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6 September 2024

Invinity Energy Systems plc

("Invinity" or the "Company")

Trading Update

Invinity Energy Systems plc (AIM: IES) (AQSE: IES) (OTCQX: IESVF), a leading global manufacturer of utility-grade energy storage, provides an update on current trading and strategy.

Commercial Positioning

The market for Long Duration Energy Storage ("LDES") continues to develop favourably for the Company as alternative battery technologies and domestic supply chains become an increasing priority for decision makers in the UK, EU, North America and Australia. As such, Invinity has noted a growing number of proposed projects which specifically exclude lithium-ion as the energy storage technology, a trend the Company views as positive in the context of future demand for its vanadium flow batteries.

The Company's VS3 products have now been in service for a year or more at a number of customer sites, demonstrating that Invinity's batteries can generate customer returns across diverse geographies and applications by addressing one or many revenue streams. This achievement has supported growing acceptance of Invinity's technology as the leading proven alternative to lithium-ion batteries, and despite disappointing delays in closing sales in the year to date, customer interest in Invinity's products remains strong.

Furthermore, commercial operating data from these VS3 projects has also provided Invinity with valuable information on performance which has fed into the design process for the Company's next-generation product, code-named "Mistral".

As at 30 June 2024, the Company had cash reserves of £49.2m. This strong balance sheet positions the Company strongly in the market to be able to deliver products for its customers.

Next-Generation Product

The development of Mistral is progressing strongly and the production prototype has achieved its performance targets. Commercial launch, which will see Mistral become available for general sale by Invinity alongside the first pilot customer shipment, remains on

schedule to occur by the end of the year.

Driving cost out of the Mistral manufacturing process and component supply chain is crucial to achieving targeted gross margins, and thus to supporting Invinity's fundamental corporate goal of reaching cashflow break-even and profitability. Such cost reduction is expected to come through a combination of continuous design improvements, supplier efficiencies and increased production volume.

Although Mistral has already demonstrated performance in-line with or ahead of expectations, the Board has decided that additional time is needed to complete the cost reduction exercise ahead of volume rollout, while maintaining a level of manufacturing sufficient to commence the drive to volume-based efficiencies. Accordingly, whilst this exercise completes, the Company believes a more cautious increase in Mistral deliveries during H1 2025 is prudent and will set the stage for further growth in volumes in H2 2025 before commencing full volume production in 2026 when the Company intends to achieve EBITDA break-even.

2024 Guidance

The Company previously advised that it expected 2024 revenue to be significantly second half weighted and in line with this guidance, expects H1 2024 revenues to be circa £1.6m. The H1 loss is also in line with expectations at circa £11.2m (subject to final review and approval of the Board).

Global market and policy developments, and the recent change of government in the UK, are positive indicators for Invinity. However, they have led to a more protracted sales cycle as the Company's prospective customers assess the impact on their projects. Examples include the final outcome of the consultation on a proposed LDES Cap and Floor mechanism in the UK and the confirmation of further details around the role and mandate of newly launched GB Energy. The upcoming U.S. election has also slowed decision making in this market as certain project developers await the outcome before committing capital into green energy projects. Therefore, the Company now expects this will delay the closing of deals which it previously expected would contribute to H2 2024 revenues.

Invinity's commercial team is focused on concluding the LODES project and is in advanced tripartite discussions with a major international renewable energy project developer and the Department for Energy Security and Net Zero ("DESNZ") to finalise that project's structure and conclude contracts. The timing of the conclusion of such negotiations will have a material impact on whether associated revenues will be recognised in 2024 or 2025.

Whilst the delay in closing deals will have a significant impact on full year 2024 revenues, the Company's anticipated loss position is not expected to be materially different from its expectations.

Outlook

Including the UKIB investment for UK projects, as at 30 June 2024, the Company had cash reserves of £49.2m. By maintaining strict capital discipline and a focus on targeted sales in

2025 as referenced above, the Company believes it will enter 2026 in a position to deliver Mistral at industry standard margins and an ever-growing production rate, together sufficient to achieve EBITDA breakeven and set the Company on a sustainable future.

Jonathan Marren, Chief Executive Officer at Invinity said:

“The development team, in collaboration with our joint development and commercialisation partner, have rightly focused on ensuring that Mistral is capable of delivering the performance characteristics being demanded by customers and the market; I am very pleased with the results to date. We aren’t yet where we wanted to be on working through the identified initiatives aimed at reducing production costs to the level we believe we can attain but have confidence this can be achieved in 2025 ahead of material volumes at sustainable margins in 2026 and beyond.

We are very fortunate to have dedicated staff within Invinity who are committed to building Invinity to be a successful and profitable business and my role is to guide, support and enable them to use their skills for the benefit of all of our stakeholders. There are however areas which need to be addressed and which we can significantly improve on and my new role is to ensure we are laser focused on identifying solutions and implementing these improvements across a number of focus areas as soon as feasible.

- *Commercial*
 - *Renewed focus on commercial targeting, utilising a data driven approach*
 - *Expand our use of partners to reach new customers outside our core markets to enable us to scale in a fast and cost-effective manner*
- *Operational*
 - *Utilise our geographic centres of excellence in the UK, U.S. and Canada to drive greater efficiency within the organisation*
 - *In the UK – continue to invest in expanding our operations through increasing automation at our factories to bring production costs down*
 - *In the U.S. – ensure that we are able to manufacture products in the U.S. which are capable of benefiting from the full suite of available subsidies*
 - *In Canada – utilise existing facilities and expertise to create a global centre of excellence for flow battery product development, supporting the launch of Mistral and future products*

When we report our interims at the end of this month, I look forward to highlighting our progress in addressing these priorities.”

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.