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 June 30, 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. o

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 August 14, 2022, the registrant had 114,306,316 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 (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, 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 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;
- 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, including events and incidents outside of our control;
- our ability to manage information technology related risks, including 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;
- the impact of compliance with any existing and new 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/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 2021 Annual Report for the fiscal year ended September 31, 2021 (the "2021 Annual Report") and Item 1A "Risk Factors" in our Quarterly Reports on Form 10-Q for the periods ended December 31, 2021 and March 31, 2022.

The foregoing factors should not be construed as exhaustive. 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 contained in this Report 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)

	June 30, 2022 (Unaudited)	September 30, 2021
Assets		
Current assets		
Cash and cash equivalents	$ 676,951	$ 36,829
Restricted cash	75,093	1,240
Trade receivables, net of allowances ($82 and $90 at June 30, 2022 and September 30, 2021, respectively)	93,196	46,664
Unbilled receivables	101,139	101,975
Receivables from related parties	49,318	33,362
Advances to suppliers	62,197	9,741
Inventory, net	453,713	389,787
Other current assets	39,140	41,917
Total current assets	1,550,747	661,515
Non-current assets		
Property and equipment, net	9,292	8,206
Intangible assets, net	53,496	36,057
Goodwill	25,214	9,176
Deferred income tax asset	1,184	1,184
Advances to suppliers	17,500	—
Debt issuance cost	2,793	222
Other non-current assets	12,349	1,315
Total non-current assets	121,828	56,160
Total assets	$ 1,672,575	$ 717,675
Liabilities, Stockholders' Equity, Members' Deficit, and Mezzanine Equity		
Current liabilities		
Accounts payable	$ 220,586	$ 158,366
Deferred revenue	371,030	71,365
Borrowing from line of credit	—	50,000
Borrowing from related parties	—	50,000
Personnel related liabilities	17,462	12,861
Accruals and provisions	135,410	186,143
Payables and deferred revenue with related parties	233,433	227,925
Taxes payable	11,743	12,892
Other current liabilities	4,374	1,941
Total current liabilities	994,038	771,493
Non-current liabilities		
Other non-current liabilities	7,454	2,381
Total non-current liabilities	7,454	2,381
Total liabilities	1,001,492	773,874
Commitments and contingencies (See Note 12)		
Mezzanine equity (0 and 18,493,275 units issued and outstanding as of June 30, 2022 and September 30, 2021, respectively)	—	117,235
Stockholders' Equity / Members' Deficit		
Members' capital contributions	—	106,152
Preferred stock, $0.00001 per share, 10,000,000 shares authorized; no shares issued and outstanding as of June 30, 2022	—	—
Class A common stock, $0.00001 par value per share, 1,200,000,000 shares authorized; 114,112,407 shares issued and outstanding as of June 30, 2022.	1	—
Class B-1 common stock, $0.00001 par value per share, 200,000,000 shares authorized; 58,586,695 shares issued and outstanding as of June 30, 2022	—	—
Class B-2 common stock, $0.00001 par value per share, 200,000,000 shares authorized; no shares issued and outstanding as of June 30, 2022	—	—
Treasury stock, at cost	(4,991)	—
Additional paid-in capital	530,747	—
Accumulated other comprehensive income (loss)	515	(285)
Accumulated deficit	(67,337)	(279,301)
Total stockholders' equity attributable to Fluence Energy, Inc./ Members' deficit	458,935	(173,434)
Non-controlling interest	212,148	—
Total stockholders' equity and members' deficit	671,083	(173,434)
Total liabilities, stockholders' equity, members' deficit, and mezzanine equity	$ 1,672,575	$ 717,675

The accompanying notes are an integral part of these 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 June 30,		Nine Months Ended June 30,	
	2022	2021	2022	2021
Revenue	$ 115,999	$ 264,683	$ 258,850	$ 430,397
Revenue from related parties	123,011	13,512	497,771	62,164
Total revenue	239,010	278,195	756,621	492,561
Cost of goods and services	244,207	293,150	829,714	501,702
Gross (loss) profit	(5,197)	(14,955)	(73,093)	(9,141)
Operating expenses:				
Research and development	18,129	4,740	42,227	17,251
Sales and marketing	8,398	6,826	27,647	16,747
General and administrative	27,334	9,238	83,771	24,236
Depreciation and amortization	1,972	1,262	4,892	3,494
Interest expense	573	424	1,938	899
Other income (expense), net	(205)	349	83	(162)
Loss before income taxes	(61,808)	(37,096)	(233,485)	(71,930)
Income tax expense (benefit)	(979)	1,680	(493)	2,874
Net loss	(60,829)	(38,776)	(232,992)	(74,804)
Net loss attributable to non-controlling interest	$ (41,482)	$ (38,776)	$ (165,656)	$ (74,804)
Net loss attributable to Fluence Energy, Inc.	$ (19,347)	n/a	$ (67,336)	n/a
Weighted average number of Class A common shares outstanding				
Basic and diluted	55,625,566	n/a	54,637,372	n/a
Loss per share of Class A common stock				
Basic and diluted	$ (0.35)	n/a	$ (1.23)	n/a
Foreign currency translation gain (loss), net of income tax (expense) benefit of $0 in each period	1,631	19	1,910	(710)
Total other comprehensive income (loss)	1,631	19	1,910	(710)
Total comprehensive loss	(59,198)	(38,757)	(231,082)	(75,514)
Comprehensive loss attributable to non-controlling interest	$ (40,367)	$ (38,757)	$ (164,470)	$ (75,514)
Total comprehensive loss attributable to Fluence Energy, Inc.	$ (18,831)	n/a	$ (66,611)	n/a

The accompanying notes are an integral part of these statements

FLUENCE ENERGY, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS’ EQUITY, MEMBERS’ DEFICIT, AND MEZZANINE EQUITY (UNAUDITED)
(U.S. Dollars in Thousands, except share/unit amounts)

	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)	Treasury Stock		Non-Controlling interest	Total stockholders’ equity and members’ deficit
			Shares	Amount	Shares	Amount				Shares	Amount		
Balance at March 31, 2022	$—	$—	54,143,275	$—	117,173,390	$1	$289,428	$(47,990)	$(2)	—	$—	$484,020	$725,457
Net loss	—	—	—	$—	—	$—	$—	$(19,347)	$—			$(41,482)	$(60,829)
Stock-based compensation expense and related vesting	—	—	1,427,662	$—	—	$—	$8,581	$—	$—			$—	$8,581
Repurchase of class A common stock placed into treasury	—	—	(548,445)	$—	—	$—	$—	$—	$—	548,445	$(4,991)	$—	$(4,991)
Effect of Siemens Industry redemption of class B-1 common stock for class A common stock	—	—	58,586,695	$1	(58,586,695)	$(1)	$227,699	$—	$—			$(227,699)	$—
Effect of remeasurement of non-controlling interest due to other share transactions	—	—	—	$—	—	$—	$3,806					$(3,805)	$1
Proceeds from exercise of stock options	—	—	503,220	$—	—	$—	$1,233						$1,233
Other comprehensive loss, net of income tax benefit of $0	—	—	—	$—	—	$—	$—	$—	$517			$1,114	$1,631
Balance at June 30, 2022	$—	$—	114,112,407	$1	58,586,695	$—	$530,747	$(67,337)	$515	548,445	$(4,991)	$212,148	$671,083
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 income prior to the Transactions, net of income tax benefit of $0									$175				$175
Effect of the transactions related to the IPO	$(117,235)	$(106,152)	18,493,275	$—			$(24,091)	$279,301	$75			$(31,899)	$117,234
Issuance of class A common stock in IPO, net of issuance costs			35,650,000	$—			$295,740					$640,021	$935,761
Founders stock issuance					117,173,390	$1							$1
Net loss subsequent to the Transactions								$(67,337)				$(145,339)	$(212,676)
Stock-based compensation expense and related vesting			1,427,662	$—			$26,360						$26,360
Repurchase of Class A common stock placed into treasury			(548,445)	$—						548,445	$(4,991)		$(4,991)
Effect of Siemens Industry redemption of class B-1 common stock for class A common stock			58,586,695	$1	(58,586,695)	$(1)	$227,699					$(227,699)	$—

Effect of remeasurement of non-controlling interest due to other share transactions							3,806,000					(3,805,000)	1,000
Proceeds from exercise of stock options			503,220				1,233,000						1,233,000
Other comprehensive gain subsequent to the Transactions, net of income tax benefit of $0									$550			1,186,000	1,736,000
Balance at June 30, 2022	$ —	$ —	114,112,407	$1	58,586,695	$ —	$530,747	$(67,337)	$515	548,445	$(4,991)	$212,148	$671,083

	Mezzanine Equity		Limited Members' Capital		Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Members' Deficit
	Units	Amount	Units	Amount			
Balance at March 31, 2021	—	—	7,920,000	$ 99,872	$ (528)	$ (153,326)	$ (53,982)
Capital contribution				$ 6,280			$ 6,280
Issuance of class B membership units, net	1,250,000	$ 117,272					$ —
Net loss						$ (38,776)	$ (38,776)
Other comprehensive loss, net of income tax benefit of $0					$ 19		$ 19
Balance at June 30, 2021	1,250,000	$ 117,272	7,920,000	$ 106,152	$ (509)	$ (192,102)	$ (86,459)
Balance at September 30, 2020	—	—	7,920,000	$ 99,872	$ 201	$ (117,298)	$ (17,225)
Capital contribution			—	$ 6,280			$ 6,280
Issuance of class B membership units, net	1,250,000	$ 117,272					$ —
Net loss						$ (78,804)	$ (74,804)
Other comprehensive loss, net of income tax benefit of $0					$ (710)		$ (710)
Balance at June 30, 2021	1,250,000	$ 117,272	7,920,000	$ 106,152	$ (509)	$ (192,102)	$ (86,459)

The accompanying notes are an integral part of these statements

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

	Nine Months Ended June 30, 2022	Nine Months Ended June 30, 2021
Operating activities		
Net loss	$ (232,992)	$ (74,804)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	4,892	3,494
Amortization of debt issuance costs	550	—
Inventory provision	13,329	23,839
Stock-based compensation expense	26,360	—
Deferred income taxes	—	—
Provision (Benefit) on loss contracts	2,282	3,004
Changes in operating assets and liabilities:		
Trade receivables	(46,343)	(29,359)
Unbilled receivables	836	(22,957)
Receivables from related parties	(15,956)	24,689
Advances to suppliers	(52,456)	(11,259)
Inventory	(77,255)	(319,946)
Other current assets	(118)	(13,885)
Other non-current assets	(17,556)	(2)
Accounts payable	68,154	(9,928)
Payables and deferred revenue with related parties	5,507	144,038
Deferred revenue	298,986	16,545
Current accruals and provisions	(53,016)	126,123
Taxes payable	(1,150)	60
Other current liabilities	(1,669)	(41)
Other non-current liabilities	(2,031)	1,112
Cash settled for stock based compensation	8,703	—
Insurance proceeds received	10,000	—
Net cash used in operating activities	(60,943)	(139,277)
Investing activities		
Purchase of equity securities	(1,124)	—
Payments for acquisition of businesses, net of cash acquired	(29,215)	(18,000)
Purchase of property and equipment	(2,675)	(2,999)
Net cash used in investing activities	(33,014)	(20,999)
Financing activities		
Capital contributions from founders	—	6,280
Proceeds from issuance of Class B membership units	—	125,000
Repurchase of class A common stock placed into treasury	(4,991)	—
Proceeds from exercise of stock options	1,233	—
Payment of transaction cost related to issuance of Class B membership units	(6,320)	(7,728)
Payment of debt issuance costs	(3,120)	
Borrowing from promissory notes – related parties	—	75,000
Repayment of promissory notes – related parties	(50,000)	(75,000)
Borrowing from line of credit	—	50,000
Repayment to line of credit	(50,000)	(50,000)
Proceeds from issuance of Class A common stock sold in an IPO, net of underwriting discounts and commissions	935,761	—
Payments of deferred equity issuance costs	(7,103)	(1,012)
Other	—	3,189
Net cash provided by financing activities	815,460	125,729

Effect of exchange rate changes on cash and cash equivalents	2,473	(763)
Net increase (decrease) in cash and cash equivalents	723,976	(35,310)
Cash, cash equivalents, and restricted cash as of the beginning of the period	38,068	95,051
Cash, cash equivalents, and restricted cash as of the end of the period	$ 762,044	$ 59,741
Supplemental Cash Flows Information		
Cash paid for income taxes	$ 1,298	$ 5,433

The accompanying notes are an integral part of these 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").

Fluence Energy, LLC, along with its wholly owned subsidiaries, is primarily engaged in the construction and sale of battery-based energy storage products and providing operational services and artificial intelligence (AI)-enabled digital applications ("Fluence IQ") for renewables and storage throughout the world, including the Americas, EMEA, and Asia Pacific regions. Except where the context clearly indicates otherwise, "Fluence," "we," "us," "our" or the "Company" refers to Fluence Energy, Inc. and its wholly owned subsidiaries.

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.

QFH's Investment in Fluence Energy, LLC

On December 27, 2020, Fluence Energy, LLC entered into an agreement with QIA Florence Holdings LLC ("QFH" or the "Blocker Company") for a $125.0 million investment. QFH was issued 18,493,275 Class B units of Fluence Energy, LLC. QFH is an affiliate of the Qatar Investment Authority ("QIA"), the sovereign wealth fund of Qatar, and its subsidiaries and affiliates. At September 30, 2021, the investment was recognized at carrying value within mezzanine equity on the consolidated balance sheets. As part of the transactions related to our initial public offering closed on November 1, 2021, QFH elected to convert their Class B units to the common stock of Fluence Energy, Inc., which was a conversion available to all of the holders of Fluence Energy, LLC Class A and Class B units. Accordingly, as of June 30, 2022, no mezzanine equity is recorded on the condensed consolidated balance sheets.

Initial Public Offering and Related Transactions

On November 1, 2021, the Company completed an initial public offering (the "IPO") and a series of organization transactions (collectively with the IPO, the "Transactions"), in which the Company issued and sold 35,650,000 shares of its Class A common stock, par value $0.00001 per share (the "Class A common stock"), at the public offering price of $28.00 per share, which includes the exercise by the underwriters of their option to purchase an additional 4,650,000 shares of the Class A common stock. The net proceeds to the Company from the IPO were $935.8 million, after deducting underwriting discounts and offering expenses paid by the Company.

Immediately following the consummation of the Transactions:

- Fluence Energy, Inc. became a holding company. As the sole managing member of Fluence Energy, LLC, Fluence Energy, Inc. controls the business and affairs of Fluence Energy, LLC and its direct and indirect subsidiaries;
- Fluence Energy, Inc. owned, directly or indirectly, 54,143,275 limited liability company interests in Fluence Energy, LLC (the "LLC Interests"), representing approximately 31.6% of the economic interest in Fluence Energy, LLC;
- the Founders owned 117,173,390 LLC Interests in Fluence Energy, LLC, representing approximately 68.4% of the economic interest in Fluence Energy, LLC;
- the investors in our IPO owned 35,650,000 shares of Class A common stock of Fluence Energy, Inc., representing approximately 65.8% of the economic interest in Fluence Energy, Inc.;
- Qatar Holding LLC, the owner of the original Blocker Company, owned 18,493,275 shares of Class A common stock of Fluence Energy, Inc., representing approximately 34.2% of the economic interest in Fluence Energy, Inc.; and

• the Founders owned 117,173,390 shares of Class B-1 common stock of Fluence Energy, Inc.

Refer to Note 19 - *Subsequent Events* to the audited consolidated financial statements included in our 2021 Annual Report for a detailed discussion on the IPO and related Transactions.

Siemens Industry Redemption

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

The Company elected to settle the Redemption through the issuance of 58,586,695 shares of the Company’s Class A common stock (the “Shares”). The Redemption settled on July 7, 2022. Siemens Industry, Inc. effected an internal transfer of its interest in the Shares to Siemens AG at the time of Redemption and as of June 30, 2022, Siemens AG is the beneficial owner of 58,586,695 shares of Class A common stock.

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

2. Summary of Significant Accounting Policies and Estimates

Principles of Accounting and Consolidation

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 the Fluence Energy, Inc. beneficially owns a 66.08% interest as of June 30, 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 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

The non-controlling interest on the condensed consolidated statements of operations and comprehensive loss represents the portion of earnings or loss attributable to the economic interest in Fluence Energy, LLC, held by the Founders. For the nine months ended June 30, 2022, the net loss of Fluence Energy, LLC prior to the date of the Transactions has been attributed to the non-controlling interest, and the net loss of Fluence Energy, LLC subsequent to the date of the Transactions has been allocated between Fluence Energy, Inc. and the non-controlling interest based on the respective ownership percentages of Fluence Energy, LLC held by Fluence Energy, Inc. and the Founders. Non-controlling interest on the condensed consolidated balance sheets represents the portion of net assets of the Fluence Energy, LLC attributable to the Founders, based on the portion of the LLC Interests owned by such shareholders. As of June 30, 2022, the non-controlling interest was 33.92%.

Unaudited Interim Financial Information

The accompanying condensed consolidated financial statements as of June 30, 2022, and for the three and nine months ended June 30, 2022 and 2021 are unaudited. These financial statements should be read in conjunction with the Company’s audited financial statements included in our 2021 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 June 30, 2022, the results of its operations for the three and nine months ended June 30, 2022 and 2021, and its cash flows for the nine months ended June 30, 2022 and 2021. The financial data and other information disclosed in these notes related to the three and nine months ended June 30, 2022 and 2021 are also unaudited. The results for the three and nine months ended June 30, 2022 and 2021 are not necessarily indicative of results for the full year ending September 30, 2022 and 2021, any other interim periods, or any future year or period. The balance sheet as of September 30, 2021 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 2021 Annual Report. We include herein certain updates to those policies.

Reclassification

Certain prior year amounts have been reclassified from "Cost of goods and services" to "Sales and marketing" and "General and administrative" to conform to current period presentation on the condensed consolidated statements of operations and comprehensive loss.

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		June 30, 2022		June 30, 2021
Cash and cash equivalents	$	676,951	$	58,497
Restricted cash		75,093		1,244
Restricted cash included in "Other non-current assets"	$	10,000		—
Total cash, cash equivalents and restricted cash shown in the statements of cash flows	$	762,044	$	59,741

Restricted cash consisted of the following:

in thousands		June 30, 2022		June 30, 2021
Collateral for credit card program	$	1,410	$	923
Collateral for outstanding bank guarantees		73,683		321
Collateral for surety program included in "Other non-current assets"		10,000		—
Total restricted cash	$	85,093	$	1,244

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 using Level 2 inputs. The carrying amounts of trade receivables, accounts payable and short-term debt obligations approximate fair values due to their short maturities using Level 2 inputs.

Tax Receivable Agreement

In connection with the IPO, we entered into the Tax Receivable Agreement with Fluence Energy, LLC and the Founders which obligates the Company to make payments to the Founders of 85% of the amount of certain tax benefits that Fluence Energy, Inc. actually realizes, or in some circumstances is deemed to realize, arising from the Basis Adjustments (as defined below) and certain other tax benefits arising from payments made under the Tax Receivable Agreement. Fluence Energy, LLC will have in effect an election under Section 754 of the Internal Revenue Code (the "Code") effective for each taxable year in which a redemption or exchange (including deemed exchange) of LLC Interests for Class A common stock or cash occurs or when Fluence Energy, LLC makes (or is deemed to make) certain distributions. These Tax Receivable Agreement payments are not conditioned upon one or more of the Founders maintaining a continued ownership interest in Fluence Energy, LLC. If a Founder transfers LLC Interests but does not assign to the transferee of such units its rights under the Tax Receivable Agreement, such Founder generally will continue to be entitled to receive payments under the Tax Receivable Agreement arising in respect of a subsequent exchange of such LLC Interests. In general, the Founders' rights under the Tax Receivable Agreement may not be assigned, sold, pledged, or otherwise alienated or transferred to any person, other than certain permitted transferees, without our prior written consent (not to be unreasonably withheld) and such person's becoming a party to the Tax Receivable Agreement and agreeing to succeed to the applicable Founder's interest therein.

Subsequent redemptions or exchanges of LLC Interests are expected to result in increases in the tax basis of the assets of Fluence Energy, LLC and certain of its subsidiaries. Increases in tax basis and tax basis adjustments generated over time may increase (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 Internal Revenue Service ("IRS") may challenge all or part of the validity of that tax basis, and a court could sustain such a challenge. Fluence Energy, Inc.'s allocable share of tax basis and the anticipated tax basis adjustments upon redemptions or exchanges of LLC Interests may also decrease gains (or increase losses) on future dispositions of certain assets to the extent tax basis is allocated to those assets. Actual tax benefits realized by Fluence Energy, Inc. may differ from tax benefits calculated under the Tax Receivable Agreement as a result of the use of certain assumptions in the Tax Receivable Agreement, including the use of an assumed state and local income tax rate to calculate tax benefits. 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. The actual and hypothetical tax liabilities determined in the Tax Receivable Agreement will be calculated using the actual U.S. federal income tax rate in effect for the applicable period and an assumed state and local income tax rate (along with the use of certain other assumptions). The term of the Tax Receivable Agreement will continue until all such tax benefits have been utilized or expired, unless Fluence Energy, Inc. exercises its right to terminate the Tax Receivable Agreement early, certain changes of control occur or Fluence Energy, Inc. breaches any of its material obligations under the Tax Receivable Agreement, in which case, all obligations generally (and in the case of such a change of control or such breach, only if the Founders elect) will be accelerated and due as if Fluence Energy, Inc. had exercised its right to terminate the Tax Receivable Agreement. The payment to be made upon an early termination of the Tax Receivable Agreement will generally equal the present value of payments to be made under the Tax Receivable Agreement using certain assumptions. Estimating the amount of payments that may be made under the Tax Receivable Agreement is by its nature imprecise, insofar as the calculation of amounts payable depends on a variety of factors. The tax basis adjustments upon the redemption or exchange of LLC Interests, as well as the amount and timing of any payments under the Tax Receivable Agreement, will vary depending upon a number of factors, including the timing of purchases or exchanges, the price of shares of our Class A common stock at the time of the purchase or exchange, the extent to which such purchases or exchanges do not result in a basis adjustment, the amount of tax attributes, changes in tax rates and the amount and timing of our income.

The redemption of LLC Interests by Siemens Industry, Inc. on June 30, 2022, results 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 $113.6 million. Siemens AG will be entitled to receive payments under the Tax Receivable Agreement equaling 85% of such amount, or $96.5 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 for the factors discussed above, 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, and such payments are not anticipated to be dependent upon the availability of proceeds of the IPO.

Prior to the Redemption, we determined it was not probable payments under the Tax Receivable Agreement would be made, given there was not sufficient taxable income over the term of the agreement to utilize deductions in the future. Therefore, the Company did not initially recognize the liability against equity. Upon the Redemption, the Company still determines that it is not probable payment under the agreement would be made and has not recognized the change in the liability against equity during the quarter. Should we determine that the Tax Receivable Agreement payment is probable, a corresponding liability will be recorded. As a result, our future results of operations and earnings could be impacted as results of these matters.

Loss per Share

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, 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 potentially dilutive securities that were excluded consist of 58,586,695 shares of Class B-1 common stock, 10,205,593 outstanding stock options, 605,591 outstanding phantom units, and 1,584,196 outstanding restricted stock units as of June 30, 2022.

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 nine months ended June 30, 2022. Basic and diluted net loss per share of Class A common stock for the three and nine months ended June 30, 2022, respectively, have been computed as follows:

In thousands, except share and per share amounts		Three Months Ended June 30, 2022		Nine Months Ended June 30, 2022
Net loss		(60,829)		(232,992)
Less: Net loss attributable to the non-controlling interest	$	(41,482)	$	(165,656)
Net loss attributable to Fluence Energy, Inc.	$	(19,347)	$	(67,336)
Weighted average number of Class A common shares outstanding, basic and diluted		55,625,566		54,637,372
Loss per share of Class A common stock, basic and diluted	$	(0.35)	$	(1.23)

Recent Accounting Standards Adopted

No new accounting standards were adopted during the nine months ended June 30, 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
ASU 2016-02, *Leases (Topic 842)*	In February 2016, the Financial Accounting Standard Board (“FASB”) issued ASU 2016-02, which supersedes existing guidance on accounting for leases in ASC 840, *Leases*. This standard requires all leases to be recognized on the consolidated balance sheet. FASB has issued several amendments to ASU 2016-02, including ASU 2018-11, *Leases (Topic 842)*: Targeted Improvements that introduced an additional transition method permitting an entity to initially apply the new lease standard at the adoption date and recognize a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. ASU 2016-02 includes optional practical expedients intended to reduce the cost and complexity to implement the new lease standard, such as an option to maintain the current lease classification for all existing lease arrangements and the option to use hindsight in evaluating lessee options to extend or terminate a lease. Early application is permitted.	As an emerging growth company (an “EGC”), the Company is permitted to defer adoption until the non-public company adoption date, i.e., annual periods starting after December 15, 2021.	The Company’s existing lease population is mainly comprised of operating leases for office space. The Company is currently evaluating the impact of adoption on its consolidated financial statements.

Standard	Description	Required date of adoption	Effect on the financial statements and other significant matters
ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326)*	In February 2016, FASB issued ASU 2016-13, which updates the impairment model for financial assets measured at amortized cost, known as the Current Expected Credit Loss ("CECL") model. For trade and other receivables, held-to-maturity debt securities, loans and other instruments, entities will be required to use a new forward-looking "expected loss" model that generally will result in the earlier recognition of allowance for losses. There are various transition methods available upon adoption. Early adoption is permitted.	As an EGC, the Company is permitted to defer adoption until the non-public company adoption date, i.e., annual periods starting after December 15, 2022.	The Company is currently evaluating the impact of adoption on its consolidated financial statements.
ASU 2019-12, *Income Taxes (Topic 740)*: Simplifying the Accounting for Income Taxes	In December 2019, FASB issued ASU 2019-12, which removes certain exceptions related to the approach for intraperiod tax allocations, the methodology for calculating income taxes in an interim period, and the recognition of deferred tax liabilities for outside basis differences. The guidance also clarifies and simplifies other areas of ASC 740. Certain amendments must be applied on a prospective basis, certain amendments must be applied on a retrospective basis, and certain amendments must be applied on a modified retrospective basis through a cumulative-effect adjustment to retained earnings/(deficit) in the period of adoption. Early adoption is permitted.	As an EGC, the Company is permitted to defer adoption until the non-public company adoption date, i.e., annual periods starting December 15, 2021, and for interim periods beginning after December 15, 2022.	The Company is currently evaluating the impact of adoption on its consolidated financial statements.
ASU 2020-04, *Facilitation of the Effects of Reference Rate Reform on Financial Reporting (Topic 848)*	In March 2020, FASB issued ASU 2020-04, which provides optional expedients and exceptions for applying U.S. GAAP to transactions affected by reference rate (e.g., LIBOR) reform if certain criteria are met, for a limited period of time to ease the potential burden in accounting for (or recognizing the effects of) reference rate reform on financial reporting.	The ASU is effective as of March 12, 2020 through December 31, 2022.	The ASU is currently not expected to have a material impact on our consolidated financial statements.

3. Revenue from Contracts with Customers

Our revenue is primarily derived from sales of our energy storage products. 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 June 30,		Nine Months Ended June 30,	
In thousands	2022	2021	2022	2021
Americas (North, Central and South America)	$ 142,872	$ 246,023	$ 542,197	$ 358,140
APAC (Asia Pacific)	77,289	14,804	115,348	102,742
EMEA (Europe, Middle-East and Africa)	18,849	17,368	99,076	31,679
Total	$ 239,010	$ 278,195	$ 756,621	$ 492,561

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 June 30,		Nine Months Ended June 30,	
In thousands	2022	2021	2022	2021
Deferred revenue beginning of period	$ 222,815	$ 208,901	$ 71,365	$ 123,841
Additions	194,398	—	369,679	128,963
Revenue recognized related to amounts that were included in beginning balance of deferred revenue	(46,183)	(68,515)	(70,014)	(112,418)
Deferred revenue end of period	$ 371,030	$ 140,386	$ 371,030	$ 140,386

	Three Months Ended June 30,		Nine Months Ended June 30,	
In thousands	2022	2021	2022	2021
Deferred revenue from related parties beginning of period	$ 171,466	$ 112,079	$ 220,122	$ 11,425
Additions	130,563	46,927	226,330	150,758
Revenue recognized related to amounts that were included in beginning balance of deferred revenue	(74,198)	(62)	(218,621)	(3,239)
Deferred revenue from related parties end of period	$ 227,831	$ 158,944	$ 227,831	$ 158,944

Customer and Supplier Concentration

For the nine months ended June 30, 2022, our top three customers, in the aggregate, accounted for approximately 80% of total revenue.

For the nine months ended June 30, 2021, our top three customers, in the aggregate, accounted for approximately 80% of total revenue.

The Company has a limited number of suppliers of batteries, which is a major component of energy storage products.

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 June 30, 2022, the Company had a total of $2,130.2 million of remaining performance obligations related to our contractual commitments, of which we expect to recognize 91% in revenue in the next five years and the remainder after five years.

Variable Consideration

As of June 30, 2022 and September 30, 2021, the transaction prices of our active energy solution contracts have been reduced to reflect variable consideration of $56.7 million and $52.8 million, respectively.

4. Business Combinations

During April 2022, the Company entered into a share sale purchase agreement and acquired all outstanding shares, the assets and assumed the liabilities of Nispera AG ("Nispera"), a Zurich based provider of artificial intelligence (AI) and machine learning-enabled software-as-a-service (SaaS) targeting the renewable energy sector. Nispera's advanced technology helps customers monitor, analyze, forecast, and optimize the performance and value of renewable energy assets. The preliminary base purchase price for the acquisition was $33.4 million, of which $27.1 million was paid in cash to investors, $2.6 million was paid to debt holders at the purchase date, and $3.7 million will be paid to investors 18 months from date of purchase. In addition, Fluence issued 0.5 million shares of restricted stock to Nispera's management team that vest ratably over three years for retention purposes. The acquisition represents a business combination under ASC 805 *Business Combinations.* The Company has included the financial results of the acquisition in its consolidated financial statements from the date of acquisition. Transaction costs associated with the acquisition were not significant and were expensed as incurred. The following table summarizes the preliminary aggregate fair values and estimated useful lives of the assets acquired and liabilities assumed, as of the date of the acquisition.

Fair Value of consideration transferred	$ 33,446
Recognized amounts of identifiable assets and liabilities assumed:	
Cash	489
Accounts receivables and other assets	189
Trademark (11 years life)	750
Developed technology (12 years life)	16,500
Customer relationships (6 years life)	3,500
Accounts payable and other liabilities	(386)
Deferred revenue	(679)
Deferred tax liabilities	(3,454)
Total net identifiable assets acquired and liabilities assumed	$ 16,909
Goodwill	$ 16,536

The fair value of developed technology was determined using the multi-period excess earnings method as developed technology is considered to be the primary revenue-generating identifiable intangible asset acquired in the acquisition. The fair value assigned to assets acquired and liabilities assumed are based on management's estimates and assumptions.

The goodwill is primarily attributed to the expanded market opportunities when integrating the acquired entity's technology with the Company's technology and the assembled workforce. The excess of the acquisition price over the fair value of assets acquired and liabilities assumed was recorded to goodwill.

The valuation was complex due to the significant estimation uncertainty in certain assumptions used to determine the fair value of intangible assets acquired. The primary area that remains preliminary relate to the fair value of intangible assets acquired. The preliminary estimated fair values of identifiable intangible assets may be subject to change as additional information is received. The Company expects to finalize the valuation as soon as practicable, but not later than one year from the acquisition date.

5. Inventory, Net

Inventory consisted of the following:

	June 30, 2022			September 30, 2021		
In thousands	Cost	Provision	Net	Cost	Provision	Net
Cubes, batteries, and other equipment [(a)]	$ 447,222	$ (29)	$ 447,193	$ 402,157	$ (12,980)	$ 389,177
Shipping containers and spare parts	7,390	(870)	6,520	1,857	(1,247)	610
Total	$ 454,612	$ (899)	$ 453,713	$ 404,014	$ (14,227)	$ 389,787

(a) Provision at September 30, 2021 included a $13.0 million loss recognized during fiscal year 2021 for inventory damaged in transit related to the 2021 cargo loss incident. During the nine months ended June 30, 2022, $13.0 million of inventory was written off against the provision. Refer to Note 12 - Commitments and Contingencies for a detailed discussion of the 2021 cargo loss incident.

6. Other Current Assets

Other current assets consisted of the following amounts:

In thousands	June 30, 2022	September 30, 2021
Taxes recoverable	22,115	14,049
Prepaid expenses	3,263	2,480
Advance payments	2,962	3,601
Receivable from insurance [(a)]	—	10,000
Deferred equity issuance costs	—	7,103
Prepaid insurance	3,755	—
Other	7,045	4,684
Total	$ 39,140	$ 41,917

(a) Receivable from insurance represents insurance recoveries that are probable of collection related to the 2021 cargo loss incident. The Company collected $10.0 million receivable from insurance during the nine months ended June 30, 2022. Refer to Note 12 - Commitments and Contingencies for a detailed discussion of the 2021 cargo loss incident.

7. Intangible Assets, Net

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

	June 30, 2022			September 30, 2021		
In thousands	Cost	Accumulated Amortization	Net	Cost	Accumulated Amortization	Net
Patents and licenses	$ 28,556	$ (8,531)	$ 20,025	$ 32,982	$ (9,207)	$ 23,775
Developed technology [(a)]	28,666	(2,119)	26,547	12,600	(1,050)	11,550
Customer relationship/Trade names [(a)]	8,638	(2,669)	5,969	—	—	—
Other [(a)]	1,212	(257)	955	894	(162)	732
Total	$ 67,072	$ (13,576)	$ 53,496	$ 46,476	$ (10,419)	$ 36,057

(a) The developed technology intangible assets and customer relationship/trade names intangible assets included $16.5 million and $4.3 million, respectively, related to the business acquisition discussed in Note 4 - Business Combinations.

Intangible assets are amortized over their estimated useful lives on a straight-line basis. Total amortization expense for the three months ended June 30, 2022 and 2021 was $1.3 million and $0.9 million, respectively. Total amortization expense for the nine months ended June 30, 2022 and 2021 was $3.2 million and $2.6 million, respectively.

8. Goodwill

No impairment was recognized for the nine months ended June 30, 2022 and 2021, respectively. The following table presents the goodwill activity:

	Nine Months Ended June 30,	
In thousands	2022	2021
Goodwill, Beginning of the period	$ 9,176	$ 4,731
Foreign currency adjustment	(498)	21
Acquisition related goodwill [(a)]	16,536	4,449
Goodwill, End of the period	$ 25,214	$ 9,201

(a) Refer to Note 4 - Business Combination for a further discussion of acquisition related goodwill.

9. 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	June 30, 2022	September 30, 2021
Accruals	$ 102,947	$ 155,963
Provisions for expected project losses	32,463	30,180
Total	$ 135,410	$ 186,143

10. Short-term 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. 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 June 30, 2022, we were in compliance with all such covenants or maintained availability above such covenant triggers.

As of June 30, 2022, we had no borrowings under the Revolver.

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 13 — *Related-Party Transactions* for borrowings from related parties.

11. Income Taxes

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

Income tax expense was $(1.0) million and $1.7 million for the three months ended June 30, 2022 and 2021, respectively. The effective tax rate for the three months ended June 30, 2022 and 2021 was 1.6% and (4.5)%, respectively. For the three months ended June 30, 2022, 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, valuation allowances, and foreign exchange losses. For the three months ended June 30, 2021, the Company's effective tax rate differs from the U.S. statutory tax rate primarily due to foreign tax rate differentials, flow through losses attributable to the Founders, valuation allowances recorded on foreign deferred tax assets and foreign withholding taxes on royalties.

Income tax expense was $(0.5) million and $2.9 million for the nine months ended June 30, 2022 and 2021, respectively. The effective tax rate for the nine months ended June 30, 2022 and 2021 was 0.2% and (4.0)%, respectively. For the nine months ended June 30, 2022, 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, valuation allowances, and foreign exchange losses. For the nine months ended June 30, 2021, the Company's effective tax rate differs from the U.S. statutory tax rate primarily due to foreign tax rate differentials, flow through losses attributable to the Founders, valuation allowances recorded on foreign deferred tax assets and foreign withholding taxes on royalties.

The Company does not believe it has any significant uncertain tax positions and therefore has no unrecognized tax benefits as of June 30, 2022 and September 30, 2021, that if recognized, would affect the annual effective tax rate.

As of June 30, 2022 and September 30, 2021, the Company had recorded a full valuation allowance against deferred tax assets on some of its foreign subsidiaries. Upon the IPO on November 1, 2021, Fluence Energy, Inc. became a holding company of Fluence Energy, LLC, and as a corporation, recorded deferred tax assets primarily related to its investment in the LLC. The Company determined that based on the weight of available evidence, including cumulative losses, it is more-likely-than-not that the net deferred tax assets of Fluence Energy, Inc. and some of Fluence Energy, LLC's foreign subsidiaries will not be realized and valuation allowances have been recorded against such deferred tax assets.

12. Commitments and Contingencies

Commitments

The Company has certain contractual obligations incurred in the normal course of business that require fixed and determinable payments in the future. These commitments include lease obligations and purchase commitments under master supply agreements.

The Company did not have significant changes in lease contracts and purchase commitments during the nine months ended June 30, 2022. During the nine months ended June 30, 2022, 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 June 30, 2022, the balances of $42.5 million and $17.5 million are recorded within "Current assets - Advances to suppliers" and "Non-current assets - Advances to suppliers", respectively, on the condensed consolidated balance sheets.

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. For assurance-type warranties, the Company records an estimate of future warranty cost when the battery energy solution is transferred to the customer and the future costs of servicing the warranty are both probable and estimable. No material amount of costs for assurance type warranties have been incurred and we are not able to estimate an amount of probable future costs, thus no liability has been recorded.

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 June 30, 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 nine months ended June 30, 2022, $13.0 million of inventory was written off against the provision. In addition to the inventory losses, we have incurred and expect to incur incremental expenses related to the incident, primarily consisting of inspection costs, project cost overruns due to logistical changes, legal fees, fees to dispose of the damaged cargo, and additional cost to replace the damaged cargo. We received an aggregate of $10.0 million 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 installed the facility, which was completed in fiscal year 2021. No injuries were reported from the incident. Since then, the facility was taken offline as teams from Fluence, our customer, and the battery manufacturer investigate the incident. Our customer released initial findings in the second fiscal quarter of 2022 on what it contends is the root cause of the incident. At this time, Fluence cannot comment on or accept the customer’s stated findings. The customer’s stated findings, if ultimately confirmed and proven, could relate to certain scopes of work for which Fluence or its subcontractors could be responsible. The customer’s stated findings, however, could also relate to certain scopes of work for which other parties were responsible and/or relate to other causes. The customer has alleged that Fluence is liable for the incident but has not yet demanded a specific amount of compensation. Fluence has denied liability, pending completion of all investigations. No legal proceedings have been commenced. We are currently not able to estimate the impact, if any, that this incident may have on our reputation or financial results, or on the market adoption of our products.

2022 Overheating Event at Customer Facility

On April 18, 2022, a 10 MW energy storage facility in Chandler, Arizona owned by AES experienced an overheating event. Fluence served as the energy storage technology provider for the facility, which was completed in 2019, and Fluence 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.

13. Related-Party Transactions

Related parties are represented by AES and Siemens, their respective subsidiaries and other entities under common control. As of June 30, 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 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.

Sales and Procurement Contracts with Related Parties

Fluence signs battery-based energy storage product and related service contracts with AES, Siemens, and their subsidiaries (collectively refer to as affiliates). The contract price in such contracts is similar to the price charged by us to third-party customers. 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, Fluence purchases material 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 management and administrative services to Fluence. The services include but are not limited to, treasury, information technology services, sales services, 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	June 30, 2022	September 30, 2021
Accounts receivable	$ 23,018	$ 26,292
Unbilled receivables	26,300	7,070
Total receivables from related parties	$ 49,318	$ 33,362
Accounts payable	$ 722	$ 4,510
Deferred revenue	227,831	220,122
Accrued liabilities	4,880	3,293
Total payables and deferred revenue with related parties	$ 233,433	$ 227,925

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 June 30, 2022	Three Months Ended June 30, 2021	Nine Months Ended June 30, 2022	Nine Months Ended June 30, 2021
Revenue	$ 123,011	$ 13,512	$ 497,771	$ 62,164
Cost of goods and services	(6,714)	(7,269)	(16,510)	(15,755)
Research and development expenses	(63)	69	(108)	(103)
Sales and marketing expenses	(528)	(1,908)	(1,603)	(2,570)
General and administrative expenses	(50)	(303)	(1,412)	(670)

Refer to Note 15 — *Supply Chain Financing* for the related party guarantee associated with the supply chain financing.

14. Stock-Based Compensation

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

In thousands	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	Nine Months Ended June 30, 2022	Nine Months Ended June 30, 2021
Cost of goods and services	$ 2,604	$ —	$ 6,881	$ —
Research and development	2,270	—	5,607	—
Sales and marketing [(a)]	(1,126)	—	3,328	—
General and administrative	3,649	—	19,186	—
Total	$ 7,397	$ —	$ 35,002	$ —

(a) The reduction of stock based compensation expense as it relates to Sales and Marketing for the three months ended June 30, 2022 was a result of the mark-to-market adjustment of our liability classified awards which is driven by our stock price decrease during the three months ended June 30, 2022.

As of September 30, 2021, the Company determined that achievement of the performance conditions related to awards granted under the 2020 Unit Option Plan and the 2020 Phantom Equity Incentive Plan (the “2020 Plans”) was not probable and therefore, no expense was recognized for unit options or 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 underlying awards granted under the 2020 Plans. Accordingly, previously unrecognized stock compensation expense was recognized during the nine months ended June 30, 2022.

During the three months ended June 30, 2022, the Company granted 675,315 restricted stock units (“RSUs”) under the 2021 Incentive Award Plan to certain employees and directors that vest ratably over a period of three years. The weighted average grant date fair value for the RSUs was $11.72. The Company also made a cash payment of $5.7 million to settle liability classified awards previously granted to the former CEO under the 2020 Plans during the nine months ended June 30, 2022.

15. 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 June 30, 2022, AES and Siemens issued guarantees of $50.0 million each, for a total of $100.0 million, to the SCF Bank on our behalf.

As of June 30, 2022 and September 30, 2021, we had $93.2 million and $58.4 million of payables outstanding, respectively, subject to the program. All outstanding payments owed under the program are recorded within “Accounts payable” on the condensed consolidated balance sheets.

16. Subsequent Events

Partnership with ReNew Power

On August 5, 2022, Fluence Energy Singapore PTE. LTD., a subsidiary of Fluence Energy, LLC, and ReNew Power entered into an agreement to form partnership in India for an initial investment of $5 million, plus a line of credit of $15 million each for 50% interest in the partnership.

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 ("MD&A") 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, 2021 filed with the Securities and Exchange Commission (the "SEC") on December 14, 2021 ("2021 Annual Report").

Except where the context clearly indicates otherwise, "Fluence," "we," "us," "our" or the "Company" refers to Fluence Energy, Inc. and its wholly owned subsidiaries.

Overview

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.

Our fiscal year begins on October 1 and ends on September 30.

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 June 30, 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 June 30, 2022, we deployed cumulative 1,580 MW of energy storage products, compared to 971 MW as of September 30, 2021. New energy storage product contracts executed during the three months ended June 30, 2022 represented total contracted power of approximately 311 MW compared to 338 MW for the three months ended June 30, 2021. New energy storage product contracts executed during the nine months ended June 30, 2022 represented total contracted power of approximately 1,493 MW as compared to 490 MW for the nine months ended June 30, 2021. We recognized total revenue of $239.0 million for the three months ended June 30, 2022, representing a decrease of $(39.2) million, or (14.1)%, compared to the three months ended June 30, 2021. We recognized total revenue of $756.6 million for the nine months ended June 30, 2022, representing an increase of $264.0 million, or 53.6%, compared to the nine months ended June 30, 2021. The decrease in total revenue for the three month period compared to the same period of the prior year was attributable to the timing of projects and the revenue recognition pattern of performance obligations. The increase in total revenue for the nine month period compared to the same period of the prior year was attributable to sales of our battery energy storage products as we expanded our business, particularly in the Americas and EMEA regions, which has been partially offset by impacts of COVID-19 pandemic related delays in shipping energy storage products. We believe such delays may continue through the rest of fiscal year 2022.

We had a gross loss of $(5.2) million and gross profit margin of (2.2)% for the three months ended June 30, 2022, compared to a gross loss of $(15.0) million and gross profit margin of (5.4)% for the three months ended June 30, 2021. We had a gross loss of $(73.1) million and gross profit margin of (9.7)% for the nine months ended June 30, 2022, compared to a gross loss of $(9.1) million and gross profit margin of (1.9)% for the nine months ended June 30, 2021. The gross loss for each of the three and nine month periods ended June 30, 2022 has been negatively impacted by (i) capacity constraints within the shipping industry and increased shipping costs, both of which are primarily caused as a result of the COVID-19 pandemic, and (ii) cost overruns and delays we are experiencing in some projects currently under construction.

General and administrative, research and development, and sales and marketing expenses increased by $18.1 million, $13.4 million, and $1.6 million, or 195.9%, 282.5%, and 23.0%, respectively, for the three months ended June 30, 2022, compared to the three months ended June 30, 2021. The increases in general and administrative expense and research and development expense for the three months ended June 30, 2022 include stock-based compensation expense of $3.6 million and $2.3 million, respectively. General and administrative, research and development, and sales and marketing expenses increased by $59.5 million, $25.0 million, and $10.9 million, or 245.6%, 144.8%, and 65.1%, respectively, for the nine months ended June 30, 2022, compared to the nine months ended June 30, 2021. The increases in general and administrative, research and development and sales and marketing expenses for the nine months ended June 30, 2022 include stock-based compensation expense of $19.2 million, $5.6 million and $3.3 million, respectively. We have been investing heavily in our human capital, technology, products, and services to support significant increases in our operations and related revenues for the three and nine months ended June 30, 2022. We expect our operating expenses, exclusive of stock-based compensation expense, to increase for the foreseeable future as we experience continuing substantial growth and mature as a public company.

Initial Public Offering and Related Transactions

On November 1, 2021, the Company completed an IPO in which it issued and sold 35,650,000 shares of its Class A common stock at the public offering price of $28.00 per share. The net proceeds to the Company from the IPO were $935.8 million, after deducting underwriting discounts and offering expenses paid by the Company. The net proceeds from the IPO were used to purchase 35,650,000 newly issued LLC Interests directly from Fluence Energy, LLC at a price per unit equal to the IPO price per share of Class A common stock less the underwriting discount and estimated offering expenses payable by us. Fluence Energy, LLC used the net proceeds from the sale of LLC Interests to Fluence Energy, Inc. to repay all outstanding borrowings under the now extinguished Uncommitted Line of Credit Agreement with Citibank, N.A. (“Citibank”) (the “Line of Credit”) and the promissory notes with each of Siemens Industry and AES Grid Stability for $25.0 million each, and an aggregate of $50.0 million (together, the “Promissory Notes”). The remainder of the proceeds has been used for working capital and other general corporate purposes.

In connection with the IPO, the Company and AES Stability and Siemens Industry (together with AES Stability, the “Founders”) completed a series of Transactions. Following the completion of the Transactions, the Company owned 31.6% of the economic interest in Fluence Energy, LLC and the Founders own 68.4% of the economic interest in Fluence Energy, LLC. As the sole managing member of Fluence Energy, LLC, the Company operates and controls all the business and affairs of Fluence Energy, LLC and its direct and indirect subsidiaries. As a result, the Company consolidates Fluence Energy, LLC and records a non-controlling interest in its consolidated financial statements for the economic interest in Fluence Energy, LLC held by the Founders. Refer to Note 1 - *Organization and Operations* to the unaudited condensed consolidated financial statements included in this Report for more information about the IPO and related transactions.

Impact of the COVID-19 Pandemic

As of June 30, 2022, the COVID-19 pandemic remains on-going and continues to impact the global economy. In response to the COVID-19 pandemic, we have taken a number of actions to protect the health and well-being of our employees and personnel and to prevent the spread of COVID-19 within our operations and at customers' project sites. Governments in affected areas and countries in which we operate have imposed a number of measures designed to contain outbreaks of COVID-19, including business closures, travel restrictions, and quarantines. Although vaccines and booster shots are now being distributed and administered across many parts of the world, new variants of the virus have emerged and may continue to emerge that have shown to be more contagious. Many of our customers' project sites have experienced shutdowns and delays related to COVID-19 at some point in time during the pandemic, although this trend at project sites appears to be declining in many of our locations in recent months. In addition, we purchase our components and materials from international and domestic vendors and are exposed to supply chain risks arising from logistics disruptions. As a large portion of our battery supply chain derives from China, the shutdowns caused by COVID-19 outbreaks and zero-COVID policy in China has caused a supply chain bottle neck and raw material price increases, which has impacted our operations. For the three months ended June 30, 2022, the Company incurred $3.9 million additional costs related to COVID-19 pandemic due to project charges net of excess shipping costs. For the nine months ended June 30, 2022, the Company incurred $39.1 million in COVID-19 related costs, which was included in "Cost of goods and services" in the accompanying condensed consolidated financial statements. Such costs were primarily caused by temporary closures of customer construction sites in the first fiscal quarter of 2022 and delays in shipping energy storage products during the first three fiscal quarters of 2022. If these situations continue or there are additional disruptions in our project sites or supply chain caused by the COVID-19 pandemic or otherwise, such delays and disruptions could materially and adversely impact our operating results and financial condition. We continue to actively manage through these COVID-19-related disruptions.

The full impact of the COVID-19 pandemic on our business, financial condition and results of operations is difficult to predict and will depend on future developments, such as the ultimate duration and scope of the pandemic, its ultimate impact on our employees, customers, and vendors, in addition to how quickly pre-pandemic economic conditions and operations resume, if at all, and whether the pandemic exacerbates other risks disclosed in Part I, Item 1A. "Risk Factors" in our 2021 Annual Report and in Item 1A. "Risk Factors" in our Quarterly Reports on Form 10-Q for the periods ended December 31, 2021 and March 31, 2022. Even after the pandemic has subsided, we may continue to experience adverse impacts to our business from any economic recession or depression that may occur as a result of the pandemic. Therefore, we cannot reasonably estimate the impact to the Company at this time. We continue to actively monitor the pandemic and may decide to take further actions that alter our business operations as may be required by governmental authorities or applicable laws and regulations or that we determine to be in the best interests of our employees, customers, vendors, and shareholders.

Acquisition of Nispera AG

During April 2022, the Company entered into a share sale purchase agreement and acquired all outstanding shares, the assets and assumed the liabilities of Nispera AG ("Nispera"), a Zurich based provider of artificial intelligence (AI) and machine learning-enabled software-as-a-service (SaaS) targeting the renewable energy sector. Nispera's advanced technology helps customers monitor, analyze, forecast, and optimize the performance and value of renewable energy assets. The preliminary base purchase price for the acquisition was $33.4 million, of which $27.1 million was paid in cash to investors, $2.6 million was paid to debt holders at the purchase date, and $3.7 million will be paid to investors 18 months from date of purchase. In addition, Fluence issued 0.5 million shares of restricted stock to Nispera's management team that vest ratably over three years for retention purposes.

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 nine months ended June 30, 2022, $13.0 million of inventory was written off against the provision. In addition to the inventory losses, we have incurred and expect to incur incremental expenses related to the incident, primarily consisting of inspection costs, project cost overruns due to logistical changes, legal fees, fees to dispose of the damaged cargo, and additional cost to replace the damaged cargo. We received an aggregate of $10.0 million 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 installed the facility, which was completed in fiscal year 2021. No injuries were reported from the incident. Since then, the facility was taken offline as teams from Fluence, our customer, and the battery manufacturer investigate the incident. Our customer released initial findings in the second fiscal quarter of 2022 on what it contends is the root cause of the incident. At this time, Fluence cannot comment on or accept the customer's stated findings. The customer's stated findings, if ultimately confirmed and proven, could relate to certain scopes of work for which Fluence or its subcontractors could be responsible. The customer's stated findings, however, could also relate to certain scopes of work for which other parties were responsible and/or relate to other causes. The customer has alleged that Fluence is liable for the incident but has not yet demanded a specific amount of compensation. Fluence has denied liability, pending completion of all investigations. No legal proceedings have been commenced. We are currently not able to estimate the impact, if any, that this incident may have on our reputation or financial results, or on the market adoption of our products.

2022 Overheating Event at Customer Facility

On April 18, 2022, a 10 MW energy storage facility in Chandler, Arizona owned by AES experienced an overheating event. Fluence served as the energy storage technology provider for the facility, which was completed in 2019, and Fluence 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.

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 2021 Annual Report and in Item 1A. "Risk Factors" in our Quarterly Reports on Form 10-Q for the periods ended December 31, 2021 and March 31, 2022.

Expected Decrease in Lithium-ion Battery Cost

Our revenue growth is directly tied to the continued adoption of energy storage products 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 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 experience seasonality and typically 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 before the summer of the following year. Combined third and fourth fiscal quarter order intake generally accounts for 80% or more of our total intake each year. As a result, revenue generation is typically significantly stronger in our third and fourth fiscal quarters as we provide the majority of our products 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 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.

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 primarily of personnel-related expenses, including salaries, stock-based compensation, and employee benefits, for engineers engaged in the design and development of products and technologies, as well as products, materials, and third-party services used in our research and development process. 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 expect to increase the number of our sales and marketing personnel as we expand into new geographic markets. 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. We expect general and administrative expenses to increase in the future as we scale our headcount with the growth of our business. We also expect that we will incur additional audit, tax, accounting, legal and other costs related to compliance with applicable securities and other regulations, as well as additional insurance, investor relations and other costs associated with being a public company.

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, 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.

Income 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. At the same time, 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 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 we are taxed at the prevailing corporate tax rates. We 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 entered into between the Founders, Fluence Energy, Inc. and Fluence Energy, LLC at the time of the IPO (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 June 30, 2022 and September 30, 2021, and for the three months and nine months ended June 30, 2022 and 2021.

(amounts in MW)	June 30, 2022	September 30, 2021	Change	Change %
Energy Storage Products				
Deployed	1,580	971	609	62.7 %
Contracted Backlog	3,564	2,679	885	33.0 %
Pipeline	16,999	14,161	2,838	20.0 %
Service Contracts				
Asset under Management	1,511	772	739	95.7 %
Contracted Backlog	1,853	1,918	(65)	(3.4 %)
Pipeline	15,565	10,930	4,635	42.4 %
Digital Contracts				
Asset under Management[(a)]	12,753	3,108	9,645	310.3 %
Contracted Backlog	3,676	1,629	2,047	125.7 %
Pipeline[(a)]	18,475	3,301	15,174	459.7 %

(a)Assets under Management and Pipeline includes an increase of 7,745 MW and 15,014 MW, respectively, as a result of the Nispera acquisition.

	Three Months Ended June 30,				Nine Months Ended June 30,			
(amounts in MW)	2022	2021	Change	Change %	2022	2021	Change	Change %
Energy Storage Products								
Contracted	311	338	(27)	(8.0)%	1,493	490	1,003	204.7 %
Service Contracts								
Contracted	81	870	(789)	(90.7)%	674	1,210	(536)	(44.3)%
Digital Contracts								
Contracted	804	575	229	39.8 %	3,930	1,734	2,196	126.6 %

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

Asset under management for service contracts represents our long-term service contracts with customers associated with our completed energy storage system products. We start providing maintenance, monitoring, or other operational services after the storage product projects are completed.

Asset under management for digital software contracts represents the amount of MWs subject to signed digital application contracts, including those associated with Fluence Trading Platform.

Contracted Backlog and Contracted

For our energy storage products 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 application 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 application contracts signed during each period presented.

Pipeline

Pipeline represents our uncontracted, potential revenue from energy storage products, service, and digital software contracts currently in process, 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 services.

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. See Item IA, Part I – “Risk Factors” in our 2021 Annual Report for further information on risks relating to our pipeline. Pipeline is an internal management metric that we construct from market information reported by our global sales force. We monitor and track our pipeline, but it is not audited.

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 stock-based compensation and certain 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 intangible assets, (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 present these non-GAAP measures because we believe they assist investors and analysts in comparing our performance across reporting periods on a consistent basis by excluding items that we do not believe are indicative of our core operating performance. In addition, we use certain of these non-GAAP measures (i) as factors in evaluating management’s performance when determining incentive compensation and (ii) to evaluate the effectiveness of our business strategies.

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.

	Three Months Ended June 30,				Nine Months Ended June 30,			
($ in thousands)	**2022**	**2021**	**Change**	**Change %**	**2022**	**2021**	**Change**	**Change %**
Net loss	$(60,829)	$(38,776)	$(22,053)	(56.9)%	$(232,992)	$(74,804)	$(158,188)	(211.5)%
Add (deduct):								
Interest expense (income), net	(226)	424	(650)	153.3	849	901	(52)	(5.8)
Income tax expense	(979)	1,680	(2,659)	(158.3)	(493)	2,874	(3,367)	(117.2)
Depreciation and amortization	1,972	1,262	710	56.3	4,892	3,494	1,398	40.0
Stock-based compensation[(a)]	7,397	—	7,397	n/a	35,002	—	35,002	n/a
Other expenses[(b)]	4,270	18,150	(13,880)	(76.5)	48,326	18,150	30,176	166.3
Adjusted EBITDA	$(48,395)	$(17,260)	$(31,135)	(180.4)%	$(144,416)	$(49,385)	$(95,031)	(192.4)%

(a) Included awards that will be settled in shares and awards that will be settled in cash.
(b) Amount for the three months ended June 30, 2022 included $3.9 million related to COVID-19 pandemic costs related to project charges net of excess shipping costs, and a $0.4 million loss related to the Cargo Loss Incident.
Amount for the nine months ended June 30, 2022 included $39.1 million costs related to COVID-19 pandemic including excess shipping costs, project charges and other costs, a $9.0 million loss related to the Cargo Loss Incident, and $0.1 million IPO-related expenses which did not qualify for capitalization.

	Three Months Ended June 30,				Nine Months Ended June 30,			
($ in thousands)	**2022**	**2021**	**Change**	**Change %**	**2022**	**2021**	**Change**	**Change %**
Total revenue	$239,010	$278,195	$(39,185)	(14.1)%	$756,621	$492,561	$264,060	53.6%
Cost of goods and services	244,207	293,150	(48,943)	(16.7)	829,714	501,702	328,012	65.4
Gross (loss) profit	(5,197)	(14,955)	9,758	(65.2)	(73,093)	(9,141)	(63,952)	699.6
Add (deduct):								
Stock-based compensation[(a)]	2,604	—	2,604	n/a	6,881	—	6,881	n/a
Other expenses[(b)]	4,270	16,637	(12,367)	n/a	48,326	16,637	31,689	190.5
Adjusted Gross Profit (Loss)	$1,677	$1,682	$(5)	(0.3)%	$(17,886)	$7,496	$(25,382)	(338.6)%
Adjusted Gross Profit Margin %	0.7%	0.6%			(2.4)%	1.5%		

(a) Included awards that will be settled in shares and awards that will be settled in cash.
(b) Amount for the three months ended June 30, 2022 included a $3.9 million related to COVID-19 pandemic costs related to project charges net of other excess shipping costs, and a $0.4 million loss related to the Cargo Loss Incident.
Amount for the nine months ended June 30, 2022 included $39.1 million costs related to COVID-19 pandemic including other excess shipping costs, project charges and other costs, and a $9.0 million loss related to the Cargo Loss Incident.
(c) Some amounts may not reconcile due to rounding.

	Three Months Ended June 30,				Nine Months Ended June 30,			
($ in thousands)	**2022**	**2021**	**Change**	**Change %**	**2022**	**2021**	**Change**	**Change %**
Net loss	$(60,829)	$(38,776)	$(22,053)	(56.9)%	$(232,992)	$(74,804)	$(158,188)	(211.5)%
Add (deduct):								
Amortization of intangible assets	1,334	888	446	50.2	3,172	2,637	535	20.3
Stock-based compensation[(a)]	7,397	—	7,397	n/a	35,002	—	35,002	n/a
Other expenses[(b)]	4,270	18,150	(13,880)	n/a	48,326	18,150	30,176	166.3
Adjusted Net Loss	$(47,828)	$(19,738)	$(28,090)	(142.3)%	$(146,492)	$(54,017)	$(92,475)	(171.2)%

(a) Included awards that will be settled in shares and awards that will be settled in cash.
(b) Amount for the three months ended June 30, 2022 included a $3.9 million reduction related to COVID-19 pandemic costs as a result of release of prior period project charges net of excess shipping costs, and a $0.4 million loss related to the Cargo Loss Incident.

Amount for the nine months ended June 30, 2022 included $39.1 million costs related to COVID-19 pandemic including excess shipping costs, project charges and other costs, a $9.0 million loss related to the Cargo Loss Incident, and $0.1 million IPO-related expenses which did not qualify for capitalization.

	Nine Months Ended June 30,			
($ in thousands)	2022	2021	Change	Change %
Net cash used in operating activities	$ (60,943)	$ (139,277)	$ 78,334	56.2 %
Less: Purchase of property and equipment	(2,675)	(2,999)	324	(10.8)
Free Cash Flows	$ (63,618)	$ (142,276)	$ 78,658	55.3 %

Results of Operations

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

	Three Months Ended June 30,				Nine Months Ended June 30,			
($ in thousands)	2022	2021	Change	Change %	2022	2021	Change	Change %
Total revenue	$ 239,010	$ 278,195	$ (39,185)	(14.1)%	$ 756,621	$ 492,561	$ 264,060	53.6 %
Costs of goods and services	244,207	293,150	(48,943)	(16.7)	829,714	501,702	328,012	65.4
Gross (loss) profit	(5,197)	(14,955)	9,758	(65.2)	(73,093)	(9,141)	(63,952)	699.6
Gross profit %	(2.2)%	(5.4)%			(9.7)%	(1.9)%		
Operating expenses								
Research and development	18,129	4,740	13,389	282.5	42,227	17,251	24,976	144.8
Sales and marketing	8,398	6,826	1,572	23.0	27,647	16,747	10,900	65.1
General and administrative	27,334	9,238	18,096	195.9	83,771	24,236	59,535	245.6
Depreciation and amortization	1,972	1,262	710	56.3	4,892	3,494	1,398	40.0
Interest expense	573	424	149	35.1	1,938	899	1,039	115.6
Other income (expense), net	(205)	349	(554)	(158.7)	83	(162)	245	(151.2)
Loss before income taxes	(61,808)	(37,096)	(24,712)	(66.6)	(233,485)	(71,930)	(161,555)	(224.6)
Income tax expense	(979)	1,680	(2,659)	(158.3)	(493)	2,874	(3,367)	(117.2)
Net loss	$ (60,829)	$ (38,776)	$ (22,053)	(56.9)%	$ (232,992)	$ (74,804)	$ (158,188)	(211.5)%
Net loss attributable to non-controlling interests	$ (41,482)	$ (38,776)	$ (2,706)	(7.0)%	$ (165,656)	$ (74,804)	$ (90,852)	(121.5)%
Net loss attributable to Fluence Energy, Inc.	$ (19,347)	n/a	n/a	n/a	$ (67,336)	n/a	n/a	n/a

Comparison of the Three Months Ended June 30, 2022 to the Three Months Ended June 30, 2021, and the Nine Months Ended June 30, 2022 to the Nine Months Ended June 30, 2021

Total Revenue

Total revenue was $239.0 million for the three months ended June 30, 2022, compared to $278.2 million for the three months ended June 30, 2021, representing a decrease of $(39.2) million, or (14.1)%. Total revenue was $756.6 million for the nine months ended June 30, 2022, compared to $492.6 million for the nine months ended June 30, 2021, representing an increase of $264.0 million, or 53.6%. The decrease in total revenue for the three month period compared to the same period of the prior year were attributable to the timing of projects and the revenue recognition pattern of performance obligations. The increase in total revenue for the nine month period compared to the same period of the prior year was attributable to the sales of our battery energy storage products as we expanded our business, particularly in the Americas and EMEA regions, which has been partially offset by impacts of COVID-19 pandemic related delays in shipping energy storage products.

Costs of Goods and Services

Cost of goods and services was $244.2 million for the three months ended June 30, 2022, compared to $293.2 million for the three months ended June 30, 2021, representing a decrease of $(48.9) million, or (16.7)%. Cost of goods and services was $829.7 million for the nine months ended June 30, 2022, compared to $501.7 million for the nine months ended June 30, 2021, representing an increase of $328.0 million, or 65.4%. The decrease for the three month period compared to the same period of prior year were attributable to the timing of projects and the cost recognition pattern of performance obligations. The increase for nine month period compared to the same period from prior year were primarily from an increase in the costs of materials and supplies associated with the sale of our battery energy storage products due to increased sales volume and material costs. The increase for the nine month period ended June 30, 2022 also included $39.1 million of increased shipping costs and project charges primarily attributable to impacts from the COVID-19 pandemic and $6.9 million of stock-based compensation expense.

Gross Profit (Loss) and Gross Profit Margin

Gross loss was $(5.2) million, and gross profit margin was (2.2)%, for the three months ended June 30, 2022, compared to a gross loss of $(15.0) million, and a gross profit margin of (5.4)%, for the three months ended June 30, 2021. Gross loss was $(73.1) million, and gross profit margin was (9.7)%, for the nine months ended June 30, 2022, compared to a gross loss of $(9.1) million, and a gross profit margin of (1.9)%, for the nine months ended June 30, 2021. The gross loss for the three and nine months ended June 30, 2022 has been negatively impacted by (i) capacity constraints within the shipping industry and increased shipping costs, both of which are caused primarily as a result of the COVID-19 pandemic, (ii) cost overruns, delays and other project charges we are experiencing in some projects currently under construction, and (iii) the Cargo Loss Incident.

Research and Development Expenses

Research and development expenses increased from $4.7 million for the three months ended June 30, 2021 to $18.1 million for the three months ended June 30, 2022. Research and development expenses increased from $17.3 million for the nine months ended June 30, 2021 to $42.2 million for the nine months ended June 30, 2022. The increases for the three and nine month periods compared to the same periods from prior year were mainly related to increased personnel-related costs due to higher headcount to support the growth of the Company, including $2.3 million and $5.6 million of stock-based compensation expense recognized for the three months and nine months ended June 30, 2022, respectively.

Sales and Marketing Expenses

Sales and marketing expenses increased from $6.8 million for the three months ended June 30, 2021 to $8.4 million for the three months ended June 30, 2022. Sales and marketing expenses increased from $16.7 million for the nine months ended June 30, 2021 to $27.6 million for the nine months ended June 30, 2022. The increases for the three and nine month periods compared to the same periods from prior year were primarily related to increased personnel-related expenses for our sales and marketing organization, consultants and other third-party vendors, including $3.3 million of stock-based compensation expense recognized for the nine months ended June 30, 2022.

General and Administrative Expenses

General and administrative expenses increased from $9.2 million for the three months ended June 30, 2021 to $27.3 million for the three months ended June 30, 2022. General and administrative expenses increased from $24.2 million for the nine months ended June 30, 2021 to $83.8 million for the nine months ended June 30, 2022. The increases for the three and nine month periods compared to the same periods from prior year were mainly related to increases in personnel-related expenses, as well as expenses for outside professional services as we have been expanding our personnel headcount rapidly to support our growth. The personnel-related expenses included $3.6 million and $19.2 million of stock-based compensation expense recognized for the three and nine months ended June 30, 2022, respectively.

Depreciation and Amortization

Depreciation and amortization increased $0.7 million and $1.4 million for the three and nine months ended June 30, 2022, respectively, compared to the same periods from prior year. The slight increases were attributable to the depreciation from increased investment in property and equipment to support the Company’s growth.

Interest Expense

Interest expense increased $0.1 million for the three months ended June 30, 2022 compared to the same period from prior year. The increase was mainly due to the unused line fees related to the Revolver and amortization of debt issuance costs. Interest expense increased $1.0 million for the nine months ended June 30, 2022 compared to the same period from prior year. The increase was mainly due to short-term borrowings from the Promissory Notes and Line of Credit, unused line fees related to the Revolver and amortization of debt issuance costs.

Other Income (Expense), Net

Other income, net was $(0.2) million for the three months ended June 30, 2022, compared to other expense, net of $0.3 million for the three months ended June 30, 2021. Other income, net was $0.1 million for the nine months ended June 30, 2022, compared to other expense, net of $(0.2) million for the nine months ended June 30, 2021. The changes were mainly a result of foreign currency exchange adjustments for monetary assets and liabilities.

Income Tax Expense

Income tax expense was $(1.0) million for the three months ended June 30, 2022 and $1.7 million for the three months ended June 30, 2021. The effective income tax rate was 1.6% and (4.5)% for the three months ended June 30, 2022 and 2021, respectively. The decrease in income tax expense and change in effective tax rate for the three months ended June 30, 2022 compared to the same period in 2021 were primarily due to an increase in global pre-tax loss and foreign exchange losses.

Income tax expense was $(0.5) million for the nine months ended June 30, 2022 and $2.9 million for the nine months ended June 30, 2021. The effective income tax rate was 0.2% and (4.0)% for the nine months ended June 30, 2022 and 2021, respectively. The decrease in income tax expense and change in effective tax rate for the nine months ended June 30, 2022 compared to the same period in 2021 were primarily due to an increase in global pre-tax loss and an increase in foreign exchange losses.

Liquidity and Capital Resources

Since inception and through June 30, 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 and supply chain financing. 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 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. 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. 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 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 Corporation ("AES") and Siemens AG ("Siemens"). As of June 30, 2022, AES and Siemens issued guarantees of $50.0 million each, for a total of $100.0 million, to the SCF Bank on our behalf. As of June 30, 2022, we had $93.2 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

We entered into the Credit Agreement on November 1, 2021, by and among Fluence Energy, LLC, as the borrower, Fluence Energy Inc., as a parent guarantor, the subsidiary guarantors party thereto, the lenders party thereto and JP Morgan Chase Bank, N.A., as administrative agent and collateral agent. The Revolver under the Credit Agreement 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. 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 June 30, 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 Revolver) plus 3.0 % or (ii) the Alternate Base Rate (as defined in the Revolver) 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 covenants that, among other things, will 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. 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 June 30, 2022, we had no borrowings under the Revolver.

Historical Cash Flows

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

	Nine Months Ended June 30,			
($ in thousands)	**2022**	**2021**	**Change**	**Change %**
Net cash used in operating activities	$ (60,943)	$ (139,277)	$ 78,334	56.2 %
Net cash used in investing activities	$ (33,014)	$ (20,999)	$ (12,015)	57.2 %
Net cash provided by financing activities	$ 815,460	$ 125,729	$ 689,731	548.6 %

Net cash flows used in operating activities were $60.9 million for the nine months ended June 30, 2022 compared to $139.3 million for the nine months ended June 30, 2021. The decrease in net operating cash outflows was mainly due to timing of payments on liabilities, cash receipts on receivables and changes in other working capital accounts.

Net cash flows used in investing activities were $33.0 million for the nine months ended June 30, 2022, which included $29.2 million related to cash paid for a business acquisition and $2.7 million purchases of property and equipment and $1.1 million in other investments. Net cash flows used in investing activities were $21.0 million for the nine months ended June 30, 2021, which included $18.0 million cash paid for a business acquisition and $3.0 million purchases of property and equipment.

Net cash flows provided by financing activities were $815.5 million for the nine months ended June 30, 2022, which included $935.8 million net proceeds from issuance of Class A common stock sold in the IPO, net of underwriting discounts, offset by the repayments of $100.0 million short term borrowings from the Line of Credit and the Promissory Notes, a $6.3 million payment of transaction cost related to issuance of Class B membership units, $7.1 million payments of IPO-related costs, and $3.1 million payments of debt issuance costs related to the Revolver. Cash flows provided by financing activities were $125.7 million for the nine months ended June 30, 2021, which included $50.0 million short term borrowings under the Line of Credit and $3.2 million other financing activities.

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 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 Credit Support and Reimbursement Agreement will not provide any credit support from September 30, 2026, provided that either AES or Siemens Industry will be permitted to terminate the agreement upon six months prior notice.

Tax Receivable Agreement

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 future 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.

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 $113.6 million. Siemens will be entitled to receive payments under the Tax Receivable Agreement equaling 85% of such amount, or $96.5 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.

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.

Income Tax Expense

Historically, 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 is 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 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 we are taxed at the prevailing corporate tax rates. We 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.

There were no other significant changes in application of our critical accounting policies or estimation procedures from those presented in our 2021 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 disclosed in our 2021 Annual Report. For a discussion of our exposure to market risk, refer to our market risk disclosures set forth in Part II, Item 7A, “Quantitative and Qualitative Disclosures About Market Risk” in our 2021 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 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.

As required by Exchange Act Rule 13a-15(b), 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 defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of June 30, 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 June 30, 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 June 30, 2022, the material weakness in the internal control over revenue recognition process has not been remediated. The design and implementation of controls did not sufficiently interpret ASC 606 and its application to in-transit, uninstalled or delivered equipment, as well as liquidated damages. We are in the process of remediating the material weakness which includes, without limitation, i) hiring additional experienced accounting, financial reporting and internal control personnel, ii) implementing controls to enhance our review of significant accounting transactions and other new technical accounting and financial reporting issues and preparing and reviewing accounting memoranda addressing these issues, and iii) implementing controls to enable an effective and timely review of account analyses and account reconciliations. We have recently hired additional resources, and we have engaged with a third-party consulting firm to assist us with our formal internal control plan and provide staff augmentation.

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 will not be able to conclude whether the steps we are taking will fully remediate these material weaknesses in our internal control over financial reporting until we have completed our remediation efforts and subsequent evaluation of their effectiveness. We may also conclude that additional measures may be required to remediate the material weaknesses in our internal control over financial reporting, which may necessitate additional implementation and evaluation time. We will continue to assess the effectiveness of our internal control over financial reporting and take steps to remediate the known material weaknesses expeditiously.

Changes in Internal Control over Financial Reporting

We are taking actions to remediate the material weaknesses relating to our internal control over financial reporting. Other than the changes to our internal control over financial reporting described in “Material Weakness 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 June 30, 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 businesses that cover a wide range of matters, including, among others, intellectual property matters, contract disputes, insurance and property damage claims, employment claims, personal injury claims, product liability claims, environmental claims and warranty claims. Currently, there are no claims or proceedings against us that we believe will have a material adverse effect on our business, financial condition, results of operations or cash flows. However, the results of any current or future litigation cannot be predicted with certainty, and regardless of the outcome, we may incur significant costs and experience a diversion of management resources as a result of claims and litigation.

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

Item 1A. Risk Factors

There have been no material changes with respect to our risk factors previously disclosed in our 2021 Annual Report, other than the risk factors disclosed in our Quarterly Reports on Form 10-Q for the quarterly periods ended December 31, 2021 and March 31, 2022. You should carefully consider the risks described in Item 1A. "Risk Factors" of our 2021 Annual Report and in Item 1A. “Risk Factors” of our Quarterly Reports on Form 10-Q for the quarterly periods ended December 31, 2021 and March 31, 2022, 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.

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

On June 30, 2022, Siemens Industry, Inc. (“Siemens Industry”), a wholly owned, indirect subsidiary of Siemens AG, exercised its redemption right pursuant to the terms of the Third Amended and Restated Limited Liability Company Agreement of Fluence Energy, LLC (the “LLC Agreement”) with respect to its entire holding of 58,586,695 common units of Fluence Energy, LLC, the sole direct subsidiary of the Company, together with the corresponding cancellation of an equivalent number of the shares of our Class B-1 common stock of Fluence Energy, Inc., par value $0.00001 per share (the “Redemption”). We elected to settle the Redemption through the issuance of 58,586,695 shares of our Class A common stock (the “Shares”). Settlement of the Redemption occurred on July 7, 2022. The Shares were issued in reliance upon an exemption from registration pursuant to Section 4(a)(2) of the Securities Act of 1933, as amended, on the basis that such issuance did not involve a public offering. No underwriters were involved in the issuance of the Shares in connection with the Redemption.

Item 3. Defaults Upon Senior Securities

None

Item 4. Mine Safety Disclosures

Not applicable

Item 5. Other Information

None

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Item 6. Exhibits

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

		Incorporated by Reference			
Exhibit No.	**Exhibit Description**	**Form**	**File No.**	**Exhibit No.**	**Filing Date**
3.1	Amended and Restated Certificate of Incorporation of Fluence Energy, Inc.	8-K	001-40978	3.1	November 3, 2021
3.2	Amended and Restated Bylaws of Fluence Energy, Inc.	8-K	001-40978	3.2	November 3, 2021
4.1*	Description of Registered Securities				
10.1*	Siemens AG Joinder, dated July 7, 2022, to the Registration Rights Agreement, dated November 1, 2021, by and among Fluence Energy, Inc. and the other parties named therein.				
10.2*	Siemens AG Joinder, dated July 7, 2022, to the Stockholders Agreement, dated October 27, 2021, by and among Fluence Energy, Inc. and the other parties named therein.				
10.3*	Lender Joinder Agreement, dated as of June 30, 2022, entered into by UBS AG, Stamford Branch, in connection with the Revolving Credit Agreement, dated, November 1, 2021, by and among Fluence Energy, LLC, as the borrower, Fluence Energy, Inc., as a parent guarantor, the subsidiary guarantors party thereto, the lenders party thereto and JP Morgan Chase Bank, N.A., as administrative agent and collateral agent.				
10.4	Fluence Energy, Inc. Executive Severance Plan	8-K	001-40978	10.1	February 9, 2022
10.5	Offer Letter, dated August 5, 2022, between Fluence Energy, Inc. and Julian Nebreda	8-K	001-40978	10.1	August 8, 2022
31.1*	Certification of the Company’s Chief Executive Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities and 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 and 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.				

		Incorporated by Reference
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: August 15, 2022	By:	/s/ Manuel Perez Dubuc
		Manuel Perez Dubuc *Chief Executive Officer (Principal Executive Officer)*
Date: August 15, 2022	By:	/s/ Dennis Fehr
		Dennis Fehr *Chief Financial Officer (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 (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 amended and restated bylaws, each of which is filed as an exhibit to our Annual Report on Form 10-K for fiscal year ended September 30, 2021 and filed with the Securities and Exchange Commission on December 14, 2021, and applicable provisions of the General Corporation Law of the State of Delaware (the “DGCL”).

Our amended and restated 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 amended and restated certificate of incorporation and our amended and restated 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 amended and restated certificate of incorporation described below or as otherwise required by applicable law or the amended and restated certificate of incorporation.

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 amended and restated certificate of incorporation 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.

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 to 100% of those 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.

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 amended and restated certificate of incorporation or our amended and restated 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 amended and restated certificate of incorporation and amended and restated 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 amended and restated 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 amended and restated 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 amended and restated 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 amended and restated 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 amended and restated certificate of incorporation and amended and restated 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 amended and restated certificate of incorporation, including provisions relating to amending our amended and restated 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 amended and restated certificate of incorporation. 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 amended and restated certificate of incorporation and amended and restated 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 amended and restated certificate of incorporation 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 amended and restated certificate of incorporation 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 amended and restated certificate of incorporation 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 amended and restated certificate of incorporation, (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 amended and restated certificate of incorporation 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 10.1

Execution Version

REGISTRATION RIGHTS AGREEMENT JOINDER

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

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

[*Signature Pages Follow*]

Accordingly, the undersigned has executed and delivered this Joinder as of the day of July 7, 2022.

Siemens AG

/s/ ppa Hardi Zajewski
Name: Hardi Zajewski
Title: SVP M&A

/s/ ppa Christian Bleiweiss
Name: Christian Bleiweiss
Title: Chief Counsel Corporate, M&A

Agreed and Accepted as of July 7, 2022

Fluence Energy, Inc.

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

Execution Version

STOCKHOLDERS AGREEMENT JOINDER

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

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

Accordingly, the undersigned has executed and delivered this Joinder Agreement as of the 7th day of July, 2022.

[*Signature Pages Follow*]

SIEMENS AG

By: /s/ ppa Hardi Zajewski
Name: Hardi Zajewski
Title: SVP M&A

By: /s/ ppa Christian Bleiweiss
Name: Christian Bleiweiss
Title: Chief Counsel Corporate, M&A

Agreed and Accepted as of

July 7, 2022

FLUENCE ENERGY, INC.

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

Exhibit 10.2

Exhibit 10.2

Exhibit 10.3

EXECUTION VERSION

LENDER JOINDER AGREEMENT

June 30, 2022

THIS JOINDER AGREEMENT (this "***Joinder Agreement***"), dated as of June 30, 2022, is entered into by **UBS AG, STAMFORD BRANCH** (the "***Additional Lender***"), in connection with that certain Revolving Credit Agreement, dated as of November 1, 2021 (as it may be amended, modified, supplemented, restated or amended and restated from time to time, the "***Credit Agreement***"), entered into by and among **FLUENCE ENERGY, LLC**, as the Borrower (the "***Borrower***"), **FLUENCE ENERGY, INC.**, as the Parent, the Guarantors from time to time party thereto, **JPMORGAN CHASE BANK, N.A.**, as administrative agent (the "***Administrative Agent***"), and the Lenders from time to time party thereto. All capitalized terms used herein and not otherwise defined shall have the meaning set forth in the Credit Agreement.

The undersigned has indicated its desire to become a Lender under the Credit Agreement pursuant to Section 2.18 of the Credit Agreement. Accordingly, the parties hereto agree as follows:

1. The Additional Lender hereby acknowledges, agrees and confirms that, by its execution of this Joinder Agreement, it will be deemed to be a party to the Credit Agreement and a Lender for all purposes of the Credit Agreement and the other Loan Documents, and shall have all of the obligations of a Lender thereunder as if it had executed the Credit Agreement as a "Lender" thereunder. Additional Lender hereby ratifies, as of the date hereof, and agrees to be bound by, all of the terms, provisions and conditions contained in the Loan Documents applicable to a Lender. The Commitment of the Additional Lender shall be as set forth on ***Exhibit A*** hereto, as modified pursuant to the terms of the Credit Agreement.

2. The parties hereto acknowledge that, pursuant to Section 2.18 of the Credit Agreement, the Borrower has requested that the Commitments of the Lenders be increased to $200,000,000 effective as of the date hereof (the "***Facility Increase***"). This Joinder Agreement confirms that as of the date hereof, each of the Borrower, the Administrative Agent and the Additional Lender consents to the Facility Increase in accordance with the terms of the Credit Agreement and the Additional Lender hereby confirms its Commitment as set forth on ***Exhibit A*** hereto, as the same may be modified pursuant to the terms of the Credit Agreement. The parties hereto acknowledge, agree and confirm that ***Exhibit A*** hereto shall update and amend Schedule 2.01 of the Credit Agreement.

3. The Additional Lender: (a) confirms that it has received a copy of the Credit Agreement and the other Loan Documents, together with such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Joinder Agreement;
   (b) confirms that all approvals and authorizations required to permit the execution, delivery, performance and consummation of this Joinder Agreement, and the performance by the Additional Lender as a Lender under the Credit Agreement, have been obtained; (c) agrees that it will, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement or any other Loan Document; (d) appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers under the Credit Agreement and the other Loan Documents as are delegated to the Administrative Agent by the terms thereof together with such powers as are reasonably incidental thereto; and (e) if the Additional Lender is organized under the laws of a jurisdiction outside the United States, attaches (or has delivered to the Administrative Agent)

completed and signed copies of any forms that may be required by the United States Internal Revenue Service in order to certify the Additional Lender’s exemption from United States withholding taxes with respect to any payments or distributions made or to be made to it in respect of the Loans or under the Credit Agreement or such other documents as are necessary to indicate that all such payments or distributions are subject to such taxes at a rate reduced by an applicable tax treaty and any such additional documentation reasonably requested by the Borrower or the Administrative Agent to comply with their obligations under FATCA.

4. Following the execution of this Joinder Agreement, the Administrative Agent shall notify the other Lenders of the same. The effective date (“***Effective Date***”) of this Joinder Agreement shall be the date indicated in the preamble above.

5. Upon the execution and delivery of this Joinder Agreement, as of the Effective Date, the Additional Lender shall be a party to the Credit Agreement or as a “Lender” thereunder and, to the extent provided in this Joinder Agreement, shall have the rights and obligations of a Lender thereunder.

6. The Additional Lender represents and warrants that, upon the Effective Date, the Credit Agreement constitutes the Additional Lender’s duly authorized, legal, valid, binding and enforceable obligation.

7. In connection with the execution and delivery of this Joinder Agreement, the Administrative Agent shall have received (i) a certificate, dated the Effective Date and signed on behalf of the Borrower by the President, a Vice President or a Financial Officer of the Borrower, confirming compliance with the conditions set forth in paragraphs (a), (b) and (c) of Section 4.02 of the Credit Agreement,
(ii) such confirmations and other documentation with respect to the Loan Documents which may be reasonably necessary or advisable in connection with this Joinder Agreement and (iii) all fees required to be paid pursuant to the Credit Agreement and other amounts which are payable pursuant to Section 10.03(a) of the Credit Agreement on or prior to the Effective Date (in the case of expenses, to the extent invoiced in reasonable detail at least one (1) Business Day prior to the Effective Date).

8. From and after the Effective Date, the Administrative Agent shall, to the extent received from the Borrower, make all payments under the Credit Agreement in respect of the interest of Additional Lender acquired pursuant to this Joinder Agreement (including, without limitation, all payments of principal and interest with respect thereto) to Additional Lender as a Lender under the Credit Agreement.

9. Upon the Effective Date, the Borrower and the Additional Lender agree to make such payments (if any) as shall be required by Section 2.18(b) of the Credit Agreement.

10. Any notice, demand, request or other communication to be delivered to Additional Lender under or with respect to the Credit Agreement or any other Loan Document shall be addressed to Additional Lender in care of the Administrative Agent, in accordance with Section 10.01 of the Credit Agreement. Additional Lender agrees that the Administrative Agent may rely on Additional Lender’s address, email, and the name of a contact person, all as set forth below the signature of Additional Lender on the signature page hereof, until Additional Lender provides the Administrative Agent with a written notice designating a different address, email, facsimile number, telephone number or contact person.

11. SECTION 10.09 (GOVERNING LAW; JURISDICTION; CONSENT TO SERVICE OF PROCESS) AND SECTION 10.10 (WAIVER OF JURY TRIAL) OF THE CREDIT

AGREEMENT ARE HEREBY INCORPORATED BY REFERENCE *MUTATIS MUTANDIS*.

12. This Joinder Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. The words “execution,” “signed,” “signature,” and words of like import in this Joinder Agreement shall be deemed to include electronic signatures or electronic records, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

13. By executing and delivering a copy hereof, (i) the Borrower and each other Loan Party hereby (A) agrees that all Loans and Commitments (including, without limitation, the Commitments in connection with the Facility Increase) are (or shall be) guaranteed pursuant to the Guaranty and that certain Philippines Guaranty Agreement (the “Philippines Guaranty Agreement”), dated as of February 10, 2022, by and among Fluence Energy Inc., a Philippine corporation, in favor of the Administrative Agent, as applicable, in accordance with the terms and provisions thereof and are (or shall be) secured pursuant to the Security Documents in accordance with the terms and provisions thereof, and (ii) the Borrower and each other Loan Party hereby (A) reaffirms its prior grant and the validity of the Liens granted by it pursuant to the Security Documents, (B) agrees that notwithstanding the effectiveness of this Joinder Agreement, after giving effect to this Joinder Agreement, the Guaranty and the Philippines Guaranty Agreement, as applicable, and the Liens created pursuant to the Security Documents for the benefit of the Secured Parties (including, without limitation, the Additional Lender) continue to be in full force and effect and (C) affirms, acknowledges and confirms all of its obligations and liabilities under the Credit Agreement, as amended hereby, and each other Loan Document to which it is a party, all as provided in such Loan Documents, and acknowledges and agrees that such obligations and liabilities continue in full force and effect in respect of, and to secure, the Obligations under the Credit Agreement and the other Loan Documents (including, without limitation, the Obligations with respect to the Commitments in connection with the Facility Increase), in each case after giving effect to this Joinder Agreement.

14. The parties hereto agree that from the Effective Date this Joinder Agreement and the Credit Agreement shall be construed as a single agreement and this Joinder Agreement shall be one of the Loan Documents.

15. Except as expressly set forth herein, this Joinder Agreement shall not limit, impair, constitute a waiver of or otherwise affect the rights and remedies of the Lenders or the Administrative Agent under the Credit Agreement or any other Loan Document, and shall not (and shall not be deemed to) alter, modify, amend or in any way affect any of the terms, conditions, obligations, covenants or agreements of the Borrower and each other Loan Party contained in the Credit Agreement or any other provision of the Credit Agreement or of any other Loan Document, all of which are ratified and affirmed by the Borrower and each Loan Party, as applicable, in all respects and shall continue in full force and effect. This Joinder Agreement shall not constitute a novation of the Credit Agreement or any of the Loan Documents.

Remainder of Page Intentionally Left Blank. Signature Pages Follow.

IN WITNESS WHEREOF, the undersigned have caused this Joinder Agreement to be duly executed as of the date first above written.

UBS AG, STAMFORD BRANCH:

By: /s/ Dionne Robinson
Name: Dionne Robinson
Title: Associate Director

By: /s/ Danielle Calo Name: Danielle Calo
Title: Associate Director

Address:

600 Washington Boulevard, Stamford, CT 06901 Email: ubsagency@ubs.com

Accepted and Approved:

JPMORGAN CHASE BANK, N.A.
as the Administrative Agent

By: /s/ Arina Mavilian
Name: Arina Mavilian
Title: Authorized Signatory

FLUENCE ENERGY, LLC
as the Borrower

By: /s/ Dennis Fehr
Name: Dennis Fehr
Title: Senior Vice President & Chief Financial Officer

By: /s/ Francis Fuselier
Name: Francis Fuselier
Title: Senior Vice President & General Counsel

FLUENCE ENERGY, INC.
as a Loan Party

By: /s/ Dennis Fehr
Name: Dennis Fehr
Title: Senior Vice President & Chief Financial Officer

By: /s/ Francis Fuselier
Name: Francis Fuselier
Title: Senior Vice President & General Counsel

FLUENCE ENERGY, GMBH
as a Loan Party

By: /s/ Jorg Buddensieg
Name: Jorg Buddensieg
Title: Vice President Finance EMEA

By: /s/ Markus Meyer
Name: Markus Meyer
Title: Managing Director

FLUENCE ENERGY PTY LTD

By: /s/ Andrew Kelley
Name: Andrew Kelley
Title: Director

By: /s/ Aaron McCann
Name: Aaron McCann
Title: Director

FLUENCE ENERGY GLOBAL PRODUCTION OPERATION, LLC
as a Loan Party

By: /s/ Dennis Fehr
Name: Dennis Fehr
Title: Senior Vice President & Chief Financial Officer

By: /s/ Francis Fuselier
Name: Francis Fuselier
Title: Senior Vice President & Secretary

FLUENCE ENERGY, INC.
as a Loan Party

By: /s/ Don H. Lee
Name: Don H. Lee
Title: President & Director

By: /s/ Edgard M. Tordecilla
Name: Edgard M. Tordecilla
Title: Vice President & Director

EXHIBIT A

SCHEDULE 2.01 Commitments

	Lender	**Commitment**	**LC Commitment**	**Alternative Currencies available for Letters of Credit**
1.	JPMorgan Chase Bank, N.A.	$47,500,000	$25,00,0000	Pounds Sterling, Euros or Australian Dollars
2.	Morgan Stanley Senior Funding, Inc.	$ 47,500,000	$25,00,0000	Pounds Sterling, Euros or Australian Dollars
3.	Bank of America, N.A.	$ 25,500,000	$12,500,000	Pounds Sterling, Euros or Australian Dollars
4.	Barclays Bank PLC	$ 25,500,000	$12,500,000	Pounds Sterling, Euros or Australian Dollars
5.	Citicorp North America, Inc.	$ 10,000,000	--	--
6.	Credit Suisse AG, Cayman Islands Branch	$ 10,000,000	--	--
7.	Standard Chartered Bank	$ 10,000,000	--	--
8.	UBS AG, Stamford Branch	$ 10,000,000	--	--
9.	HSBC Bank USA, National Association	$ 7,000,000	--	--
10.	Royal Bank of Canada	$ 7,000,000	--	--
	TOTAL:	**$200,000,000.00**	**$75,000,000**	

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, Manuel Perez Dubuc, 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)) 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, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) [Omitted.]

   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 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: August 15, 2022

Fluence Energy, Inc.

By: /s/ Manuel Perez Dubuc

Manuel Perez Dubuc
Chief Executive Officer (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, Dennis Fehr, 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)) 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, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) [Omitted.]

   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 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: August 15, 2022

Fluence Energy, Inc.
By: /s/ Dennis Fehr
Dennis Fehr
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 June 30, 2022 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Manuel Perez Dubuc, Chief Executive 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: August 15, 2022

By: /s/ Manuel Perez Dubuc
Manuel Perez Dubuc
Chief Executive Officer (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 June 30, 2022 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Dennis Fehr, 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: August 15, 2022

By: /s/ Dennis Fehr
Dennis Fehr
Chief Financial Officer (Principal Financial Officer)