



15 June 2020



VSA Morning Alt Energy Comment

Invinity Energy Systems plc – Trading Update

Invinity Energy Systems plc (IES LN), is a manufacturer of Vanadium Flow Batteries for the large-scale energy storage requirements of businesses, industry and electricity networks. The Group has today provided a Trading Update on activities following its creation in April 2020 from the merger of **Avalon Battery Corporation** and **redT energy plc**.

The Group has announced that since the beginning of 2020, it has received orders for 1.7 MWh of its Vanadium Flow Batteries (“VFBs”), comprising 40 VFB modules. The anticipated revenue contribution of these sales, according to IES, is approximately £1.1m including the VFBs themselves, ancillary components and related services. The Group is coming through COVID-19, getting manufacturing back up and running and ensuring component supplies are in place to meet rising demand. IES, in an ever-changing landscape for energy storage, is seeing its patented VFB technology start to gain real commercial traction winning new orders across geographies and for a widening range of applications. The ongoing transition to renewable energy is driving structural demand for energy storage. Invinity’s patented VFB technology is finding its place in the storage mix and progress is accelerating.

The orders for 40 VFB modules are in addition to the 162 VFB module order for **Energy Superhub Oxford (ESO)**, a grid-scale hybrid Lithium Ion/Vanadium Flow Battery project for EV charging and domestic heating, previously announced by IES and **Pivot Power**, a subsidiary of **EDF Renewables**.

During the Trading Period, Invinity has also delivered 240 kWh of battery modules to a demonstration project sponsored by a municipal US utility. The project is intended to validate VFBs’ potential to improve the future operating performance of the utility within its geographic mandate.

The new orders for the 40 VFB modules were received from customers located across Europe, Asia and the United States including:

- A major US-based municipal utility;
- A leading Asia-based developer of energy storage projects; and
- A major global retail chain.

IES anticipates working with these customers to further expand their use of VFBs.

The Group noted in the Trading Update that revenues will be recognised as these projects are installed and commissioned. No timescales for this were given in the Trading Update.

As at the end of May 2020, following the completion of the merger and fundraising, the Group’s cash reserves stood at £5.8m. This, stated IES today, was before any drawdowns on the RiverFort £3.0m loan facility and was in line with management expectations.

IES has operations in the UK, Canada, the US and its outsourced manufacturing in China. Execution of module manufacture and project delivery is vital as the business grows and demand increases. Invinity has been taking action to support staff and operations through COVID-19 and has today reported positive news. Manufacturing operations in China have returned to normal capacity and the manufacturing facilities in Vancouver and the UK are restarting operations.

Phil Smith,
Alternative Energy
Analyst

+44 (0)20 3617 5187 |
psmith@vsacapital.com

Supply of components and assembly for the projects mentioned in the Trading Update is underway and the Group expects to resume deliveries in the second half of 2020.

IES has also noted that it continues to progress towards fulfilment of the 162-module order for use at ESO and that it is working closely with its project partners to adapt work plans and schedules to COVID-19 restrictions. It remains confident that module delivery will commence before the end of the year as previously stated.

Invinity expects to announce its 2019 Full Year Results and publish its 2019 Annual Report and Financial Statements by no later than 31 July 2020 (further to 'Inside Aim: Coronavirus – Temporary measures for publication of annual audited accounts'). Announcements regarding the exact timing of the results and the Group's AGM, which is likely to be held virtually, will be made in due course.

Stock Information

Stock	BBG TKR	Exchange/ Currency	Mkt Cap (m)	Last Close (p)	Rec	TP	Date of Recommendation
Invinity Energy Systems	IES LN	LSE AIM (£/p)	60.8	86.5	n/a	n/a	n/a

NOTE: #VSA house stock. **SOURCE:** Eikon, VSA Capital estimates. Pricing as of last close.

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