

Fluence Corporation Limited

Appendix 4D

Interim Half-year Report

Half-year 30 June 2022

Results for announcement to the market

Current reporting period - half year ended 30 June 2022
Previous - half year ended 30 June 2021

				USD \$'000
Revenue from ordinary activities from continuing operations	Up	52%	to	60,170
Loss from ordinary activities after tax from continuing operations attributable to members	Down	25%	to	(6,310)
Net loss after tax for the period attributable to owners of Fluence Corporation Limited	Down	36%	to	(7,760)

The comparative figures have been adjusted to conform with the AASB 5: "*Non-current assets held for sale and discontinued operations*" presentation requirements. Refer to note 5 Assets and liabilities classified as held for sale and discontinued operations for detailed information on the changes in comparatives presentation.

Dividends (distributions)

	Amount per security	Franked amount per security
Final dividend	-	-
Previous corresponding period	-	-

Net tangible asset per security

As at 30 June 2022	0.01
As at 30 June 2021	0.02
Record date for determining entitlements to dividend	N/A

Explanation of the above information:

Refer to the Directors' Report - Review of operations.

To be read in conjunction with the 31 December 2021 Annual Report

Fluence Corporation Limited

ABN 52 127 734 196

Interim Report for the half-year ended 30 June 2022

Fluence Corporation Limited Interim Report 30 June 2022

ABN 52 127 734 196

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This Interim Financial Report does not include all the notes of the type normally included in an Annual Financial Report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 31 December 2021 and any public announcements made by Fluence Corporation Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Directors' Report

The Directors present their report, together with the financial statements for the six months ended 30 June 2022 (H1 2022) of Fluence Corporation Limited ("Fluence", the "Company" or the "Group"). Please note that unless otherwise stated, all figures are in US Dollars.

Directors

The following persons held office as Directors of Fluence Corporation Limited during or since the end of the financial year and for the whole of the period unless otherwise stated:

Mr Richard Irving, Chairman
Mr Thomas Pokorsky, CEO and Managing Director (appointed 14 March 2022)
Mr Paul Donnelly, Lead Independent Director, Non-Executive Director
Mr Ross Haghghat, Non-Executive Director
Dr Rengarajan Ramesh, Non-Executive Director
Ms Samantha Tough, Non-Executive Director

Review of operations

During the first half of 2022, despite the impact of COVID-19 restrictions, particularly in China, Fluence continued to execute its plan of growing Smart Product Solution ("SPS") revenue in multiple geographies. During H1 2022 Fluence secured sales of MABR wastewater treatment solutions in China, NIROBOX™ desalination solution in the Middle East, and both product lines in South-East Asia, while building the foundation for MABR wastewater sales in North America.

We continued to focus on profitable growth in our 4 key market segments:

- MABR wastewater solutions in China, Southeast Asia, and North America.
- NIROBOX™ desalination solutions in the Middle East and Southeast Asia;
- Recurring revenue opportunities in North America and the Caribbean, targeting the sale of water as a service to commercial customers; and
- The Ivory Coast Water Treatment Project

We have secured profitable orders in other geographies and continue to explore partnerships to grow sales and share business costs.

The Ivory Coast project is 75% completed in line with client expectations. The Project provides a valuable reference for complex water treatment and will continue to be an important source of revenue, profits and cash flow through to completion. However, the lower gross margin earned in the closing stages of the Project will impact the overall reported gross margin through 2023.

We expect that some SPS deployments will be on a recurring revenue or Build Own Operate ("BOO") basis, where wastewater treatment or fresh water is sold by volume. BOO projects and other sources of recurring revenue, such as operations and maintenance contracts, remain a strategic target. Operating expenses are expected to fall further as the proportion of revenue from SPS increases as these are standardised products, reducing engineering costs and therefore significantly lowering the cost of sales as a percentage of revenue, resulting in overall higher profitability for Fluence.

Fluence Corporation Limited
Directors' Report
30 June 2022
(continued)

Review of operations (continued)

During H1 2022 Fluence achieved several key milestones, including:

- Total operating revenue from continuing operations of \$60.2 million (H1 2021: \$39.7 million), an increase of 52%;
- SPS sales \$10.9 million in H1 2022 despite continued COVID-19 headwinds in China;
- Recurring revenue of \$4.2 million (H1 2021: \$3.5 million);
- Cost efficiency improvement - fixed expenses of \$12.5 million (21% of revenues) in H1 2022 versus \$9.9 million (26% of revenues) in H1 2021.
- Cash balance of \$30.7 million at the end H1 2022, up from \$23.7 million at the end of H1 2021
- Operating cashflow negative \$17.1 million in the first half of 2022 mainly due to large payment to vendors following large collection of receivables at the end of 2021.
- Ivory Coast project continue to meet client expectations.

The weakening of the euro relative to the US dollar resulted in a reduction in reported revenue and profit for the Ivory Coast project. The negative exchange rate fluctuations resulted in the recognition of the exchange rate loss in H1 2022 of \$1.1 million in the Group profit and loss statement, as well as \$2.2 million in negative foreign currency translation reserve movement in the statement of changes in equity

Smart Products Solutions (SPS)

The Company sold 14 MABR systems in H1 2022 including 12 in China despite continuing COVID-19 headwinds, and one each in Argentina and Tanzania, bringing the global total now sold to 326 MABR plants. The China sales include the first SUBRE upgrade of an existing wastewater treatment plant. The Company continues to see significant COVID-19 headwinds in China due to irregular and unpredictable lockdowns delaying the closing and implementation of MABR projects. Fluence is increasing its efforts to build its South East Asia pipeline outside China and this is now growing rapidly to include more than 40 projects spanning wastewater reuse and treatment using MABR and desalination using NIROBOX.

The Company reports continued strong pipeline growth for sale of water and wastewater treatment and reuse projects in the Caribbean and beyond.

SPS revenue during H1 2022 were \$10.9 million and the SPS backlog at the end of H1 2022 was \$29.4 million, excluding anticipated additional bookings from volume framework agreements with Kaitian, Hubei ITEST and Liaoning Huahong.

The NIROBOX™ SPS and related desalination products are well established in the international market with 121 units sold to date.

The company won two important treatment orders from Eramine at a lithium mine in Argentina with total value of approximately \$2M. The first is a brine oxidation solution and the second is stripping CO2 from the lithium brine. These are Fluence's first wins in the lithium mining sector.

The Company secured a \$1.9 million contract to supply four wastewater treatment plants to the US Federal Emergency Management Agency ("FEMA"), part of the US Department of Homeland Security. The plants are on schedule to be delivered, with the corresponding revenue recognized, by the end of the current quarter. The order was placed by SupplyCore Inc ("SupplyCore"), a major supply chain and technology integrator and small business Federal Defense contractor which has provided key support to the U.S. military and its allies since 1987. As a procurement representative in support of the US Federal Government, SupplyCore has been awarded a contract to procure up to \$92 million of water purification equipment over the next five years for the US Government.

Recurring revenue and aftermarket

Recurring revenue from continued operations in H1 2022 amounted to \$4.2 million, of which \$0.6 million was generated by the Bimini plant, with the balance related to aftermarket activities.

Fluence Corporation Limited
Directors' Report
30 June 2022
(continued)

Review of operations (continued)

The Company secured its first operation and maintenance (“O&M”) contract in China covering 8 existing MABR wastewater treatment plants in Panjin City, Liaoning province. The contract has an annual value of US \$1.0 million with renewable one-year terms. Fluence will ensure the plants continue to meet China’s Class 1A wastewater treatment standard. The Company intends to steadily grow its recurring revenues by selling water and wastewater treatment as a service rather than selling plants, and securing ongoing parts and service revenues including O&M contracts both on its existing and new plants.

The Peru BOOT project, which was no longer in line with the Company’s strategy to target the US and Caribbean for sales of water, was sold during H1 2022.

The Company in May engaged the water industry veteran Doug Brown as a Strategic Advisor to the Board. Mr. Brown advises on development and implementation of strategies regarding the operation, marketing and financial performance of the Company, acquisition opportunities and financing alternatives. In particular, Mr. Brown will focus on identifying ways to increase the Company’s recurring revenues throughout its targeted regions. Concurrent with his appointment, Mr. Brown invested approximately AU\$2.7 million (US\$1.9 million) as part of a private placement of AU\$5.4 million (US\$3.8 million) at AU\$0.21/share.

Custom Engineered Solutions (CES)

Fluence continued to progress the Ivory Coast Project, recognising \$42.9 million in revenue in H1 2022, and a total of \$135.6 million (75% of the contract total) in revenue since inception to date. The Ivory Coast continues to be executed providing key revenue, profit and cash to Fluence as we transition to SPS.

Other CES revenue in H1 2022 included \$2.2 million in the Middle East related to its large desalination plant in New Mansoura which is currently in operation producing water.

Cost efficiency improvements continued including closing the White Plains NY office and relocating headquarters to our existing facilities in Minneapolis (MN) and converting the Brazil operation into a sales office, reducing headcount.

In regard to the San Quintin Mexico project, Fluence and the State Water Commission of Baja California (“CEA”) reached an agreement to mutually terminate the contract. Negotiations continue towards finalising the mutual termination.

The Company continues to report the Italian business unit as assets held for sale.

Review of financial results

The Group has used United States Dollars (US\$), as its presentation currency in the attached financial report, which conforms to IFRS accounting standards.

The revenue from ordinary activities from continued operations for the six months ended 30 June 2022 was \$60,170,000 (2021: \$39,694,000) and the loss from ordinary activities from continued operations before tax was \$6,332,000 (2021: loss of \$7,995,000).

Cost of sales from continued operations for the six months ended 30 June 2022 increased to \$49,454,000 (2021: \$32,104,000).

Research and development expenses for the six months ended 30 June 2022 decreased to \$1,446,000 (2021: \$1,921,000). This is in line with budget and product development costs for the China MABR, SUBRE and other wastewater treatment technologies.

The Group’s net assets decreased by \$5,558,000 to \$10,432,000 on 30 June 2022 from \$15,990,000 in the corresponding period.

Significant changes in the state of affairs

During H1 2022, there was no significant change in the state of affairs of the Company.

Fluence Corporation Limited
Directors' Report
30 June 2022
(continued)

Significant events after balance date

No matter or circumstance has occurred subsequent to period end that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group or economic entity in subsequent financial periods.

Rounding of amounts

The amounts contained in the Directors' Report and in the Financial Report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the Company under ASIC Corporations (Rounding in Financial/Directors' Report) Legislative Instrument 2016/191. The Company is an entity to which the Legislative Instrument applies.

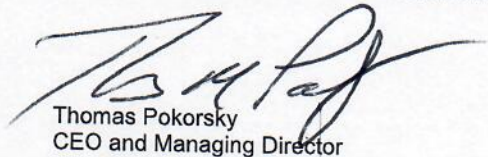
Fluence Corporation Limited
Directors' Report
30 June 2022
(continued)

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 6

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the *Corporations Act 2001*.

Signed in accordance with a resolution of the Directors.



Thomas Pokorsky
CEO and Managing Director

30 August 2022

DECLARATION OF INDEPENDENCE BY KATHERINE ROBERTSON TO THE DIRECTORS OF FLUENCE CORPORATION LIMITED

As lead auditor for the review of Fluence Corporation Limited for the half-year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Fluence Corporation Limited and the entities it controlled during the period.



Katherine Robertson
Director

BDO Audit Pty Ltd

Melbourne, 30 August 2022

Fluence Corporation Limited
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the half-year ended 30 June 2022

		Consolidated entity	
		30 June 2022	30 June 2021
	Notes	\$'000	\$'000
Revenues			
Operating revenue	6	60,170	39,694
Other income		10	73
		60,180	39,767
Expenses			
Cost of sales		(49,454)	(32,104)
Research and development expenses		(1,446)	(1,921)
Sales and marketing expenses		(2,752)	(2,817)
General and administration expenses		(9,685)	(7,060)
Other losses - net	7	(1,181)	(2,540)
Finance costs - net		(1,994)	(1,321)
Loss before income tax from continuing operations		(6,332)	(7,996)
Income tax (expense)/benefit		22	(416)
Loss after income tax from continuing operations		(6,310)	(8,412)
Loss after income tax expense from discontinued operations	5	(1,455)	(3,909)
Loss for the period after income tax		(7,765)	(12,321)
Loss for the year is attributable to:			
Owners of Fluence Corporation Limited		(7,760)	(12,183)
Non-controlling interests		(5)	(138)
		(7,765)	(12,321)
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations, net of tax		(2,159)	(386)
Total comprehensive (loss)/profit for the period		(9,924)	(12,707)
Total comprehensive (loss)/profit for the period is attributable to:			
Continuing operations		(8,426)	(8,501)
Discontinued operations		(1,493)	(4,068)
Owners of Fluence Corporation Limited		(9,919)	(12,569)
Continuing operations		19	(34)
Discontinued operations		(24)	(104)
Non-controlling interests		(5)	(138)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes. All amounts are presented in US dollars.

Fluence Corporation Limited
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the half-year ended 30 June 2022
(continued)

Losses per share from continuing operations attributable to the ordinary equity holders of the Group:			
Basic and diluted loss per share	9	(0.010)	(0.013)
Losses per share from discontinued operations attributable to the ordinary equity holders of the Group:			
Basic and diluted loss per share	9	(0.002)	(0.006)
Losses per share attributable to the ordinary equity holders of the Group:			
Basic and diluted loss per share	9	(0.012)	(0.019)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes. All amounts are presented in US dollars.

Fluence Corporation Limited
Consolidated Statement of Financial Position
As at 30 June 2022

		Consolidated entity	
		30 June	31 December
		2022	2021
Notes		\$'000	\$'000
ASSETS			
Current assets			
	10	30,689	40,849
		6,772	11,502
	11	41,309	31,674
		12,161	13,387
		5,086	9,299
	14	246	231
		192	188
	5	8,987	8,493
		105,442	115,623
Non-current assets			
		484	547
		236	-
		9,898	12,005
	13	1,430	1,709
	14	2,743	2,881
	12	11,100	14,281
		299	2,090
		26,190	33,513
		131,632	149,136
LIABILITIES			
Current liabilities			
	15	44,515	42,019
	16	1,893	2,918
		72	30
		3,600	4,290
		24,911	31,984
	5	10,496	11,656
		85,487	92,897
Non-current liabilities			
	15	1,571	1,964
	16	32,994	34,263
		792	794
		-	2,838
		356	390
		35,713	40,249
		121,200	133,146
		10,432	15,990

*The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.
All amounts are presented in US dollars.*

Fluence Corporation Limited
Consolidated Statement of Financial Position
As at 30 June 2022
(continued)

	Notes	Consolidated entity	
		30 June 2022 \$'000	31 December 2021 \$'000
EQUITY			
Contributed equity	17	216,645	212,279
Other reserves		(13,880)	(11,721)
Accumulated losses		(190,433)	(182,673)
		12,332	17,885
Non-controlling interests		(1,900)	(1,895)
Total equity		10,432	15,990

*The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.
All amounts are presented in US dollars.*

Fluence Corporation Limited
Consolidated Statement of Changes in Equity
For the half-year ended 30 June 2022

	Contributed equity \$'000	Foreign currency translation reserve \$'000	Accumulated losses \$'000	Total \$'000	Non- controlling interests \$'000	Total equity \$'000
Consolidated entity						
Balance at 1 January 2021	212,161	(11,938)	(167,971)	32,252	(1,780)	30,472
Loss for the period	-	-	(12,183)	(12,183)	(138)	(12,321)
Other comprehensive income	-	(386)	-	(386)	-	(386)
Total comprehensive income for the period	-	(386)	(12,183)	(12,569)	(138)	(12,707)
Transactions with owners in their capacity as owners:						
Issue of options	615	-	-	615	-	615
Balance at 30 June 2021	212,776	(12,324)	(180,154)	20,298	(1,918)	18,380
Balance at 1 January 2022	212,279	(11,721)	(182,673)	17,885	(1,895)	15,990
Loss for the period	-	-	(7,760)	(7,760)	(5)	(7,765)
Other comprehensive income	-	(2,159)	-	(2,159)	-	(2,159)
Total comprehensive income for the period	-	(2,159)	(7,760)	(9,919)	(5)	(9,924)
Transactions with owners in their capacity as owners:						
Issue of ordinary shares, net of transaction costs	17 3,715	-	-	3,715	-	3,715
Issue of options	8 651	-	-	651	-	651
	4,366	-	-	4,366	-	4,366
Balance at 30 June 2022	216,645	(13,880)	(190,433)	12,332	(1,900)	10,432

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes. All amounts are presented in US dollars.

Fluence Corporation Limited
Consolidated Statement of Cash Flows
For the half-year 30 June 2022

	Consolidated entity	
	30 June 2022	30 June 2021
Notes	\$'000	\$'000
Cash flows from operating activities		
Receipt from customers	37,808	50,821
Payments to suppliers and employees	(53,046)	(57,407)
Receipt from restricted cash	-	7
Interest received	56	42
Interest and other costs of finance paid	(1,979)	(1,326)
Income taxes paid	(83)	(88)
Net cash outflow from operating activities	(17,244)	(7,951)
Cash flows from investing activities		
Payments for property, plant and equipment	(142)	(1,120)
Proceeds from sale of property, plant and equipment	-	15
Proceeds from disposal of short term deposits	6,137	2,245
Proceeds from disposal of GCM Peru	150	-
Net cash inflow from investing activities	6,145	1,140
Cash flows from financing activities		
Proceeds from issues of shares and other equity securities	3,715	-
Proceeds/repayment of borrowings	(27)	872
Lease payments	(857)	(891)
Net cash (outflow)/inflow from financing activities	2,831	(19)
Net decrease in cash and cash equivalents	(8,268)	(6,830)
Cash and cash equivalents at the beginning of the financial year	41,363	31,038
Effects of exchange rate changes on cash and cash equivalents	(1,324)	(545)
Cash and cash equivalents at end of period	31,771	23,663

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes. All amounts are presented in US dollars.

1 General information and basis of preparation

These Interim Financial Statements (the Interim Financial Statements) of the Group are for the six months ended 30 June 2022 and are presented in United States Dollars, which is the Group's presentation currency. These general purpose Interim Financial Statements have been prepared in accordance with the requirements of AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. They do not include all of the information required in Annual Financial Statements in accordance with Australian Accounting Standards, and should be read in conjunction with the financial statements of the Group for the year ended 31 December 2021 and any public announcements made by the Group during the half-year in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the *Corporations Act 2001*.

The Interim Financial Statements have been approved and authorised for issue by the board of directors on XX August 2022.

2 Going concern

The financial statements have been prepared on the going concern basis which assumes the consolidated entity will have sufficient cash to pay its debts, as and when they become payable, for a period of at least 12 months from the date the financial report was authorised for issue.

As at 30 June 2022 the Group had cash and cash equivalents of \$30,689,000. In addition to that the Company had \$17,872,000 in short-term and long-term liquid investments.

The consolidated entity has prepared a cash flow forecast supported by detailed assumptions and scenario planning directed to sustaining business growth. These forecasts indicate that the consolidated entity expects to have sufficient funds to support its ongoing operations for a period of 12 months from the date the financial report was authorised for issue.

As at 30 June 2022, the Group had a substantial contracted sales backlog of US\$80 million predominantly due to the Ivory Coast project. Accordingly, the Group expects to earn significant revenue over the next 12 months and beyond. The resulting net cash flows associated with this revenue will provide further working capital to the consolidated entity.

The spread of the COVID-19 pandemic ("COVID-19") presented Fluence, and most businesses around the world, with extraordinary challenges. COVID-19 continues to cause disruption to some geographies, such as China, in which Fluence operates, slowing down new orders as sales conversion has become more difficult with limited face-to-face meetings. Fluence activities in other geographies continue to secure profitable orders while exploring partnerships to grow sales.

3 Significant accounting policies

The Interim Financial Statements have been prepared in accordance with the same accounting policies adopted in the Group's last Annual Financial Statements for the year ended 31 December 2021.

The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these Interim Financial Statements. The principal accounting policies adopted are consistent with those of the previous accounting period and corresponding interim reporting period, unless stated otherwise.

Rounding of amounts

The amounts contained in the Directors' Report and in the Financial Report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the Company under ASIC Corporations (Rounding in Financial/Directors' Report) Legislative Instrument 2016/191. The Company is an entity to which the Legislative Instrument applies.

Fluence Corporation Limited
Notes to the Consolidated Financial Statements
30 June 2022
(continued)

4 Segment information

The Group identified two primary reporting segments based on the internal reports that are reviewed by the Managing Director and Chief Executive Officer (who is identified as the Chief Operating Decision Maker (CODM)). The internal reports reviewed by the CODM assess performance and determine the allocation of resources.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

The Group's operating segments are:

- Operating Units (OUs) - These are defined as the operating entities of the Group that earn revenues and incur expenses that are reviewed by the CODM and where discrete financial information is available. OUs include the Group's entities in Argentina, Italy, Israel, USA, China and Middle East. The OUs are aggregated into a single operating segment on the basis that the OUs are similar in each of the following respects:
 - nature of the products and services;
 - nature of the production processes;
 - type or class of customer for their products and services;
 - methods used to distribute their products or provide their services; and
 - nature of the regulatory environment
- Product and Innovation Group (P&I) - Defined as the Research and Development vehicle of the Group.

	Operating Units \$'000	Product and Innovation \$'000	Intersegment Elimination \$'000	Total \$'000
2022				
Segment revenue				
Contract revenue	55,952	-	-	55,952
Service revenue	4,191	88	(61)	4,218
Other income	10	-	-	10
	60,153	88	(61)	60,180
Segment expense				
Segment depreciation and amortisation	(772)	(316)	-	(1,088)
Loss after tax from discontinued operations	(1,455)	-	-	(1,455)
Write off of inventories	63	-	-	63
Segment expense	(56,294)	(2,499)	61	(58,732)
Unallocated expenses - corporate	-	-	-	(6,733)
	(58,458)	(2,815)	61	(67,945)
Net result	1,695	(2,727)	-	(7,765)
Assets				
Investments in associates	484	-	-	484
Segment assets	106,485	3,995	(1,632)	108,848
Assets directly associated with assets classified as held for sale	8,987	-	-	8,987
Unallocated assets - corporate	-	-	-	13,313
	115,956	3,995	(1,632)	131,632

Fluence Corporation Limited
Notes to the Consolidated Financial Statements
30 June 2022
(continued)

4 Segment information (continued)

	Operating Units \$'000	Product and Innovation \$'000	Intersegment Elimination \$'000	Total \$'000
2022				
Liabilities				
Segment liabilities	(75,843)	(5,476)	1,632	(79,687)
Liabilities directly associated with assets classified as held for sale	(10,496)	-	-	(10,496)
Unallocated liabilities - corporate	-	-	-	(31,017)
	(86,339)	(5,476)	1,632	(121,200)
Acquisitions of non-current assets	142	-	-	142

Profit or Loss items are for the 6 months ended 30 June 2022 and Balance Sheet items are as of 30 June 2022.

Other information

Contract revenue from Operating Units segment includes Ivory Coast revenue of \$42.9 million for the six months ending 30 June 2022.

	Operating Units \$'000	Product and Innovation \$'000	Intersegment Elimination \$'000	Total \$'000
2021				
Segment revenue				
Contract revenue	39,856	136	(225)	39,767
	39,856	136	(225)	39,767
Segment expenses				
Segment depreciation and amortisation	(748)	(350)	-	(1,098)
Write off of inventories	(181)	-	-	(181)
Loss from discontinued operations	(3,909)	-	-	(3,909)
Segment expense	(41,600)	(1,641)	225	(43,016)
Unallocated expenses - corporate	-	-	-	(3,884)
	(46,438)	(1,991)	225	(52,088)
Net result	(6,582)	(1,855)	-	(12,321)
Assets				
Investments in associates	547	-	-	547
Segment assets	116,186	5,075	(1,433)	119,828
Assets directly associated with assets classified as held for sale	8,493	-	-	8,493
Unallocated assets - corporate	-	-	-	20,268
	125,226	5,075	(1,433)	149,136

Fluence Corporation Limited
Notes to the Consolidated Financial Statements
30 June 2022
(continued)

4 Segment information (continued)

	Operating Units \$'000	Product and Innovation \$'000	Intersegment Elimination \$'000	Total \$'000
2021				
Liabilities				
Segment liabilities	(84,712)	(5,971)	1,433	(89,250)
Liabilities directly associated with assets classified as held for sale	(11,656)	-	-	(11,656)
Unallocated liabilities - corporate	-	-	-	(32,240)
	(96,368)	(5,971)	1,433	(133,146)
Acquisitions of non-current assets	1,164	38	-	1,202

Profit or Loss items are for the 6 months ended 30 June 2021 and Balance Sheet items are as of 30 December 2021.

Other information

Contract revenue from Operating Units segment includes Ivory Coast revenue of \$21.5 million for the six months ending 30 June 2021.

(b) Unallocated expenses

	Consolidated entity	
	30 June 2022 \$'000	30 June 2021 \$'000
Other corporate expenses	(6,733)	(3,884)

(c) Unallocated assets

	Consolidated entity	
	30 June 2022 \$'000	31 December 2021 \$'000
Cash and cash equivalents	8,917	14,779
Other assets	4,396	5,489
	13,313	20,268

(d) Unallocated liabilities

	Consolidated entity	
	30 June 2022 \$'000	31 December 2021 \$'000
Trade and other payables	(363)	(748)
Borrowings	(30,456)	(30,459)
Other liabilities	(198)	(1,033)
	(31,017)	(32,240)

4 Segment information (continued)

Intersegment transactions

Intersegment transactions are made at market rates. Intersegment transactions are eliminated on consolidation.

5 Assets and liabilities classified as held for sale and discontinued operations

(a) Discontinued operations and assets classified as held for sale

(i) Description

During the six months ended 30 June 2022, the Company classified its operations in Italy as Held for Sale and operations in Mexico as discontinued operations. Those operations have met the conditions of AASB 5, management is committed to a plan to sell, the asset is available for immediate sale, an active program to locate a buyer is initiated, the sale is highly probable within 12 months, the asset is being actively marketed for sale, and actions required to complete the plan indicate that it is unlikely that plan will be significantly changed or withdrawn.

GCM Peru was sold in April 2022 and was deconsolidated from Fluence Group. The sale of subsidiary resulted in \$207,000 loss.

(ii) Financial performance and cash flow information

The financial performance and cash flow information presented are for the six months ended 30 June 2022.

	Consolidated entity	
	30 June 2022 \$'000	30 June 2021 \$'000
Fluence Italy		
Revenue	4,040	5,633
Cost of sales	(3,175)	(4,894)
Research and development expenses	(64)	(73)
Sales and marketing expenses	(233)	(232)
General and administrative expenses	(695)	(890)
Other gains/losses - net	(1,167)	44
Finance costs - net	(13)	(10)
Loss before income tax	(1,307)	(422)
Income tax benefit/(expense)	(60)	212
Loss after income tax from discontinued operations	(1,367)	(210)
Net cash (outflow)/inflow from operating activities	(2,424)	1,054
Net cash outflow from investing activities	(6)	(16)
Net cash inflow from financing activities	3,080	24
Effects of exchange rate changes on cash and cash equivalents	(82)	(45)
Net increase in cash and cash equivalents from discontinuing operations	568	1,017

5 Assets and liabilities classified as held for sale and discontinued operations (continued)

(b) Carrying amounts of assets and liabilities disposed

	Consolidated entity	
	30 June 2022 \$'000	31 December 2021 \$'000
Fluence Mexico		
Carrying amounts of assets and liabilities disposed		
Cash and cash equivalents	163	166
Trade receivables	25	12
Prepayments	9	9
Other current assets	7	6
Property, plant and equipment	3	4
Total assets disposed	207	197
Trade and other payables	(370)	(361)
Current tax liabilities	(4)	(33)
Deferred revenue	(1)	(1)
Other non-current liabilities	(378)	(322)
Total liabilities disposed	(753)	(717)
Net assets (liabilities)	(546)	(520)

(c) Assets and liabilities directly associated with assets classified as held for sale

	Consolidated entity	
	30 June 2022 \$'000	31 December 2021 \$'000
Fluence Italy		
Disposal group held for sale		
Cash and cash equivalents	1,082	514
Trade receivables	6,034	5,310
Prepayments	785	795
Inventories	433	496
Property, plant and equipment	442	578
Deferred tax asset	150	163
Long-term deposits	6	6
Other long-term assets	55	69
Total assets directly associated with assets classified as held for sale	8,987	7,931

5 Assets and liabilities classified as held for sale and discontinued operations (continued)

(c) Assets and liabilities directly associated with assets classified as held for sale (continued)

	Consolidated entity	
	30 June 2022 \$'000	31 December 2021 \$'000
Trade and other payables	(5,338)	(7,167)
Borrowings	(656)	(551)
Current tax liabilities	(10)	(5)
Provisions	(332)	(237)
Deferred revenue	(3,352)	(2,772)
Long-term borrowings	(203)	(301)
Deferred tax liabilities	(146)	(101)
Employee benefits	(459)	(522)
Total liabilities directly associated with assets classified as held for sale	(10,496)	(11,656)
Net assets	(1,509)	(3,725)

	Consolidated entity	
	30 June 2022 \$'000	31 December 2021 \$'000
GCM Peru		
Disposal group held for sale		
Trade receivables	-	67
Deferred tax assets	-	44
Property, plant and equipment	-	99
Concession arrangement assets - Long-term	-	352
Total assets directly associated with assets classified as held for sale	-	562
Total liabilities directly associated with assets classified as held for sale	-	-

In April 2022, GCM Peru was sold and deconsolidated from the Fluence Group. GCM Peru's net assets on the disposal date were \$497,000. Proceeds from the sale amounted to \$290,000. Fluence Group's loss on disposal of GCM Peru was \$207,000.

Fluence Corporation Limited
Notes to the Consolidated Financial Statements
30 June 2022
(continued)

**5 Assets and liabilities classified as held for sale and discontinued operations
(continued)**

(c) Assets and liabilities directly associated with assets classified as held for sale (continued)

	Consolidated entity	
	2022	2021
	\$'000	\$'000
Carrying amounts of assets and liabilities disposed		
Property, plant and equipment	99	-
Deferred tax assets	44	-
Other long-term assets	355	-
Cash and cash equivalents	5	-
Prepaid and other receivables	74	-
	577	-
Trade payables	80	-
	80	-
Net Assets	497	-
	Consolidated entity	
	2022	2021
	\$'000	\$'000
Details of the disposal		
Total sale consideration	290	-
Carrying amount of net assets disposed	(497)	-
	(207)	-
	Consolidated entity	
	30 June	31 December
	2022	2021
	\$'000	\$'000
Assets directly associated with assets classified as held for sale		
Fluence Italy	8,987	7,931
GCM Peru	-	562
	8,987	8,493
Liabilities directly associated with assets classified as held for sale		
Fluence Italy	(10,496)	(11,656)
GCM Peru	-	-
	(10,496)	(11,656)

6 Operating revenue

	Consolidated entity	
	30 June 2022 \$'000	30 June 2021 \$'000
Operating revenue		
Contract revenue		
Smart product solutions	10,954	10,442
Custom engineering solutions	44,998	25,730
	55,952	36,172
Service revenue		
Revenues on services	2,969	2,538
Revenue on parts	251	-
Recurring revenue from concession assets	998	984
	4,218	3,522
	60,170	39,694

Revenue has been disaggregated based on contract revenue (inclusive of smart product solutions and customer engineering solutions) and service revenue. They comprise distinct revenue streams, customers and margins.

7 Other gains/(losses) - net

	Consolidated entity	
	30 June 2022 \$'000	30 June 2021 \$'000
Other gains / (losses) - net		
Foreign exchange loss	(1,118)	(1,839)
Withholding taxes	(63)	(45)
Loss on disposal of subsidiary	(207)	-
Gain on debt forgiveness	417	-
Gain on disposal of PPE	3	15
Change in inventory provision	63	(667)
Expected credit losses	(234)	-
Other	(42)	(4)
	(1,181)	(2,540)

8 People cost

Employee Option Plan

Set out below are summaries of options granted to Directors, Consultants and Employees under the Company's employee share option plan:

Fluence Corporation Limited
Notes to the Consolidated Financial Statements
30 June 2022
(continued)

8 People cost (continued)

2022						
Grant / change date	Expiry Date	Exercise Price (AU\$)	Granted	Exercised	Cancelled / Lapsed / Forfeited	Balance at the end of the year
Opening balance			89,556,872	(13,773,161)	(48,834,554)	26,949,157
Option vested during the year						
4 January 2022	3 June 2022	0.44	-	-	(375)	(375)
4 January 2022	3 June 2022	0.46	-	-	(375)	(375)
4 January 2022	29 August 2023	0.44	-	-	(750)	(750)
14 January 2022	1 March 2024	0.44	-	-	(150,000)	(150,000)
14 January 2022	25 May 2022	0.48	-	-	(78,125)	(78,125)
20 January 2022	29 August 2023	0.44	-	-	(4,500)	(4,500)
27 February 2022	29 November 2023	0.44	-	-	(6,000)	(6,000)
28 February 2022	3 June 2022	0.44	-	-	(625)	(625)
28 February 2022	3 June 2022	0.46	-	-	(625)	(625)
28 February 2022	31 May 2025	0.23	-	-	(73,125)	(73,125)
16 March 2022	1 March 2024	0.44	-	-	(150,000)	(150,000)
16 March 2022	25 May 2022	0.48	-	-	(312,500)	(312,500)
18 March 2022	3 June 2022	0.44	-	-	(750)	(750)
21 March 2022	22 March 2027	0.17	1,500,000	-	-	1,500,000
21 March 2022	1 July 2026	0.22	250,000	-	-	250,000
21 March 2022	1 January 2026	0.18	100,000	-	-	100,000
21 March 2022	1 January 2027	0.22	25,000	-	-	25,000
21 March 2022	1 January 2027	0.18	1,250,000	-	-	1,250,000
5 May 2021	3 June 2022	0.44	-	-	(625)	(625)
4 April 2022	3 June 2022	0.46	-	-	(375)	(375)
29 April 2022	3 June 2022	0.44	-	-	(8,750)	(8,750)
29 April 2022	3 June 2022	0.46	-	-	(9,375)	(9,375)
29 April 2022	31 May 2025	0.23	-	-	(16,875)	(16,875)
17 May 2022	3 June 2022	0.44	-	-	(4,875)	(4,875)
17 May 2022	3 June 2022	0.46	-	-	(5,250)	(5,250)
23 May 2022	31 March 2027	0.22	12,500,000	-	-	12,500,000
25 May 2022	25 May 2022	0.48	-	-	(700,000)	(700,000)
3 June 2022	3 June 2022	0.44	-	-	(64,000)	(64,000)
3 June 2022	3 June 2022	0.46	-	-	(66,000)	(66,000)
30 June 2022	30 June 2022	0.29	-	-	(1,500,000)	(1,500,000)
30 June 2022	29 August 2024	0.23	-	-	(12,000)	(12,000)
30 June 2022	30 June 2026	0.22	2,500,000	-	-	2,500,000
30 June 2022	14 March 2027	0.22	21,875,000	-	-	21,875,000
30 June 2022	14 March 2027	0.24	3,125,000	-	-	3,125,000
30 June 2022	14 March 2027	0.26	3,125,000	-	-	3,125,000
30 June 2022	14 March 2027	0.28	3,125,000	-	-	3,125,000
Closing balance			138,931,872	(13,773,161)	(52,000,429)	73,158,282

As of 30 June 2022, 17,256,070 of the options under the Company's employee share option plan have vested.

(i) Fair value of options granted

For the options granted during the current financial period, the valuation model inputs used to determine the fair value at the grant date are outlined below:

Fluence Corporation Limited
Notes to the Consolidated Financial Statements
30 June 2022
(continued)

8 People cost (continued)

2022

Grant date	Expiry Date	Share price at grant date (AU\$)	Exercise Price (AU\$)	Dividend yield	Risk-free interest rate	Fair value at grant date (US\$)
21 March 2022	22 March 2027	0.215	0.17	Nil	2.249%	0.0888
21 March 2022	1 July 2026	0.215	0.22	Nil	2.085%	0.0812
21 March 2022	1 January 2027	0.215	0.22	Nil	2.199%	0.0784
21 March 2022	1 January 2027	0.215	0.18	Nil	2.199%	0.0776
21 March 2022	1 January 2026	0.215	0.18	Nil	1.972%	0.0819
23 May 2022	31 March 2027	0.255	0.22	Nil	3.003%	0.1004
30 June 2022	30 June 2026	0.195	0.22	Nil	3.231%	0.0716
30 June 2022	14 March 2027	0.195	0.22	Nil	3.309%	0.0664
30 June 2022	14 March 2027	0.195	0.24	Nil	3.309%	0.0648
30 June 2022	14 March 2027	0.195	0.26	Nil	3.309%	0.0675
30 June 2022	14 March 2027	0.195	0.28	Nil	3.309%	0.0688

The weighted average remaining contractual life of options outstanding at year-end was 4.00 years.

The fair value of the options granted to employees is considered to represent the value of the employee services received over the vesting period.

The weighted average fair value of options granted during the year was \$0.1063. These values were calculated using the binomial lattice, based on the Cox, Ross Rubinstein (1979) method applying the following inputs:

Weighted average exercise price: \$0.25
Expected share price volatility: 60%

Expenses arising from share-based payment transactions

	Consolidated entity	
	30 June 2022	30 June 2021
	\$'000	\$'000
Share based payment expense		
Consultant share based payments	150	26
Employee share based payments	433	111
Director share based payments	68	478
	651	615

9 Earnings / (Loss) per share

(a) Loss per share from continuing operations

	Consolidated entity	
	30 June 2022 \$'000	30 June 2021 \$'000
Loss per share from continuing operations		
Loss after income tax	(6,310)	(8,412)
Non-controlling interest	(19)	34
Loss after income tax from continuing operations attributable to the ordinary equity holders of the Group	(6,329)	(8,378)
Basic loss per share	(0.010)	(0.013)
Diluted loss per share	(0.010)	(0.013)

(b) Loss per share from discontinued operations

	Consolidated entity	
	30 June 2022 \$'000	30 June 2021 \$'000
Loss per share from discontinued operations		
Loss after income tax	(1,455)	(3,909)
Non-controlling interest	24	104
Total diluted earnings per share attributable to the ordinary equity holders of the Group	(1,431)	(3,805)
Basic loss per share	(0.002)	(0.006)
Diluted loss per share	(0.002)	(0.006)

(c) Loss per share

	Consolidated entity	
	30 June 2022 \$'000	30 June 2021 \$'000
Loss per share		
Loss after income tax	(7,765)	(12,321)
Non-controlling interest	5	138
Total diluted earnings per share attributable to the ordinary equity holders of the Group	(7,760)	(12,183)

Fluence Corporation Limited
Notes to the Consolidated Financial Statements
30 June 2022
(continued)

9 Earnings/(Loss) per share (continued)

(c) Diluted earnings/(loss) per share (continued)

Basic loss per share	(0.012)	(0.019)
Diluted loss per share	(0.012)	(0.019)

(d) Weighted average number of shares used as denominator

Consolidated entity	
30 June	30 June
2022	2021
Number	Number

Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings/(loss) per share	627,529,650	624,854,034
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Options granted to employees under the Employee Option Plan are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive. The options have not been included in the determination of basic earnings per share.

10 Cash and cash equivalents

Consolidated entity		
	30 June	31 December
	2022	2021
Notes	\$'000	\$'000

Current assets

Cash at bank		30,689	40,849
Cash and cash equivalents classified as held for sale	5	1,082	514
		31,771	41,363

11 Trade and other receivables

Consolidated entity	
30 June	31 December
2022	2021
\$'000	\$'000

Current receivables - Trade receivables

Contract receivables	14,658	20,024
Contract unbilled receivables	26,158	11,303
Provision for impairment - contract receivables	(1,410)	(2,118)
	39,406	29,209

Current receivables - Other receivables

GST and other taxes receivable	712	1,181
Income tax receivable	786	807
Other receivables	405	477
	1,903	2,465

Total current trade and other receivables	41,309	31,674
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11 Trade and other receivables (continued)

	Consolidated entity	
	30 June 2022 \$'000	31 December 2021 \$'000
Non-current receivables		
Long-term receivables	1,101	1,200
Provision for impairment - long-term receivables	(1,101)	(1,200)
Total non-current receivables	<u>-</u>	<u>-</u>

12 Long-term deposits

	Consolidated entity	
	30 June 2022 \$'000	31 December 2021 \$'000
Long-term deposits		
Collections from customers deposited for a period of more than twelve months	11,100	14,281
	<u>11,100</u>	<u>14,281</u>

Long term deposits are collections from the Ivory Coast project deposited for a period of more than twelve months.

13 Intangible assets

Consolidated entity	Capitalised development costs		Total
	\$'000		
Half Year ended 30 June 2022			
Opening net book amount	1,709		1,709
Amortisation charge	(90)		(90)
Currency translation differences	(189)		(189)
Closing net book amount	<u>1,430</u>		<u>1,430</u>
Consolidated entity	Capitalised development costs		Total
	\$'000		
Year ended 31 December 2021			
Opening net book amount	1,834		1,834
Amortisation charge	(183)		(183)
Currency translation differences	58		58
Closing net book amount	<u>1,709</u>		<u>1,709</u>

14 Concession arrangements asset

In July 2018 the Group entered into a service concession arrangement in the Bahamas to build a seawater desalination potable treatment plant. The onsite execution and construction started in October 2018 and was completed in October 2019. Under the terms of the agreement, the Group will operate the desalination plant and provide water to the grantor for a period of 15 years. The Group will be responsible for any maintenance services required during the concession period. The Group does not expect major repairs to be necessary during the concession period. The grantor provides the Group a guaranteed minimum annual payment for each year that the desalination plant will be in operation. At the end of the concession period, the desalination plant will become the property of the grantor and the Group will have no further involvement in its operation or maintenance requirements. For the 6 months ended 30 June 2020, the Group has recognised revenue of \$1 million on the desalination plant.

In January 2016 the Group entered into a service concession arrangement in Mexico to build and operate a desalination plant. In December 2020, following challenges with project execution, the Board decided it no longer wished to move forward with this project. A mutual termination is the most likely potential outcome. An impairment of assets associated with this project was recorded in 2020 and amounted to \$11.9 million. For more information refer to Note 5.

	Consolidated entity	
	30 June 2022 \$'000	31 December 2021 \$'000
Current concession asset	246	231
Non-current concession asset	2,743	2,881
	2,989	3,112

15 Trade and other payables

	Consolidated entity	
	30 June 2022 \$'000	31 December 2021 \$'000
Trade and other current payables		
Trade payables	6,100	5,396
Accrued payroll liabilities	1,564	1,980
Accrued project expenses	29,883	25,315
Government grants	2,044	1,906
Other accruals	4,924	7,422
	44,515	42,019
Other non-current liabilities		
Government grants	1,571	1,927
Other liabilities	-	37
Total non-current payables	1,571	1,964

Fluence Corporation Limited
Notes to the Consolidated Financial Statements
30 June 2022
(continued)

16 Borrowings

On 29 July 2020, the Company entered into a loan agreement with an affiliate of Upwell LLC to provide an initial US\$20 million finance facility. In December 2021 facility increased by US\$10.3 million. The facility can be increased up to US\$50 million at the Company's request and at Upwell's discretion. The facility is available to fund the Build, Own, Operate and Transfer ("BOOT") projects and the Company's working capital.

	Consolidated entity	
	30 June 2022 \$'000	31 December 2021 \$'000
Current borrowings and interest payable	1,049	1,549
Current lease liability	844	1,369
	1,893	2,918
Non-current borrowings	30,030	30,085
Non-current lease liability	2,964	4,178
	32,994	34,263

17 Contributed equity

(a) Share capital

		30 June 2022	31 December 2021	30 June 2022 \$'000	31 December 2021 \$'000
	Notes	No. of Shares	No. of Shares		
Ordinary shares	17(b)	650,554,034	624,854,034	207,443	203,728
Options	17(c)	73,158,282	26,949,157	9,202	8,551
		723,712,316	651,803,191	216,645	212,279

(b) Ordinary shares - fully paid

	Number of shares	\$'000
Opening balance 1 January 2021	624,854,034	204,056
Non-controlling interest buyout	-	(328)
Balance 31 December 2021	624,854,034	203,728
	Number of shares	\$'000
Opening balance 1 January 2022	624,854,034	203,728
Private placement at AU\$0.21 per share issued at 23 May 2022	25,700,000	3,715
Balance 30 June 2022	650,554,034	207,443

Fluence Corporation Limited
Notes to the Consolidated Financial Statements
30 June 2022
(continued)

17 Contributed equity (continued)

(c) Options

	Number of options
Opening balance 1 January 2021	34,607,324
Unlisted options issued to employees	10,530,000
Cancelled, lapsed and forfeited	(18,188,167)
Balance 31 December 2021	26,949,157
	Number of options
Opening balance 1 January 2022	26,949,157
Unlisted options issued to employees	49,375,000
Cancelled, lapsed and forfeited	(3,165,875)
Balance 30 June 2022	73,158,282

18 Recognised fair value measurements

Fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed are categorised according to the fair value hierarchy as follows:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 - Inputs for the assets or liability that are not based on observable market data (unobservable inputs).

30 June 2022	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<i>Financial liabilities</i>				
Government grant liability	-	-	3,615	3,615
	-	-	3,615	3,615
31 December 2021	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<i>Financial liabilities</i>				
Government grant liability	-	-	3,833	3,833
	-	-	3,833	3,833

18 Recognised fair value measurements (continued)

Valuation techniques and assumptions used to derive Level 3 fair values recognised in the financial statements

The fair value of the government grant liability is determined as the present value over the expected time that the grant liability is to be repaid from the royalty stream from future revenue discounted at an annual rate of 13.9% (2021: 18.2%).

Reconciliation of Level 3 fair value movements

The following table sets out the movements in Level 3 fair values for recurring measurements.

	Government grant \$'000
Opening balance at 1 January 2021	3,686
Payment	
Adjustment to fair value of liability, included in "Other gains/(losses) - net" in the Consolidated Statement of Profit or Loss and Other Comprehensive Income	20
Currency translation differences, included in "Exchange differences on translation of foreign operations, net of tax" in the Consolidated Statement of Profit or Loss and Other Comprehensive Income	127
Closing balance at 31 December 2021	3,833
Payment	-
Adjustment to fair value of liability, included in "Other gains/(losses) - net" in the Consolidated Statement of Profit or Loss and Other Comprehensive Income	241
Currency translation differences, included in "Exchange differences on translation of foreign operations, net of tax" in the Consolidated Statement of Profit or Loss and Other Comprehensive Income	(459)
Closing balance at 30 June 2022	3,615

19 Commitments and contingencies

As at 30 June 2022 and 31 December 2021, the Group provided bank guarantees for fulfilment of a lease commitment, for bid bonds and for performance guarantees for its projects in the amount of \$879,000 and \$950,000 respectively.

The Group was party to several claims during the half year. With respect to claims brought against the Company, Fluence will vigorously defend itself and is confident they will be successfully defended. There is significant uncertainty as to whether a future liability will arise in respect of these claims. The amount of liability, if any, that may arise, cannot be measured reliably at this time. The Directors are of the opinion that all known liabilities have been brought to account and that adequate provision has been made for any anticipated losses.

20 Events occurring after the reporting period

Fluence Group Chief Financial Officer will step down at his role effective 1 September 2022.

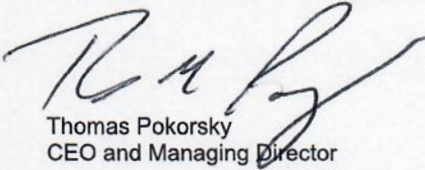
No other matter or circumstance has occurred subsequent to period end that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group or economic entity in subsequent financial periods.

Fluence Corporation Limited
Directors' Declaration
30 June 2022

In accordance with a resolution of the Directors of Fluence Corporation Limited, the Directors of the Group declare that:

- (a) the Interim Financial Statements and notes, as set out on pages 7 to 32 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standard AASB 134: *Interim Financial Reporting*, and
 - (ii) giving a true and fair view of the Consolidated entity's financial position as at 30 June 2022 and of its performance for the half-year ended on that date.
- (b) In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.



Thomas Pokorsky
CEO and Managing Director
30 August 2022

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Fluence Corporation Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Fluence Corporation Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the directors for the financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.



Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2022 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit Pty Ltd

A handwritten signature in blue ink. The signature consists of the letters 'BDO' in a stylized, cursive font, followed by the name 'Katherine Robertson' in a similar cursive script.

Katherine Robertson
Director

Melbourne, 30 August 2022