

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Fluence Corporation Limited

ABN

52 127 734 196

Quarter ended ("current quarter")
30th September 2023

Consolidated statement of cash flows	Current quarter US\$'000	Year to date (9 months) US\$'000
1. Cash flows from operating activities		
1.1 Receipts from customers	10,923	55,298
1.2 Payments for		
(a) research and development	(106)	(381)
(b) product manufacturing and operating costs	(8,631)	(46,515)
(c) advertising and marketing	(546)	(1,719)
(d) staff costs	(5,267)	(17,631)
(e) administration and corporate costs	(1,411)	(4,533)
1.3 Dividends received (see note 3)		
1.4 Interest received	34	184
1.5 Interest and other costs of finance paid	(1,298)	(3,701)
1.6 Income taxes paid	(108)	(367)
1.7 Government grants and tax incentives		-
1.8 Other (provide details if material)	66	140
1.9 Net cash from / (used in) operating activities	(6,344)	(19,225)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(439)	(1,297)
(d) investments	497	2,616
(e) intellectual property		
(f) other non-current assets		

Consolidated statement of cash flows		Current quarter US\$'000	Year to date (9 months) US\$'000
2.2	Proceeds from disposal of:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment	18	53
	(d) investments, net		
	(e) intellectual property		
	(f) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	Net cash from / (used in) investing activities	76	1,372

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities		
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings	(51)	(245)
3.7	Transaction costs related to loans and borrowings		-
3.8	Principal portion of lease liability	(302)	(1,011)
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities	(353)	(1,256)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	18,129	30,936
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(6,344)	(19,225)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	76	1,372

Consolidated statement of cash flows		Current quarter US\$'000	Year to date (9 months) US\$'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(353)	(1,256)
4.5	Effect of movement in exchange rates on cash held	(1,056)	(1,375)
4.6	Cash and cash equivalents at end of period	10,452	10,452

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter US\$'000	Previous quarter US\$'000
5.1	Bank balances	10,363	18,127
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	89	2
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	10,452	18,129

6.	Payments to related parties of the entity and their associates	Current quarter US\$'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	-
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<p><i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i></p> <p>There were no payments to related parties during the quarter, other than the payment of Directors' fees in the normal course of business.</p>		

7. Financing facilities	Total facility amount at quarter end US\$'000	Amount drawn at quarter end US\$'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>		
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1	31,067	30,614
7.2	336	7
7.3		
7.4	Total financing facilities	30,621
7.5	Unused financing facilities available at quarter end	782
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.	
	<p>The company has loan facilities in place with banks in Italy, Brazil and USA with interest rates varying from 1% to 12%. The majority of these loans are unsecured.</p> <p>The company has unsecured bank guarantees in place in Italy.</p> <p>On 29 July 2020, the Group entered into a loan agreement with an affiliate of Upwell LLC to provide an initial \$20 million finance facility (the "Facility"). On 10 December 2021 the facility has been increased to \$30.3 million. The Facility is secured and available to finance recurring revenue projects (i.e BOOT) and Fluence working capital.</p>	

8. Estimated cash available for future operating activities	US\$'000
8.1	(6,344)
8.2	10,452
8.3	782
8.4	Total available funding (item 8.2 + item 8.3)
	11,234
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)
	1.8
	<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:
8.6.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?
	<p>Answer: Fluence expects positive operating cash flow in Q4 2023. Due to the lumpy nature of cash flows related to the Ivory Coast project, quarterly cash flow can fluctuate from negative to positive depending on the timing of milestone payments. Fluence expects two separate milestone payments related to the Ivory Coast project in Q4 2023 as well as the release of collateral related to security deposits and, combined with increased collections in the Middle East and an increase in customer deposits from several recently announced project wins, the final quarter is expected to generate positive cash flow from operations and the release of collateral.</p>

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: While Fluence does not currently require additional financing to fund ongoing operations, the Group is evaluating capital markets options and discussing capital raising scenarios with potential advisors. Based on discussions with advisors, the Company believes there would be an appetite for a capital raise given the shift in the strategy of Fluence, the addition of experienced water management, and the combined impact of cost savings, as well as sales pipeline growth from enhanced collaboration due to the reorganisation and realignment.

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Yes, Fluence has a cash position of \$10.5 million as of September 30, 2023. The Company is also forecasting positive cash flow from operations and the release of collateral in Q4 2023. Based on the cash position and positive cash flow, Fluence expects to be able to continue its operations and meet its business objectives.

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 31 October 2023
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Authorised by: the Board of Directors
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(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. By the board.
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.