27 September 2024

Invinity Energy Systems plc

("Invinity" or the "Company")

Interim Results

Sale of 1.2MWh Next-Generation Vanadium Flow Battery Demonstrator

Invinity Energy Systems plc (AIM: IES) (AQSE: IES) (OTCQX: IESVF), a leading global manufacturer of utility-grade energy storage, announces its unaudited consolidated results for the six months ended 30 June 2024 (the "Period"). The Company is also pleased to announce the sale of a 1.2 MWh Mistral battery system to Gamesa Electric, who will integrate the battery alongside solar and wind generation at a site in Zaragoza, Spain.

The Company will hold a virtual meeting for analysts at 9.00 a.m. (UK time) today. Analysts wishing to attend are kindly asked to email invinity@tavistock.co.uk.

Invinity's management team will host a virtual results presentation and interactive Q&A for all shareholders at 3.00 p.m. (UK time) on Tuesday 1 October. Those wishing to join the session can sign up to Investor Meet Company for free via this registration link.

HIGHLIGHTS

Financial

- Total income including sales revenue and project-related grant income of £1.6m (H1 2023: £14.8m) in line with recent guidance;
- Loss from operating activities of £11.4m, in line with recent guidance (H1 2023 loss: £12.6m), comprising:
    - Gross loss of £1.1m (H1 2023: £3.3m);
    - Administrative expenses £10.3m (H1 2023: £9.3m);
- Period-end cash (including short term investments in cash) of £49.2m (H1 2023: £12.9m) following a £57.4m fundraise, completed in May 2024, cornerstoned by a £25m investment from UK Infrastructure Bank ("UKIB").

Commercial and Operational

- 4 MWh of sales closed during the period (H1 2023: 5.38 MWh);
- 6.2 MWh manufactured during the period, of which 2.1 MWh has been delivered;
- Enhanced UK manufacturing capabilities with a new 26,000 sq ft facility in Motherwell;
- Next-generation product on track for commercial launch and general sale by Invinity before year end. Production prototype achieving and exceeding expectations. Production cost reduction programme ongoing.

Corporate and Strategic

- £25m investment by UKIB including £18m ringfenced capital for UK LDES projects;
- Strategic manufacturing agreement signed with Everdura, incorporating a royalty and licence model, covering the Taiwanese market;
- Invinity to redomicile to the UK from Jersey; process commenced and expected to complete in early 2025.

Post Period

- Board changes:
    - Larry Zulch retired as CEO and Jonathan Marren appointed CEO;
    - CFO recruitment process underway;
- UK manufacturing capabilities enhanced as part of production cost reduction programme:
    - New manufacturing facility opened in Motherwell, UK;
    - Semi-automated stack production line ordered and expected to be operational at the Bathgate, UK facility during H1 2025;
- Commercial team resources increased in recent weeks with:
    - New Head of UK and European Sales;
    - New U.S.-based VP of Business Development;
    - New Director of Market Intelligence;
- Key commercial deals continue to progress towards close, including the LODES project on which tripartite discussions are advancing positively;
- Closed a 1.2 MWh Mistral sale to Gamesa Electric which is anticipated to be the first Mistral product to be shipped.

Outlook

During the remainder of 2024 we plan to deliver against the near-term corporate goals and set in place the foundations for 2025 and beyond. We believe Long Duration Energy Storage remains critical to increasing the penetration of renewable energy and in advancing the path to net-zero – this is not capable of being achieved by lithium alone. Vanadium flow batteries remain, in our view, the most credible and advanced such alternative and if we can deliver on our corporate goals, the market opportunity remains very significant.

Invinity's executive team has set the following corporate goals to achieve within the next 12 months:

- Ship remaining VS3 orders to support revised 2024 year-end revenue forecasts;
- Launch the Mistral product for general sale before 2024 year-end;
- Close deals from commercial pipeline to support volume ramp in line with forecasts;
- Further advance the production cost reduction programme for the Mistral product and incrementally improve product margins across 2025 and beyond; and
- Review capital allocation across the business and drive operational efficiencies

Jonathan Marren, Chief Executive Officer at Invinity said:

"I have spent much of the past three weeks since my appointment as CEO meeting with our staff, customers and investors and it is clear there is enormous opportunity for our business. This was reinforced this week during many conversations with potential customers at the Solar and Storage Live trade show in Birmingham, where they see Invinity as the natural choice when considering the future role that LDES will play in the UK and the implementation of the long-awaited LDES cap and floor mechanism.

"There will be inevitable challenges to overcome as well but I am reassured that the launch of our next-generation product remains on track, further underlined by the sale announced today which we anticipate will be the first Mistral product to ship. This is an important achievement and gives me confidence in delivering on the five corporate priorities I've set out to achieve over the next 12 months. I look forward to updating on further positive progress in these areas before year end."

Stay up to date with news from Invinity. Join the distribution list for the Company's monthly investor newsletter here.

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Notes to Editors

Invinity Energy Systems plc (AIM: IES) (AQSE: IES) (OTCQX: IESVF) manufactures vanadium flow batteries for large-scale, high-throughput energy storage requirements of business, industry and electrical networks.

Invinity's factory-built flow batteries run continually with no degradation for over 25 years, making them suitable for the most demanding applications in renewable energy production. Energy storage systems based on Invinity's batteries are safe, reliable, and economical, and range in size from less than 250 kilowatt-hours to tens of megawatt-hours.

Invinity was created in April 2020 through the merger of two flow battery industry leaders: redT energy plc and Avalon Battery Corporation. With 75 MWh of systems already deployed or contracted for delivery across 82 sites in 15 countries, Invinity is active in all major global energy storage markets and has operations in the UK, Canada, USA, China and Australia. Invinity Energy Systems plc is quoted in the UK on AIM and AQSE and trades in the USA on OTCQX.

To find out more, visit invinity.com, sign up to our monthly Investor Newsletter here or contact Investor Relations on via +44 (0)20 4551 0361 or ir@invinity.com.

Chairman's Statement

Three days from now, Ratcliffe-on-Soar power station is set to shut down for the final time and the UK will no longer be powered by coal. This notable event underlines the UK's commitment to a cleaner electricity grid which, allied with the rapid increase in solar, wind and energy storage deployments, demonstrates that the transition to net zero is achievable and moving ahead at pace.

This example of leadership in decarbonising power production is helping to provide the necessary foundations for future clean economies around the world. Invinity has a crucial role to play in making 24/7 renewable energy a reality and we are grateful for the leaders who have played their role in our story to date, in particular, Larry Zulch, who as CEO was instrumental in guiding the Company to become a global leader in the field of modular flow batteries. For this we thank him and wish him all the best in his retirement.

Significant change can be challenging, but I am delighted that Jonathan Marren agreed to take over the leadership of the Company. As Chief Development Officer and then also as Chief Financial Officer, Jonathan has had a significant impact on the financial and strategic side of the business, not only improving operational and financial efficiencies across the whole Company but also securing vital strategic partnerships including the backing of UK Infrastructure Bank. As the new CEO, Jonathan's task now is to steer the Company towards profitability as a self-sustaining business and has set out five key priorities which signpost the way. Jonathan's appointment signals a new era for Invinity and the Board and I have every confidence that, with the support of Matt Harper as Chief Commercial Officer and the whole Invinity team, he will succeed.

Neil O'Brien
Non-Executive Chairman

Chief Executive Officer's Report

I assumed the role of CEO three weeks ago and have spent much of this time speaking with our staff, shareholders, partners and customers. From these conversations, what is clear is that whilst the impact of short-term timing issues is clearly disappointing and reflected in the current share price, the medium- and long-term fundamentals underpinning our business remain unchanged. We have developed a competitive product, proven its abilities in customer operation around the world and manufactured and delivered more than 1,000 battery modules. The opportunity remains significant and my key priority is implementing steps immediately to ensure we can capture it and restore value to our shareholders whilst making a positive impact on the energy transition.

The key short-term priorities for the business include addressing delays in closing commercial deals in the year to date and completing the production cost reduction exercise on Mistral. Although we stated in May that revenues were likely to be significantly weighted towards H2 2024, the risk of these revenues being further pushed into 2025 has become increasingly likely as we announced in the trading update on 6 September.

As we set out in the trading update, the fundraise in May this year has provided Invinity with capital to achieve profitability. Demand for our next-generation Mistral product remains strong and supportive policy that encourages longer duration energy storage provides exciting upside for our business in our core markets.

In the trading update I set out a number of areas in which I promised to highlight progress on at the announcement of our H1 results. I'm pleased to report the following:

We have in recent weeks significantly enhanced the capabilities of our Commercial team. We have added a new Director of Market Intelligence who brings to the team significant expertise in UK and European energy markets and is already providing deeper analytical capabilities to better inform commercial targeting. We have also taken steps to enhance our regional capabilities in Invinity's core UK and U.S. markets. Our new Head of Sales for the UK and Europe brings over 25 years of sales experience with leading global energy and energy services companies to bear in accelerating deal flow. Our recently hired Vice President of Business Development will help refine the Company's longer-term commercial strategy while enhancing relationships with key stakeholders such as the UK's Department for Energy Security and Net Zero ("DESNZ") and the U.S. Department of Energy ("DOE"). I will be monitoring this area of the business closely in the coming months.

Operationally, a new semi-automated stack production line is now on order and expected to be operational at our Bathgate facility during H1 2025. This is in line with the plans we set out during our fundraise in May this year and is expected to result in a material reduction in stack production costs. In the past week we have secured approval to use the "Made in Britain" mark on our UK-manufactured products – this recognition underlines our commitment as a UK domestic battery manufacturer and we believe this positions us well for the future. Additionally, discussions are advancing positively in the U.S. with a number of partners across our supply chain and our intention remains to achieve domestic content requirements in the U.S. in time for Mistral volume production.

We will continue to make important progress on these areas outlined above but in the medium- to longer-term, my focus as CEO is to ensure Invinity delivers for all its stakeholders and rewards the support we have received to date. As such, my priorities for the next 12 months are to:

- Ship remaining VS3 orders to support revised 2024 year-end revenue forecasts;
- Launch the Mistral product for general sale before 2024 year-end;
- Close deals from commercial pipeline to support volume ramp in line with forecasts;
- Further advance the production cost reduction programme for the Mistral product and incrementally improve product margins across 2025 and beyond; and
- Review capital allocation across the business and drive operational efficiencies.

I look forward to providing further updates as we advance in each of these areas.

H1 2024 Financial Results

The £1.6m total income, including sales revenue and project related grant income (H1 2023: £14.8m), refers primarily to the delivery of the 2.1 MWh project for OPALCO as well as other associated revenues from projects in our core geographies of North America, the UK, Europe and Australia in the Period.

The £11.4m operating loss (H1 2023: £12.6m) incorporates an improved gross loss position of £1.1m (H1 2023: £3.3m) in the Period alongside a small increase in Administrative Expenses to £10.3m (H1 2023: £9.3m) relating primarily to payroll costs and research and development costs.

Finance income and finance costs relates to interest received on cash balances held as a result of the equity funding secured during the period.

Total inventory and pre-paid inventory of £6.4m relates to projects expected to be delivered by the end of 2024 as follows. Net related working capital at the end of the period is £4.8m (H1 2023: £4.7m) as a result of the sales activity.

	Six months ended 30 June 2024 £000	Six months ended 30 June 2023 £000	Year ended 31 December 2023 £000
Total Inventory	**4,437**	3,681	3,288
Pre-paid Inventory	**1,960**	3,136	1,073
Total Inventory and Pre-paid Inventory	**6,397**	6,817	4,361

Trade Receivables	**1,530**	4,151	2,496
Accrued Income	**897**	1,857	888
Deferred Revenue	**(1,454)**	(3,884)	(1,312)
Trade Payables	**(2,062)**	(3,341)	(2,166)
Onerous Contract Provision	**(474)**	(856)	(333)
Net Position	**4,834**	4,744	3,934

During the Period, the Company raised £57.4m from an equity fundraising including a £25m strategic investment from UK Infrastructure Bank. The Company remains debt-free excluding leases.

<u>Commercial and Operational</u>

During the Period, Invinity closed 4 MWh of new VS3 sales (H1 2023: 5.4 MWh of VS3 sales). 6.2 MWh of batteries were manufactured, of which 2.1 MWh were delivered with the balance expected to be shipped by year end.

The Period also included significant milestones enhancing the Company's position in the global energy storage market. In January, the Company was recognised by BloombergNEF as the world's first non-lithium Tier 1 battery supplier – a significant achievement. In March, our Chairman Neil O'Brien attended a high-profile launch event, at which the Belgian Minister for Energy was present, of the Invinity VFB system owned by Equans Belgium and delivered in partnership with European heavyweight customers Engie Belgium and Jan De Nul.

Since last reported in June, the Company's commercial pipeline remains materially unchanged. Invinity continues to receive strong qualified interest in its products from customers across the world, enhancing Management's confidence in the Company's commercial prospects. Closing further deals, in addition to the 1.2 MWh order announced today, remains a key priority for the Commercial team.

To this end, tripartite discussions on the LODES project between Invinity, a major international renewable energy project developer and DESNZ are progressing strongly, with the parties actively engaged in finalising the project's structure and contracts. The large-scale DOE-funded deals first announced in September 2023 also continue to progress positively, the closure of which are a key priority for Invinity's new U.S.-based VP of Business Development.

The Company recently presented details of the first of these DOE-funded projects, to be located at the Pacific Northwest National Labs ("PNNL"), at the DOE's annual Energy Storage Grand Challenge Summit alongside the PNNL programme lead. The Company was also pleased to note the visit by DOE Loan Programs Office ("LPO") director Jigar Shah to partner Indian Energy's project at the Viejas Resort and Casino in California, where 44 VS3s with a total capacity of 10 MWh are now installed and commercial operation is expected before the end of 2024.

The Company continues to evolve its engagement with partners in non-core markets, including its relationship with Taiwanese partner Everdura. Together, the companies are progressing towards certification of Mistral for the Taiwanese grid, a key requirement for large national battery procurement programmes expected in 2025. Invinity and Everdura are also progressing operational plans for the delivery of Invinity products in the context of the Company's license and royalty model, whereby Invinity will benefit from Everdura's enhancing local competitiveness by using domestic supply chains, assembly facilities and support services.

Without accounting for any other deals within Invinity's existing pipeline, the potential revenue contribution from the LODES project (match-funded, but yet to close) and the 14.4 MWh order from Everdura (closed in September 2023) substantially covers 2025 revenue forecasts, with the aforementioned DOE projects representing a material portion of 2026 revenue.

Policy & Government Engagement

During the Period, there were a number of strong policy developments in support of long duration energy storage. This included the launch of a consultation in January by DESNZ for a Cap and Floor mechanism to support the UK LDES market which specifically excludes lithium-ion. Additionally in March, the House of Lords Science and Technology Committee, led by Baroness Brown, published its report titled "Get on with it" that looked at the importance of long duration energy storage in the UK and quoted evidence provided by Invinity to the Committee's enquiry into long duration energy storage for the UK grid. Finally, Invinity continued its work engaging with policymakers in its core markets, of which a particular highlight during the Period was Matt Harper's policy roundtable with David Eby, Premier of British Columbia, Canada.

Post-Period, the Company held a Capital Markets Day for shareholders and investors and two further visits for Cabinet Ministers from the Scottish and UK Governments at its new Motherwell facility which provides enhanced manufacturing capabilities to Invinity ahead of the next-generation product launch later this year. These visits are a continuation of the

Company's strong government engagement that is of increasing importance as LDES policy in the UK and elsewhere continues to progress.

Next-Generation Product

Invinity's next-generation product development programme continues to advance with the support of the Company's development partner and a number of pilot customers. The Mistral production prototype is currently connected to the grid at Invinity's product development centre in Vancouver, Canada and has not only achieved performance targets, but has exceeded technical expectations in certain areas.

Commercial launch, which will see the product offered for general sale by Invinity, will occur by the end of this year. Although volume rollout of the product will now occur later in 2025, the first shipment of the Mistral product is still expected to occur on schedule. To this end, the Company is pleased to announce the sale of a 1.2 MWh Mistral battery system to Gamesa Electric, details of which are disclosed above.

In parallel with the Mistral commercial launch and first customer delivery, Invinity is advancing plans for a cost reduction exercise as announced in the Company's Trading Update of 6 September 2024. Initiatives already underway expect to deliver reduced product costs through both design improvements and enhanced supplier efficiencies. Design improvements include changes to decrease part count and simplify assembly procedures. Supplier efficiencies will be achieved by evolving manufacturing of high-value components from one-off bespoke production to methods suitable for higher volume, while transitioning from flexible but low-volume localised suppliers to global best-cost regions suitable for delivering significant production volumes.

Corporate and Strategic

The Company's relationship with Taiwanese partner Everdura took a further step forward with the signing of a strategic manufacturing agreement in February. This agreement will see Everdura market and sell Invinity products in Taiwan and other markets under its existing reselling agreement with the Company. Everdura will manufacture Mistral VFBs, purchasing cell stacks directly from the Company, and Invinity will be paid a royalty fee based on a material percentage of the sale price of any Mistral products sold.

In addition to advancing its strategic relationship with Taiwanese partner Everdura, covered in detail in the Commercial and Operational section above, the Company secured significant financial backing from two further strategic partners in the May 2024 fundraise, being UK Infrastructure Bank, which has provided £18m of ringfenced capital to support the deployment of LDES projects within the UK, and Korea Investment Partners. Part of UKIB's investment also includes a Board position that will support the Company's ongoing governance and development as well as provide valuable financial expertise.

In May 2024 Invinity stated its commitment to redomicile the Company back to the UK. The Company confirms this process is underway and is expected to complete early in the new year.

Jonathan Marren
Chief Executive Officer

Unaudited Financial Results for the Period Ended 30 June 2024

Unaudited Consolidated Statement of Profit and Loss

For the six months ended 30 June 2024

Continuing operations	Note	**Six months ended 30 June 2024 £000**	Six months ended 30 June 2023 £000	Year ended 31 December 2023 £000
Revenue	4	**1,637**	14,812	22,006
Direct costs		**(2,750)**	(18,143)	(25,361)
Grant income against direct costs	4	**-**	11	11
Cost of sales	5	**(2,750)**	(18,132)	(25,350)
Gross loss		**(1,113)**	(3,320)	(3,344)
Operating costs				
Administrative expenses	6	**(10,296)**	(9,259)	(19,085)
Other items of operating income and expense	8	**17**	(9)	(349)
Loss from operations		**(11,392)**	(12,588)	(22,778)
Finance income		**315**	467	719
Finance costs		**(38)**	(1,134)	(1,233)
Gain/(loss) on foreign currency transactions		**7**	(69)	113
Net finance (costs)/income		**284**	(736)	(401)
Loss before income tax		**(11,108)**	(13,324)	(23,179)
Income tax expense		**-**	-	-
Loss for the period/year		**(11,108)**	(13,324)	(23,179)
Loss per ordinary share in pence				
Basic	9	**(4.6)**	(8.2)	(13.1)
Diluted	9	**(4.6)**	(8.2)	(13.1)

The above unaudited consolidated statement of profit and loss should be read in conjunction with the accompanying notes.

Unaudited Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2024

Continuing operations	Note	**Six months ended 30 June 2024 £000**	Six months ended 30 June 2023 £000	Year ended 31 December 2023 £000
Loss for the year		**(11,108)**	(13,324)	(23,179)
Other comprehensive income/(expense)				
Exchange differences on the translation of foreign operations		**(117)**	(85)	(60)
Total comprehensive loss for the period/year		**(11,225)**	(13,409)	(23,239)

The above unaudited consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Unaudited Consolidated Statement of Financial Position

As at 30 June 2024

	Note	**Six months ended 30 June 2024 £000**	Six months ended 30 June 2023 £000	Year ended 31 December 2023 £000
Non-current assets				
Goodwill and other intangible assets	11	**23,980**	24,025	24,002
Property, plant and equipment	12	**1,749**	1,111	1,699
Right-of-use assets		**1,745**	1,370	1,558
Contract assets	15	**304**	-	304
Total non-current assets		**27,778**	26,506	27,563
Current assets				
Inventory	13	**4,437**	3,681	3,288
Other current assets	14	**6,177**	6,344	2,721
Contract assets	15	**897**	1,857	888
Trade receivables	16	**1,530**	4,151	2,496
Cash and cash equivalents	17	**46,243**	12,929	5,014
Total current assets		**59,284**	28,962	14,407
Total assets		**87,062**	55,468	41,970
Current liabilities				
Trade and other payables	18	**(5,101)**	(4,481)	(3,948)
Derivative financial instruments	19	**(339)**	(474)	(406)
Contract liabilities	15	**(1,454)**	(3,884)	(1,312)
Lease liabilities		**(669)**	(601)	(723)
Provisions	15	**(955)**	(2,109)	(812)
Total current liabilities		**(8,518)**	(11,549)	(7,201)
Net current assets		**50,766**	17,413	7,206
Non-current liabilities				
Lease liabilities		**(1,095)**	(670)	(833)
Provisions	15	**(124)**	-	(123)
Total non-current liabilities		**(1,219)**	(670)	(956)
Total liabilities		**(9,737)**	(12,219)	(8,157)
Net assets		**77,325**	43,249	33,813
Equity				
Called up share capital		**53,473**	51,347	51,348
Share premium		**215,231**	162,852	162,883
Share based payment reserve		**6,947**	6,321	6,683
Accumulated losses		**(196,381)**	(175,418)	(185,273)
Currency translation reserve		**(1,984)**	(1,892)	(1,867)
Other reserves		**39**	39	39
Total equity		**77,325**	43,249	33,813

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

Unaudited Consolidated Statement of Changes in Equity

As at 30 June 2024

	Called up share capital £000	Share premium £000	Share-based payment reserve £000	Accum-ulated losses £000	Currency translation reserve £000	Other reserves £000	Total £000
At 1 January 2024	**51,348**	**162,883**	**6,683**	**(185,273)**	**(1,867)**	**39**	**33,813**
Loss for the period	-	-	-	(11,108)	-	-	(11,108)
Other comprehensive gain/(loss)							
Foreign currency translation differences	-	-	-	-	(117)	-	(117)
Total comprehensive loss for the period	**-**	**-**	**-**	**(11,108)**	**(117)**	**-**	**(11,225)**
Transactions with owners in their capacity as owners							
Investment funding arrangement, net of transaction costs	2,125	52,348	-	-	-	-	54,473
Share-based payments	-	-	264	-	-	-	264
Total contributions by owners	2,125	52,348	264	-	-	-	54,737
At 30 June 2024	**53,473**	**215,231**	**6,947**	**(196,381)**	**(1,984)**	**39**	**77,325**

As at 30 June 2023

	Called up share capital £000	Share premium £000	Share-based payment reserve £000	Accum-ulated losses £000	Currency translation reserve £000	Other reserves £000	Total £000
At 1 January 2023	50,716	141,579	5,957	(162,094)	(1,807)	39	34,390
Loss for the period	-	-	-	(13,324)	-	-	(13,324)
Other comprehensive gain/(loss)							
Foreign currency translation differences	-	-	-	-	(85)		(85)
Total comprehensive loss for the period	-	-	-	(13,324)	(85)	-	(13,409)
Transactions with owners in their capacity as owners							
Investment funding arrangement, net of transaction costs	631	21,272	23	-	-	-	21,926
Exercise of share options	-	1	-	-	-	-	1
Share-based payments	-	-	341	-	-	-	341
Total contributions by owners	631	21,273	364	-	-	-	22,268
At 30 June 2023	51,347	162,852	6,321	(175,418)	(1,892)	39	43,249

The above unaudited consolidated statements of changes in equity should be read in conjunction with the accompanying note.

Unaudited Consolidated Statement of Changes in Equity

For the year ended 31 December 2023

	Called up share capita £000	Share premium £000	Share-based payment reserve £000	Accum-ulated losses £000	Currency translation reserve £000	Other reserves £000	Total £000
At 1 January 2023	50,716	141,579	5,957	(162,094)	(1,807)	39	34,390
Loss for the year	-	-	-	(23,179)	-	-	(23,179)
Other comprehensive income							
Foreign currency translation differences	-	-	-	-	(60)	-	(60)
Total comprehensive for the year	-	-	-	(23,179)	(60)	-	(23,239)
Transactions with owners in their capacity as owners							
Investment funding arrangement, net of transaction costs	631	21,295	-	-	-	-	21,926
Exercise of share options	1	9	-	-	-	-	10
Share-based payments	-	-	726	-	-	-	726
Total contributions by owners	632	21,304	726	-	-	-	22,662
At 31 December 2023	51,348	162,883	6,683	(185,273)	(1,867)	39	33,813

The above unaudited consolidated statements of changes in equity should be read in conjunction with the accompanying note.

Unaudited Consolidated Statement of Cash Flows

For the six months ended 30 June 2024

	Note	**Six months ended 30 June 2024 £000**	Six months ended 30 June 2023 £000	Year ended 31 December 2023 £000
Cash flows from operating activities				
Cash used in operations		**(12,614)**	(12,228)	(19,657)
Interest received		**247**	115	299
Interest paid		**(1)**	(13)	(1)
Net cash outflow from operating activities		**(12,368)**	(12,126)	(19,359)
Cash flows from investing activities				
Acquisition of property, plant and equipment		**(395)**	(191)	(1,103)
Proceeds from disposal of property, plant and equipment		**-**	-	57
Deposits on right-of-use assets		**(47)**	-	(28)
Net cash outflow from investing activities		**(442)**	(191)	(984)
Cash flows from financing activities				
Payment of lease liabilities		**(343)**	(403)	(629)
Interest paid on lease liabilities		**(37)**	(36)	(44)
Financing charges on repayment of derivative financial instrument		**-**	(992)	(992)
Repayment of investment funding arrangement		**-**	(320)	(881)
Proceeds from sale of conversion shares			-	742
Proceeds from the issue of share capital, net of transaction costs		**57,383**	21,927	23,044
Payment of transaction costs for the issue of share capital		**(2,911)**	-	(1,117)

Proceeds from the exercise of share options and warrants	**-**	1	10
Net cash inflow from financing activities	**54,092**	20,177	20,133
Net increase/(decrease) in cash and cash equivalents	**41,282**	7,860	(210)
Cash and cash equivalents at the start of the period/year	**5,014**	5,137	5,137
Effects of exchange rate changes on cash and cash equivalents	**(53)**	(68)	87
Cash and cash equivalents at the end of the period/year	**46,243**	12,929	5,014

The above unaudited consolidated statement of cash flows should be read in conjunction with the accompanying note.

Notes

(forming part of the unaudited consolidated historical financial information)

1 General Information

Invinity Energy Systems plc (the "Company") is a public company limited by shares incorporated and domiciled in Jersey. The registered office address is Third Floor, IFC5, Castle Street, St. Helier, JE2 3BY, Jersey.

The Company is quoted on the AIM Market of the London Stock Exchange with the ticker symbol IES.L, on the AQSE Growth Market in the United Kingdom with the ticker symbol IES and on the OTCQX Best Market in the United States of America with the ticker symbol IESVF.

The principal activities of the Company and its subsidiaries (together the "Group") relate to the manufacture and sale of vanadium flow battery systems and associated installation, warranty and other services.

2 Accounting Policies

The accounting policies applied in this condensed consolidated financial information are consistent with those applied in preparing the financial statements for the year ended 31 December 2023.

Basis of Preparation

This unaudited condensed consolidated interim financial information for the six-months ended 30 June 2024 (the 'interim financial information') has been prepared in accordance with IAS 34, 'Interim financial reporting' as adopted by the European Union. The financial information should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2023 that were prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

The annual report and financial statements for the year ended 31 December 2023 are available on the company's website (www.invinity.com).

This interim financial information has been prepared using the historical cost basis of accounting. The accounting policies applied across all the Group's subsidiaries when preparing the financial information are consistent with those adopted and disclosed in the annual financial statements for the year ended 31 December 2023. The accounting policies have been consistently applied across all Group entities for the purpose of producing this interim financial information.

The financial information included in this document does not comprise statutory accounts within the meaning of Companies (Jersey) Law 1991. The comparative figures for the financial year ended 31 December 2023 are not the Company's statutory accounts for that financial year within the meaning of Companies (Jersey) Law 1991. Those accounts have been reported on by the Company's auditors and delivered to the Jersey Financial Services Commission.

The report of the auditors included in the annual report and financial statements for the year ended 31 December 2023 was unqualified.

The Group's business activities, together with factors likely to affect its future development, performance and position, are set out in the operations and financial review sections of this report.

The financial position of the Group, its cash flows and liquidity position are described in the financial review section.

Going Concern
The Directors are satisfied that the Group has adequate resources to continue to operate as a going concern for the foreseeable future and that no material uncertainties exist which could cause significant doubt with respect to this assessment. In making this assessment, the Directors have considered the Group's balance sheet position and forecast earnings and cash flows for the period from the date of approval of these financial statements to 30 June 2025.

The Group has relied on fundraising in previous years and following the completion of successful fundraising in May 2024, the Group had cash of £49.2 million as at 30 June 2024 (30 June 2023: £12.9 million).

As part of the going concern assessment the Directors have prepared a cash flow forecast which indicates that the Group would expect to remain cash positive during this period and without the requirement for further fundraising. The business continues in a cash outflow position, using funding generated from previous fundraises. However, it plans to move to a cash inflow position upon the launch and delivery of material volume of the next generation product.

This cash flow forecast was stress-tested for a worst-case scenario of no positive cash receipts from sales. In these tested scenarios, the business would remain cash positive for the 12 months from the date of approval of these financial statements.

Therefore, the Directors believe it is appropriate to prepare the accounts on a going concern basis.

3 Critical Accounting Judgements and Key Sources of Estimation Uncertainty

The preparation of interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and of items of income and expense. Actual results may differ from these estimates.

In preparing this interim financial information, the significant judgments made by management in applying the Group's accounting policies were the same as those that applied to the consolidated financial statements for the year ended 31 December 2023. Similarly, the key sources of estimation uncertainty related to the financial information were the same as those encountered when applying the Group's accounting policies in relation to the preparation of the consolidated financial statements for the year ended 31 December 2023.

In preparing the condensed consolidated financial information, management is required to consider the principal risks and uncertainties facing the Group. In management's opinion the principal risks and uncertainties facing the Group are unchanged since the preparation of the consolidated financial statements for the year ended 31 December 2023. Those risks and uncertainties, together with management's response to them are described in the risk review section of the annual report and financial statements for the year ended 31 December 2023.

4 Revenue from Contracts with Customers and Income from Government Grants

Segment Information

The Group derives revenue from a single business segment, being the manufacture and sale of vanadium flow battery systems and related hardware together with the provision of services directly related to battery systems sold to customers.

The Group is organised internally to report on its financial and operational performance to its chief operating decision maker, which has been identified as the Executive Directors as a group.

All revenues were derived from continuing operations.

Revenue from Contracts with Customers

	Six months ended 30 June 2024 £000	Six months ended 30 June 2023 £000	Year ended 31 December 2023 £000
Battery systems and associated control systems	**1,186**	13,653	19,425
Integration hardware	**35**	-	1,470
Integration and commissioning	**18**	705	504
Other services	**398**	454	607
Total revenue in the statement of profit and loss	**1,637**	14,812	22,006

Grant Income other than Revenue

The Group receives grant income to help fund certain projects that are eligible for support, typically in the form of innovation grants. The total grant income that was received in the period was as follows:

	Six months ended 30 June 2024 £000	Six months ended 30 June 2023 £000	Year ended 31 December 2023 £000
Grants for research and development	**106**	11	160
Grants for product deployment	**40**	-	378
Economic and social development	**2**	-	1
Total government grants received	**148**	11	539

5 Cost of Sales

	Six months ended 30 June 2024 £000	Six months ended 30 June 2023 £000	Year ended 31 December 2023 £000
Movement in inventories of finished battery systems	**2,372**	18,698	27,023
Movement in provisions for warranty costs	**299**	142	(429)
Movement in provisions for sales contracts	**79**	(697)	(1,233)
Total cost of sales	**2,750**	18,143	25,361

6 Administrative Expenses

	Six months ended 30 June 2024 £000	Six months ended 30 June 2023 £000	Year ended 31 December 2023 £000
Staff costs	**6,840**	6,141	12,750
Research and development costs	**1,029**	811	1,868
Research and development recoveries, tax credits and grants	**(145)**	(853)	(1,949)
Professional fees	**345**	409	669
Sales and marketing costs	**398**	388	1,048
Facilities and office costs	**277**	222	232
Depreciation and amortisation	**501**	409	1,056
Other administrative costs	**1,051**	1,732	3,411
Total administrative expenses	**10,296**	9,259	19,085

7 Staff Costs

	Six months ended 30 June 2024 £000	Six months ended 30 June 2023 £000	Year ended 31 December 2023 £000
Wages and salaries	**5,783**	5,261	11,475
Employer payroll taxes	**514**	477	839
Contributions to defined contribution plans	**69**	57	123
Other benefits	**577**	346	977
Share-based payments	**264**	341	726
Total staff costs	**7,207**	6,482	14,140

	Six months ended 30 June 2024 £000	Six months ended 30 June 2023 £000	Year ended 31 December 2023 £000
Staff costs charged to cost of sales	**367**	340	1,390
Staff costs charged to cost of administrative expenses	**6,840**	6,141	12,750
Total staff costs	**7,207**	6,482	14,140

8 Other Items of Operating Income and Expense

	Six months ended 30 June 2024 £000	Six months ended 30 June 2023 £000	Year ended 31 December 2023 £000
(Income)/expenses			
Gain on disposal of property, plant and equipment	**-**	-	(15)
Obsolete inventory	**-**	9	8
Impairment of inventory to net realisable value	**43**	-	151
Reversal of impairment of inventory	**(60)**	-	-
Loss on curtailment of right-of-use asset	**-**	-	205
Total other operating (income)/expenses (net)	**(17)**	9	349

9 Loss per Share

The weighted average number of shares used to calculate basic and diluted loss per share as presented in the consolidated statement of comprehensive loss was as follows:

	Six months ended 30 June 2024	Six months ended 30 June 2023	Year ended 31 December 2023
In issue at 1 January	**191,067,464**	119,007,846	119,007,846
Shares issued in the period – weighted average	**52,091,369**	42,978,571	57,431,223
Weighted average shares in issue at the end of the period	**243,158,833**	161,986,417	176,439,069
Effect of employee share options and warrants not exercised	**1,324,728**	3,104,440	1,476,768
Weighted average number of diluted shares at the period end	**244,483,561**	165,090,857	177,915,837

Additional potential shares used in the calculation of diluted earnings per share primarily relate to potential shares outstanding at 30 June 2024 that may be issued in satisfaction of ‘in-the-money’ employee share options. Potentially dilutive shares related to ‘in-the-money’ outstanding warrants to subscribe for ordinary shares in the Company are also included in calculating diluted earnings per share.

Where additional potential shares have an anti-dilutive impact on the calculation of loss per share calculation, such potential shares are excluded from the weighted average number of shares used in the calculation.

Additional potential shares are anti-dilutive where their inclusion in the calculation of loss per share results in a lower loss per share.

10 Cash Flows from Operating Activities

	Six months ended 30 June 2024 £000	Six months ended 30 June 2023 £000	Year ended 31 December 2023 £000
Loss after income tax	**(11,108)**	(13,324)	(23,179)
Adjustments for:			
Depreciation and amortisation	**693**	727	1,399
Loss on disposal of property, plant and equipment	**-**	-	(15)
Impairment of inventory	**43**	-	151
Reversal of impairment of inventory	**(60)**	-	-
Obsolete inventory	**-**	-	8
Share-based payments charge	**264**	341	726
Net finance (income)/costs	**(277)**	732	481
Gain/(loss) on unrealised foreign currency transactions	**49**	126	(71)
	(10,396)	(11,398)	(20,500)
Changes in operating assets and liabilities			
(Increase)/decrease in inventory	**(1,174)**	5,945	6,144
Increase in contract assets	**(19)**	(1,359)	(694)
Decrease/(increase) in trade receivables and other receivables	**940**	(2,559)	(796)
(Increase)/decrease in other assets and prepaid inventory	**(3,441)**	2,513	5,823
Increase in trade payables	**1,190**	(342)	(956)
Increase/(decrease) in warranty provision	**7**	(47)	(647)
Increase/(decrease) in onerous contract provision	**143**	(751)	(1,217)
Increase/(decrease) in contract liabilities	**136**	(4,230)	(6,814)
	(2,218)	(830)	843
Cash used in operations	**(12,614)**	(12,228)	(19,657)

11 Goodwill and Intangible Assets

	Goodwill £000	Patents and certifications £000	Software and domain names £000	Total £000
Cost				
At 1 January 2024	23,944	203	34	24,181
Effects of movements in foreign exchange	-	-	(1)	(1)
At 30 June 2024	23,944	203	33	24,180
Accumulated amortisation				
At 1 January 2024	-	(153)	(26)	(179)
Amortisation charge	-	(20)	(1)	(21)
At 30 June 2024	-	(173)	(27)	(200)
Net book value				
At 1 January 2024	23,944	50	8	24,002
At 30 June 2024	23,944	30	6	23,980

	Goodwill £000	Patents and certifications £000	Software and domain names £000	Total £000
Cost				

At 1 January 2023	23,944	203	50	24,197
Effects of movements in foreign exchange	-	-	(2)	(2)
At 30 June 2023	23,944	203	48	24,195
Accumulated amortisation				
At 1 January 2023	-	(112)	(35)	(147)
Amortisation charge	-	(20)	(4)	(24)
Effects of movements in foreign exchange	-	-	1	1
Amortisation at 30 June 2023	-	(132)	(38)	(170)
Net book value				
At 1 January 2023	23,944	91	15	24,050
At 30 June 2023	23,944	71	10	24,025

	Goodwill £000	Patents and certifications £000	Software and domain names £000	Total £000
Cost				
At 1 January 2023	23,944	203	50	24,197
Disposals	-	-	(15)	(15)
Effects of movements in foreign exchange	-	-	(1)	(1)
At 31 December 2023	23,944	203	34	24,181
Accumulated amortisation				
At 1 January 2023	-	(112)	(35)	(147)
Amortisation charge	-	(41)	(7)	(48)
Disposals	-	-	15	15
Effects of movements in foreign exchange	-	-	1	1
Amortisation at 31 December 2023	-	(153)	(26)	(179)
Net book value				
At 1 January 2023	23,944	91	15	24,050
At 31 December 2023	23,944	50	8	24,002

Goodwill

All goodwill is tested annually for impairment. At 31 December 2023, goodwill was tested for impairment using a fair value less costs of disposal methodology by reference to the Company's quoted market capitalisation using the price of 35.0 pence per share at that date. No impairment loss was identified in relation to goodwill.

The closing share price on 25 September 2024 was 9.25p, giving a market capitalisation of £40.53m which does not indicate impairment of goodwill.

Patents and Certifications

There have been no events or circumstances that would indicate that the carrying value of patents and certifications may be impaired at 30 June 2024.

12 Property, Plant and Equipment

	Computer and office equipment £000	Leasehold improvements £000	Vehicles and equipment £000	Total £000
Cost				
At 1 January 2024	554	823	2,235	3,612
Additions	34	77	283	394
Disposals	-	-	(9)	(9)
Effects of movements in foreign exchange	(7)	(20)	(41)	(68)
At 30 June 2024	581	880	2,468	3,929
Accumulated Depreciation				
At 1 January 2024	(465)	(424)	(1,024)	(1,913)
Depreciation charge	(23)	(112)	(172)	(307)
Disposals	-	-	9	9
Effects of movements in foreign exchange	5	10	16	31
Depreciation at 30 June 2024	(483)	(526)	(1,171)	(2,180)
Net book value				
At 1 January 2024	89	399	1,211	1,699
At 30 June 2024	98	354	1,297	1,749

	Computer and office equipment £000	Leasehold improvements £000	Vehicles and equipment £000	Total £000
Cost				
At 1 January 2023	699	1,119	1,402	3,220
Additions	-	9	182	191
Disposals	-	-	(44)	(44)
Effects of movements in foreign exchange	(6)	(16)	(27)	(49)
At 30 June 2023	693	1,112	1,513	3,318
Accumulated Depreciation				
At 1 January 2023	(662)	(635)	(715)	(2,012)
Depreciation charge	(8)	(152)	(103)	(263)
Disposals	-	-	44	44
Effects of movements in foreign exchange	5	6	13	24
Depreciation at 30 June 2023	(665)	(781)	(761)	(2,207)
Net book value				
At 1 January 2023	37	484	687	1,208
At 30 June 2023	28	331	752	1,111

	Computer and office equipment £000	Leasehold improvements £000	Vehicles and equipment £000	Total £000
Cost				
At 1 January 2023	699	1,119	1,402	3,220
Additions	76	212	799	1,087
Disposals	(214)	(328)	(125)	(667)
Transfers	-	(161)	191	30
Foreign currency exchange differences	(7)	(19)	(32)	(58)
At 31 December 2023	554	823	2,235	3,612

Accumulated Depreciation				
At 1 January 2023	(662)	(635)	(715)	(2,012)
Depreciation charge	(23)	(271)	(230)	(524)
Disposals	214	328	83	625
Transfers	-	147	(177)	(30)
Effects of movements in foreign exchange	6	7	15	28
Depreciation at 31 December 2023	(465)	(424)	(1,024)	(1,913)
Net book value				
At 1 January 2023	37	484	687	1,208
At 31 December 2023	89	399	1,211	1,699

The Group has no assets pledged as security. No amounts of interest have been capitalised within property, plant and equipment at 30 June 2024 (2023: £nil).

13 Inventory

	30 June 2024	30 June 2023	31 December 2023
	£000	£000	£000
Raw materials and consumables	**2,768**	1,421	2,961
Work in progress	**1,572**	1,503	285
Finished goods	**97**	756	42
Total inventory	**4,437**	3,681	3,288

14 Other Current Assets

	30 June 2024	30 June 2023	31 December 2023
	£000	£000	£000
Prepayments and deposits	**639**	1,108	475
Prepaid inventory	**1,960**	3,136	1,073
Tax credits recoverable	**425**	1,179	719
Short-term investment	**3,000**	-	-
Other receivables	**153**	921	454
Total other current assets	**6,177**	6,344	2,721

Prepaid inventory is recognised on inventory payments where physical delivery of that inventory has not yet been taken by the Group and is stated at the lower of cost and net realisable value.

15 Contract Related Balances

	30 June 2024	30 June 2023	31 December 2023
	£000	£000	£000
Amounts due from customer contracts included in trade receivables	**1,530**	4,151	2,496
Contract assets (accrued income for work done not yet invoiced)	**897**	1,857	888
Non-current contract assets	**304**	-	304
Contract liabilities (deferred revenue related to advances on customer contracts)	**(1,454)**	(3,884)	(1,312)
Net position of sales contracts	**1,277**	(2,124)	2,376

The amount of revenue recognised in the period that was included in contract liabilities at the end of the prior year was £203,997 (2023: £8,097,770).

Provisions Related to Contracts with Customers

	Warranty provision £000	Provision for contract losses £000	Total £000
At 1 January 2024	602	333	935
Charges to profit or loss			
▪ Provided in period	258	151	409
▪ Unused amounts reversed	-	(4)	(4)
Amounts used in period	(252)	(4)	(256)
Movement due to foreign exchange	(3)	(2)	(5)
At 30 June 2024	**605**	**474**	**1,079**
Current	**584**	**371**	**955**
Non-current	**21**	**103**	**124**

	Warranty provision £000	Legacy products provision £000	Provision for contract losses £000	Total £000
At 1 January 2023	284	1,016	1,607	2,907
Charges to profit or loss				
▪ Provided in period	75	63	-	138
▪ Unused amounts reversed	-	-	(697)	(697)
Amounts used in period	(75)	(63)	-	(138)
Movement due to foreign exchange	(1)	(46)	(54)	(101)
At 30 June 2023	**283**	**970**	**856**	**2,109**
Current	**283**	**970**	**856**	**2,109**
Non-current	**-**	**-**	**-**	**-**

	Warranty provision £000	Legacy products provision £000	Provision for contract losses £000	Total £000
At 1 January 2023	284	1,016	1,607	2,907
Charges to profit or loss				
▪ Provided in year	552	15	332	899
▪ Unused amounts reversed	(38)	(968)	(235)	(1,241)
Amounts used in year	(195)	(13)	(1,315)	(1,523)
Movement due to foreign exchange	(1)	(50)	(56)	(107)
At 31 December 2023	**602**	**-**	**333**	**935**
Current	**586**	**-**	**226**	**812**
Non-current	**16**	**-**	**107**	**123**

Warranty Provision

The warranty provision represents management's best estimate of the costs anticipated to be incurred related to warranty claims, both current and future, from customers in respect of goods and services sold that remain within their warranty period. The estimate of future warranty costs is updated periodically based on the Company's actual experience of warranty claims from customers.

The element of the provision related to potential future claims is based on management's experience and is judgmental in nature. As for any product warranty, there is an inherent uncertainty around the likelihood and timing of a fault occurring that would cause further work to be undertaken or the replacement of equipment parts.

A standard warranty of up to two years from the date of commissioning is generally provided to customers on goods and services sold and is included in the original cost of the product. Customers are also able to purchase extended warranties that extend the warranty period for up to a total of ten years.

Provision for Contract Losses
A provision is established for contract losses when it becomes known that a contract has become onerous. A contract is onerous when the unavoidable costs of fulfilling the Group's obligations under a contract are greater than the revenue that will be earned from it.

The unavoidable costs of fulfilling contract obligations will include both direct and indirect costs.

The creation of an additional provision is recognised immediately in profit and loss. The provision is used to offset subsequent costs incurred as the contract moves to completion.

16 Trade Receivables

	30 June 2024 £000	30 June 2023 £000	31 December 2023 £000
Total trade receivables	**1,530**	4,151	2,496

All trade and other receivables relate to receivables arising from contracts with customers.

Trade receivables are amounts due from customers for sales of vanadium flow battery systems in the ordinary course of business. Trade receivables do not bear interest and generally have 30-day payment terms and therefore are all classified as current.

An allowance for potential credit losses of £nil (2023: £139,639) has been recognised.

17 Cash and Cash Equivalents

	30 June 2024 £000	30 June 2023 £000	31 December 2023 £000
Cash at bank and in hand	**5,243**	3,929	5,014
Cash equivalents	**41,000**	9,000	-
Total cash and cash equivalents	**46,243**	12,929	5,014

Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition, are readily convertible to a known amount of cash and are subject to an insignificant amount of risk of change in value.

18 Trade and Other Payables

	30 June 2024 £000	30 June 2023 £000	31 December 2023 £000
Trade payables	**2,062**	3,341	2,166
Other payables	**17**	89	29
Accrued liabilities	**1,462**	706	877
Accrued employee compensation	**1,389**	324	772
Government remittances payable	**171**	21	104
Total trade and other payables	**5,101**	4,481	3,948

Trade payables are unsecured and are usually paid within 30 days.

The carrying amounts of trade and other payables are the same as their fair values due to the short-term nature of the underlying obligation representing the liability to pay.

19 Derivative Financial Instruments

	30 June 2024 £000	30 June 2023 £000	31 December 2023 £000
Derivative value of warrants issued	**339**	474	406
Total derivative financial instruments	**339**	474	406

20 Related Parties

The only related parties of the Company are the key management and close members of their family. Key management has been determined as the CEO and his direct reports.

There have been no related party transactions in the period.

21 Events Occurring After the Reporting Period

Motherwell Facility

On 23 July 2024 the Company formally launched its new manufacturing facility in Scotland which will increase the Company's assembly capacity to over 500 MWh per year.

Deferred A Shares

On 22 November 2022 the shareholders of Invinity approved a capital reorganisation, whereby the share capital of Invinity was split into Ordinary Shares, which are quoted on AIM and AQSE, and non-voting deferred A Shares (“Deferred A Shares”), which are not quoted.

On 29 August 2024 the Company announced the upcoming transfer of all Deferred A Shares from the holders to Invinity Energy Group Services Limited for nil consideration.

Board changes

On 6 September 2024 the Company announced Larry Zulch's retirement as the Company's Chief Executive Officer ("CEO") and member of the Board of Invinity, effective immediately.

Jonathan Marren, previously Chief Financial Officer ("CFO") and Chief Development Officer (“CDO”), has been appointed as CEO on a permanent basis. The recruitment of a new CFO commenced immediately.