

Fluence Corporation Limited
Appendix 4E
Preliminary final report

1. Company details

Name of entity:	Fluence Corporation Limited
ABN:	52 127 734 196
Reporting period:	For the year ended 31 December 2023
Previous period:	For the year ended 31 December 2022

2. Results for announcement to the market

The financial report is presented in United States Dollars which is the Group's presentation currency.

US \$'000				
Revenue for ordinary activities	down	(39.8%)	to	70,037
Loss from ordinary activities after tax attributable to the Owners of Fluence Corporation Limited	up		to	
		(1.1%)		(16,012)
Loss for the full-year attributable to the Owners of Fluence Corporation Limited	up	(1.1%)	to	(16,012)

Distributions

No dividends have been paid or declared by the Group since the beginning of the current reporting period. No dividends were paid for the previous reporting period. The Group has no dividend reinvestment plan.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	0.73	(0.30)

4. Explanation of results

With respect to the full-year results, Fluence concluded 2023 with a consolidated revenue of \$70.0 million and gross margin of 27.2%. Smart Product Solutions and Recurring Revenue was \$46.4 million comparing to \$42.4 million in 2022 representing a growth of 9.5%.

During 2023, Fluence management was focused on executing its plan to transform the organisation. A formal restructuring and repositioning of the business was announced in Q4 2022. The Company is now fully operating and reporting under the new organisational structure. Among the 2023 benefits, the Company realized through the realignment were: (1) enhanced commercial collaboration across all business units; (2) a significant reduction in fixed costs through headcount reductions and rationalization of select operations; and (3) improved ability to allocate capital effectively. We believe the Company achieved all three of these objectives in 2023.

Gross margin increased from 23.1% to 27.2% in 2023.

The company was able to reduce research and development as well as sales, general and administrative expenses by \$5.1 million in 2023 versus 2022, representing a reduction of 17.99% reflecting the impact of the restructuring announced in Q4 2023.

EBITDA for the year was \$0.2 million including Q4 2023 EBITDA of \$2.9 million (10.5% margin).

The consolidated loss from continuing operations for the Group after income tax for the reporting period was \$15.3 million. Loss from discontinued operations for the reporting period was \$0.7 million. Refer to note 3 "Discontinued operations" for detailed information on the effect of discontinued operations on the Group's financial results.

Cash and cash equivalents at 31 December 2023 amounted to \$24.6 million. In addition, other financial assets at 31 December 2023 included short-term and long-term deposits of \$7.9 million.

Fluence Corporation Limited
Appendix 4E
Preliminary final report

As at 31 December 2023, the Group had borrowings of \$17.8 million representing a net cash position of \$6.8 million. The Appendix 4E financial report follows, with further details to be included in the audited financial statements to be released by 28 March 2024.

5. Other information required by Listing Rule 4.3A

N/A

6. Audit

These accounts are currently in the process of being audited. An Annual Report for the year ended 31 December 2023 containing the Audit Report shall be provided in due course.

Fluence Corporation Limited
Appendix 4E
31 December 2023

ABN 52 127 734 196

Fluence Corporation Limited

Appendix 4E Preliminary Financial Report
for the year ended 31 December 2023

Fluence Corporation Limited
Corporate directory
31 December 2023

Directors	<p>Mr Doug Brown (appointed 20 March 2023) <i>Chairman</i></p> <p>Mr Thomas Pokorsky <i>CEO and Managing Director</i></p> <p>Mr Paul Donnelly <i>Lead Independent Director, Non-Executive Director</i></p> <p>Mr Richard Irving (Chairman until 20 March 2023) <i>Non-Executive Director</i></p> <p>Mr Ross Haghighat <i>Non-Executive Director</i></p> <p>Mr Mel Ashton (appointed 25 July 2023) <i>Non-Executive Director</i></p> <p>Ms Samantha Tough (until 25 July 2023) <i>Non-Executive Director</i></p> <p>Dr Rengarajan Ramesh (until 25 May 2023) <i>Non-Executive Director</i></p>
Company secretary	Ms Melanie Leydin
Registered office	<p>Level 4, 96-100 Albert Road South Melbourne VIC 3205 Australia Phone: +61 (0)3 9692 7222 Fax: +61 (0)3 9692 7222</p>
Principal place of business	<p>7135 Madison Ave. West Golden Valley MN 55427 United States of America Phone: +1 212 572 5700</p>
Share register	<p>Boardroom Pty Ltd Level 8, 210 George Street, Sydney, New South Wales, 2000, Australia Phone: 1300 737 760 (local) Fax: +61 (0)2 9290 9600 (international)</p>
Auditor	<p>BDO Audit Pty Ltd Tower 4, Level 18, 727 Collins Street, Melbourne, Victoria, 3008, Australia</p>
Solicitors	<p>Lander & Rogers Lawyers Level 12, Bourke place, 600 Bourke Street Melbourne, Victoria, 3000, Australia</p>
Bankers	<p>HSBC Bank Australia Limited Melbourne, Victoria, Australia</p>
Stock exchange listing	Fluence Corporation Limited shares are listed on the Australian Securities Exchange (ASX code: FLC)
Website	https://www.fluencecorp.com/investor-news/

Fluence Corporation Limited
Contents
31 December 2023

Consolidated statement of profit or loss and other comprehensive income	3
Consolidated statement of financial position	5
Consolidated statement of changes in equity	7
Consolidated statement of cash flows	8
Notes to the consolidated financial statements	9

Fluence Corporation Limited
Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 December 2023

		Consolidated	
	Note	31 December 2023	31 December 2022
		USD \$'000	USD \$'000
Revenue from continuing operations	4	70,037	116,265
Other income		8	10
Expenses			
Cost of sales		(50,960)	(89,419)
Research and development expenses		(171)	(3,779)
Sales and marketing expenses		(6,620)	(5,837)
General and administration expenses		(16,501)	(18,786)
Other losses	5	(6,459)	(9,801)
Finance costs		(5,678)	(3,983)
Loss before income tax benefit from continuing operations		(16,344)	(15,330)
Income tax benefit		1,027	23
Loss after income tax benefit from continuing operations		(15,317)	(15,307)
Loss after income tax benefit/(expense) from discontinued operations	3	(667)	(985)
Loss after income tax benefit/(expense) for the year		(15,984)	(16,292)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(1,466)	(2,176)
Other comprehensive income for the year, net of tax		(1,466)	(2,176)
Total comprehensive income for the year		(17,450)	(18,468)
Loss for the year is attributable to:			
Non-controlling interest		28	(99)
Owners of Fluence Corporation Limited		(16,012)	(16,193)
		(15,984)	(16,292)
Total comprehensive income for the year is attributable to:			
Continuing operations		63	(57)
Discontinued operations		(35)	(42)
Non-controlling interest		28	(99)
Continuing operations		(16,774)	(17,376)
Discontinued operations		(704)	(993)
Owners of Fluence Corporation Limited		(17,478)	(18,369)
		(17,450)	(18,468)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Fluence Corporation Limited
Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 December 2023

		31 December 2023 US Dollars	31 December 2022 US Dollars
Earnings per share for loss from continuing operations attributable to the Owners of Fluence Corporation Limited			
Basic earnings per share	6	(0.0218)	(0.0238)
Diluted earnings per share	6	(0.0218)	(0.0238)
Earnings per share for loss from discontinued operations attributable to the Owners of Fluence Corporation Limited			
Basic earnings per share	6	(0.0009)	(0.0015)
Diluted earnings per share	6	(0.0009)	(0.0015)
Earnings per share for loss attributable to the Owners of Fluence Corporation Limited			
Basic earnings per share	6	(0.0227)	(0.0253)
Diluted earnings per share	6	(0.0227)	(0.0253)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Fluence Corporation Limited
Consolidated statement of financial position
As at 31 December 2023

		Consolidated	
		31 December 2023	31 December 2022
	Note	USD \$'000	USD \$'000
Assets			
Current assets			
Cash and cash equivalents		24,635	30,936
Other financial assets		3,645	4,128
Trade and other receivables		35,296	48,538
Inventories		5,690	8,552
Prepayments		2,513	6,016
Concession arrangement assets		271	246
Other assets		407	151
		<u>72,457</u>	<u>98,567</u>
Assets directly associated with assets classified as held for sale		1,839	2,090
Total current assets		<u>74,296</u>	<u>100,657</u>
Non-current assets			
Investments accounted for using the equity method		332	348
Deferred tax		1,968	-
Property, plant and equipment		8,146	8,848
Intangible assets		1,140	1,339
Concession arrangement assets		2,770	2,619
Long-term deposits		4,340	9,532
Other assets		136	277
Total non-current assets		<u>18,832</u>	<u>22,963</u>
Total assets		<u>93,128</u>	<u>123,620</u>
Liabilities			
Current liabilities			
Trade and other payables and other liabilities	7	32,363	51,276
Borrowings	8	15,752	1,265
Lease liabilities		977	966
Current tax liabilities		714	118
Provisions		4,490	6,158
Contract liabilities		22,130	24,801
		<u>76,426</u>	<u>84,584</u>
Liabilities directly associated with assets classified as held for sale		1,127	1,354
Total current liabilities		<u>77,553</u>	<u>85,938</u>
Non-current liabilities			
Other liabilities		-	1,779
Borrowings	8	2,085	30,003
Lease liabilities		496	2,125
Deferred tax		46	334
Employee benefits		505	525
Contract liabilities		226	-
Total non-current liabilities		<u>3,358</u>	<u>34,766</u>
Total liabilities		<u>80,911</u>	<u>120,704</u>
Net assets		<u>12,217</u>	<u>2,916</u>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Fluence Corporation Limited
Consolidated statement of financial position
As at 31 December 2023

	Consolidated	
	31 December 2023	31 December 2022
Note	USD \$'000	USD \$'000
Equity		
Contributed Equity	232,313	207,443
Reserves	(3,252)	(3,667)
Accumulated losses	(214,878)	(198,866)
Equity attributable to the Owners of Fluence Corporation Limited	14,183	4,910
Non-controlling interest	(1,966)	(1,994)
Total equity	12,217	2,916

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Fluence Corporation Limited
Consolidated statement of changes in equity
For the year ended 31 December 2023

Consolidated	Issued capital USD \$'000	Reserves USD \$'000	Retained profits USD \$'000	Non-controlling interest USD \$'000	Total equity USD \$'000
Balance at 1 January 2022	203,728	(3,170)	(182,673)	(1,895)	15,990
Loss after income tax benefit for the year	-	-	(16,193)	(99)	(16,292)
Other comprehensive income for the year, net of tax	-	(2,176)	-	-	(2,176)
Total comprehensive income for the year	-	(2,176)	(16,193)	(99)	(18,468)
<i>Transactions with Owners in their capacity as Owners:</i>					
Contributions of equity, net of transaction costs	3,715	-	-	-	3,715
Share-based payments	-	1,679	-	-	1,679
Balance at 31 December 2022	<u>207,443</u>	<u>(3,667)</u>	<u>(198,866)</u>	<u>(1,994)</u>	<u>2,916</u>
Consolidated	Issued capital USD \$'000	Reserves USD \$'000	Retained profits USD \$'000	Non-controlling interest USD \$'000	Total equity USD \$'000
Balance at 1 January 2023	207,443	(3,667)	(198,866)	(1,994)	2,916
Profit/(loss) after income tax benefit for the year	-	-	(16,012)	28	(15,984)
Other comprehensive income for the year, net of tax	-	(1,466)	-	-	(1,466)
Total comprehensive income for the year	-	(1,466)	(16,012)	28	(17,450)
<i>Transactions with Owners in their capacity as Owners:</i>					
Issue of ordinary shares, net of transaction costs	24,870	-	-	-	24,870
Share based payments	-	1,881	-	-	1,881
Balance at 31 December 2023	<u>232,313</u>	<u>(3,252)</u>	<u>(214,878)</u>	<u>(1,966)</u>	<u>12,217</u>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Fluence Corporation Limited
Consolidated statement of cash flows
For the year ended 31 December 2023

	Consolidated	
	31 December 2023	31 December 2022
	USD \$'000	USD \$'000
Cash flows from operating activities		
Receipt from customers	79,255	91,307
Payments to suppliers and employees	(92,344)	(107,949)
Dividend received	-	136
Interest received	248	78
Interest and other costs of finance paid	(5,950)	(3,947)
Income taxes paid	(247)	(110)
Net Cash flows from operating activities	(19,038)	(20,485)
Cash flows from investing activities		
Payment for purchases of plant and equipment	(1,758)	(445)
Proceeds from disposal of plant and equipment	53	253
Proceeds from disposal of short-term deposits	6,122	10,861
Net Cash flows from investing activities	4,417	10,669
Cash flows from financing activities		
Proceeds from issues of ordinary shares	26,628	3,715
Repayment of borrowings	(13,414)	(365)
Principle portion of lease liabilities	(1,381)	(1,588)
Transaction costs related to issue of ordinary shares	(1,758)	-
Net Cash flows from financing activities	10,075	1,762
Net decrease in cash and cash equivalents	(4,546)	(8,054)
Cash and cash equivalents at the beginning of the financial year	30,936	41,363
Effects of exchange rate changes on cash and cash equivalents	(1,755)	(2,373)
Cash and cash equivalents at the end of the financial year	<u>24,635</u>	<u>30,936</u>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Statement of significant accounting policies

(a) Corporate information

This Preliminary Financial Report covers the consolidated entity of Fluence Corporation Limited and its controlled entities (the 'Group' or 'Fluence'). The Group provides fast-to-deploy, decentralised and packaged water and wastewater treatment solutions.

The Group's Preliminary Financial Report does not include all the notes of the type normally included in an Annual Financial Report. Accordingly, it cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the entity as the full Financial Report.

(b) Basis of preparation

This Preliminary Financial Report has been prepared in accordance with the recognition and measurement requirements, but not all disclosure requirements, of the Australian Accounting Standards and Interpretations and the Corporations Act 2001. Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards.

The presentation currency adopted in the preparation of the Preliminary Financial Report is United States Dollars.

(c) Comparatives

The comparative figures have been adjusted to conform with the AASB 5: "Assets held for sale and discontinued operations" presentation requirements. Refer to Note 3 "Discontinued operations" for detailed information on the changes in comparatives presentation.

The Options reserve has been reclassified from "Contributed equity" to "Reserves" in 2023. The Consolidated statement of financial position and the Consolidated statement of changes in equity comparatives for the prior year have been updated accordingly.

The Lease liabilities have been shown separately from Borrowings in the Consolidated statement of financial position in 2023. The comparatives for the prior year have been updated accordingly.

Fluence Corporation Limited
Notes to the consolidated financial statements
31 December 2023

Note 2. Segment information

The Group identified seven 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.

The segment note reporting segments have been revised reflecting the Group's strategic realignment and reorganization. As a consequence, the segment note, and the prior period comparatives, have been represented.

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:

- Municipal Water & Wastewater ("MWW") including MABR product line (Aspiral, SUBRE, and Nitro) and Nirobox;
- Industrial Wastewater & Biogas ("IWB"), providing solutions that support the shift to global decarbonization, taking advantage of government incentives such as the Inflation Reduction Act in the United States and the new nitrogen removal laws in Mexico;
- Industrial Water & Reuse ("IWR") focusing on water reuse applications and high-growth markets such as lithium mining that supports the trend toward electrification;
- Southeast Asia and China ("SEA & China"), with a particular focus on efforts in countries such as Taiwan, Vietnam, Cambodia and Korea to strengthen and diversify its sales pipeline;
- Ivory Coast project ("IVC"); and
- Recurring Revenue, Build Own Operate ("BOO) projects, and Operation and Maintenance ("O&M") contracts for equipment sales.

2023	MWW	IWB	IWR	SEA & China	IVC	BOO	Intersegment Elimination	Corporate	Fluence
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue									
Revenue from continuing operations	11,142	6,988	14,865	13,559	22,241	2,751	(1,685)	176	70,037
Other income	-	8	-	-	-	-	-	-	8
	11,142	6,996	14,865	13,559	22,241	2,751	(1,685)	176	70,045
Segment gross profit	5,075	1,944	4,732	4,421	1,888	316	532	177	19,085
Operating expenses	(3,362)	(2,092)	(3,837)	(4,726)	(796)	(425)	(532)	(7,522)	(23,292)
Less Depreciation and amortisation	590	236	254	265	143	-	-	550	2,038
Other EBITDA adjustments	-	-	-	-	-	403	-	1,943	2,346
Segment EBITDA	2,303	88	1,149	(40)	1,235	294	-	(4,852)	177
Share of profits of associates	33	-	-	-	-	-	-	-	33
Profit/loss from discontinued operations	(611)	-	-	-	-	(56)	-	-	(667)
Other losses, finance costs and income tax	(7,934)	(239)	(340)	(35)	(204)	(160)	-	(2,231)	(11,143)
Segment results	(6,799)	(387)	555	(340)	888	(325)	-	(9,576)	(15,984)

Fluence Corporation Limited
Notes to the consolidated financial statements
31 December 2023

Note 2. Segment information (continued)

2022	MWW	IWB	IWR	SEA & China	IVC	BOO	Intersegment Elimination	Corporate	Fluence
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue									
Revenue from continuing operations	14,844	8,509	12,581	9,578	69,529	2,067	(1,135)	292	116,265
Other income	-	-	-	-	-	-	-	10	10
	14,844	8,509	12,581	9,578	69,529	2,067	(1,135)	302	116,275
Segment gross profit	6,737	2,191	4,571	3,726	7,889	657	895	190	26,856
Operating expenses	(5,576)	(1,831)	(2,855)	(5,544)	(1,834)	(247)	(895)	(9,620)	(28,402)
Less Depreciation and amortisation	573	294	189	396	170	-	-	615	2,237
Other EBITDA adjustments	-	-	-	-	-	400	-	1,679	2,079
Segment EBITDA	1,734	654	1,905	(1,422)	6,225	810	-	(7,136)	2,770
Share of profits of associates	9	-	-	-	-	-	-	-	9
Profit/loss from discontinued operations	(718)	-	-	-	-	(267)	-	-	(985)
Other losses, finance costs and income tax	(7,692)	(2,113)	(2,587)	(909)	1,189	(215)	-	(1,443)	(13,770)
Segment results	(7,240)	(1,753)	(871)	(2,727)	7,244	(72)	-	(10,873)	(16,292)

Note 3. Discontinued operations and assets classified as held for sale

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

(i) Description

During the year ended 31 December 2023, the Company classified its Aeromix business as an Asset Held for Sale.

The Company classifies its operations in Mexico as discontinued operations. Impairment of assets associated with the project was recorded in the 2020 financial year.

FLC Generate GCM, S.A. de C.V. ("GCM Peru") was sold for \$290,000 in April 2022 and was deconsolidated from Fluence Group. GCM Peru net assets on the date of disposal were \$497,000. The sale of subsidiary resulted in a \$207,000 loss.

(ii) Financial performance and cash flow information

The financial performance and cash flow information presented are for the year ended 31 December 2023 and the year ended 31 December 2022.

Fluence Corporation Limited
Notes to the consolidated financial statements
31 December 2023

Note 3. Discontinued operations and assets classified as held for sale (continued)

	Consolidated	
	31 December 2023	31 December 2022
	USD \$'000	USD \$'000
Aeromix		
Aeromix		
Revenues	3,010	2,823
Cost of sales	(1,918)	(1,652)
Sales and marketing expenses	(497)	(483)
General and administration expenses	(1,182)	(1,350)
Finance costs	(24)	(54)
Loss before income tax	(611)	(716)
Income tax expense	-	(2)
Loss after income tax from discontinued operations	(611)	(718)

	31 December 2023	31 December 2022
Aeromix		
Cash flow from operating activities	(522)	(662)
Cash flow from financing activities	(24)	(54)
Net decrease in cash and cash equivalents from discontinued operations	(546)	(716)

	31 December 2023	31 December 2022
Fluence Mexico		
Cost of sales	(34)	(93)
General and administrative expenses	(59)	(35)
Other Gains/(Losses) - Net	65	41
Finance Costs - Net	6	5
Loss before income tax	(22)	(82)
Income tax benefit	(34)	29
Loss after income tax from discontinued operations	(56)	(53)

	Consolidated	
	31 December 2023	31 December 2022
	USD \$'000	USD \$'000
Fluence Mexico		
Net cash used in operating activities	(164)	(27)
Net cash from financing activities	60	-
Changes in cash funds effects of exchange-rate changes	68	(12)
Net decrease in cash and cash equivalents from discontinued operations	(36)	(39)

Fluence Corporation Limited
Notes to the consolidated financial statements
31 December 2023

Note 3. Discontinued operations and assets classified as held for sale (continued)

	31 December 2023	31 December 2022
Peru		
General and administrative expenses	-	(7)
Loss from Peru disposal	-	(207)
Loss after income tax from discontinued operations	-	(214)

	31 December 2023	31 December 2022
Peru		
Cash flow from operating activities	-	4
Changes in cash funds effects of exchange-rate changes	-	(4)
Net increase/(decrease) in cash and cash equivalents from discontinued operations	-	-

	31 December 2023	31 December 2022
Loss after income tax expense from discontinued operations		
Aeromix	(611)	(718)
Mexico	(56)	(53)
Peru	-	(214)
	(667)	(985)

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

	31 December 2023 USD \$'000	31 December 2022 USD \$'000
Aeromix		
Trade and other receivables	530	488
Inventories	1,031	738
Prepayments	278	49
Property, plant and equipment	-	815
Total assets directly associated with assets classified as held for sale	1,839	2,090
Trade and other payables	606	218
Current lease liabilities	209	137
Provisions	18	14
Contract liabilities	135	176
Non-current lease liabilities	159	809
Total liabilities directly associated with assets classified as held for sale	1,127	1,354
Net assets	712	736

(c) Carrying amounts of assets and liabilities related to discontinued operations.

Fluence Corporation Limited
Notes to the consolidated financial statements
31 December 2023

Note 3. Discontinued operations and assets classified as held for sale (continued)

	31 December 2023 USD \$'000	31 December 2022 USD \$'000
Fluence Mexico		
Cash and cash equivalents	90	127
Trade and other receivables	77	34
Prepayments	1	8
Other current assets	14	7
Property, plant and equipment	3	3
Total assets	<u>185</u>	<u>179</u>
Trade and other payables	472	366
Current tax liabilities	-	5
Contract liabilities	-	1
Other liabilities	(5)	347
Total liabilities	<u>467</u>	<u>719</u>
Net liabilities	<u>(282)</u>	<u>(540)</u>

Fluence Corporation Limited
Notes to the consolidated financial statements
31 December 2023

Note 4. Operating revenue

	Consolidated	
	31 December 2023	31 December 2022
	USD \$'000	USD \$'000
Operating revenue		
<u>Contract revenue</u>		
Smart product solutions	36,862	32,659
Custom engineering solutions	23,618	73,875
	60,480	106,534
<u>Service revenue</u>		
Revenues on services	5,717	7,158
Revenue on parts	1,089	506
Recurring revenue from concession assets	2,751	2,067
	9,557	9,731
	70,037	116,265

Note 5. Other gains/(loss)

	Consolidated	
	31 December 2023	31 December 2022
	USD \$'000	USD \$'000
Other gains/(loss)		
Foreign exchange loss	(2,582)	(2,234)
Restructuring provision	(1,542)	(3,455)
Change in inventory provision	(645)	(877)
Non-operating expenses	(270)	(793)
Withholding taxes	(211)	(186)
Extraordinary bad debt	(1,148)	(506)
Onerous contract provisions	(107)	(1,911)
Gain from investments accounted for using the equity method	33	9
Gain on disposal of property, plant and equipment	32	108
Covid-19 relief	-	417
Other	(19)	(373)
	(6,459)	(9,801)

Note 6. Loss per share

(a) Loss per share from continuing operations

	Consolidated	
	31 December 2023	31 December 2022
	USD \$'000	USD \$'000
<u>Earnings per share for loss from continuing operations</u>		
Loss after income tax	(15,317)	(15,307)
Non-controlling interest	(63)	57
Loss after income tax attributable to the Owners of Fluence Corporation Limited	(15,380)	(15,250)

Fluence Corporation Limited
Notes to the consolidated financial statements
31 December 2023

Note 6. Loss per share (continued)

	US Dollars	US Dollars
Basic earnings per share	(0.0218)	(0.0238)
Diluted earnings per share	(0.0218)	(0.0238)

(b) Loss per share from discontinued operations

	Consolidated 31 December 2023 USD \$'000	31 December 2022 USD \$'000
<u>Earnings per share for loss from discontinued operations</u>		
Loss after income tax	(667)	(985)
Non-controlling interest	35	42
Loss after income tax attributable to the Owners of Fluence Corporation Limited	<u>(632)</u>	<u>(943)</u>

	US Dollars	US Dollars
Basic earnings per share	(0.0009)	(0.0015)
Diluted earnings per share	(0.0009)	(0.0015)

(c) Loss per share

	Consolidated 31 December 2023 USD \$'000	31 December 2022 USD \$'000
<u>Earnings per share for loss</u>		
Loss after income tax	(15,984)	(16,292)
Non-controlling interest	(28)	99
Loss after income tax attributable to the Owners of Fluence Corporation Limited	<u>(16,012)</u>	<u>(16,193)</u>

	US Dollars	US Dollars
Basic earnings per share	(0.0227)	(0.0253)
Diluted earnings per share	(0.0227)	(0.0253)

	Number	Number
<u>Weighted average number of ordinary shares</u>		
Weighted average number of ordinary shares used in calculating basic earnings per share	704,123,094	640,485,267
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>704,123,094</u>	<u>640,485,267</u>

Fluence Corporation Limited
Notes to the consolidated financial statements
31 December 2023

Note 7. Trade and other payables and other liabilities

	Consolidated	
	31 December 2023	31 December 2022
	USD \$'000	USD \$'000
<i><u>Current liabilities</u></i>		
Trade payables	8,159	17,446
Accrued payroll liabilities	3,509	3,576
Accrued project expenses	18,494	23,030
Government grants	398	1,927
Other accruals	1,803	5,297
	<u>32,363</u>	<u>51,276</u>
<i><u>Non-current liabilities</u></i>		
Government grants	-	1,779
	<u>32,363</u>	<u>53,055</u>

Note 8. Borrowings

On 29 July 2020, the Company entered into a loan agreement with an affiliate of Upwell to provide an initial US\$20 million finance facility. In December 2021 the facility was increased by US\$10.3 million. The facility was used to fund the BOO projects and the Company's working capital.

The Company has entered into an amendment to its loan agreement with Upwell to restructure its existing debt facility, providing the Company with more flexibility. A portion of the AU\$40.3 million of funds raised from the capital raise undertaken in November 2023 was used to repay a significant amount of the Upwell term loan. The amendment includes revised financial covenants and customary amendment fees while maintaining the existing interest rate and other market terms. The Company has been compliant with the revised financial covenants in 2023.

The term loan debt is presented as current liability in the Consolidated statement of financial position as the balance matures in July 2024. The balance outstanding on the term loan at 31 December, 2023 amounts to US\$14.6 million.

	Consolidated	
	31 December 2023	31 December 2022
	USD \$'000	USD \$'000
<i><u>Borrowings and lease liability</u></i>		
Current borrowings and interest payable	15,752	1,265
<i><u>Non-current liabilities</u></i>		
Non-current borrowings	2,085	30,003
	<u>17,837</u>	<u>31,268</u>

Note 9. Commitments and contingent liabilities

In the ordinary course of business, the Group is exposed to minor litigations and claims. There were no material ongoing litigations at 31 December, 2023.

Note 10. Events occurring after the reporting period

On February 2, 2024, the Company entered into a Asset Purchase Agreement with Newterra Inc. for the sale of the Aeration and Mixing assets owned by its subsidiary Fluence USA in an all cash deal. The Aeration assets were determined to be non-core by Fluence management. The transaction is expected to improve liquidity and allow Fluence to streamline their focus on its core Municipal Water and Wastewater operations.

Note 10. Events occurring after the reporting period (continued)

In December 2023, the Company approved the issuance of 31,500,000 options to certain members of senior management and the Board. Each option has an exercise price of AU\$0.10 per option, representing a 25% premium to the December placement price and a 10% premium to both the 20 and 30-day VWAP from the date of the Board approval. All options will vest over 4-years. 16,500,000 of the options issued to senior management (excluding the CEO and MD) were issued on 31 January, 2024. The balance of the options are to be issued to the CEO and Managing Director and non-executive Board members following, and subject to shareholder approval at the Annual General Meeting.

No other matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Note 11. Audit

This Preliminary Financial Report is currently in the process of being audited. An Annual Report for the year ended 31 December 2023 containing the Audit Report shall be provided in due course.