



FLUENCE

A Siemens and AES Company

JANUARY 5-6, 2023

# Goldman Sachs Energy and Clean Technology Conference

# Disclaimer

## Forward-Looking Statements

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

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

## Non-GAAP Financial Measures

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

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

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

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





SECTION I

About Us

OUR MISSION

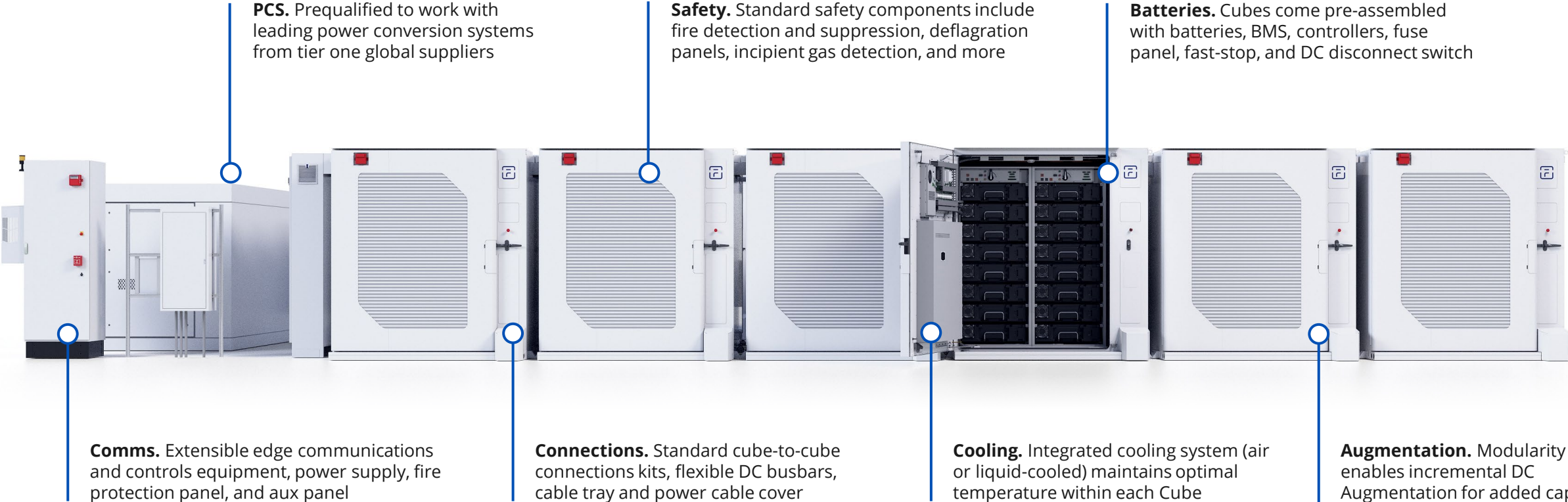
Transform the way we power our world to create a more sustainable future.

PURPOSE-BUILT  PURPOSE-DRIVEN 



# Best-In-Class Global Energy Storage Solutions Provider

We provide comprehensive energy storage solutions for our customers most complex challenges



# Key Highlights



Utah facility well positioned following passage of IRA



Potential for an additional USA based facility following passage of IRA



Europe facility designed with Northvolt partnership in mind



# Fluence Contract Manufacturing Locations

Regionalizing our supply chains



# A trusted partner for leading companies globally

A broad range of customers across multiple segments

## UTILITIES / IPPs



## FINANCIALS



## C&I





## SECTION II

# Fluence Offerings



# We help customers manage the energy transition through configurable storage solutions, service, and digital application packages

## Fluence Energy Storage Solutions & OS

Purpose-built energy storage with integrated hardware & Fluence OS controls software, coupled with engineering, design, & commissioning services options



- Engineering
- Design
- Consultative Services
- Delivery Services

## Fluence Services

Comprehensive operational services tailored to project needs, including full-wrap capabilities



### Operational Services



- Maintenance
- Guarantees, Warranties
- Training
- Capacity Management

## Digital Apps for Renewables and Storage

Optimize renewable assets and energy storage with software products and applications that address dispatch, market participation, battery performance, and more

Mosaic  
(bidding  
app)

Dispatch  
App

Nispera

Invest  
App

Additional  
Fluence  
Apps

3<sup>rd</sup> Party  
Apps





## SECTION III

# FY 2022 Fourth Quarter Financial Highlights

# Strong Q4'22 Performance to Close 2022

Highest quarterly revenue in company history; positive gross margin improvement

Q4'22 Order Intake

**\$560M**

473 MWs Solutions<sup>1</sup>, 602 MWs Services, 811 MWs Digital

Q4'22 Revenue Recognized

**\$442M**

Highest Quarterly Revenue Ever  
Deployed 1 GWH Energy Storage Solutions<sup>2</sup>

Services AUM at 9/30

**2.0 GW**

119% attach rate in Q4'22

Signed Contract Backlog at 9/30

**\$2.2B**

57% With non-related parties

Q4'22 Adjusted Gross Margin<sup>1</sup>

**3.4%**

Q4'22 GAAP Gross Margin of 2%

Digital AUM at 9/30

**13.7 GW**

Q3'22 Digital AUM 12.8 GW



Note 1: Solutions are defined as or have been referred to as energy storage products, hardware solution as it is more representative of the offering.

Note 2: Quarterly deployed GWH based on revenue recognition.

Note 3: Services attachment rate based on MWH, refer to supplemental metric sheet for definition of attachment rate.

## NEW MANAGEMENT - FIRST 90 DAYS

### What we learned

- Energy storage solutions business has tremendous tailwinds
- Digital business platform and model distracted; need for faster integration and simplification
- Strong conviction in maintaining leadership position in our three businesses
- High confidence in our ability to be Adjusted EBITDA breakeven in fiscal 2024

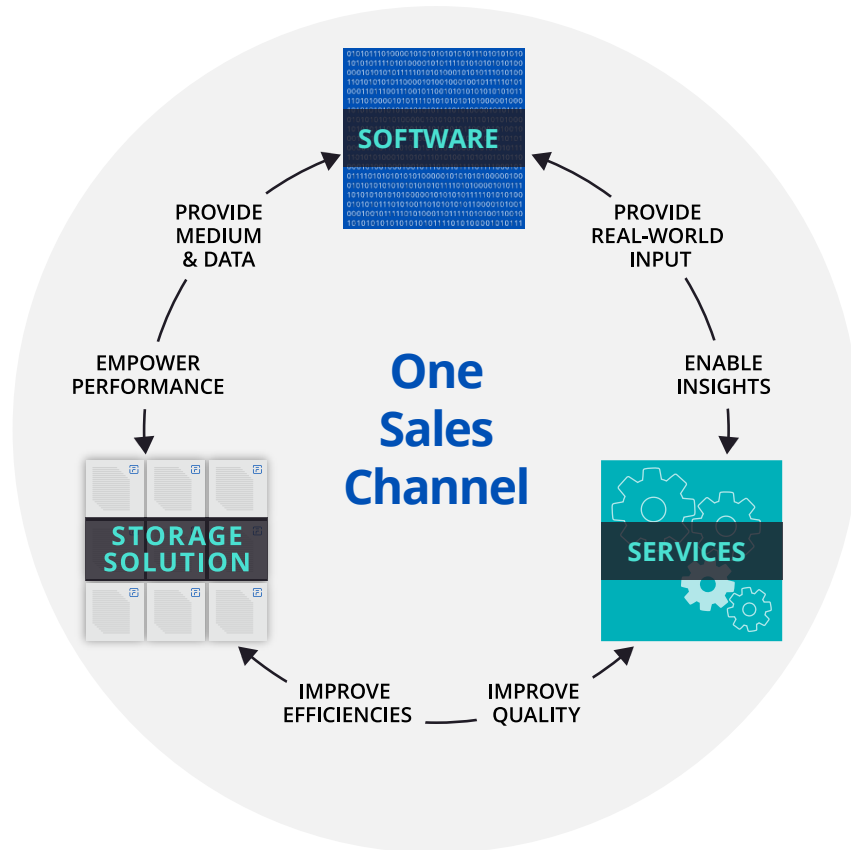


### Where we are going

- Accelerating integration of offerings to provide holistic end to end bundled solution including services and digital
- Retooling digital platform and go-to-market strategy to increase scale of Mosaic and Nispera, allowing for faster roll-out at a lower cost
- Converting supply chain into competitive advantage
- Strong visibility to multi-year profitable revenue growth rate of 30%+

# Integrated Ecosystem with Solutions, Services, and Digital

Revised go-to-market approach using one integrated sales channel with technology integration



## KEY ATTRIBUTES

- Retain customer beyond day 1 sale
- Accessing customers anywhere along the value chain
- Multi-year visibility to high revenue growth rate
- Asset-lite; high return on invested capital
- Significant technical depth helps monetize data to drive customer returns
- Rapidly improving operating leverage with high revenue per employee





# Strategic Objectives

2023 and Beyond



Deliver profitable growth.

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Develop products and solutions that our customers need.

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Convert our supply chain into a competitive advantage.

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Use Fluence Digital as a competitive differentiator and margin driver.

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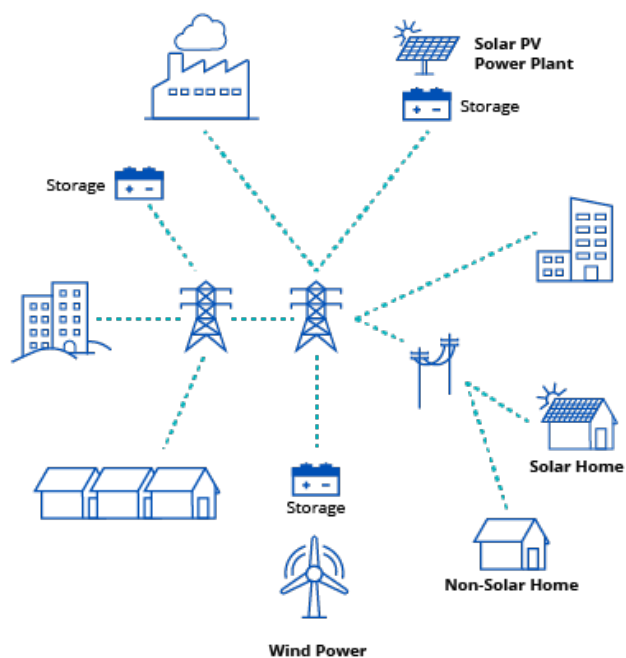
Work better.



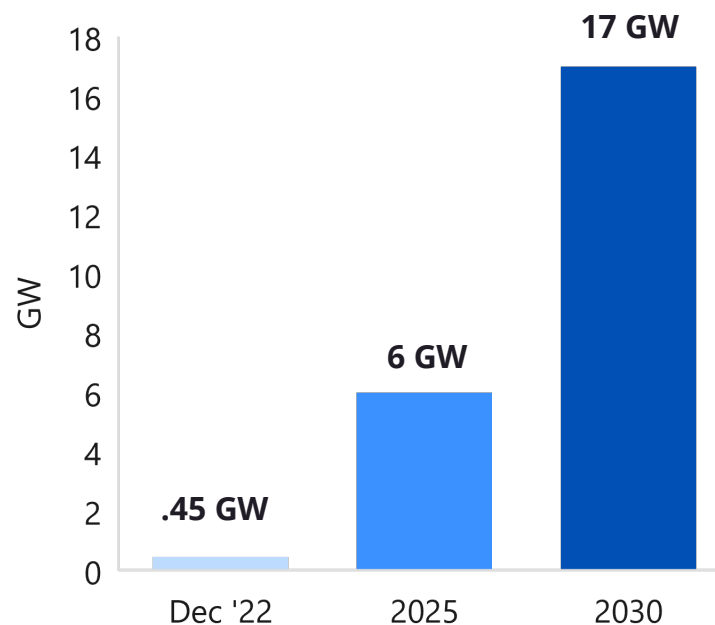
# Fluence Ultrastack™

High performance product built for the complex requirements of transmission segment

## GROWTH IN DISTRIBUTED ENERGY RESOURCES



## DRIVES DEMAND FOR STORAGE AS TRANSMISSION ASSETS<sup>1</sup>



### Gridbooster TransnetBW (Germany)

250 MW | 250 MWh

## REQUIRING PROPRIETARY, HIGH-PERFORMANCE SOLUTIONS

### Ultrastack™ Capabilities



Faster Response Time



Enhanced Cybersecurity



Higher Technical Performance



Advanced Controls Applications





# Experience Unlocks Value With Customers

Fluence Gridstack solution selected for performance coupled with our trusted industry experience



## Orsted

### UNITED STATES

300 MW / 1,200 MWh

- Awarded \$500+ million contract for one project to be completed in 2023 and 2024
- Further increasing our scale and complexity we are able to better capture value from our supply chain through higher commitments from our vendors
- Diversifying our backlog by increasing non-related parties
- Customer seeking trusted partner with strong experience delivering complex solutions
- Establishing ourselves as a leader among the mega project segment

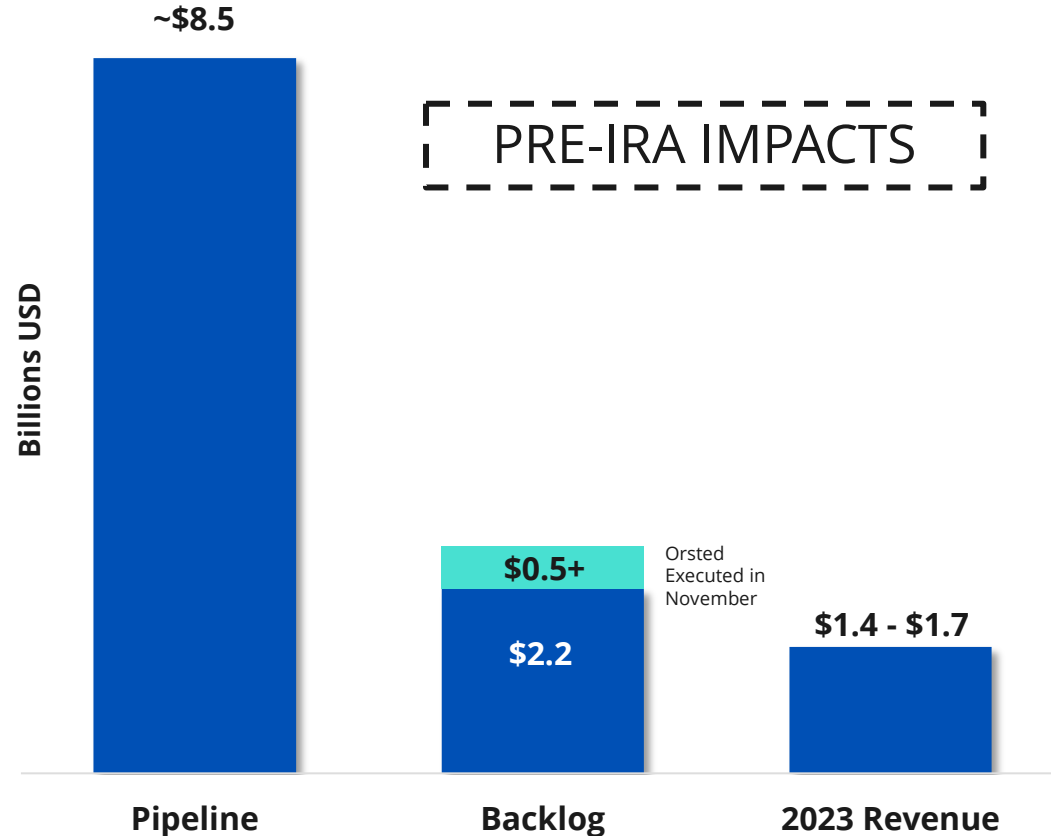






# Strong top of funnel activity gives multi-year revenue certainty

Provides high degree of confidence to multi-year 30%+ revenue growth rate, IRA provides additional upside



- Strong demand at top of the funnel is a driver of ~\$8.5 billion pipeline, nearly 3x current backlog
- Expanding non-related parties' backlog with \$500M+ Orsted order
- IRA increases US TAM by ~\$35B+; nearly 100 GWH providing visibility to backlog growth
- Strong backlog growth factoring in recent Orsted order

Blue Bars in Chart as of September 30, 2022



Note 1: Deployed available in metrics sheet  
 Note 2: All figures in \$ billion, unless specified  
 Note 3: 2023 Revenue is based on guidance shown on page 20



# Tremendous Policy Tailwinds for US Energy Storage

- 1 Per BNEF, IRA increases US TAM by nearly 100 GWh
- 2 Expected ITC improves overall project returns for the customer; this benefit accrues to FLNC through improved pricing power or volume
- 3 PTC of \$10 per kwh results in potential margin uplift for FLNC, de-risks mid-teens gross margins target
- 4 IRA benefits are all upside and not necessary for Adjusted EBITDA Breakeven in FY 2024



## Inflation Reduction Act of 2022

### TOPIC

### ANTICIPATED FLNC IMPACT

Investment Tax Credit –  
Standalone storage

Per BNEF, expected US market growth to go from >30% to 40-50%. First IRA orders expected to sign June 2023. First IRA orders will be seen in financials in H2 of FY 2024

Section 45X –  
Production Tax Credit

\$10/kWh for battery modules produced in US. Utah facility expected cube capacity of nearly 6 GWH per year by FY 2024. Expected module production starting summer FY 2024

Section 48C –  
Qualifying  
Manufacturing Facility

One-time reimbursement for additional qualifying manufacturing facilities in the US



# Introducing Fluence's Battery Pack

**Gives Fluence greater control over the global supply chain and capitalizes on incentives under the Inflation Reduction Act.**

## TODAY

Fluence purchases the battery subsystem from OEM suppliers.

## 2023-2024 OBJECTIVE

Fluence will procure cells competitively and manufacture its own battery pack, which includes a Fluence-made battery module. Initial production start up scheduled for summer 2024.

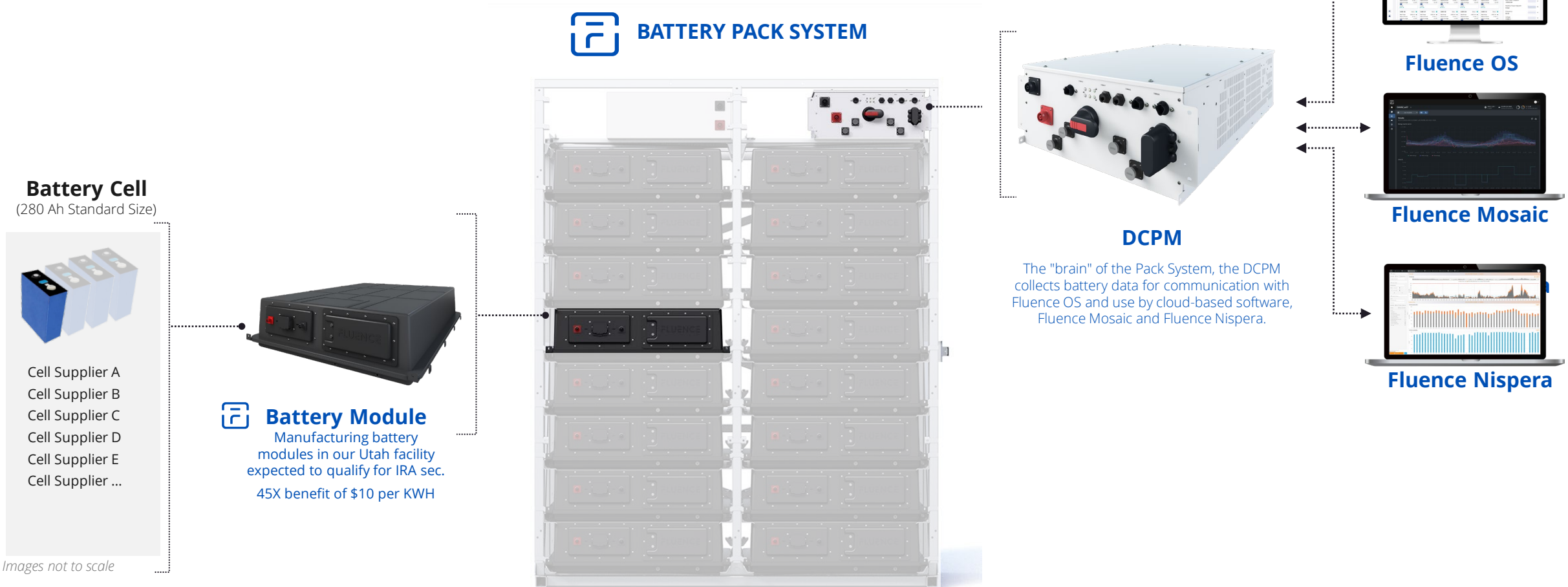
## KEY BENEFITS

- Easier to incorporate new cells and diversify our cell supplier base; creates competition at cell level
- Easier to swap packs in and out of new product variants
- Allows us to incorporate our own BMS technology with more granular data access and system control
- Expands Fluence battery intelligence capabilities



# Fluence Battery Pack

Enables easier implementation of integrated solutions while commoditizing battery cells



Images not to scale



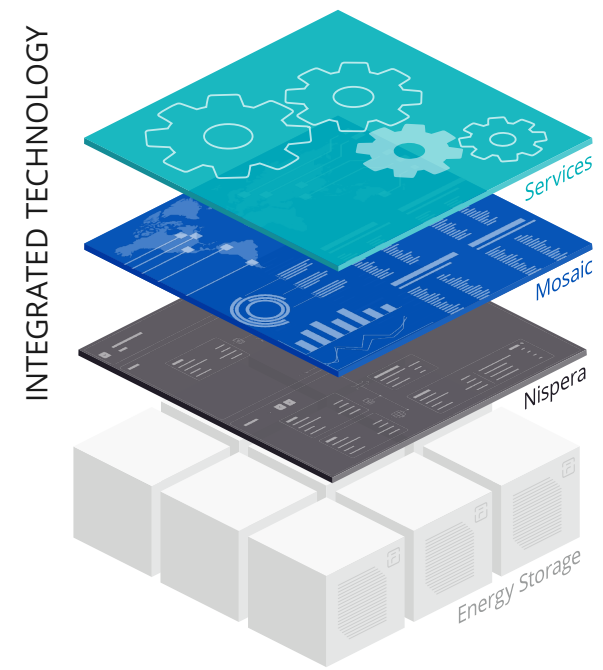
# Retooling digital platform and GTM strategy to increase scale and accelerate roll-out at a lower cost

Plan to Share Key Performance Indicators in 2023

## Digital Moving Forward

- One go-to-market approach
- Enabler for solutions offerings and set up for long-term success
- Reducing cost, complexity, and time to market
- Simplifying product applications
- Accelerating the Nispera<sup>1</sup> BESS (Battery Energy Storage System) capacity
- Positive gross margin in FY 2023; Expect adjusted EBITDA to be at or near breakeven in FY 2025

## Bundled Solution



**New solution includes integrated Nispera offering**

## KPI

## Initiative

<b>Software Attach Rate</b>	<ul style="list-style-type: none"> <li>• Bundled sale of Nispera APM with all Fluence batteries</li> <li>• New market expansion for Mosaic; targeting 4 additional markets over 3 years</li> </ul>
<b>ARR</b>	<ul style="list-style-type: none"> <li>• Expand portion of Mosaic-revenue sharing contracts</li> <li>• Further develop and monetize             <ul style="list-style-type: none"> <li>- Services for reporting, analysis, and optimization</li> </ul> </li> </ul>
<b>Churn Rate</b>	<ul style="list-style-type: none"> <li>- Energy forecasting services</li> <li>• Continue expanding product feature set and offerings</li> </ul>
<b>Growth Beyond Core Customers</b>	<ul style="list-style-type: none"> <li>• Pursue both APM and automated bidding use cases in broader non-BESS renewables market</li> </ul>



Note 1: Per BNEF, Company analysis, asset performance management (APM) TAM assessed at ~1.8 TW in 2025 and growing

# Transforming the Way We Operate

INDIA TECHNOLOGY CENTRE

## Doubling Talent in 2023 & Expanding Capabilities While Minimizing Overhead



1

Successful Year 1 establishing facility

2

2023 hiring talent across technology and functional areas

3

Enables operating leverage with overhead growing at less than 50% of revenue growth





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# Appendix

# Fourth Quarter 2022 Financial Performance

Strongest revenue quarter in the history of Fluence, positive Gross Margin

All figures in \$ million, unless specified

	Q4'21	Q3'22	Q4'22
Revenue	188	239	442
Adjusted Gross Profit*	8	2	15
SG&A (a)	(20)	(33)	(37)
Platform investment <sup>1</sup> (b)	(8)	(18)	(18)
Operating expenses <sup>2</sup> (a+b)	(28)	(51)	(55)
Operating expenses, % of Revenue	14.9%	21.3%	12.4%
Adjusted EBITDA*	(15)	(48)	(40)
Total Cash <sup>3</sup>	38	762	540
<b>GAAP metrics</b>			
Gross Profit	(59)	(5)	11
Net Income	(87)	(61)	(56)



Note 1 Platform investment includes R&D and Depreciation expenses

Note 2 Operating expenses exclude stock compensations expenses

Note 3 Total cash includes Cash and cash equivalents + Restricted Cash + Short term investments

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

## HIGHLIGHTS

1. Highest Revenue quarter driven by higher volumes
2. Positive Gross Margin
3. High watermark for Operating Expenses % of Revenue level for FY 2022; expected to reduce in FY 2023 and beyond
4. Ended FY 2022 with >\$500M of total cash, ample liquidity to meet next 12 months cash needs
5. Greater transparency, additional information available in metrics sheet



# FY 2022 Cash > \$500M and No recourse debt

Asset-lite and operating cash efficient model with cash usage in FY 22 and FY 23 largely driven by EBITDA

All figures in \$ million, unless specified

DESCRIPTION	AMOUNT	COMMENTS
<b>Total Cash at 10/1/21</b>	<b>\$38</b>	
Financing	\$817	IPO Proceeds \$936, Debt and Other \$(119)
Investing	\$(38)	Nispera \$(30), Capex \$(8)
Adj. EBITDA	\$(184)	
GAAP-only items	\$(53)	Expenses
Change in Operating Cash	\$(40)	~10% of revenue increase YoY
<b>Total Cash at 9/30/22</b>	<b>\$540</b>	



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

# FY 2023 guidance driven by strong & growing backlog

FY 2023 orders trajectory, operating leverage sets us well for FY 2024 Adj. EBITDA break-even

All figures in \$ million, unless specified

	FY 2022	FY 2023 Guide
Revenue	\$1,199	\$1,400 - \$1,700
Adj. Gross Profit <sup>1</sup>	\$(3)	\$60 - \$100

1. ~90% of Revenue in backlog as of October 1<sup>st</sup>
2. Expect 40 / 60 revenue split between 1H / 2H 2023
3. Expect SG&A to grow at less than 50% of revenue growth
4. FY 2023 cash flow primarily driven by FY 2023 EBITDA with Capex and change in operating cash in line with FY 2022
  - A. Expect cash position to be higher in H2 than H1
  - B. Expect \$80M -100M Q1 cash usage, mostly due to battery supply negotiation of ~\$60M-\$70M

1. 2023 Adjusted Gross Profit = GAAP Gross Profit primarily adjusted for Stock compensation and restructuring / re-organization, see reconciliation of Adjusted Gross Profit to the comparable GAAP financial measure.

2. We are unable to provide a quantitative reconciliation of Adjusted Gross Profit guidance to the most directly comparable GAAP financial measure without unreasonable efforts because of the inherent difficulty in forecasting and quantifying certain amounts that are necessary for such reconciliation.



# High confidence path to 2023 Adjusted Gross Profit guidance

Expected FY 2023 margin improvement driven by higher margin deals and better risk management

All figures in \$ million, unless specified

	AMOUNT
<b>FY 2022 Adjusted Gross Profit</b>	<b>\$(3)</b>
New deals at or close to <u>double-digit</u> margins	
• Signing contracts at higher margins relative to legacy contracts	\$40 - \$70
Better risk management and improved execution	
• Pricing index, Passing logistics costs, Gen 6 issues behind us	\$23 - \$33
<b>FY 2023 Adjusted Gross Profit</b>	<b>\$60 - \$100</b>



# Definitions

ITEM	DEFINITION
<b>Pipeline</b>	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.
<b>Contracted Backlog</b>	Represent signed purchase orders or contractual minimum purchase commitments with take-or pay provisions. For our energy storage product contracts, contracted backlog includes signed customer orders or contracts under execution prior to when substantial completion is achieved. For service contracts, contracted backlog includes signed service agreements associated with our storage product projects that have not been completed. For digital applications contracts, contracted backlog includes signed agreements where the associated subscription has not started.
<b>Deployed</b>	Represents cumulative energy storage products that have achieved substantial completion and are not decommissioned.
<b>Assets Under Management</b>	Asset under management for service contracts represents our long-term service contracts with customers associated with our completed energy storage products. We start providing maintenance, monitoring, or other operational services after the storage product projects are completed.  Assets under management for digital software represents contracts signed and active (post go live).



# Non-GAAP Financial Measures & Reconciliations

(\$ in millions)	Q4'21	Q3'22	Q4'22	FY21	FY22
<b>NET LOSS</b>	(87.2)	(60.8)	(56.2)	(162.0)	(289.2)
ADD (DEDUCT):					
INTEREST EXPENSE (INCOME), NET	0.5	(0.2)	(1.2)	1.4	(0.3)
INCOME TAX EXPENSE (BENEFIT)	(1.0)	(1.0)	1.9	1.8	1.4
DEPRECIATION AND AMORTIZATION	1.6	2.0	2.2	5.1	7.1
STOCK-BASED COMPENSATION <sup>(a)</sup>	-	7.4	9.1	-	44.1
OTHER EXPENSES <sup>(c)</sup>					
IPO one-time expenses	3.3	-	-	4.8	0.1
COVID-19 pandemic	64.9	3.9	-	71.8	39.1
BBC Finland Cargo Loss Incident	2.6	0.4	2.7	12.4	11.9
Other	-	-	1.6	-	1.6
<b>ADJUSTED EBITDA<sup>1</sup></b>	(15.3)	(48.3)	(39.9)	(64.7)	(184.2)
(\$ in millions)	Q4'21	Q3'22	Q4'22	FY21	FY22
<b>GROSS (LOSS) PROFIT</b>	(59.1)	(5.2)	10.7	(69.1)	(62.4)
ADD (DEDUCT):					
STOCK-BASED COMPENSATION <sup>(b)</sup>	-	2.6	1.6	-	8.5
OTHER EXPENSES <sup>(c)</sup>					
COVID-19 pandemic	64.9	3.9	-	71.8	39.1
BBC Finland Cargo Loss Incident	2.6	0.4	2.7	12.4	11.9
<b>ADJUSTED GROSS (LOSS) PROFIT<sup>1</sup></b>	8.4	1.7	15.0	15.1	(2.9)

- a) Included awards that will be settled in shares and awards that will be settled in cash.
- b) Included COGS portion of stock compensation only
- c) Other primarily include executive severance cost for FY2022.
- d) In FY2023 we expect to see re-organization / restructuring expenses.



Note 1 may not reconcile to financial statements due to rounding.

# Non-GAAP Financial Measures & Reconciliations

(\$ in millions)	Q4'21	Q3'22	Q4'22	FY21	FY22
<b>NET LOSS</b>	(87.2)	(60.8)	(56.2)	(162.0)	(289.2)
ADD (DEDUCT):					
AMORTIZATION OF INTANGIBLE ASSETS	0.9	1.3	1.4	3.6	4.6
STOCK-BASED COMPENSATION <sup>(a)</sup>	-	7.4	9.1	-	44.1
OTHER EXPENSES <sup>(b)</sup>					
IPO one-time expenses	3.3	-	-	4.8	0.1
COVID-19 pandemic	64.9	3.9	-	71.8	39.1
BBC Finland Cargo Loss Incident	2.6	0.4	2.7	12.4	11.9
Other	-	-	1.6	-	1.6
<b>ADJUSTED NET LOSS</b>	(15.5)	(47.8)	(41.4)	(69.4)	(187.8)

- a. Included awards that will be settled in shares and awards that will be settled in cash.
- b. Other primarily include executive severance cost for FY2022.
- c. In FY2023 we expect to see re-organization / restructuring expenses.

