.

As of each of December 31, 2022 and September 30, 2022, 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, 2022 and September 30, 2022, 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.

11. Commitments and Contingencies

Guarantees

As of December 31, 2022, the Company had outstanding bank guarantees, parent guarantees and surety bonds issued as performance security arrangements for several projects. Performance security is a precondition to receive any payment from the customer and is reduced in stages according to the project completion status.

Typical turn-key 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.

Purchase Commitments

The Company has commitments for minimum volumes of purchases of batteries 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 presents our future minimum purchase commitments by fiscal year, primarily for batteries, and liquidated damages, if the minimum purchase volumes are not met, as of December 31, 2022:

in thousands	Purchase Commitments	Liquidated Damages
2023	643,125	24,569
2024	788,073	125,992
2025	178,568	34,975
2026 and thereafter	4,050	2,502
Total	$ 1,613,816	$ 188,038

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, 2022, the balance of $37.0 million is recorded within “Current assets - Advances to suppliers” and no portion remains within “Non-current assets - Advances to suppliers” on the condensed consolidated balance sheets.

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 amendments and settlement were consistent with what we had estimated and disclosed in our 2022 consolidated financial statements in our 2022 Annual Report. 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.

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 either a straight-line or cost to cost method depending on the contract. Extended warranties that customers purchase separately from the related products and services are accounted for as separate performance obligations.

The Company provides a limited warranty related to the successful operation of battery-based energy storage products and 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 and solutions.

For assurance-type warranties, the Company records an estimate of future warranty cost over the period of construction, consistent with transfer of control of the equipment or battery-based energy storage products. Periodically, the Company evaluates and adjusts warranty costs to the extent that actual warranty costs materially differ from the original estimates. As of December 31, 2022 and September 30, 2022, the Company accrued warranty liabilities of $2.3 million and $1.6 million, respectively.

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, among others, 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 be decided unfavorably to the Company and could require the Company to pay damages or make expenditures in amounts that could be material.

The following discussion covers the Company’s potential loss contingencies as of 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 had 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 expect to continue to incur legal fees related to the incident. We received an aggregate of $10.0 million 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.

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.

12. Related-Party Transactions

Related parties are represented by AES and Siemens, their respective subsidiaries and other entities under common control. As of December 31, 2022, AES Grid Stability, a wholly owned subsidiary of AES, holds 58,586,695 shares of Class B-1 common stock of Fluence Energy, Inc. and Siemens holds an aggregate of 58,586,695 of Class A common stock of Fluence Energy, Inc.

Borrowings from Related Parties

On August 11, 2021, the Company borrowed $25.0 million and $25.0 million from AES Grid Stability and Siemens Industry, respectively, in the form of subordinated promissory notes, each bearing an annual interest at 2.86%. The promissory notes were paid off in full on November 1, 2021 using proceeds from the IPO. All related party borrowings were for general working capital needs.

There were no new related party borrowings during the three months ended December 31, 2022.

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 direct contracts signed with affiliates. 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.

Service Agreements with Affiliates

Fluence and its affiliates have signed service agreements under which the affiliates provide certain administrative services to Fluence. The services include but are not limited to, treasury, information technology services, sales services, payroll, and research and development. Cost of services are accrued monthly and included in "Payables and deferred revenue with related parties", and "General and administrative", "Sales and marketing", or "Research and development" on the Company's condensed consolidated balance sheets and statements of operations and comprehensive loss, respectively.

Contract Performance Guarantees

Fluence paid performance guarantee fees to its affiliates in exchange for guaranteeing Fluence's performance obligation 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.

Receivables and Payables

The following table presents the components of receivables from related parties and payables to related parties on the Company's condensed consolidated balance sheets:

In thousands		**December 31, 2022**		**September 30, 2022**
Accounts receivable	$	23,489	$	91,879
Unbilled receivables		33,189		20,148
Total receivables from related parties	$	56,678	$	112,027
Accounts payable	$	3,548	$	2,550
Deferred revenue		350,895		300,697
Accrued liabilities		3,621		3,101
Total payables and deferred revenue with related parties	$	358,064	$	306,348

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.

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:

In thousands	Three Months Ended December 31, 2022	2021
Revenue	$ 101,006	$ 147,833
Cost of goods and services	(6,407)	(7,495)
Research and development expenses	(191)	(45)
Sales and marketing expenses	(13)	(607)
General and administrative expenses	(30)	(1,191)

Refer to Note 2 - *Summary of Significant Accounting Policies and Estimates* for details of the related party guarantees associated with the supply chain financing program.

13. Stock-Based Compensation

Option Plan

In 2020, the Company established the 2020 Unit Option Plan (the "Option Plan") whereby 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. 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 their existing terms under the Option Plan. The Option Plan is accounted for as an equity plan. We do not expect to make any further awards under the Option Plan.

As of December 31, 2022, 7,835,243 stock options with an exercise price of $2.45 remain outstanding. The Option Plan has unrecognized stock compensation expense of $1.1 million as of December 31, 2022.

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. The outstanding awards relate to a modification previously made at the time of the IPO related to awards granted to the Company's executive officers. We do not expect to make any further awards under the Phantom Incentive Plan.

As of December 31, 2022, 513,865 phantom unit awards previously issued remained outstanding. The Phantom Incentive Plan has unrecognized stock compensation expense of $5.3 million as of December 31, 2022.

2021 Incentive Plan

During fiscal year 2021, the Company established the 2021 Incentive Award Plan (the "2021 Incentive Plan") which reserves 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 over both equity-based and cash-based awards. Employee stock-based awards 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 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. The awards vest ratably at one-third annually on the anniversary of the grant date over a three-year period. The Company accounts for forfeitures as they occur. Awards to employees and contractors vest ratably over a period of three years. During the three months ended December 31, 2022, the Company granted 97,893 RSUs under the 2021 Incentive Award Plan. The weighted average grant date fair value for the RSUs was $15.31.

As of December 31, 2022, 2,011,690 RSUs previously issued remained outstanding. The 2021 Incentive Plan has unrecognized stock compensation expense of $22.3 million as of December 31, 2022.

The following table presents stock-based compensation expense by financial statement line item:

	Three Months Ended December 31,	
In thousands	2022	2021
Cost of goods and services	$ 900	$ 3,528
Research and development	2,360	1,813
Sales and marketing	4,699	6,441
General and administrative	518	13,095
Total	$ 8,477	$ 24,877

14. Restructuring Plan

On November 11, 2022, the board of directors of the Company approved a restructuring plan to create a more sustainable organization structure for long term growth. As part of this plan, we are in the process of relocating certain positions at high-cost locations to the Fluence India Technology Centre. We expect that the restructuring plan will be complete by the end of fiscal year 2023. Management has the authority to expand the plan as determined necessary. As of December 31, 2022, we have incurred $0.8 million in severance related to the plan and additional $0.5 million in consulting fees.

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. We funded the investment and the joint venture commenced operations in the first quarter of fiscal 2023. The investment is recorded in "*Other non-current assets*." The investment will be 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.

16. Subsequent Events

None.

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

The following Management's Discussion and Analysis of Financial Condition and Results of Operations 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 consolidated financial statements and related notes thereto included in this Quarterly Report on Form 10-Q (this "Report") as well 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, 2022 filed with the Securities and Exchange Commission (the "SEC") on December 14, 2022 ("2022 Annual Report").

Upon the completion of our initial public offering (the "IPO") and a series of organization transactions (collectively with the IPO, the "Transactions") on November 1, 2021, Fluence Energy, Inc. became 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 2022" refers to the fiscal year ended September 30, 2022.

Overview

Since our inception on January 1, 2018, we have focused on international growth and developing our energy storage product and delivery services, operational services, and digital applications. We have incurred net operating losses each year since our inception. Through December 31, 2022, we have financed our operations with the proceeds from our IPO, equity contributions from AES Grid Stability, LLC ("AES Grid Stability"), Siemens Industry, Inc. ("Siemens Industry"), and QIA Florence Holdings LLC ("QFH"), cash and cash equivalents, negative working capital, and short-term borrowings.

As of December 31, 2022, we deployed cumulative 1.9 GW of energy storage products and solutions, compared to 1.8 GW as of September 30, 2022. New energy storage product and solutions contracts executed during the three months ended December 31, 2022 represented total contracted power of approximately 0.6 GW compared to 0.6 GW for the three months ended December 31, 2021. We recognized total revenue of $310.5 million for the three months ended December 31, 2022, representing an increase of $135.6 million, or 77.5%, compared to the three months ended December 31, 2021 as we expanded our sales in terms of the number of energy storage products and solutions sold as well as geographic footprint.

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 amendments and settlement were consistent with what we had estimated and disclosed in our 2022 consolidated financial statements in our 2022 Annual Report. As part of the finalized agreement we agreed to take on additional scope of work related to commissioning the battery modules installed. 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 the twelve months ended September 30, 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 expect to continue to incur legal fees related to the incident. As of December 31, 2022, our total losses and costs to date arising from the incident are approximately $25.4 million. We also received an aggregate of $10.0 million 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.

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.

Restructuring Plan

On November 11, 2022, the board of directors of the Company approved a restructuring plan to create a more sustainable organization structure for long term growth. As part of this plan, we are in the process of relocating certain positions at high-cost locations to the Fluence India Technology Centre. We expect that the restructuring plan will be complete by the end of fiscal year 2023. Management has the authority to expand the plan as determined necessary.

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 quarter and began hiring staff.

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.

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 2022 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 2021 (issued November 2021) battery price survey, higher raw material costs could push the average price of a lithium-ion battery packs up in the short term, which would mark the first annual increase in price since at least 2010. BloombergNEF predicts battery prices to decline again by 2024, although the timing of that decline could be pushed back by two years in the absence of improvements mitigating the short-term price increases. 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, and the short-term increases predicted by BloombergNEF could be larger or last longer than they predict. If costs do not continue to decline long term, this could adversely affect our ability to increase our revenue or grow 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. Inflationary pressures, supply chain disruptions, geo-political stresses such as the Russia-Ukraine conflict, 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.

Competition

The market for our products and solutions is competitive and we may face increased competition as new and existing competitors introduce energy storage solutions and components. Furthermore, as we expand our services and digital applications in the future, we may face other competitors including software providers and some hardware manufacturers that offer software solutions. If our market share declines due to increased competition or if we are not able to compete as we expect, our revenue and ability to generate profits in the future may be adversely affected.

Seasonality

We have historically experienced seasonality and see increased order intake in our third and fourth fiscal quarters (April – September), driven by demand in the Northern Hemisphere to install energy storage products and solutions before the summer of the following year. Combined third and fourth fiscal quarter order intake have historically accounted for 80% or more of our total intake each year. However, as we and the market mature we are seeing less seasonality. For fiscal year 2022 third and fourth quarter order intake accounted for only 48% of our total intake for the year. Revenue generation is typically significantly stronger in our third and fourth fiscal quarters as we provide the majority of our products and solutions to customers during these periods. Cash flows historically have been negative in our first and second fiscal quarters, neutral to positive in our third fiscal quarter, and positive in our fourth fiscal quarter. Our services and digital applications and solutions offerings do not experience the same seasonality given their recurring nature.

Inflation

In the markets in which we operate, there have been higher rates of inflation in recent months. If inflation continues to increase in our markets, it may increase our expenses that we may not be able to pass through to customers. It may also increase the costs of our products and solutions that could negatively impact their competitiveness.

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 the sale of energy storage products, 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 revenues from selling energy storage products. When we sell a battery-based energy storage product, 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 our customer. A solution may only require logistics, design, installation and or commission services depending on customer requirements.

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.

Our revenue growth is dependent on continued growth in the amount of battery-based energy storage products 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 don’t purchase raw materials but 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 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 (Loss) and Gross Profit Margin

Gross profit (loss) and gross profit margin may vary from quarter to quarter and are primarily affected by our sales volume, product prices, product costs, product mix, customer mix, geographical mix, shipping method, and seasonality.

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 R&D centers for engineers engaged in the design and development and testing of our integrated products and technologies. Engineering competencies include data science, software development, network and cyber security, battery systems engineering, industrial controls, UI / UX, mechanical design, and more. R&D expenses also support three product testing labs located across the globe, including a new system-level testing facility in Pennsylvania that will be used for quality assurance and the rapid iteration, testing, and launching of new Fluence energy storage technology and products. We expect research and development expenses to 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 intend 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 Expense

Interest expense consists primarily of interest previously incurred on our now extinguished Line of Credit and Promissory Notes (each as defined below), unused line fees related to the revolving credit facility (the “Revolver”) pursuant to a credit agreement 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”), and amortization of debt issuance costs.

Other Income (Expense), Net

Other income (expense), net consists of income (expense) from foreign currency exchange adjustments for monetary assets and liabilities.

Tax Expense

Historically, prior to our IPO, Fluence Energy, LLC was not subject to U.S. federal or state income tax. As such, Fluence Energy, LLC did not pay U.S. federal or state income tax, as taxable income or loss will be included in the U.S. tax returns of its members. Fluence Energy, LLC was subject to income taxes, including withholding taxes, outside the U.S. and our income tax expense (benefit) on the consolidated statements of operations primarily relates to income taxes from foreign operations, withholding taxes on intercompany royalties and changes in valuation allowances related to deferred tax assets of certain foreign subsidiaries. After our IPO, we are now 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 will continue to be subject to foreign income taxes with respect to our foreign subsidiaries and our expectations are valuation allowances will be needed 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, 2022 and September 30, 2022, and order intake for the three months ended December 31, 2022 and 2021. The tables below present the metrics in either Gigawatts (GW) or Gigawatt hours (GWh).

	December 31, 2022	September 30, 2022	Change	Change %
Energy Storage Products and Solutions				
Deployed (GW)	1.9	1.8	0.1	5.6 %
Deployed (GWh)	5.1	5.0	0.1	2.0 %
Contracted Backlog (GW)	4.3	3.7	0.6	16.2 %
Pipeline (GW)	9.7	9.3	0.4	4.3 %
Pipeline (GWh)	26.3	22.6	3.7	16.4 %

(amounts in GW)	December 31, 2022	September 30, 2022	Change	Change %
Service Contracts				
Assets under Management	2.0	2.0	—	— %
Contracted Backlog	2.1	2.0	0.1	5.0 %
Pipeline	8.3	8.8	(0.5)	(5.7 %)

(amounts in GW)	December 31, 2022	September 30, 2022	Change	Change %
Digital Contracts				
Assets under Management	14.0	13.7	0.3	2.2 %
Contracted Backlog	4.0	3.6	0.4	11.1 %
Pipeline	20.6	19.6	1.0	5.1 %

	Three Months Ended December 31,			
(amounts in GW)	2022	2021	Change	Change %
Energy Storage Products and Solutions				
Contracted	0.6	0.6	—	(4.8)%
Service Contracts				
Contracted	0.1	0.3	(0.2)	(60.0)%
Digital Contracts				
Contracted	0.8	0.3	0.5	138.8 %

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

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.

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

Contracted Backlog and Contracted

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 represents new energy storage product contracts, new service contracts and new digital contracts signed during each fiscal period presented.

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 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.

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 at all or in a timely manner, we could experience a reduction in revenue, profitability, and liquidity. Pipeline is an internal management metric that we construct from market information reported by our global sales force.

Non-GAAP Financial Measures

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

Adjusted EBITDA is calculated from the consolidated statements of operations using net income (loss) adjusted for (i) interest income (expense), net, (ii) income taxes, (iii) depreciation and amortization, (iv) stock-based compensation, and (v) other 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 (Loss) is calculated using gross profit (loss), adjusted to exclude (i) stock-based compensation expenses and (ii) certain other income or expenses. Adjusted Gross Profit Margin is calculated using Adjusted Gross Profit (Loss) divided by total revenue.

Adjusted Net Loss is calculated using net loss, adjusted to exclude (i) amortization of intangibles, (ii) stock-based compensation, (iii) other income or expenses, and (iv) tax impact of these adjustments.

Free Cash Flow is calculated from the consolidated statements of cash flows and is defined as net cash provided by 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 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, 2022	2021	Change	Change %
Net loss	$ (37,193)	$ (111,460)	$ 74,267	66.6 %
Add (deduct):				
Interest expense (income), net[(a)]	(656)	615	(1,271)	206.7
Income tax expense	(614)	358	(972)	(271.5)
Depreciation and amortization	2,424	1,427	997	69.9
Stock-based compensation[(b)]	8,477	24,877	(16,400)	(65.9)
Other expenses[(c)]	2,085	41,350	(39,265)	(95.0)
Adjusted EBITDA	$ (25,477)	$ (42,833)	$ 17,356	40.5 %

(a) Net interest expense (income) for the three months ended December 31, 2022 consists of $0.8 million of interest expense and $1.5 million of interest income.
(b) Included incentive awards that will be settled in shares and incentive awards that will be settled in cash.
(c) Amount for the three months ended December 31 2022 included $1.0 million in severance costs, primarily related to our restructuring plan, $0.5 million in consulting fees related to restructuring plan, and $0.6 million due to the 2021 cargo loss incident and other legal matters. Amount for the three months ended December 31, 2021 included $5.6 million related to excess shipping costs and $31.3 million of project charges and other costs which are compounding effects of the COVID-19 pandemic, $4.3 million related to the 2021 cargo loss incident, and $0.1 million IPO-related expenses which did not qualify for capitalization.

($ in thousands)	Three Months Ended December 31, 2022	2021	Change	Change %
Total revenue	$ 310,460	$ 174,887	$ 135,573	(77.5)%
Cost of goods and services	298,420	228,036	70,384	30.9
Gross (loss) profit	12,040	$ (53,149)	$ 65,189	(122.7)
Add (deduct):				
Stock-based compensation[(a)]	900	3,528	(2,628)	(74.5)
Other expenses[(b)]	1,743	41,266	(39,523)	(95.8)
Adjusted Gross Profit (Loss)	$ 14,683	$ (8,355)	$ 23,038	(275.7)%
Adjusted Gross Profit Margin %	4.7 %	(4.8)%		

(a) Included 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 2022 included $1.6 million related to the 2021 cargo loss incident and other legal matters and $0.1 million in severance costs related the restructuring plan. Amount for the three months ended December 31, 2021 included $5.6 million related to excess shipping costs and $31.3 million of project charges and other costs which are compounding effects of the COVID-19 pandemic, and $4.3 million related to the 2021 cargo loss incident.

($ in thousands)	Three Months Ended December 31, 2022	2021	Change	Change %
Net loss	$ (37,193)	$ (111,460)	$ 74,267	66.6 %
Add (deduct):				
Amortization of intangible assets	1,539	918	621	(67.6)
Stock-based compensation[(a)]	8,477	24,877	(16,400)	(65.9)
Other expenses[(b)]	2,085	41,350	(39,265)	(95.0)
Adjusted Net Loss	$ (25,092)	$ (44,315)	$ 19,223	(43.4)%

(a) Included 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 2022 included $1.0 million in severance costs primarily related to restructuring plan, $0.5 million in consulting fees related to restructuring plan, and $0.6 million due to the 2021 cargo loss incident and other legal matters. Amount for the three months ended December 31, 2021 included $5.6 million related to excess shipping costs and $31.3 million of project charges and other costs which are compounding effects of the COVID-19 pandemic, $4.3 million related to the 2021 cargo loss incident, and $0.1 million IPO-related expenses which did not qualify for capitalization.

($ in thousands)	Three Months Ended December 31, 2022	2021	Change	Change %
Net cash used in operating activities	(88,898)	(191,551)	102,653	(53.6)%
Less: Purchase of property and equipment	(2,496)	(870)	(1,626)	186.9
Free Cash Flows	$ (91,394)	$ (192,421)	$ 101,027	(52.5)%

Results of Operations

Comparison of the Three Months Ended December 31, 2022 to the Three Months Ended December 31, 2021

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

($ in thousands)	Three Months Ended December 31, 2022	2021	Change	Change %
Total revenue	$ 310,460	$ 174,887	$ 135,573	77.5 %
Costs of goods and services	298,420	228,036	70,384	30.9
Gross (loss) profit	12,040	(53,149)	65,189	(122.7)
Gross profit %	3.9 %	(30.4)%		
Operating expenses				
Research and development	19,162	10,758	8,404	78.1
Sales and marketing	8,792	13,059	(4,267)	(32.7)
General and administrative	31,267	31,201	66	0.2
Depreciation and amortization	2,424	1,427	997	69.9
Interest expense	816	682	134	19.6
Other income (expense), net	12,614	(826)	13,440	(1627.1)
Loss before income taxes	(37,807)	(111,102)	73,295	66.0
Income tax expense (income)	(614)	358	(972)	(271.5)
Net loss	$ (37,193)	$ (111,460)	$ 74,267	66.6 %
Net loss attributable to non-controlling interests	$ (12,551)	$ (82,655)	$ 70,104	84.8 %
Net loss attributable to Fluence Energy, Inc.	$ (24,642)	$ (28,805)	$ 4,163	14.5 %

Total Revenue

Total revenue was $310.5 million for the three months ended December 31, 2022, compared to $174.9 million for the three months ended December 31, 2021, representing an increase of $135.6 million, or 77.5%. The increase in total revenue for the three month period compared to the same period of the prior year was mainly attributable to the expansion of sales of our battery-based energy storage products and solutions, particularly in the Americas and EMEA regions.

Costs of Goods and Services

Cost of goods and services was $298.4 million for the three months ended December 31, 2022, compared to $228.0 million for the three months ended December 31, 2021, representing an increase of $70.4 million, or 30.9%. The increase is attributable to an increase in sales volume, offset by a reduction of $19.5 million due to settlement of contractual claims with our largest battery module vendor.

Gross Profit (Loss) and Gross Profit Margin

Gross profit was $12.0 million, and gross profit margin was 3.9%, for the three months ended December 31, 2022, compared to a gross loss of $(53.1) million, and a gross profit margin of (30.4)%, for the three months ended December 31, 2021. The gross loss in the prior period was negatively impacted by (i) capacity constraints within the shipping industry and increased shipping costs, both of which were caused primarily as a result of the COVID-19 pandemic, (ii) cost overruns, delays and other project charges we experienced in some projects under construction, and in deliveries our sixth-generation products and (iii) the 2021 cargo loss incident. These negative conditions are not expected in current period. The gross profit and gross margin in the current year is attributable to a reduction of project delays and shipping constraints that occurred in prior period but not in the current period, as well as a reduction of costs of goods and services of $19.5 million due to settlement of contractual claims with our largest battery module vendor and due to change orders recognized with customers in the current period for price increases to recover costs previously incurred.

Research and Development Expenses

Research and development expenses increased from $10.8 million for the three months ended December 31, 2021 to $19.2 million for the three months ended December 31, 2022. The increase of $8.4 million, or 78.1%, was mainly related to increased salaries and personnel-related costs in the current period due to higher headcount to support our growth as we have been investing heavily in our human capital, technology, products, solutions, and services to support significant increases in our operations and related revenues.

Sales and Marketing Expenses

Sales and marketing expenses decreased from $13.1 million for the three months ended December 31, 2021 to $8.8 million for the three months ended December 31, 2022. The decrease of $(4.3) million, or (33)%, was primarily related to a reduction of stock-based compensation expense. Stock-based compensation expense was higher in the three months ended December 31, 2021 due to previously unrecognized stock-based compensation expense being recognized due to achievement of the performance condition being met upon IPO.

General and Administrative Expenses

General and administrative expenses were $31.2 million for the three months ended December 31, 2021 and $31.3 million for the three months ended December 31, 2022. The increase of $0.1 million, or 0.2%, was primarily due to an increase in personal related expenses, and consulting fees offset by a reduction of stock-based compensation expense. Stock-based compensation expense was higher in the three months ended December 31, 2021 due to previously unrecognized stock-based compensation expense being recognized due to achievement of the performance condition being met upon IPO.

Depreciation and Amortization

Depreciation and amortization increased from $1.4 million for the three months ended December 31, 2021 to $2.4 million for the three months ended December 31, 2022. The increase of $1.0 million was attributable to an increase of $0.6 million amortization related to intangible assets acquired in April 2022 and $0.4 million depreciation from increased fixed assets.

Interest Expense

Interest expense was $0.8 million for the three months ended December 31, 2022, compared to $0.7 million for the three months ended December 31, 2021. The increase of $0.1 million was primarily due to the increased amortization of Revolver deferred financing costs, partially offset by a decrease in interest expense on our Line of Credit which was repaid in November 2021.

Other Income (Expense), Net

Other income, net was $12.6 million for the three months ended December 31, 2022, compared to other expense, net of $(0.8) million for the three months ended December 31, 2021. The $13.4 million increase, or 1627%, was mainly a result of foreign currency exchange adjustments for monetary assets and liabilities.

Income Tax Expense

Income tax expense (benefit) was $(0.6) million for the three months ended December 31, 2022 and $0.4 million for the three months ended December 31, 2021. The effective income tax rate was 1.6% and (0.3)% for the three months ended December 31, 2022 and 2021, respectively. The increase in income tax benefit and change in effective tax rate were primarily due to changes in valuation allowances and foreign exchange gains and losses.

Net Loss

Net loss decreased from $(111.5) million for the three months ended December 31, 2021 to $(37.2) million for the three months ended December 31, 2022. The decrease of $74.3 million, or (66.6)%, was driven by a reduction of (i) capacity constraints within the shipping industry and increased shipping costs, both of which were caused primarily as a result of the COVID-19 pandemic, (ii) cost overruns and delays we experienced in some projects under construction at that time, and (iii) the 2021 cargo loss incident. In the first quarter of 2022, we did not incur additional IPO costs and we recorded a reduction of costs of goods and services of $19.5 million due to settlement of contractual claims with our largest battery module vendor.

Liquidity and Capital Resources

Since inception and through December 31, 2022, our principal sources of liquidity were the proceeds from our IPO, our cash and cash equivalents, short-term borrowings, capital contributions from AES Grid Stability and Siemens Industry, and proceeds from the QFH investment. We believe the proceeds received from our IPO, cash flows from operations, along with short-term borrowing will be sufficient to meet our expense and capital requirements for at least the next twelve months following the filing of this Report.

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 limited liability company interests (“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 under the now extinguished Line of Credit and the Promissory Notes. (as defined below) The remainder of the proceeds has been used for working capital and other general corporate purposes.

Prior to the IPO, we had a Line of Credit with Citibank which allowed us to borrow an amount in aggregate not to exceed $50.0 million, with the expiration date on March 31, 2023. During the three months ended December 31, 2021, the Company paid off in full the $50.0 million outstanding borrowing under the Line of Credit using the proceeds from the IPO. The Line of Credit was canceled shortly thereafter.

Additionally, prior to the IPO, we funded our liquidity through borrowings from AES Grid Stability and Siemens Industry. On August 11, 2021, Fluence Energy, LLC entered into a promissory note with each of Siemens Industry and AES Grid Stability, under which Fluence Energy, LLC received a bridge financing of an aggregate of $50.0 million. In connection with the bridge financing, Fluence Energy, LLC issued a $25.0 million promissory note to each of Siemens Industry and AES Grid Stability (together, the “Promissory Notes”). The Promissory Notes bore interest at a rate of 2.86%. The Promissory Notes were repaid in full on November 1, 2021 using proceeds from the IPO.

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, 2022, 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, 2022, three suppliers were actively participating in the supply chain financing program, and we had $97.8 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.

Revolving Credit Facility

On November 1, 2021, we entered into the Credit Agreement, 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 Revolver is 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 and added UBS AG, Stamford Branch as an additional lender under the Revolver. As of December 31, 2022, the aggregate amount of commitments is $200.0 million from the lenders party including JP Morgan Chase Bank, N.A., Morgan Stanley Senior Funding, Inc., Bank of America, N.A., Barclays Bank PLC, and six other banks. The maturity date of the Revolver is November 1, 2025.

The Revolver bears interest at either (i) the Adjusted LIBOR or Adjusted EURIBO Rate (each as defined in the Credit Agreement) plus 3.0% or (ii) the Alternate Base Rate (as defined in the 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 is 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 will be the four-year anniversary of the closing date of the Revolver. The Revolver also provides for up to $200.0 million in letter of credit issuances, which will require 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 Credit Agreement contains customary covenants for these types of financing, including, but not limited to, covenants that restrict 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 Credit Agreement limit 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 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, 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 Credit Agreement) (a) if after giving pro forma effect to such dividend or other Restricted Payment the Total Liquidity (as defined in the Credit Agreement) of Fluence Energy, Inc. and its subsidiaries party to the Credit Agreement is at least $600,000,000, or (b) such dividend or other Restricted Payment is made to reimburse Fluence Energy, Inc. for certain tax distributions under the Third Amended and Restated Limited Liability Company Agreement of Fluence Energy, LLC (the "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 are required to maintain (i) minimum liquidity and gross revenue requirements, in each case, until consolidated EBITDA reaches $150.0 million for the most recent four fiscal quarters and we make an election, and (ii) thereafter, a maximum total leverage ratio and a minimum interest coverage ratio. Such covenants will be tested on a quarterly basis. As of December 31, 2022, we were in compliance with all such covenants or maintained availability above such covenant triggers.

As of December 31, 2022, we had no borrowings under the Revolver and availability under the facility of $156.4 million, net of letters of credit issued of $43.6 million.

Historical Cash Flows

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

	Three Months Ended December 31,			
($ in thousands)	**2022**	**2021**	**Change**	**Change %**
Net cash used in operating activities	(88,898)	(191,551)	$ 102,653	53.6 %
Net cash used in investing activities	(6,331)	(870)	$ (5,461)	627.7 %
Net cash provided by financing activities	23,252	833,487	$ (810,235)	(97.2)%

Net cash flows used in operating activities were $88.9 million for the three months ended December 31, 2022 compared to $191.6 million for the three months ended December 31, 2021. The decrease in net operating cash outflows was primarily driven by reduction in net operating loss, increases in accounts payable and deferred revenue, offset by purchases of inventory.

Net cash flows used in investing activities were $6.3 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 investing activities were $0.9 million for the three months ended December 31, 2021, due to purchases of property and equipment.

Net cash flows provided by financing activities were approximately $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. Net cash flows provided by financing activities were $833.5 million for the three months ended December 31, 2021, which included $948.0 million net proceeds from issuance of Class A common stock sold in the IPO, net of underwriting discounts and offering expenses, offset by the repayment of $100.0 million short term borrowings from the Line of Credit and the Promissory Notes, a $6.3 million payment of transaction costs related to issuance of membership units, and $2.7 million payments of debt issuance costs related to the Revolver.

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.

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 (the “Redemption”). The Redemption 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.

We expect that as a result of the tax basis adjustment of the assets of Fluence Energy, LLC and its subsidiaries upon the Redemption and our possible utilization of certain tax attributes, the payments that we may make under the Tax Receivable Agreement will be substantial. As a result of the Redemption, we estimate tax savings of approximately $109.6 million. Siemens will be entitled to receive payments under the Tax Receivable Agreement equaling 85% of such amount, or $93.1 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) 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 there is no expectation of future sufficient taxable income over the term of the agreement to utilize the deductions in the future. 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 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, 2022, 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 2022 Annual Report and the notes to the audited consolidated financial statements appearing elsewhere in the 2022 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 2022 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, 2022, 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, 2022, 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, 2022, a material weakness in the internal control over revenue recognition and related inventory has not been fully remediated. The Company did not sufficiently design and implement controls related to revenue recognition and associated processes, including in-transit and delivered equipment and liquidated damages.

We assessed the material weakness as not fully remediated due to the timing of control implementation and operating issues identified in management’s assessment of controls. However, there have been significant efforts and additional controls implemented to address the risks as follows: (1) enhancement of our revenue recognition policies, including training on the policies, (2) implementation of project-level and accounting-level controls to review project costs, liquidated damages, and revenue calculations, (3) implementation of effective controls over account analyses and reconciliations, and (4) hired additional resources and continue to hire to provide necessary expertise to continue to mature control environment.

We believe we are making progress toward achieving the effectiveness of our internal control over financial reporting and disclosure controls and procedures. 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 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

We are taking actions to remediate the material weakness relating to our 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, 2022 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 11 - *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 2022 Annual Report except as stated below. You should carefully consider the risks described in Item 1A. "Risk Factors" of our 2022 Annual Report, which are incorporated herein by reference, together with 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.

The reduction, elimination, or expiration of government incentives for, or regulations mandating the use of, renewable energy could impact demand for energy storage products and harm our business.

Federal, state, local, and foreign government bodies provide incentives to owners, end users, distributors, system integrators and manufacturers of renewable energy products to promote renewable electricity in the form of rebates, tax credits and other financial incentives. The range and duration of these incentives varies widely by jurisdiction. Our customers typically use our products for grid-connected applications wherein power is sold under a power purchase agreement or into an organized electric market. The reduction, elimination, or expiration of government incentives for grid-connected electricity may negatively affect the competitiveness of our offerings relative to conventional renewable sources of electricity and could harm or halt the growth of our industry and our business. These subsidies and incentives may expire on a particular date, end when the allocated funding is exhausted or be reduced or terminated as renewable energy adoption rates increase or as a result of legal challenges, the adoption of new statutes or regulations, or the passage of time. These reductions or terminations may occur without warning. The reduction, elimination or expiration of such incentives therefore could harm our business and cash flows.

In August 2022, the United States passed the Inflation Reduction Act of 2022 (the “IRA”), which includes a number of government incentives that support the adoption of energy storage products and services and are anticipated to benefit the Company and its operations. Forthcoming guidance to implement the IRA from the U.S. Department of Treasury and other federal administrative agencies could be drafted in such manner that would not be as anticipated and may be less beneficial than anticipated, or even adverse, to the Company’s interests. Furthermore, the impact of the IRA to our operations cannot be known with certainty and we may not recognize the benefits we anticipate. We are continuing to evaluate the potential overall impact and applicability of the IRA on our business and operations. To the extent that any changes resulting from the IRA are less beneficial than anticipated or have a negative impact on us or our business, these changes may materially and adversely impact our business, financial condition, and results of operations.

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

None

Item 3. Defaults Upon Senior Securities

None

Item 4. Mine Safety Disclosures

Not applicable

Item 5. Other Information

None

Item 6. Exhibits

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

		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
4.1*	Description of Registered Securities				
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.				
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.				

* 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 10, 2023	By:	/s/ Julian Nebreda
		Julian Nebreda *Chief Executive Officer and President (Principal Executive Officer)*
Date: February 10, 2023	By:	/s/ Manavendra Sial
		Manavendra Sial *Chief Financial Officer and Senior Vice President (Principal Financial Officer)*

Exhibit 4.1

DESCRIPTION OF CAPITAL STOCK

General

The following description of the capital stock of Fluence Energy, Inc. (“Fluence,” the “Company,” “we,” “us,” and “our”) and certain provisions of our amended and restated certificate of incorporation, as further amended by the first certificate of amendment thereto (collectively, our “certificate”) and amended and restated bylaws (our “bylaws”) are summaries and are qualified in their entirety by reference to the full text of our amended and restated certificate of incorporation and first certificate of amendment to the amended and restated certificate of incorporation and amended and restated bylaws, each of which is filed as an exhibit to this Quarterly Report on Form 10-Q for fiscal quarter ended December 31, 2022 and filed with the Securities and Exchange Commission on February 9, 2023, and applicable provisions of the General Corporation Law of the State of Delaware (the “DGCL”).

Our certificate authorizes capital stock consisting of:

- 1,200,000,000 shares of Class A common stock, par value $0.00001 per share;
- 200,000,000 shares of Class B-1 common stock, par value $0.00001 per share;
- 200,000,000 shares of Class B-2 common stock, par value $0.00001 per share; and
- 10,000,000 shares of preferred stock, par value $0.00001 per share.

Certain provisions of our certificate and our bylaws summarized below may be deemed to have an anti-takeover effect and may delay or prevent a tender offer or takeover attempt that a stockholder might consider in its best interest, including those attempts that might result in a premium over the market price for the shares of common stock.

Class A Common Stock

Holders of shares of our Class A common stock are entitled to one vote for each share held of record on all matters submitted to a vote of stockholders.

Holders of shares of our Class A common stock are entitled to receive dividends when and if declared by our board of directors out of funds legally available therefor, subject to any statutory or contractual restrictions on the payment of dividends and to any restrictions on the payment of dividends imposed by the terms of any outstanding preferred stock.

Upon our dissolution or liquidation, after payment in full of all amounts required to be paid to creditors and to the holders of preferred stock having liquidation preferences, if any, the holders of shares of our Class A common stock are entitled to receive pro rata our remaining assets available for distribution.

Holders of shares of our Class A common stock do not have preemptive, subscription, redemption or conversion rights. There are no redemption or sinking fund provisions applicable to the Class A common stock.

Class B-1 and Class B-2 Common Stock

Each share of our Class B-1 common stock entitles its holders to five votes per share and each share of our Class B-2 common stock entitles its holders to one vote per share on all matters presented to our stockholders generally.

Shares of Class B-1 and Class B-2 common stock will be issued in the future only (a) to the extent necessary to maintain a one-to-one ratio between the number of common units of Fluence Energy, LLC ("LLC Interests") held by the Founders (defined below) and the aggregate number of shares of Class B-1 and Class B-2 common stock issued to the Founders, and (b) in the case of Class B-2 common stock, upon conversion of Class B-1 common stock as described below. Shares of Class B-1 and Class B-2 common stock are transferable only together with an equal number of LLC Interests. Only permitted transferees of LLC Interests held by the Founders are permitted transferees of Class B-1 and Class B-2 common stock. "Founders" means, collectively, the holders of LLC Interests (other than the Company) and our Class B-1 common stock, including AES Grid Stability, LLC, Siemens Industry, Inc., and their respective subsidiaries, who may, at each of their respective options, in whole or in part from time to time, require Fluence Energy, LLC to redeem their LLC Interests (along with an equal number of shares of Class B-1 common stock or Class B-2 common stock, as the case may be (and such shares shall be immediately cancelled)) for, at our election (determined solely by our independent directors (within the meaning of the rules of the Nasdaq) who are disinterested), cash or newly-issued shares of our Class A common stock.

Holders of shares of our Class B-1 and Class B-2 common stock vote together with holders of our Class A common stock as a single class on all matters presented to our stockholders for their vote or approval, except for certain amendments to our certificate described below or as otherwise required by applicable law or our certificate.

Holders of our Class B-1 and Class B-2 common stock do not have any right to receive dividends or to receive a distribution upon dissolution or liquidation. Additionally, holders of shares of our Class B-1 and Class B-2 common stock do not have preemptive, subscription, redemption or conversion rights. There are no redemption or sinking fund provisions applicable to the Class B-1 or Class B-2 common stock. Any amendment of our certificate that gives holders of our Class B-1 or Class B-2 common stock (1) any rights to receive dividends or any other kind of distribution, (2) any right to convert into or be exchanged for Class A common stock or (3) any other economic rights will require, in addition to stockholder approval, the affirmative vote of holders of our Class A common stock voting separately as a class.

Each outstanding share of Class B-1 common stock will automatically convert into one share of Class B-2 common stock upon the earliest of (1) any transfer by a Founder of such shares of Class B-1 common stock other than to an affiliate of such Founder, (2) with respect to each Founder and its affiliates, 5:00 p.m. (New York City time) on a date fixed by our board of directors that is not less than 60 days nor more than 180 days following the date that such Founder, together with its affiliates, ceases to hold an aggregate number of shares of all classes of our common stock representing at least 20% of the aggregate number of all outstanding shares of all classes of our common stock, and (3) 5:00 p.m. (New York City time) on the date that is seven years following the closing of our initial public offering of Class A common stock. In addition, upon the filing of the first certificate of amendment to our amended and restated certificate of incorporation on December 22, 2022, holders of our Class B-1 common stock are permitted to convert shares of Class B-1 common stock into shares of Class B-2 common stock at a one-to-one ratio at any time at the option of such holder.

Following exercise of its redemption rights by Siemens Industry, Inc. of its LLC Interests on June 30, 2022, together with the corresponding cancellation of an equivalent number of shares of our Class B-1 common stock, and our election to settle the redemption through issuance of shares of Class A common stock to Siemens Industry, Inc. (the "Redemption"), AES Grid Stability, LLC currently holds 100% of the outstanding shares of our Class B-1 common stock.

No shares of our Class B-2 common stock are outstanding.

Preferred Stock

The total of our authorized shares of preferred stock is 10,000,000 shares. We have no shares of preferred stock outstanding.

Our board of directors is authorized to direct us to issue shares of preferred stock in one or more series without stockholder approval. Our board of directors has the discretion to determine the rights, preferences, privileges, and restrictions, including voting rights, dividend rights, conversion rights, redemption privileges, and liquidation preferences, of each series of preferred stock.

The purpose of authorizing our board of directors to issue preferred stock and determine its rights and preferences is to eliminate delays associated with a stockholder vote on specific issuances. The issuance of preferred stock, while providing flexibility in connection with possible acquisitions, future financings, and other corporate purposes, could have the effect of making it more difficult for a third party to acquire, or could discourage a third party from seeking to acquire, a majority of our outstanding voting stock. Additionally, the issuance of preferred stock may adversely affect the holders of our Class A common stock by restricting dividends on the Class A common stock, diluting the voting power of the Class A common stock or subordinating the liquidation rights of the Class A common stock. As a result of these or other factors, the issuance of preferred stock could have an adverse impact on the market price of our Class A common stock.

Registration Rights

In connection with our initial public offering in October 2021, we entered into a Registration Rights Agreement with certain of the Continuing Equity Owners (as defined below) pursuant to which such parties have specified rights to require us to register for resale all or a portion of their shares of Class A common stock under the Securities Act of 1933, as amended (the “Securities Act”). "Continuing Equity Owners" originally consisted of AES Grid Stability, LLC, Siemens Industry, Inc., and Qatar Holding LLC and each of their respective subsidiaries. Following the Redemption, Siemens Industry, Inc. effected an internal transfer of its interests in 58,586,695 shares of Class A common stock held by Siemens Industry, Inc. to Siemens AG and Siemens AG executed a Registration Rights Joinder, becoming a party to the Registration Rights Agreement. On September 29, 2022, Siemens AG effected an internal transfer of its interest in 18,848,631 shares of Class A common stock held by Siemens AG to Siemens Pension-Trust E.V. and Siemens Pension-Trust E.V. executed a Registration Rights Joinder, becoming a party to the Registration Rights Agreement.

Forum Selection

Our certificate provides that (A) (i) any derivative action or proceeding brought on behalf of the Company, (ii) any action asserting a claim for or based on breach of a fiduciary duty owed by any current or former director, officer, other employee, agent or stockholder of the Company to the Company or the Company’s stockholders, (iii) any action asserting a claim against the Company or any current or former director, officer, employee, agent or stockholder of the Company arising pursuant to any provision of the DGCL, our certificate or our bylaws (as either may be amended or restated) or as to which the DGCL confers jurisdiction on the Court of Chancery of the State of Delaware or (iv) any action asserting a claim related to or involving the Company that is governed by the internal affairs doctrine of the law of the State of Delaware shall, to the fullest extent permitted by law, be exclusively brought in the Court of Chancery of the State of Delaware or, if such court does not have subject matter jurisdiction thereof, the federal district court of the State of Delaware; and (B) the federal district courts of the United States shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act. Notwithstanding the foregoing, the exclusive forum provision shall not apply to claims seeking to enforce any liability or duty created by the Securities Exchange Act of 1934, as amended.

Dividends

The DGCL permits a corporation to declare and pay dividends out of "surplus" or, if there is no "surplus," out of its net profits for the fiscal year in which the dividend is declared and/or the preceding fiscal year. "Surplus" is defined as the excess of the net assets of the corporation over the amount determined to be the capital of the corporation by the board of directors. The capital of the corporation is typically calculated to be (and cannot be less than) the aggregate par value of all issued shares of capital stock. Net assets equals the fair value of the total assets minus total liabilities. The DGCL also provides that dividends may not be paid out of net profits if, after the payment of the dividend, capital is less than the capital represented by the outstanding stock of all classes having a preference upon the distribution of assets.

Declaration and payment of any dividend is subject to the discretion of our board of directors. The time and amount of dividends will be dependent upon our business prospects, results of operations, financial condition, cash requirements and availability, debt repayment obligations, capital expenditure needs, contractual restrictions, covenants in the agreements governing our future indebtedness, industry trends, the provisions of Delaware law affecting the payment of distributions to stockholders, and any other factors our board of directors may consider relevant.

Anti-Takeover Provisions

Our certificate and bylaws contain provisions that may delay, defer or discourage another party from acquiring control of us. We expect that these provisions, which are summarized below, will discourage coercive takeover practices or inadequate takeover bids. These provisions are also designed to encourage persons seeking to acquire control of us to first negotiate with our board of directors, which we believe may result in an improvement of the terms of any such acquisition in favor of our stockholders. However, they also give our board of directors the power to discourage acquisitions that some stockholders may favor.

Authorized but unissued shares.

The authorized but unissued shares of our common stock and our preferred stock are available for future issuance without stockholder approval, subject to any limitations imposed by Nasdaq rules. These additional shares may be used for a variety of corporate finance transactions, acquisitions, employee benefit plans and funding of redemptions of LLC Interests. The existence of authorized but unissued and unreserved common stock and preferred stock could make more difficult or discourage an attempt to obtain control of us by means of a proxy contest, tender offer, merger or otherwise.

Limitation on Action by Written Consent

Our certificate of incorporation provides that from and after the date on which the aggregate number of outstanding shares of Class B-1 and Class B-2 common stock, voting together as a single class, cease to represent at least 50% of the total voting power of the outstanding shares of our capital stock, holders of our common stock will not be able to act by written consent without a meeting.

Special meetings of stockholders.

Our bylaws provide that from and after the date on which the aggregate number of outstanding shares of Class B-1 and Class B-2 common stock, voting together as a single class, cease to represent at least 50% of the total voting power of the outstanding shares of our capital stock, only the chairperson of our board of directors or a majority of our board of directors may call special meetings of our stockholders.

Advance notice requirements for stockholder proposals and director nominations.

In addition, our bylaws provide for an advance notice procedure for stockholder proposals to be brought before an annual meeting of stockholders, including proposed nominations of candidates for election to our board of directors In order for any matter to be “properly brought” before a meeting, a stockholder will have to comply with advance notice and duration of ownership requirements and provide us with certain information. Stockholders at an annual meeting may only consider proposals or nominations specified in the notice of meeting or brought before the meeting by or at the direction of our board of directors or by a qualified stockholder of record on the record date for the meeting, who is entitled to vote at the meeting and who has delivered timely written notice in proper form to our secretary of the stockholder’s intention to bring such business before the meeting. These provisions could have the effect of delaying stockholder actions that are favored by the holders of a majority of our outstanding voting securities until the next stockholder meeting. Notwithstanding anything contained in our bylaws to the contrary, such advance notice procedures shall not apply to a stockholder exercising its rights to designate persons for nomination for election to our board of directors in accordance with the provisions of the Stockholders Agreement for so long as it remains in effect.

Amendment of certificate of incorporation or bylaws.

The DGCL provides generally that the affirmative vote of a majority of the shares entitled to vote on any matter is required to amend a corporation's certificate of incorporation or bylaws, unless a corporation's certificate of incorporation or bylaws, as the case may be, requires a greater percentage. Our certificate and bylaws provide that the affirmative vote of holders of at least 66 2/3% of the voting power of all of the then-outstanding shares of capital stock, voting as a single class, is required to amend certain provisions of our certificate, including provisions relating to amending our bylaws, the size of our board, removal of directors, director liability, vacancies on our board, special meetings, stockholder notices, actions by written consent and exclusive forum.

Section 203 of the DGCL.

We have opted out of Section 203 of the DGCL. However, our certificate contains provisions that are similar to Section 203. Specifically, our certificate provides that, subject to certain exceptions, we will not be able to engage in a "business combination" with any "interested stockholder" for three years following the date that the person became an interested stockholder, unless the interested stockholder attained such status with the approval of our board of directors or unless the business combination is approved in a manner prescribed in our certificate. A "business combination" includes, among other things, a merger or consolidation involving us and the "interested stockholder" and the sale of more than 10% of our assets. In general, an "interested stockholder" is any entity or person beneficially owning 15% or more of our outstanding voting stock and any entity or person affiliated with or controlling or controlled by such entity or person, provided that the Founders and certain of their related parties and their respective direct and indirect transferees shall not be considered “interested stockholders.”

Limitations on Liability and Indemnification of Officers and Directors

Our certificate and bylaws provide indemnification for our directors and officers to the fullest extent permitted by the Delaware General Corporation Law. Prior to the consummation of the Transactions, we intend to enter into indemnification agreements with each of our directors and executive officers that may, in some cases, be broader than the specific indemnification provisions contained under Delaware law. In addition, as permitted by Delaware law, our certificate includes provisions that eliminate the personal liability of our directors for monetary damages resulting from breaches of certain fiduciary duties as a director. The effect of this provision is to restrict our rights and the rights of our stockholders in derivative suits to recover monetary damages against a director for breach of fiduciary duties as a director.

These provisions may be held not to be enforceable for violations of the federal securities laws of the United States.

Corporate Opportunity Doctrine

Delaware law permits corporations to adopt provisions renouncing any interest or expectancy in certain opportunities that are presented to the corporation or its officers, directors or stockholders. Our certificate will, to the maximum extent permitted from time to time by Delaware law, renounce any interest or expectancy that we have in, or right to be offered an opportunity to participate in, specified business opportunities that are from time to time presented to any director or stockholder who is not employed by us or our subsidiaries. Our certificate provides that, to the fullest extent permitted by law, any director or stockholder who is not employed by us or our affiliates does not have any duty to refrain from (1) engaging in a corporate opportunity in the same or similar lines of business in which we or our affiliates now engage or propose to engage or (2) otherwise competing with us or our affiliates. In addition, to the fullest extent permitted by law, if any director or stockholder who is not employed by us or our subsidiaries acquires knowledge of a potential transaction or other business opportunity which may be a corporate opportunity for itself or himself or its or his affiliates or for us or our affiliates, such person has no duty to communicate or offer such transaction or business opportunity to us or any of our affiliates and they may take any such opportunity for themselves or offer it to another person or entity, unless such opportunity was expressly offered to them solely in their capacity as a director, executive officer or employee of us or our affiliates. To the fullest extent permitted by Delaware law, no potential transaction or business opportunity may be deemed to be a corporate opportunity of the corporation or its subsidiaries unless (1) we or our subsidiaries would be permitted to undertake such transaction or opportunity in accordance with the certificate, (2) we or our subsidiaries, at such time have sufficient financial resources to undertake such transaction or opportunity, (3) we have an interest or expectancy in such transaction or opportunity, and (4) such transaction or opportunity would be in the same or similar line of our or our subsidiaries' business in which we or our subsidiaries are engaged or a line of business that is reasonably related to, or a reasonable extension of, such line of business. Our certificate does not renounce our interest in any business opportunity that is expressly offered to an employee director or employee in his or her capacity as a director or employee of Fluence Energy, Inc.

Dissenters' Rights of Appraisal and Payment

Under the DGCL, with certain exceptions, our stockholders have appraisal rights in connection with a merger or consolidation of the Company. Pursuant to the DGCL, stockholders who properly request and perfect appraisal rights in connection with such merger or consolidation will have the right to receive payment of the fair value of their shares as determined by the Delaware Court of Chancery.

Stockholders' Derivative Actions

Under the DGCL, any of our stockholders may bring an action in our name to procure a judgment in our favor, also known as a derivative action, provided that the stockholder bringing the action is a holder of our shares at the time of the transaction to which the action relates or such stockholder’s stock thereafter devolved by operation of law.

Transfer Agent and Registrar

The transfer agent and registrar for our Class A common stock is Computershare Trust Company, N.A.

Trading Symbol and Market

Our Class A common stock is listed on the Nasdaq Global Select Market under the symbol "FLNC".

Exhibit 31.1

**CERTIFICATION PURSUANT TO RULES 13a-14(a) AND 15d-14(a)
UNDER THE SECURITIES EXCHANGE ACT, AS AMENDED,
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

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 10, 2023

Exhibit 31.1

Fluence Energy, Inc.

By: /s/ Julian Nebreda

Julian Nebreda
Chief Executive Officer and President (Principal Executive Officer)

Exhibit 31.2

CERTIFICATION PURSUANT TO RULES 13a-14(a) AND 15d-14(a)
UNDER THE SECURITIES EXCHANGE ACT, AS AMENDED,
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Manavendra Sial, 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 10, 2023

Exhibit 31.2

Fluence Energy, Inc.

By: /s/ Manavendra Sial

Manavendra Sial

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

Exhibit 32.1

**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, 2022 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, certifies, 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 10, 2023

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

Exhibit 32.2

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, 2022 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Manavendra Sial, Senior Vice President and Chief Financial Officer of the Company, certifies, 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 10, 2023

By: /s/ Manavendra Sial
Manavendra Sial
Senior Vice President and Chief Financial Officer (Principal Financial Officer)