

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or as to the action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 (as amended) if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

If you have sold or otherwise transferred all of your Existing Ordinary Shares before the date that the Existing Ordinary Shares are marked "ex-entitlement" to the Open Offer by the London Stock Exchange, please immediately forward this document, together with the accompanying Form of Proxy, to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. If you have sold only part of your holding of Existing Ordinary Shares, please contact your stockbroker, bank or other agent through whom the sale or transfer was effected immediately.

The Directors (whose names and functions appear on page 6 of this document) and the Company (whose registered office appears on page 6 of this document) accept responsibility, both collectively and individually, for the information contained in this document and compliance with the AIM Rules. To the best of the knowledge and belief of the Directors and the Company (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Existing Ordinary Shares are admitted to trading on AIM. First Admission became effective and dealings in the Initial Placing Shares commenced on 23 November 2021. Conditional upon completion of the Conditional Placing and the Open Offer, application will be made to the London Stock Exchange for the Conditional Placing Shares and the Open Offer Shares to be admitted to trading on AIM. It is expected that Second Admission will become effective and that dealings in the Conditional Placing and the Open Offer Shares will commence on 15 December 2021. The New Ordinary Shares will, on Admissions, rank *pari passu* in all respects with the Existing Ordinary Shares and will rank in full for all dividends and other distributions declared, made or paid on Ordinary Shares after Admissions.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the Financial Conduct Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. The London Stock Exchange has not itself examined or approved the contents of this document. Prospective investors should read this document in its entirety.

The total consideration under the Open Offer together with the open offer made to shareholders on 3 December 2020 will be less than €8 million (or an equivalent amount) in aggregate and the Placing Units will only be available to qualified investors for the purposes of the Prospectus Rules or otherwise in circumstances not resulting in an offer of transferable securities to the public under section 102B of FSMA. Therefore, in accordance with section 85 and section 86 of FSMA, this document is not, and is not required to be, a prospectus for the purposes of the Prospectus Rules and has not been prepared in accordance with the Prospectus Rules. Accordingly, this document has not been, and will not be, reviewed or approved by the FCA, pursuant to sections 85 and 87 of FSMA, the London Stock Exchange or any other authority or regulatory body. In addition, this document does not constitute an admission document drawn up in accordance with the AIM Rules.

Invinity Energy Systems plc

(Incorporated and registered in Jersey under the Companies (Jersey) Law 1991 with registered no: 92432)

Placing of 25,000,000 Units Open Offer of a maximum of 4,008,588 Units and Notice of General Meeting



Your attention is drawn to the letter from the Chairman of the Company which is set out in Part I of this document and which contains, amongst other things, the Directors' unanimous recommendation that you vote in favour of the Resolutions to be proposed at the General Meeting.

The latest time and date for acceptance and payment in full under the Open Offer is 11.00 a.m. on 13 December 2021. The procedure for acceptance and payment is set out in Part III of this document and, where relevant, in the Application Form.

Canaccord Genuity Limited, which, in the United Kingdom, is authorised and regulated by the FCA, is acting as nominated adviser and joint broker to the Company for the purposes of the AIM Rules in connection with the proposed Fundraising and Admissions and will not be acting for any other person (including a recipient of this document) or otherwise be responsible to any person for providing the protections afforded to clients of Canaccord Genuity Limited or for advising any other person in respect of the proposed Fundraising and Admissions or any transaction, matter or arrangement referred to in this document. Canaccord Genuity Limited's responsibilities as the Company's nominated adviser and joint broker are owed solely to the London Stock Exchange and are not owed to the Company or to any Director or to any other person in respect of his decision to acquire shares in the Company in reliance on any part of this document.

VSA Capital Limited, which, in the United Kingdom, is authorised and regulated by the FCA, is acting as joint broker to the Company in connection with the Fundraising and will not be acting for any other person (including a recipient of this document) or otherwise be responsible to any person for providing the protections afforded to clients of VSA Capital Limited or for advising any other person in respect of the Placing or any transaction, matter or arrangement referred to in this document. VSA Capital Limited's responsibilities as

the Company's joint broker are owed solely to the London Stock Exchange and are not owed to the Company or to any Director or to any other person in respect of his decision to acquire shares in the Company in reliance on any part of this document.

Apart from the responsibilities and liabilities, if any, which may be imposed on Canaccord Genuity Limited and/or VSA Capital Limited by the FSMA or the regulatory regime established thereunder, Canaccord Genuity Limited and VSA Capital Limited do not accept any responsibility whatsoever for the contents of this document, including its accuracy, completeness or verification or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the Ordinary Shares or the Placing and Admissions. Canaccord Genuity Limited and VSA Capital Limited accordingly disclaim all and any liability whether arising in tort, contract or otherwise (save as referred to above) in respect of this document or any such statement.

Notice of a General Meeting of Invinity Energy Systems plc, to be held at the offices of Osborne Clarke LLP at One London Wall, London EC2Y 5EB at 11:00 a.m. on 14 December 2021, is set out at the end of this document. To be valid, the accompanying Form of Proxy for use in connection with the General Meeting should be completed, signed and returned as soon as possible and, in any event, so as to reach the Company's registrars, Computershare Investor Services (Jersey) Limited, by not later than 11:00 a.m. on 10 December 2021 (or, if the General Meeting is adjourned, 48 hours (excluding any part of a day that is not a working day) before the time fixed for the adjourned meeting). Completion and return of Forms of Proxy will not preclude Shareholders from attending and voting at the General Meeting should they so wish.

At present, it is possible under guidelines to allow physical attendance at the General Meeting. We are therefore proposing to hold the Meeting at the offices of Osborne Clarke LLP at One London Wall, London EC2Y 5EB at 11:00 a.m. on 14 December 2021 and to welcome the maximum number of shareholders we are able within the venue's capacity limits.

However, given the constantly evolving nature of the situation, we want to ensure that we are able to adapt these arrangements efficiently to respond to changes in circumstances. On this basis, should the situation change such that we consider it is no longer possible for shareholders to attend the General Meeting in person, we will notify shareholders of the change through the release of an RNS via the London Stock Exchange and also on the investor announcements page of our website <https://invinity.com/investors/announcements/>. Should we have to change the arrangements in this way, it is likely that we will not be in a position to accommodate shareholders beyond the minimum required to hold a quorate General Meeting which will be achieved through the attendance of employee shareholders.

Shareholders are encouraged to submit questions, at least 48 hours prior to the General Meeting, relating to the business to be dealt with at the General Meeting to ir@invinity.com. The Company will endeavour to publish these questions and the Company's responses on the Company's website (www.invinity.com) as soon as practicable after the General Meeting.

Shareholders are strongly encouraged to use their proxy vote and reminded that their completed Form of Proxy may also be scanned and submitted via email to #UKCSBRS.ExternalProxyQueries@computershare.co.uk. The deadline for submission of proxy votes is 11:00 a.m. on 10 December 2021.

Shareholders who hold their Existing Ordinary Shares in uncertificated form in CREST may alternatively use the CREST Proxy Voting Service in accordance with the procedures set out in the CREST Manual as explained in the notes accompanying the Notice of General Meeting at the end of this document. Proxies submitted via CREST must be received by the issuer's agent (ID 3RA50) by no later than 11:00 a.m. on 10 December 2021 (or, if the General Meeting is adjourned, 48 hours (excluding any part of a day that is not a working day) before the time fixed for the adjourned meeting). The Company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Article 34 of the Companies (Uncertificated Securities) (Jersey) Order 1999. The appointment of a proxy using the CREST Proxy Voting Service will not preclude Shareholders from attending and voting in person at the General Meeting should they so wish.

Qualifying non-CREST Shareholders will find an Application Form accompanying this document. Qualifying CREST Shareholders (none of whom will receive an Application Form) will receive a credit to their stock accounts in CREST in respect of the Open Offer Entitlements which will be enabled for settlement on 30 November 2021. Applications under the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim arising out of a sale or transfer of Existing Ordinary Shares prior to the date on which the Existing Ordinary Shares were marked "ex-entitlement" by the London Stock Exchange. If the Open Offer Entitlements are for any reason not enabled by 8.00 a.m. or such later time as the Company may decide on 30 November 2021, an Application Form will be sent to each Qualifying CREST Shareholder in substitution for the Open Offer Entitlements credited to its stock account in CREST. Qualifying CREST Shareholders who are CREST sponsored members should refer to their CREST sponsors regarding the action to be taken in connection with this document and the Open Offer. Applications for Excess Units pursuant to the Excess Application Facility may be made by the Qualifying Shareholder provided that their Open Offer Entitlement has been taken up in full and subject to being scaled back in accordance with the provisions of this document.

Holdings of Existing Ordinary Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating entitlements under the Open Offer.

A copy of this document has been delivered to the registrar of companies in accordance with Article 5 of the Companies (General Provisions) (Jersey) Order 2002, and it has given, and has not withdrawn, its consent to its circulation. The Jersey Financial Services Commission has given, and it has not withdrawn, its consent under Article 2 of the Control of Borrowing (Jersey) Order 1958 to the issue of securities in the Company. It must be distinctly understood that, in giving these consents, neither the registrar of companies nor the Jersey Financial Services Commission takes any responsibility for the financial soundness of the Company or for the correctness of any statements made, or opinions expressed, with regard to it. If you are in any doubt about the contents of this document you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser. The Directors of the Company have taken all reasonable care to ensure that the facts stated in this document are true and accurate in all material respects, and that there are no other facts the omission of which would make misleading any statement in the document, whether of facts or of opinion. All the Directors accept responsibility accordingly. It should be remembered that the price of securities and the income from them can go down as well as up.

A copy of this document is available, subject to certain restrictions relating to persons resident in certain overseas jurisdictions, at the Company's website www.invinity.com

IMPORTANT NOTICE

Cautionary note regarding forward-looking statements

This document includes statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes”, “estimates”, “plans”, “projects”, “anticipates”, “expects”, “intends”, “may”, “will”, or “should” or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the Directors’ current intentions, beliefs or expectations concerning, among other things, the Group’s results of operations, financial condition, liquidity, prospects, growth, strategies and the Group’s markets.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Actual results and developments could differ materially from those expressed or implied by the forward-looking statements.

Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements in this document are based on certain factors and assumptions, including the Directors’ current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Group’s operations, results of operations, growth strategy and liquidity. Whilst the Directors consider these assumptions to be reasonable based upon information currently available, they may prove to be incorrect. Save as required by law or by the AIM Rules, neither the Company, Canaccord Genuity Limited nor VSA Capital Limited undertakes any obligation to publicly release the results of any revisions to any forward-looking statements in this document that may occur due to any change in the Directors’ expectations or to reflect events or circumstances after the date of this document.

Notice to overseas persons

The distribution of this document and/or any accompanying documents in certain jurisdictions may be restricted by law and therefore persons into whose possession these documents come should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. In addition, the transfer of Open Offer Entitlements or Excess Open Offer Entitlements through CREST, in jurisdictions other than the UK, including the Restricted Jurisdictions (as defined below), may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any of those restrictions. Any failure to comply with any of those restrictions may constitute a violation of the securities laws of any such jurisdiction.

The New Ordinary Shares, the Open Offer Entitlements and the Excess Open Offer Entitlements have not been, nor will they be, registered under the United States Securities Act of 1933, as amended, (the **“US Securities Act”**) and may not be offered, sold or delivered in, into or from the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. Subject to certain exemptions, this document and the Application Form does not constitute an offer of Ordinary Shares to any person with a registered address, or who is resident in, the United States. There will be no public offer in the United States. Outside of the United States, the New Ordinary Shares are being offered in reliance on Regulation S under the US Securities Act. The New Ordinary Shares will not qualify for distribution under the relevant securities laws of Australia, Canada, the Republic of South Africa or Japan, nor has any prospectus in relation to the New Ordinary Shares been lodged with, or registered by, the Australian Securities and Investments Commission or the Japanese Ministry of Finance. Accordingly, subject to certain exemptions, the New Ordinary Shares may not be offered, sold, taken up, delivered or transferred in, into or from the United States, Australia, Canada, the Republic of South Africa, Japan or any other jurisdiction where to do so would constitute a breach of local securities laws or regulations (each a **“Restricted Jurisdiction”**) or to or for the account or benefit of any national, resident or citizen of a Restricted Jurisdiction. This document does not constitute an offer to issue or sell, or the solicitation of an offer to subscribe for or purchase, any Ordinary Shares to any person in a Restricted Jurisdiction and is not for distribution in, into or from a Restricted Jurisdiction.

The New Ordinary Shares, the Open Offer Entitlements and the Excess Open Offer Entitlements have not been approved or disapproved by the US Securities and Exchange Commission, or any other securities commission or regulatory authority of the United States, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the New Ordinary Shares nor have they approved this document or confirmed the accuracy or adequacy of the information contained in this document. Any representation to the contrary is a criminal offence in the US.

In addition, Application Forms are not being posted to and no Open Offer Entitlements or Excess Open Offer Entitlements will be credited to a stock account of any person in the United States, Canada, Australia, Japan or the Republic of South Africa. The attention of Overseas Shareholders and other recipients of this document who are residents or citizens of any country other than the United Kingdom is drawn to the section entitled "Overseas Shareholders" at paragraph 6 of Part III of this document.

Presentation of financial information

Certain data in this document, including financial, statistical and operational information has been rounded. As a result of the rounding, the totals of data presented in this document may vary slightly from the actual arithmetical totals of such data. Percentages in tables have been rounded and, accordingly, may not add up to 100 per cent. In this document, references to "pounds sterling", "£", "pence" and "p" are to the lawful currency of the United Kingdom, references to "US dollar", "dollar", "US\$" or "\$" are to the lawful currency of the United States and references to "Euros" and "€" are to a lawful currency of the European Union.

Presentation of market, economic and industry data

Where information contained in this document originates from a third-party source, it is identified where it appears in this document together with the name of its source. Such third-party information has been accurately reproduced and, so far as the Company is aware and is able to ascertain from information published by the relevant third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

No incorporation of website information

The contents of the Company's website or any hyperlinks accessible from the Company's website do not form part of this document and Shareholders should not rely on them.

Interpretation

Certain terms used in this document are defined and certain technical and other terms used in this document are explained at the section of this document under the heading "Definitions".

All times referred to in this document, the Application Form and the Form of Proxy are, unless otherwise stated, references to London time.

All references to legislation in this document, the Application Form and the Form of Proxy are to the legislation of England and Wales unless the contrary is indicated. Any reference to any provision of any legislation or regulation shall include any amendment, modification, re-enactment or extension thereof.

Words importing the singular shall include the plural and *vice versa*, and words importing the masculine gender shall include the feminine or neutral gender.

CONTENTS

PART I	LETTER FROM THE CHAIRMAN OF INVINITY ENERGY SYSTEMS PLC	16
PART II	RISK FACTORS	33
PART III	TERMS AND CONDITIONS OF THE OPEN OFFER	41
	NOTICE OF GENERAL MEETING	63

DIRECTORS, SECRETARY AND ADVISERS

Directors	Neil O'Brien (<i>Non-executive Chairman</i>) Larry Zulch (<i>Chief Executive Officer</i>) Peter Dixon-Clarke (<i>Chief Financial Officer</i>) Matt Harper (<i>Chief Commercial Officer</i>) Jonathan Marren (<i>Senior Independent Director</i>) Rajat Kohli (<i>Non-executive Director</i>) Michael Farrow (<i>Non-executive Director</i>) Kristina Peterson (<i>Non-executive Director</i>) All of whose business address is at the Company's registered office
Registered Office	3rd Floor, Standard Bank House 47-49 La Motte Street St Helier Jersey JE2 4SZ
Company website	www.invinity.com
Company Secretary	Oak Secretaries (Jersey) Limited 3rd Floor Standard Bank House 47-49 La Motte Street St Helier Jersey JE2 4SZ
Nominated Adviser and joint broker	Canaccord Genuity Limited 88 Wood Street London EC2V 7QR
Financial adviser and joint broker	VSA Capital Limited Park House 16-18 Finsbury Circus London EC2M 7EB
UK legal advisers to the Company	Osborne Clarke LLP One London Wall London EC2Y 5EB
Jersey legal advisers to the Company	Pinel Advocates One Liberty Place St Helier Jersey Channel Islands JE2 3NY
Legal advisers to Nominated Adviser and Joint Brokers	DAC Beachcroft LLP 25 Walbrook London EC4N 8AF

Registrars

Computershare Investor Services (Jersey) Limited
13 Castle Street
St. Helier
Jersey
JE1 1ES

Bankers

HSBC Corporate Banking
HSBC House
Esplanade
St Helier
Jersey
JE1 1HS

Auditors

PricewaterhouseCoopers LLP
Atria One
144 Morrison Street
Edinburgh
EH3 8EX

PLACING AND OPEN OFFER STATISTICS

Issue Price	100p
Number of Existing Ordinary Shares at the Record Date	86,852,761
Number of Initial Placing Shares issued by the Company pursuant to the Initial Placing	8,685,276
Number of Conditional Placing Shares being issued by the Company pursuant to the Conditional Placing	16,314,724
Total number of New Ordinary Shares being issued pursuant to the Initial Placing and the Conditional Placing	25,000,000
Number of Ordinary Shares in issue following First Admission	95,538,037
Open Offer basic entitlement	3 Open Offer Units for every 65 Existing Ordinary Shares
Number of Open Offer Shares (in aggregate)*	up to 4,008,588
Number of Short-Term Warrants being issued by the Company pursuant to the Placing	12,500,000
Number of Long-Term Warrants being issued by the Company pursuant to the Placing	12,500,000
Number of Open Offer Short-Term Warrants*	2,004,294
Number of Open Offer Long-Term Warrants*	2,004,294
Number of Ordinary Shares in issue following Second Admission*	115,861,349
Number of Short-Term Warrants in issue following Second Admission*	14,504,294
Number of Long-Term Warrants in issue following Second Admission*	14,504,294
Percentage of the existing issued ordinary share capital of the Company being placed pursuant to the Placing and Open Offer*	33.4 per cent.
Percentage of the enlarged issued ordinary share capital of the Company after Second Admission that may be issued upon exercise of the Short-Term Warrants*	12.5 per cent.
Percentage of the enlarged issued ordinary share capital of the Company after Second Admission that may be issued upon exercise of the Long-Term Warrants assuming full exercise of the Short-Term Warrants*	11.1 per cent.
Gross proceeds of the Initial Placing	£8.7 million
Gross proceeds of the Conditional Placing	£16.3 million
Gross proceeds of the Open Offer*	£4.0 million
Estimated expenses of the Placing and Open Offer*	£1.5 million
Estimated net proceeds of the Placing and Open Offer receivable by the Company*	£27.5 million

Ordinary Share ISIN	JE00BLR94N79
Basic Open Offer Entitlements ISIN	JE00BMWPFV29
Excess Open Offer Entitlements ISIN	JE00BMWPFW36
Long-Term Warrant ISIN	JE00BN33L924
Short-Term Warrant ISIN	JE00BN33L817

* Assuming take-up in full of the Open Offer by Qualifying Shareholders or take-up in full under the Placing Option

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

2021

Announcement of the Placing and Open Offer	18 November
First Admission and dealings in the Placing Shares	23 November
CREST accounts credited in respect of Placing Shares in uncertificated form	23 November
Record Date for entitlement under the Open Offer	22 November
Publication of this document, Proxy Form and, to Qualifying Non-Crest Shareholders, the Application Form	26 November
Ex-entitlement date of the Open Offer	29 November
Open Offer Entitlements and Excess Open Offer Entitlements credited to stock accounts in CREST of Qualifying CREST Shareholders	8:00 a.m. on 30 November
Latest recommended time and date for requested withdrawal of Open Offer Entitlements and Excess CREST Open Offer Entitlements from CREST	3:00 p.m. on 7 December
Latest time and date for depositing Open Offer Entitlements and Excess CREST Open Offer Entitlements in CREST	3:00 p.m. on 8 December
Latest time and date for splitting of Application Forms under the Open Offer	3:00 p.m. on 9 December
Latest time and date for receipt of Forms of Proxy and CREST voting instructions	11:00 a.m. on 10 December
Latest time and date for receipt of Application Forms and payment in full under the Open Offer and settlement of relevant CREST instructions (as appropriate)	11:00 a.m. on 13 December
General Meeting	11:00 a.m. on 14 December
Results of the General Meeting and the Open Offer announced	14 December
Second Admission and dealings in the Open Offer Shares and Conditional Placing Shares expected to commence on AIM	8:00 a.m. on 15 December
Where applicable, expected date for CREST accounts to be credited in respect of Conditional Placing Shares, Open Offer Shares and Warrants in uncertificated form	15 December
Where applicable, expected date for despatch of definitive certificates for new Ordinary Shares and Warrants in certificated form	within 14 days of Second Admission

Notes:

- Each of the above times and/or dates is subject to change at the absolute discretion of the Company, Canaccord Genuity and VSA Capital. If any of the above times and/or dates should change, the revised times and/or dates will be announced through the Regulatory News Service.
- All of the above times refer to London time unless otherwise stated.
- All events listed in the above timetable following the General Meeting are conditional on the passing of the Resolutions at the General Meeting.

DEFINITIONS

The following definitions apply throughout this document unless the context otherwise requires:

“£”, “pounds sterling”, “pence” or “p”	are references to the lawful currency of the United Kingdom
“€” or “Euros”	are references to a lawful currency of the European Union
“Admissions”	together, First Admission and Second Admission (as the context may require)
“AIM Rules”	the AIM Rules for Companies published by the London Stock Exchange from time to time
“AIM”	the AIM Market operated by the London Stock Exchange
“Canaccord Genuity” or “Nominated Adviser”	Canaccord Genuity Limited, the Company’s nominated adviser and joint broker
“certificated form” or “in certificated form”	an Ordinary Share recorded on a company’s share register as being held in certificated form (namely, not in CREST)
“Circular”	this circular to shareholders setting out details of the Fundraising, the Placing and the Open Offer and containing notice of the General Meeting
“Companies Law”	the Companies (Jersey) Law 1991
“Company” or “Invinity”	Invinity Energy Systems plc, a company incorporated and registered in Jersey under the Companies (Jersey) Law 1991 with registered no: 92432
“Conditional Placing”	the conditional placing of the 16,314,724 Conditional Placing Units, the issue of which is conditional upon the passing of certain resolutions at the General Meeting
“Conditional Placing Shares”	the 16,314,724 new Ordinary Shares to be issued pursuant to the Conditional Placing
“Conditional Placing Units”	the 16,314,724 Units to be issued conditionally upon the passing of certain resolutions at the General Meeting pursuant to the Placing
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (S.I. 2001 No. 3755)
“CREST”	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the operator (as defined in those regulations)
“Dealing Day”	a day on which the London Stock Exchange is open for business in London
“Directors” or “Board”	the directors of the Company whose names are set out on page 6 of this document, or any duly authorised committee thereof
“Enlarged Share Capital”	the issued Ordinary Shares immediately following Second Admission, prior to the issue of any Warrant Shares
“Euroclear”	Euroclear UK & Ireland Limited, the operator of CREST

“Excess CREST Open Offer Entitlements”	in respect of each Qualifying CREST Shareholder, an entitlement, of the maximum number of Open Offer Units available through the Open Offer (in addition to their Open Offer Entitlement), to apply for Open Offer Units pursuant to the Excess Application Facility, which is conditional on them taking up their Open Offer Entitlement in full and which may be subject to scaling back in accordance with the provisions of this document
“Excess Open Offer Entitlements”	an entitlement for each Qualifying Shareholder to apply to subscribe for Open Offer Units in addition to their Open Offer Entitlement pursuant to the Excess Application Facility which is conditional on them taking up their Open Offer Entitlement in full and which may be subject to scaling back in accordance with the provisions of this document
“Excess Units”	Open Offer Units applied for by Qualifying Shareholders under the Excess Application facility
“Ex-entitlement Date”	the date on which the Existing Ordinary Shares are marked “ex” for entitlement under the Open Offer, being 29 November 2021
“Existing Ordinary Shares”	the 86,852,761 Ordinary Shares in issue at the Record date
“FCA”	the UK Financial Conduct Authority
“First Admission”	admission of the Initial Placing Shares to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules
“Form of Proxy”	the form of proxy for use in connection with the General Meeting which accompanies this document
“FSMA”	the Financial Services and Markets Act 2000 (as amended)
“Fundraising”	together, the Placing and the Open Offer
“General Meeting”	the extraordinary general meeting of the Company to be held at the offices of Osborne Clarke LLP at One London Wall, London EC2Y 5EB at 11:00 a.m. on 14 December 2021, notice of which is set out at the end of this document
“Group”	the Company, its subsidiaries and its subsidiary undertakings
“Initial Placing”	the placing of the 8,685,276 Initial Placing Units pursuant to the Placing
“Initial Placing Shares”	the 8,685,276 new Ordinary Shares to be issued pursuant to the Initial Placing
“Initial Placing Units”	the 8,685,276 Placing Units unconditionally placed pursuant to the Initial Placing
“Initial Placing Warrants”	the 4,342,638 Short-Term Warrants and 4,342,638 Long-Term Warrants placed conditionally pursuant to the Initial Placing
“IP”	intellectual property
“Issue Price”	100 pence per Unit
“kWh”	kilowatt hour

“Launch Announcement”	the announcement released by the Company on 18 November 2021 relating to the Fundraising and the publication of this document
“London Stock Exchange”	London Stock Exchange plc
“Long-Term Warrant”	a warrant giving the holder the right to subscribe for one new Ordinary Share at a price of 225 pence per Ordinary Share at any time from Second Admission until the Long-Term Warrant Expiry Date
“Long-Term Warrant Expiry Date”	16 December 2024
“Long-Term Warrant Instrument”	the instrument constituting the Long-Term Warrants dated 26 November 2021
“Money Laundering Regulations”	The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (as amended)
“MWh”	megawatt hour
“New Ordinary Shares”	new Ordinary Shares in the Company issued pursuant to the Placing and the Open Offer
“Notice of General Meeting”	the notice convening the General Meeting which is set out at the end of this document
“Open Offer”	the conditional invitation by the Company to Qualifying Shareholders to apply to subscribe for the Open Offer Units at the Issue Price on the terms and subject to the conditions set out in this document
“Open Offer Entitlement”	the individual entitlements of Qualifying Shareholders to subscribe for Open Offer Units allocated to Qualifying Shareholders pursuant to the Open Offer
“Open Offer Shares”	the up to 4,008,588 new Ordinary Shares to be issued by the Company pursuant to the Open Offer
“Open Offer Units”	the up to 4,008,588 Units comprising up to 4,008,588 Ordinary Shares, 2,004,294 Short-Term Warrants and 2,004,294 Long-Term Warrants to be issued pursuant to the Open Offer
“Open Offer Warrants”	the up to 2,004,294 Short-Term Warrants and up to 2,004,294 Long-Term Warrants to be issued by the Company pursuant to the Open Offer
“Ordinary Shares”	ordinary shares of €0.50 each in the capital of the Company
“Overseas Shareholders”	Shareholders with a registered address outside the United Kingdom
“Placing”	the Placing of the Placing Shares by Canaccord Genuity and VSA Capital, as agents on behalf of the Company, pursuant to the Placing Agreement, further details of which are set out in this document
“Placing Agreement”	the conditional agreement dated 18 November 2021 and made between Canaccord Genuity, VSA Capital and the Company in relation to the Placing, further details of which are set out in this document

“Placing Option”	in the event that the Open Offer is not fully subscribed, the placing by Canaccord Genuity and VSA Capital as agents on behalf of the Company, pursuant to the Placing Agreement, further details of which are set out in this document, of the balance of the Open Offer Units, at not less than the Issue Price, in order to raise up to the maximum proceeds under the Open Offer
“Placing Option Units”	any Units placed pursuant to the Placing Option
“Placing Shares”	together, the Initial Placing Shares and the Conditional Placing Shares
“Placing Units”	together, the Initial Placing Units and the Conditional Placing Units
“Prospectus Rules”	the prospectus regulation rules made by the FCA pursuant to section 73A of the FSMA
“Qualifying CREST Shareholders”	Qualifying Shareholders holding Existing Ordinary Shares in uncertificated form
“Qualifying Non-CREST Shareholders”	Qualifying Shareholders holding Existing Ordinary Shares in certificated form
“Qualifying Shareholders”	holders of Existing Ordinary Shares on the register of members of the Company at the Record Date but excluding any Overseas Shareholder who has a registered address in any Restricted Jurisdiction
“Record Date”	22 November 2021
“Registrars”	Computershare Investor Services (Jersey) Limited, 13 Castle Street, St. Helier, Jersey JE1 1ES
“Regulatory Information Service”	a service approved by the FCA for the distribution to the public of regulatory announcements and included within the list maintained on the FCA’s website
“Resolutions”	the resolutions set out in the Notice of General Meeting
“Restricted Jurisdiction”	has the meaning set out on page 3 of this Circular
“Second Admission”	admission of the Conditional Placing Shares and the Open Offer Shares to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules
“Shareholders”	holders of Ordinary Shares
“Short-Term Warrant”	a warrant giving the holder the right to subscribe for one new Ordinary Share at a price of 150 pence per share at any time from Second Admission until the Short-Term Warrant Expiry Date
“Short-Term Warrant Expiry Date”	15 September 2022
“Short-Term Warrant Instrument”	the instrument constituting the Short-Term Warrants dated 26 November 2021
“UK”	the United Kingdom of Great Britain and Northern Ireland
“uncertificated” or “in uncertificated form”	an Ordinary Share recorded on a company’s share register as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST

"Unit"	a package to be subscribed for as a single unit comprising One Ordinary Share and for every two Ordinary Shares subscribed for, One Short-Term Warrant and One Long-Term Warrant
"US dollar", "dollar", "US\$" or "\$"	are references to the lawful currency of the United States
"US" or "United States"	the United States of America, each State thereof, its territories and possessions (including the District of Columbia) and all other areas subject to its jurisdiction
"VSA Capital"	VSA Capital Limited, the Company's joint broker
"Warrant"	a Short-Term Warrant or a Long-Term Warrant as appropriate
"Warrant Exercise"	the exercise of Warrants into Warrant Shares
"Warrant Shares"	the up to 29,008,588 new Ordinary Shares to be issued pursuant to the Warrant Exercise

PART I

LETTER FROM THE CHAIRMAN OF INVINITY ENERGY SYSTEMS PLC

Invinity Energy Systems plc

(incorporated in Jersey under the Companies Law with registered no: 92432)

Directors:

Neil O'Brien (*Non-executive Chairman*)
Larry Zulch (*Chief Executive Officer*)
Peter Dixon-Clarke (*Chief Financial Officer*)
Matt Harper (*Chief Commercial Officer*)
Jonathan Marren (*Senior Independent Director*)
Rajat Kohli (*Non-executive Director*)
Michael Farrow (*Non-executive Director*)
Kristina Peterson (*Non-executive Director*)

Registered office:

3rd Floor
Standard Bank House
47-49 La Motte Street
St Helier
Jersey
JE2 4SZ

26 November 2021

Dear Shareholder,

Placing of 25,000,000 Units Open Offer of a maximum of 4,008,588 Units and Notice of General Meeting

1. Introduction and summary

The Company, a leading global manufacturer of utility grade energy storage, announced on 18 November 2021 that it has conditionally raised approximately £25 million (before expenses) by way of a placing of 25,000,000 Units at a price of 100 pence per Unit. Each Unit comprises one Ordinary Share and, for every two Ordinary Shares subscribed for, one Short-Term Warrant and one Long-Term Warrant. Approximately £8.7 million of the Placing proceeds has been raised unconditionally pursuant to the Initial Placing. The remaining approximately £16.3 million of Placing proceeds is conditional upon Shareholders approving the Resolutions at a general meeting, notice of which is set out at the end of this document, that will *inter alia* grant to the Directors the authority to allot the Conditional Placing Shares for cash on a non-pre-emptive basis.

The Board recognises and is grateful for the support that it has received from Shareholders and is also offering all Qualifying Shareholders the opportunity to participate in an Open Offer at a price of 100 pence per Unit, comprising one Open Offer Share, and for every two Ordinary Shares subscribed for, one Long-Term Warrant and one Short-Term Warrant.

The Open Offer will raise up to about £4.0 million (assuming full take up of the Open Offer, being, together with the open offer made to shareholders on 3 December 2020, less than the €8 million maximum amount permitted without requiring the publication by the Company of a prospectus under the Prospectus Rules). The Open Offer is in addition to and separate from the funds raised pursuant to the Placing. The Open Offer is not being underwritten. A Short-Term Warrant grants the holder the right to subscribe for one new Ordinary Share at 150 pence, and is exercisable during the period commencing on Second Admission and ending on 15 September 2022. A Long-Term Warrant grants the holder the right to subscribe for one new Ordinary Share at 225 pence, and is exercisable during the period from the date commencing on Second Admission and to 16 December 2024.

The Issue Price represents a discount of 0.5 per cent. to the closing middle market price of 100.5 pence per Ordinary Share on 17 November 2021, being the last practicable date prior to the Launch Announcement. The Initial Placing Shares will represent approximately 9.1 per cent. of the Company's enlarged issued ordinary share capital after the issue of the Initial Placing Shares but prior to the issue of the Conditional Placing Shares and the Open Offer Shares. The Open Offer Shares and the Conditional Placing Shares together will represent approximately 22.4 per cent. of the Company's issued ordinary share

capital following Second Admission (assuming the Open Offer Shares are taken-up in full or the Placing Option is taken-up in full).

The new Ordinary Shares that would be issued upon the exercise in full of the Short-Term Warrants being issued pursuant to the Fundraising would represent approximately 12.5 per cent. of the Company's issued ordinary share capital after the Placing and the Open Offer assuming full take-up under the Open Offer.

The new Ordinary Shares that would be issued upon the exercise in full of the Long-Term Warrants being issued pursuant to the Fundraising would represent approximately 11.1 per cent. of the Company's issued ordinary share capital after the Placing and the Open Offer assuming full take-up under the Open Offer and assuming that the Short-Term Warrants had already been exercised in full. The total amount that the Company could raise under the Placing and Open Offer is £29.0 million (before expenses), assuming that the Open Offer is fully subscribed, or the Placing Option is taken-up in full.

Full exercise of the Short-Term Warrants would raise a further £21.8 million of proceeds for the Company. Full exercise of the Long-Term Warrants would raise a further £32.6 million of proceeds for the Company.

The Placing, which has been arranged by Canaccord Genuity and VSA Capital pursuant to the terms of the Placing Agreement, has not been underwritten.

The Open Offer is conditional upon Shareholders approving the Resolutions at the General Meeting that will *inter alia* grant to the Directors the authority to allot the Open Offer Shares for cash on a non-pre-emptive basis and increase the authorised share capital of the Company to allow for the exercise of the Warrants. The Resolutions are contained in the Notice of General Meeting at the end of this document. First Admission took place at 8.00 a.m. on 23 November 2021. Second Admission of the Conditional Placing Shares and the Open Offer Shares is expected to take place no later than 8.00 a.m. on 15 December 2021 or such later time and/or dates as the Company, Canaccord Genuity and VSA Capital may agree (being in any event no later than 8.00 a.m. 31 January 2022)

The purpose of this document is, amongst other things, to provide you with more information about the background to and reasons for the Placing and Open Offer, to explain why the Board considers the Fundraising to be in the best interests of the Company and its Shareholders as a whole and why the Directors unanimously recommend that, in order to implement the Conditional Placing, the Open Offer and enable the issue of the Warrants, you vote in favour of the Resolutions to be proposed at the General Meeting, notice of which is set out at the end of this document.

A copy of the Company's latest annual report, along with recent corporate presentations, executive interviews and webcasts are available for public download at <https://invinity.com/investors/resources/>.

2. Background to and reasons for the Placing and Open Offer

Since its formation in April 2020, Invinity has focused on developing and selling energy storage products to assist in the global energy transition from majority fossil fuel to majority renewable sources such as wind, solar, and tide. The need for energy storage is clear: renewable energy is fundamentally intermittent, yet the future energy infrastructure must be robust and reliable. Energy storage in many forms is required to bridge the gaps across periods of darkness for solar, calm for wind turbines, and slack tide for tidal power.

To date, the only battery energy storage technology widely deployed to meet the need for stationary energy storage uses lithium-ion cells. While very energy dense and highly efficient, and therefore quite appropriate for mobile and personal applications, lithium-based batteries have characteristics making them less than ideal for stationary energy storage: they are prone to thermal runaway and they degrade with use. Purchasers of stationary energy storage, however, have had few alternatives to lithium-based batteries until the Company's offering.

The Invinity VS3, the Company's energy storage product, now shipping into multiple sites, uses vanadium flow technology that has been under development for over 14 years utilising over £60 million of investment. Over 25 MWh of VS3 batteries or its predecessors have been deployed into or contracted for customer projects at more than 40 sites in 15 different countries on five continents.

What makes the VS3 particularly well-suited to storing and dispatching energy on demand from renewable generation is that it is true “utility grade” energy storage. The table below lists the four key characteristics of utility-grade energy storage and highlights the main differences between Invinity’s VS3 and lithium-ion batteries. Note that Invinity’s products can either complement or replace systems using lithium-ion technology:

	<i>Lithium</i>	<i>Invinity VS3</i>
● Safe	Prone to catching fire – difficult to put out.	No fire risk – the electrolyte is an aqueous (water-based) solution.
● Long life	Degrades with use – five to seven years of daily cycling.	Unlimited cycles – over 20 years of continuous operation.
● Economical	Lower upfront capital cost, but higher per MWh over life on a Levelised Cost of Storage (LCOS) basis.	Low cost per MWh over life (LCOS).
● Proven	Many installations at utility scale around the globe.	Invinity’s first grid-connected installations underway.

This association between renewable energy and energy storage has led Barclays Capital to declare that “total global storage spending is likely to approach the trillions by 2050” in an October 2021 report.

Scaling the Invinity business to address this global opportunity for stationary energy storage has been management’s primary focus. The Group deployed capital raised in December 2020 to complete development of the VS3, grow manufacturing and supply chain capability, increase commercial engagement and add employees in product development, project management, quality systems, supply chain, manufacturing operations, customer solutions, and logistics.

During 2021, Invinity built inventory that will convert to revenue on product delivery, as is now in progress across a number of key projects for both 2021 and 2022 including but not limited to Energy Superhub Oxford, Scottish Water, EMEC and Yadlamalka. The Company’s pipeline of commercial interest is strong, comprising more than 260 MWh of deals that equate to more than 1,000 Invinity VS3s.

As set out below, 2021 has seen significant developments for the Company including shipping of the VS3 as a standardized factory-built product, the delivery and initial energising of the Energy Superhub Oxford project and the announcement of a Joint Development and Commercialisation Agreement (“JDCA”) with Gamesa Electric and Siemens Gamesa Renewable Energy (“SGRE”). The JDCA has led to an ongoing process to co-develop a new generation of vanadium flow batteries able to address projects at grid-scale.

The Directors intend to use the net proceeds of the Fundraising to address three primary areas:

- Growing the market share of the VS3, Invinity’s current product
- Development of the Company’s grid-scale product in conjunction with SGRE
- Maintaining the current corporate growth trajectory

3. The Market Opportunity

The Directors believe that the timing is right to make Invinity’s utility-grade energy storage available to the global market. In many of today’s largest energy markets, renewable penetration is currently constrained by the inability to use all the renewable energy produced when it is available, coupled with shortages when it is not.

The environment for stationary energy storage continues to improve. The demand for lithium-ion batteries needed to support the electrification of transport is already impacting global supplies and increased the price of lithium itself significantly, driving demand for non-lithium energy storage alternatives such as Invinity’s products.

Invinity has made the transition from a company with a product under development to a company shipping a commercial product. Although this transition was delayed by the impacts of the COVID pandemic, now that it has occurred, the opportunity to showcase commercial VS3 product deployments as reference sites should help to accelerate commercial traction for Invinity’s products.

Industry analysts continue to forecast dramatic growth in the global energy storage sector. According to a recent report published by Barclays Capital Inc. “Storage is critical to integrating variable renewable energies (‘VREs’) such as solar and wind” because “VREs are subject to hourly, daily and seasonal variations that often do not align with peak power demand storage can smooth out VRE fluctuations, mitigate VRE curtailments, firm up VRE supply into dispatchable power and alleviate grid congestion without expensive transmission upgrades”.

In a recent report, leading independent think tank RethinkX, said “it is both physically possible and economically affordable to meet 100 per cent. of electricity demand with the combination of solar, wind, and batteries by 2030 across the entire continental United States as well as the overwhelming majority of other populated regions of the world”. The inevitable shift towards renewable energy will produce large amounts of surplus power output with near-zero marginal cost of production, making storage vital to ensure this power is stored and made available when the demand is there. This systemic change to world electricity markets will create opportunities for new business models and products within the energy storage space. On this basis, the Company is confident that vanadium flow batteries will play a significant role in the world’s low-carbon energy future.

The Barclays Capital Inc report goes on to say that “Lithium-ion will only get us so far, raising urgency for long-duration technologies”. This positive sentiment is supported by various intergovernmental organisations including the World Energy Council who view energy storage as “instrumental in the grand energy transition” in a recent report.

Invinity’s goal remains simple: to capture 10 per cent. of the global energy storage market by 2030. The Directors believe that shipping VS3 to multiple sites and signing the JDCA with Gamesa Electric are significant advances for the Company toward this ambitious target.

4. Current Trading and Prospects

During 2021, Invinity successfully deployed capital raised in the December 2020 Placing and Open Offer to scale up its production capabilities in line with growing demand for its utility grade energy storage products. This activity has resulted in the following:

- Stack manufacturing capacity has more than doubled (vs. December 2020) across the Company’s facilities in Vancouver, Canada and Bathgate, UK, plus process improvements and efficiency increases resulting from economies of scale;
- Inventory that will convert to revenue on product delivery of key projects for both 2021 and 2022;
- Organisational capabilities have been significantly enhanced, notably including the creation of a specific customer operations department.

The new generation of VS3 batteries was also launched in 2021 and is now shipping as factory-built standardized products. Between 28 September and 15 November, the Company successfully shipped 5.9 MWh of Invinity VS3 batteries to clients in spite of the ongoing supply chain issues and inflationary pressures being felt across the entire transitional energy sector (as referenced in the Company’s Operational Update announcement of 8 November).

Furthermore, progress is continuing across all of Invinity’s key customer projects. The current status of product delivery and commissioning of these key projects is summarised below:

Energy Superhub Oxford (ESO) – 5 MWh

- Cluster 1 on site, energised and currently in trial operation ahead of final commissioning;
- Cluster 2 is on site and being installed ahead of energising in the coming weeks;
- Cluster 3 has been delivered from Invinity’s Bathgate facility and is currently being installed at site, completing physical delivery of Invinity’s product to ESO;
- Energising of the full system is anticipated by end of year, with customer handover expected to occur in early 2022.

Scottish Water – 0.8 MWh

- The system was delivered on 19 October 2021. Installation processes are currently underway prior to batteries being energised later this year.

Other UK and USA projects – 2.8 MWh

- Three additional projects have been announced in the UK and USA: EMEC (UK), Webcor and Soboba (USA). These remain on track for their scheduled deliveries before the end of 2021, though any further supply chain challenges could delay one or more of those deliveries, deferring revenue recognition from 2021 to 2022.

Yadlamalka Energy – 8 MWh

- As announced on 8 November 2021, the Company is pleased to report that the project developer has made progress, taking appropriate steps for the project to resume construction in H1 2022.

Commercial Pipeline

The Company's latest commercial opportunity pipeline as at 2 November 2021, is summarised below. The Company has further refined its categorisation of the deal stages, which are explained in detail below.

	<i>Base</i>	<i>Advanced</i>	<i>Qualified</i>
Energy Capacity	17.1 MWh	40.1 MWh	207.5 MWh
Number of VS3 units	76	178	920

In addition to the deal pipeline disclosed above, the Company also separately tracks large potential deals that are on long development lead times. Generally, these opportunities are larger than 40 MWh in size, with a delivery timescale beyond 12 months. These deals are reported separately to avoid distorting the nearer-term pipeline. As at 2 November 2021, Invinity was tracking potential prospective deals totalling 2,904 MWh or the equivalent of 12,907 VS3s.

Further details on the commercial pipeline category definitions are set out below.

As discussed in the Company's previously published documents, only projects that, in the Company's opinion, meet the following criteria are included in the quoted pipeline figures:

1. There is an economic case to be made for energy storage;
2. The potential customer can reasonably be expected to have the capability and funding to execute the project; and
3. There is a reason why Invinity's products enjoy material advantages over competitive offerings for the particular project or application.

Having met the above criteria, Invinity's commercial team formally starts to track, and report on, those opportunities. As projects mature, they evolve through the various stages of the commercial process:

- "Base" opportunities are those in the final contracting stage, and for which Invinity has allocated resources for completion – including working capital, manufacturing capacity and personnel to assist with commissioning – in the immediate term;
- "Advanced" opportunities are those where Invinity has been selected as the preferred supplier for the project, funds are allocated, and Invinity management estimates that there is a strong chance of closure in the near term; and
- "Qualified" opportunities are those that have passed the qualification thresholds noted above.

5. Use of Proceeds

The gross proceeds conditionally receivable by the Company pursuant to Placing will be £25.0 million, before expenses. The maximum gross proceeds receivable by the Company pursuant to the Open Offer (assuming take-up in full of the Open Offer by Qualifying Shareholders) will be approximately £4.0 million, before expenses (being, together with the open offer made to shareholders on 3 December 2020, less than the

€8 million maximum amount permitted in a year without requiring the publication by the Company of a prospectus under the Prospectus Rules).

The Company will issue Warrants to those participating in the Placing or the Open Offer that enable the purchase of additional shares in the Company at a premium to the Issue Price. The Company will use any additional capital received from any Warrant exercise to invest further in the three key areas listed below, enabling Invinity to advance toward its goals more aggressively, on a shorter timescale, and with greater certainty.

Warrants are only likely to be exercised once the Company's share price has increased substantially from the Issue Price, so the Shareholder will see appreciation in the value of the New Ordinary Shares they received from the Placing if Warrants are exercised.

The Company intends to invest funds raised in the Fundraising (and from Warrant exercise, should that occur) in three key areas:

1. ***Growing the market share of the VS3, Invinity's current product***

This will require investment into both working capital and the departments that directly support VS3 sales and delivery.

In terms of working capital, whilst sales contracts include a deposit on signing, they currently become cash negative during the procurement and manufacturing lifecycle. This means that each increase in output requires a commensurate increase in the funding required, albeit offset to a degree as gross margins and supplier terms improve with scale.

Invinity's customer-facing departments, Commercial, Solutions Engineering and Customer Operations, will each need additional headcount to respond to the growing pipeline of inbound business, accelerate the rate of conversion of initial inquiries through the entire process to closed contracts, and service the growing customer base. The Company's Operations Department will require additional headcount primarily in the areas of stack manufacture and quality control.

2. ***Development of the Company's grid-scale product in conjunction with SGRE***

Development of Invinity's grid-scale vanadium flow battery product under the auspices of the Joint Development & Commercialisation agreement with Gamesa Electric (announced 11 May 2021) will require increased resource (outside the areas being reimbursed by Gamesa Electric) with each stage of development. This includes, for example, provision for product prototypes and test rigs along with increasing input by Invinity's Product Development and Technology departments.

3. ***Maintaining the current corporate growth trajectory***

Invinity's continued growth will require further investment in corporate capability including the implementation of scalable systems and processes, and the staff to support them.

Should the Resolutions at the General Meeting not be passed and the Conditional Placing not complete, the above mentioned use of proceeds would not be achievable and the Company would have to explore other funding alternatives to support its working capital requirements.

6. **Material Contracts**

6.1 ***May 2021, Joint Development Agreement***

On 10 May 2021 the Company entered into a Joint Development and Commercialization Agreement ("JDCA") with Gamesa Electric S.A.U. ("Gamesa Electric"), a wholly-owned subsidiary of Siemens Gamesa Renewable Energy, to jointly develop a grid-scale vanadium flow battery.

The JDCA sets out a detailed development program for the next-generation vanadium flow battery that is expected to take approximately two years to reach commercialisation. Over this period, Gamesa Electric has agreed to fund an aggregate US\$4.62 million of the Company's activities within the joint development program, payable as development milestones are met. The JDCA may be terminated by Gamesa Electric should there be a failure to advance through development stages.

6.2 **May 2021, Option Agreement**

On 10 May 2021 the Company entered into an Option Agreement with Gamesa Electric, granting Gamesa Electric or its nominee within the SGRE group an option for 9.99 per cent. of Invinity's issued share capital as at 10 May 2021 (the "GAE Option", the "GAE Option Shares") at 175 pence per share. If the GAE Option were to be exercised, Gamesa Electric or its nominee would have the right to appoint a director to the Company's board subject to Gamesa Electric or its nominee maintaining a minimum 5 per cent. shareholding in the Company. Shareholder approval for the issue of the GAE Option Shares was granted at the Company's annual general meeting on 27 October 2021.

6.3 **December 2020, Placing Agreement**

On 3 December 2020 the Company entered into a placing agreement with Canaccord Genuity and VSA Capital, pursuant to which Canaccord Genuity and VSA Capital, as agents for the Company, conditionally agreed to use their respective reasonable endeavours to procure subscribers for 11,714,286 Ordinary Shares at a price of 175 pence per share.

The placing agreement contained customary warranties from the Company in favour of Canaccord Genuity and VSA Capital in relation to, *inter alia*, the accuracy of the information contained in the shareholder circular published by the Company on 3 December 2020 and other matters relating to the Group and its business. In addition, the Company agreed to indemnify Canaccord Genuity and VSA Capital in relation to certain defined liabilities they may incur in respect of the placing.

6.4 **March 2020, Merger Agreement**

A merger agreement dated 13 March 2020 and made between (1) the Company and (2) the Avalon Shareholders (as such term is defined in the agreement) pursuant to which the Company acquired the entire issued share capital of Avalon Battery Corporation. The consideration of £38,457,299 was satisfied by the issue of 1,735,397,545 ordinary shares of €0.01 in the capital of the Company.

The agreement contained customary tax and non-tax warranties relating to each of the Company and Avalon. The agreement was conditional upon, *inter alia*, admission of the placing shares pursuant to the placing agreement dated 13 March 2020. The conditions were satisfied and the merger completed on 2 April 2020.

6.5 **March 2020, Placing Agreement**

A placing agreement dated 13 March 2020 and made between (1) the Company (2) VSA Capital (3) Investec Bank plc (4) the directors and (5) the proposed directors (as such term is defined in the agreement) pursuant to which Investec and VSA Capital agreed, subject to certain conditions, to act as agents for the Company and to use their reasonable endeavours to procure subscribers for 479,363,312 ordinary shares of €0.01 each at a price of 1.65 pence per share.

The agreement was conditional upon, *inter alia*, completion of the acquisition of Avalon Battery Corporation, admission, and there not having occurred in VSA Capital and Investec's opinion (acting in good faith) a material adverse change before admission. The agreement contained warranties from the Company, the directors and the proposed directors in favour of Investec and VSA Capital in relation to, *inter alia*, the accuracy of the information in the admission document dated 13 March 2020 and other matters relating to the Company and its business.

In addition, the Company agreed to indemnify Investec and VSA Capital in respect of certain liabilities each may incur in respect of the placing. The conditions were satisfied and the placing shares were admitted to trading on 2 April 2020.

6.6 **March 2020, Lock-In and orderly market agreement**

A lock-in and orderly market agreement dated 13 March 2020 and made between (1) the Company (2) VSA Capital (3) Investec Bank plc (4) the executive directors and (5) the non- executive directors pursuant to which the executive and non-executive directors agreed (subject to certain limited exceptions including transfers to family members or to trustees for their benefit and disposals by way of acceptance of a recommended takeover offer for the entire issued share capital of the Company),

not to dispose of the Security Interests (as such term is defined in the agreement) held by each of them until 2 October 2020 without the prior written consent of Investec and VSA Capital.

Furthermore, each of the directors and the proposed directors (as such term is defined in the agreement) also gave undertakings to the Company, VSA Capital and Investec not to dispose of the Security Interests held by such director or proposed director before 2 April 2021 otherwise than through Investec or VSA Capital and subject to orderly market arrangements.

6.7 **March 2020, Convertible Loan Agreement**

An Investment Agreement between (1) the Company, (2) YA II PN, Ltd, and (3) Riverfort Global Opportunities PCC Limited dated 13 March 2020 pursuant to which YA II PN, Ltd and Riverfort Global Opportunities PCC Limited agreed to lend £3.0 million (the “**Principal Amount**”) to the Company (the “**Riverfort Facility**”). The Riverfort Facility incurs interest at a rate of 12 per cent. per annum and is subject to a 2.5 per cent. commitment fee on the Principal Amount and a drawdown fee of 5 per cent. in respect of each advance. The commitment fee can be satisfied by the issue of Ordinary Shares. The Principal Amount is advanced in tranches over the 18-month period following 2 April 2020. The Principal Amount and all interest accrued is convertible into Ordinary Shares in the Company at the lower of (i) 90 per cent. of the volume weighted average price in the ten days immediately preceding the date of the relevant conversion notice; and (ii) 130 per cent. of the volume weighted average price for the five days immediately prior to the relevant advance.

In addition, the Company agreed to issue, at drawdown, warrants over Ordinary Shares equal to 50 per cent. of the Principal Amount, exercisable over a period of four years at a price of 107.5 pence per Ordinary Share.

The Riverfort Facility is secured by a fixed and floating charge over the Company’s assets.

Only £2 million of the full £3 million was in fact drawn down and the principal outstanding, along with all related interest, has been fully repaid by way of conversion to Ordinary Shares.

6.8 **December 2019, Stock Purchase Agreement**

A Secondary Stock Purchase Agreement between (1) Avalon Battery Corporation (a wholly owned subsidiary of the Company), (2) Johnson Chiang and (3) Invinity Energy Group Limited, dated 30 December 2019, pursuant to which Avalon sold 3,000 ordinary shares of Invinity Energy Group Limited to Mr. Chiang. In accordance with the side letter executed in connection with the Secondary Stock Purchase Agreement, Mr. Chiang agreed to work with the Company and Invinity to facilitate the purchase and resale of vanadium products made by Invinity Energy Group Limited.

6.9 **November 2019, Interim Financing**

An Investment Agreement dated 1 November 2019 and made between (1) the Company and (2) Bushveld Vametco Limited pursuant to which the Company agreed to:

- (a) conditional on completion of the acquisition of Avalon Battery Corporation, allot and issue Conversion Shares (as such term is defined in the agreement) in accordance with the terms of a convertible loan between Bushveld and Avalon;
- (b) grant Bushveld the right to participate in the March 2019 placing up to \$15 million (or such other amount as may be agreed); and
- (c) subject to it continuing to beneficially own at least five per cent. of the issued Ordinary Shares, grant until 2 April 2021, the right to nominate a director of the Company. Bushveld will retain that right after 2 April 2021 provided it beneficially owns at least 10 per cent. of the issued Ordinary Shares. In addition, for so long as Bushveld beneficially owns at least 20 per cent. of the issued Ordinary Shares, it shall have a right to nominate two directors of the Company.

The Investment Agreement terminated on 25 March 2021 when Bushveld ceased to hold at least 5 per cent. of the issued Ordinary Shares.

A Right of First Refusal Agreement between (1) the Company and (2) Bushveld, dated 1 November 2019 pursuant to which the Company agreed, conditional on the completion of the acquisition of Avalon Battery Corporation, to grant Bushveld a right of first refusal to supply vanadium products to the Company for two years, and thereafter subject *inter alia* to Bushveld continuing to beneficially own at least 5 per cent. of the issued Ordinary Shares.

6.10 **March 2019, Placing Agreement**

On 14 March 2019 the Company entered into a placing agreement with VSA Capital, pursuant to which VSA Capital, as agent for the Company, conditionally agreed to use its reasonable endeavours to procure subscribers for 47,000,000 ordinary shares of €0.01 each at a price of 2 pence per share.

The placing agreement contained customary warranties from the Company in favour of VSA Capital in relation to, *inter alia*, the accuracy of the information contained in the RIS announcements issued by the Company and other matters relating to the Group and its business. In addition, the Company agreed to indemnify VSA Capital in relation to certain defined liabilities they may incur in respect of the placing.

The placing agreement contained certain market standard conditions, including shareholder approval, which were satisfied and the placing shares were admitted to trading on AIM on 10 April 2019.

7. **Interests of Directors**

7.1 The Directors and their respective functions are set out below:

Neil O'Brien	<i>Non-executive Chairman</i>
Larry Zulch	<i>Chief Executive Officer</i>
Peter Dixon-Clarke	<i>Chief Financial Officer</i>
Matt Harper	<i>Chief Commercial Officer</i>
Jonathan Marren	<i>Senior Independent Director</i>
Rajat Kohli	<i>Non-executive Director</i>
Michael Farrow	<i>Non-executive Director</i>
Kristina Peterson	<i>Non-executive Director</i>

7.2 **Directors' participation in the Placing**

Certain of the Directors and have agreed to subscribe on a conditional basis for 24,000 Placing Units at the Issue Price.

	<i>Amount £</i>	<i>Placing Units</i>
Neil O'Brien	Nil	Nil
Larry Zulch	12,000	12,000
Peter Dixon-Clarke	12,000	12,000
Matt Harper	Nil	Nil
Rajat Kohli	Nil	Nil
Michael Farrow	Nil	Nil
Jonathan Marren	Nil	Nil
Kristina Peterson	Nil	Nil

7.3 **Directors' Shareholdings**

The interests of each of the Directors and their family (within the meaning of the AIM Rules) in the issued ordinary share capital of the Company and the existence of which is known to, or could with reasonable due diligence be ascertained by, any Director (i) as at the date of this Circular and (ii) as they are expected to be on Second Admission are as follows:

	<i>Number of Existing Ordinary Shares</i>	<i>Percentage of existing issued share capital</i>	<i>Number of Ordinary Shares (following Admissions)¹</i>	<i>Percentage of Enlarged Share Capital (following Admissions)¹</i>
Neil O'Brien	87,500	0.10	87,500	0.08
Larry Zulch	2,246,949	2.59	2,258,949	1.95
Peter Dixon-Clarke	–	–	12,000	0.01
Matt Harper	1,597,845	1.84	1,597,845	1.38
Rajat Kohli	–	–	–	–
Michael Farrow	9,224	0.01	9,224	0.01
Jonathan Marren	155,876	0.18	155,876	0.13
Kristina Peterson	–	–	–	–

¹ Assumes that 100 per cent. of the Ordinary Shares theoretically available under the Open Offer are subscribed for in the Fundraising or placed pursuant to the Placing Option.

7.4 **Directors' Options**

On 25 November 2021, being the last practicable date prior to the publication of this Circular, the Directors and (so far as is known to the Directors, having made appropriate enquiries) their family (within the meaning of the AIM Rules) will have the following options over Ordinary Shares:

	<i>Number of Option Shares</i>	<i>Percentage of diluted issued share capital (after taking account of the outstanding options)</i>	<i>Percentage of Enlarged Share Capital (following Admissions)¹</i>
Matt Harper	636,099	3.05%	0.74%
Peter Dixon-Clarke	500,000	0.68%	0.58%

¹ Assumes that 100 per cent. of the Ordinary Shares theoretically available under the Open Offer are subscribed for in the Fundraising or placed pursuant to the Placing Option.

7.5 **Options**

As at 25 November 2021, being the last practicable date prior to the publication of this Circular, the Company has granted 7,148,083 options over Ordinary Shares, including those mentioned in 7.4 above. The options are the subject of certain vesting criteria.

8. **Director Service Contracts**

Neil O'Brien was appointed Non-executive Chairman on 2 April 2020, pursuant to an appointment letter dated 14 March 2019, as amended on 13 March 2020. Under Neil's revised appointment letter the Company shall pay him an annual fee of £60,000. The remaining terms of his appointment letter remain unchanged. Neil served as Executive Chairman from 14 March 2019 to 2 April 2020.

Larry Zulch was appointed Chief Executive Officer of the Company on 2 April 2020 pursuant to a deed of appointment with the Company dated 2 April 2020. Larry is employed as Chief Executive Officer by Avalon Battery Corporation, a wholly owned subsidiary of the Company, pursuant to an employment agreement dated 2 April 2020 under which he receives an annual salary of \$208,000. The employment agreement may be terminated by either party at will, without notice. The deed of appointment terminates, *inter alia*, if Larry's

employment agreement with Invinity Energy Systems US Corporation is terminated, or if Larry is removed from office by shareholders or not re-elected.

Peter Dixon-Clarke was appointed Chief Financial Officer on 10 August 2020. Under Peter Dixon-Clarke's service agreement the Company shall pay him an annual salary of £150,000. The agreement is terminable by either party on six months' written notice, or terminable immediately, *inter alia*, if Peter is removed from office under the Company's articles of association.

Matt Harper was appointed Chief Commercial Officer of the Company on 2 April 2020 pursuant to an employment agreement with Avalon Battery (Canada) Corporation, a wholly owned subsidiary of the Company, under which he receives an annual salary of 263,000 Canadian Dollars. The agreement terminates, *inter alia*, if Matt is removed from office by shareholders or not re-elected.

Rajat Kohli was originally appointed Non-executive Director of the Company on 22 June 2020. Pursuant to a letter of appointment dated 20 June 2020 Rajat receives an annual fee of £30,000. Originally appointed as board representative for Bushveld Vametco Limited, Rajat has continued as an independent Non-executive Director of the Company. The appointment terminates, *inter alia*, if Rajat is removed from office under the Company's articles of association. The appointment may also be terminated by the Company without notice in certain circumstances including incapacity for three months in any 12-month period, serious or repeated breach of obligations in connection with the appointment as determined by the Board.

Jonathan Marren and Michael Farrow were appointed as Non-executive Directors pursuant to letters of appointments with the Company dated 23 February 2016 and 16 March 2006 respectively governing the terms of their appointment as a non-executive Director of the Company. Each of the letters of appointment provide for an annual fee of £30,000 and termination on three months' written notice by either party. The appointments may also be terminated by the Company without notice in certain circumstances including incapacity for three months in any 12-month period, serious or repeated breach of obligations in connection with the appointment or unsatisfactory performance as determined by the Board. Jonathan Marren was previously appointed as the Chief Financial Officer of the Company on 9 July 2012 but resigned from this position on 29 February 2016.

Jonathan Marren was appointed as Senior Independent Director on 1 May 2021 and receives an additional £5,000 per annum for acting in this capacity. He also receives an additional fee of £5,000 per annum for acting as chairman of the Audit & Risk Committee. Michael Farrow receives an additional £5,000 per year for acting as chairman of the Remuneration Committee.

Kristina Peterson was appointed as a Non-executive Director on 2 November 2021 pursuant to a letter of appointment with the Company dated on 30 October 2021 governing the terms of her appointment as a Non-executive Director of the Company. The letter of appointment provides for an annual fee of \$50,000 and termination on three months written notice by either party. The appointment may also be terminated by the Company without notice in certain circumstances, including incapacity for three months in any 12-month period, serious or repeated breach of obligations in connection with the appointment or unsatisfactory performance as determined by the Board.

9. Securities

Save as disclosed in this document there are no subscriptions, allotments or options to be given, or already existing, in respect of any other securities of the Company, including any that have a prior right over the securities covered by the offer to a distribution of the Company's profits.

10. The Fundraising

10.1 The Placing

The Company has conditionally raised approximately £25.0 million (before expenses) through the issue of the Placing Units at the Issue Price, which represents a discount of 0.5 per cent. to the closing middle market price of 100.5 pence per Ordinary Share on 17 November 2021, being the last practicable date prior to the Launch Announcement.

Each Placing Unit consists of one new Ordinary Share and, for every two Units subscribed for, one Short-Term Warrant and one Long-Term Warrant.

Each Short-Term Warrant gives the holder the right to subscribe for one new Ordinary Share at a price of 150 pence per share at any time from Second Admission until the Short-Term Warrant Expiry Date. Each Long-Term Warrant gives the holder the right to subscribe for one new Ordinary Share at a price of 225 pence per share at any time from Second Admission until the Long-Term Warrant Expiry Date.

8,685,276 Initial Placing Units have been placed with investors. The placing of the Initial Placing Shares is being made pursuant to existing authorities to allot shares non-pre-emptively under the Company's articles of association, which were granted to the Directors at the Annual General Meeting of the Company held on 27 October 2021. Allotment of the Initial Placing Shares took place on First Admission, at 8.00 a.m. on 23 November 2021. The issue of the Initial Placing Warrants is conditional upon Shareholders approving certain resolutions at the General Meeting.

The Company will require further authorities to allot the Conditional Placing Shares, the Open Offer Shares and any Ordinary Shares on exercise of the Warrants. Accordingly, 16,314,724 Conditional Placing Units have been placed conditionally and the Conditional Placing is conditional upon Shareholders approving the certain resolutions at the General Meeting that will *inter alia* grant to the Directors the authority to allot the Conditional Placing Shares for cash on a non-pre-emptive basis.

Together, the Placing Shares will represent 21.6 per cent. of the Company's issued share capital immediately following Second Admission assuming full take-up under the Open Offer or take-up in full under the Placing Option.

The Conditional Placing is conditional upon, *inter alia*, the Placing Agreement not having been terminated, the passing of the Resolutions at the General Meeting and Second Admission occurring on or before 8.00 a.m. on 15 December 2021 (or such later date as Canaccord Genuity, VSA Capital and the Company may agree, being not later than 8.00 a.m. on 31 January 2022).

The issue of 6,000,000 Placing Units to Schroder Investment Management, a substantial shareholder of the Company, constitutes a related party transaction under the AIM Rules. The Directors consider, having consulted with Canaccord Genuity, acting in its capacity as the Company's Nominated Adviser, that the terms of such placing are fair and reasonable insofar as the Company's shareholders are concerned.

10.2 **The Placing Agreement**

Pursuant to the terms of the Placing Agreement, Canaccord Genuity and VSA Capital, as agents for the Company, have conditionally agreed to use their respective reasonable endeavours to procure subscribers for the Placing Units, and any Units to be issued pursuant to the Placing Option. Canaccord Genuity and VSA Capital have conditionally placed the Placing Units with certain institutional and other investors at the Issue Price. The Placing has not been underwritten. The Conditional Placing is conditional upon, *inter alia*, the Placing Agreement not having been terminated, the passing of the Resolutions at the General Meeting and Second Admission occurring on or before 8.00 a.m. on 15 December 2021 (or such later date as Canaccord Genuity, VSA Capital and the Company may agree, being not later than 8.00 a.m. on 31 January 2022).

The Placing Agreement contains customary warranties from the Company in favour of Canaccord Genuity and VSA Capital in relation to, *inter alia*, the accuracy of the information in this document and other matters relating to the Group and its business. In addition, the Company has agreed to indemnify Canaccord Genuity and VSA Capital in relation to certain defined liabilities that they may incur in respect of the Placing and Open Offer.

The Placing Agreement also provides for the Company to pay all costs, charges and expenses of, or incidental to, the Placing and Admissions including all legal and other professional fees and expenses.

The Placing Units have not been made available to the public and have not been offered or sold in any jurisdiction where it would be unlawful to do so.

10.3 **Details of the Open Offer**

The Company considers it important that Qualifying Shareholders have an opportunity (where it is practicable for them to do so) to participate in the Fundraising and accordingly the Company is making the Open Offer to Qualifying Shareholders. The Company is proposing to raise up to approximately £4.0 million (before expenses) (assuming full take up of the Open Offer but being, together with the open offer made to shareholders on 3 December 2020, less than the €8 million maximum amount permitted in a year without requiring the publication by the Company of a prospectus under the Prospectus Rules) through the issue of up to 4,008,588 Open Offer Units. The Open Offer is conditional upon, *inter alia*, the passing of certain resolutions at the General Meeting.

The Open Offer Units are available to Qualifying Shareholders pursuant to the Open Offer at the Issue Price of 100 pence. Each Open Offer Unit consists of one new Ordinary Share and, for every two Ordinary Shares subscribed for, one Short-Term Warrant and one Long-Term Warrant.

Each Short-Term Warrant gives the holder the right to subscribe for one new Ordinary Share at a price of 150 pence per share at any time from Second Admission until the Short-Term Warrant Expiry Date. Each Long-Term Warrant gives the holder the right to subscribe for one new Ordinary Share at a price of 225 pence per share at any time from Second Admission until the Long-Term Warrant Expiry Date.

Open Offer Units applied for pursuant to the Open Offer are payable in full on acceptance. Any Open Offer Units not subscribed for by Qualifying Shareholders will be available to Qualifying Shareholders under the Excess Application Facility. Qualifying Shareholders may apply for Open Offer Units under the Open Offer at the Issue Price on the following basis:

3 Open Offer Unit for every 65 Existing Ordinary Shares held by the Qualifying Shareholder on the Record Date

Entitlements of Qualifying Shareholders will be rounded down to the nearest whole number of Open Offer Units. The Entitlements of Qualifying Shareholders to Open Offer Warrants will be rounded down to the nearest whole number of Open Offer Warrants. Fractional entitlements which would otherwise arise will not be issued to the Qualifying Shareholders but will be made available under the Excess Application Facility. The Excess Application Facility enables Qualifying Shareholders to apply for Excess Units in excess of their Open Offer Entitlement. Not all Shareholders will be Qualifying Shareholders. Shareholders who are located in, or are citizens of, or have a registered office in certain overseas jurisdictions will not qualify to participate in the Open Offer. The attention of Overseas Shareholders is drawn to paragraph 6 of Part III of this document.

Valid applications by Qualifying Shareholders will be satisfied in full up to their Open Offer Entitlements as shown on the Application Form. Applicants can apply for less or more than their entitlements under the Open Offer but the Company cannot guarantee that any application for Excess Units under the Excess Application Facility will be satisfied as this will depend in part on the extent to which other Qualifying Shareholders apply for less than or more than their own Open Offer Entitlements. The Company may satisfy valid applications for Excess Units of applicants in whole or in part but reserves the right not to satisfy any excess above any Open Offer Entitlement. Applications made under the Excess Application Facility will be scaled back *pro rata* to the number of shares applied for if applications are received from Qualifying Shareholders for more than the available number of Excess Units.

In the event that the Open Offer is not fully subscribed, Canaccord Genuity and VSA Capital reserve the right to place the balance of the Open Offer Units, at not less than the Issue Price, in order to raise up to the maximum proceeds under the Open Offer (the “**Placing Option**”). Any exercise of the Placing Option would be on substantially the same terms as the Placing Agreement and the placing of any Open Offer Units thereunder would be at not less than the Issue Price.

Application has been made for the Open Offer Entitlements to be admitted to CREST. It is expected that such Open Offer Entitlements will be credited to CREST on 30 November 2021. The Open Offer Entitlements will be enabled for settlement in CREST until 11.00 a.m. on 13 December 2021. Applications through the CREST system may only be made by the Qualifying CREST Shareholder originally entitled or by a person entitled by virtue of *bona fide* market claims. The Open Offer Units must be paid in full on application. The latest time and date for receipt of completed Application Forms

or CREST applications and payment in respect of the Open Offer is 11.00 a.m. on 13 December 2021. The Open Offer is not being made to certain Overseas Shareholders, as set out in paragraph 6 of Part III of this document.

Qualifying Shareholders should note that the Open Offer is not a rights issue and therefore the Open Offer Shares which are not applied for by Qualifying Shareholders will not be sold in the market for the benefit of the Qualifying Shareholders who do not apply under the Open Offer. The Application Form is not a document of title and cannot be traded or otherwise transferred.

Further details of the Open Offer and the terms and conditions on which it is being made, including the procedure for application and payment, are contained in Part III of this document and on the accompanying Application Form.

The Open Offer is conditional on, *inter alia*, shareholder approval to enable the issue of the Open Offer Units, which will be sought at a General Meeting and the Placing becoming or being declared unconditional in all respects. Accordingly, if these conditions are not satisfied or waived (where capable of waiver), the Open Offer will not proceed, and the Open Offer Units will not be issued, and all monies received by the Registrars will be returned to the applicants (at the applicant's risk and without interest) as soon as possible thereafter. Any Open Offer Entitlements admitted to CREST will thereafter be disabled.

10.4 **The Warrants**

The Long-Term Warrant Instrument and Short-Term Warrant Instrument (together, the “**Warrant Instruments**”) were entered into by way of deeds polls by the Company dated 25 November 2021 under which the Company agrees to issue up to 14,504,294 Long-Term Warrants and 14,504,294 Short-Term Warrants respectively, in connection with the Fundraising.

Each Short-Term Warrant confers the right to subscribe for one new Ordinary Share and is exercisable for cash at a price of 150 pence per Short-Term Warrant (being a 50 per cent. premium to the Issue Price) subject to the terms and conditions described in the Short-Term Warrant Instrument during the period commencing on Second Admission and ending on the Short-Term Warrant Expiry Date.

Each Long-Term Warrant confers the right to subscribe for one new Ordinary Share and is exercisable for cash at a price of 225 pence per Long-Term Warrant (being a 125 per cent. premium to the Issue Price) subject to the terms and conditions described in the Long-Term Warrant Instrument during the period commencing on Second Admission and ending on the Long-Term Warrant Expiry Date.

The Warrants shall be freely transferable. Warrants issued in certificated form are exercised by completing the Notice of Exercise in the form set out in the relevant Warrant Instrument and returning it along with the relevant Warrant Certificates and the relevant cheque payment (payable to Computershare Investor Services). Warrants held in uncertificated form are exercised by submission of the usual USE/AUSN message and delivery to Computershare Investor Services CREST details Participant ID 3RA06, Member Account ID INVWAR together with remittance in cleared funds of the subscription price in respect of each Warrant being exercised.

Any Warrants remaining unexercised after the end of the relevant subscription period shall automatically expire without compensation. Upon exercise of the Warrants, the underlying Ordinary Shares will be issued within fourteen days.

The Warrant Instruments contain customary provisions for adjustments to the relevant exercise price in certain circumstances, including if, prior to the end of the Short-Term Warrant Expiry Date or Long-Term Warrant Expiry Date (as applicable), there shall occur any reorganisation, recapitalisation, consolidation or subdivision, involving the Company.

10.5 **Settlement and dealings**

First Admission became effective at 8.00 a.m. on 23 November 2021.

Application will be made to the London Stock Exchange for the Conditional Placing Shares and the Open Offer Shares to be admitted to trading on AIM.

It is expected that Second Admission will become effective at 8.00 a.m. on 15 December 2021.

No application is being made for either the Short-Term Warrants or the Long-Term Warrants to be admitted to trading on AIM.

The Placing Shares, the Open Offer Shares and any new Ordinary Shares issued upon exercise of the Short-Term Warrants and the Long-Term Warrants will, when issued and fully paid, rank *pari passu* in all respects with the Existing Ordinary Shares including the right to receive dividends and other distributions declared, made or paid after the date of their issue.

11. Effect of the Placing and Open Offer

Upon Second Admission, and assuming full take up of the Open Offer Entitlements or take-up in full of the Placing Option and no further exercise of options under the Company's share schemes, the Enlarged Share Capital is expected to be 115,861,349 Ordinary Shares. On this basis, the new Ordinary Shares will represent approximately 25.0 per cent. of the Company's Enlarged Share Capital.

Following the issue of the New Ordinary Shares pursuant to the Placing and the Open Offer, assuming full take up of the Open Offer Entitlements or take-up in full of the Placing Option and no further exercise of options under the Company's share schemes, a Qualifying Shareholder who does not take up any of their Open Offer Entitlements nor participate in the Placing will suffer a dilution of approximately 25.0 per cent. to their interests in the Company. Qualifying Shareholders that take up their Open Offer Entitlements in full, and do not participate in the Placing, will suffer a dilution of approximately 21.6 per cent. to their interest in the Company.

The new Ordinary Shares that would be issued upon the exercise in full of the Short-Term Warrants being issued pursuant to the Fundraising would represent approximately 12.5 per cent. of the Company's issued ordinary share capital after the Placing and the Open Offer assuming full take-up under the Open Offer.

The new Ordinary Shares that would be issued upon the exercise in full of the Long-Term Warrants being issued pursuant to the Fundraising would represent approximately 11.1 per cent. of the Company's issued ordinary share capital after the Placing and the Open Offer assuming full take-up under the Open Offer and assuming that the Short-Term Warrants had already been exercised in full.

The expenses of the Placing and Open Offer are expected to be approximately £1.5 million.

12. The General Meeting

The Directors do not currently have authority within the Company's memorandum of association to allot all of the Conditional Placing Shares or the Warrant Shares or to allot the Conditional Placing Shares and the Warrant Shares on a non-pre-emptive basis. Accordingly, the Board is seeking the approval of Shareholders at the General Meeting to increase the Company's authorised share capital pursuant to its memorandum of association and disapply the pre-emption rights in the Company's articles of association from the allotment and issue of the new Ordinary Shares in connection with the Conditional Placing, the Warrant Exercise, the Open Offer and/or the Placing Option.

Resolutions 1.1 to 1.4 (inclusive) will be proposed as special resolutions. To be passed, Resolutions 1.1 to 1.4 (inclusive) will require the support of not less than two-thirds of the total voting rights of Shareholders who (being entitled to do so) vote on such resolutions (in person or by proxy) at the General Meeting. The Open Offer is conditional on the passing of the Resolutions.

Set out at the end of this document is a notice convening the General Meeting to be held on 14 December 2021 at 11:00 a.m. at the offices of Osborne Clarke LLP at One London Wall, London EC2Y 5EB at which the Resolutions will be proposed for the purposes of implementing the Open Offer and the Placing Option.

13. Proposed Capital Restructuring

At 31 December 2020, the Company had accumulated losses in its audited balance sheet of £122 million. These losses primarily arose in prior periods on legacy business that the Company no longer undertakes, hence the comparative pre-merger balance at 31 December 2019 of £98 million. Because the accumulated losses are in excess of £81 million (being 50 per cent. of the Company's share capital and share premium balance of £162 million, at 31 December 2020), the Company may not qualify for certain government grants, which are expected to require that the ratio be lower than 50 per cent.

As the Company sees the successful deployment of government grants as a key element of closing new business, it is looking to address the above by offsetting the £122 million of accumulated losses against the share premium account of £125 million, which will reduce the share premium balance to £3 million and therefore the combined share capital and share premium balance to £40 million (with all balances being as at 31 December 2020).

To enact the above under Jersey Law will require a statement of solvency made by each of the Company's directors and a special resolution passed at a General Meeting of the Company.

In order to achieve this, it is proposed that the issued share capital of the Company be reduced by cancelling and extinguishing capital currently held by the Company in the share premium account and the amount by which the share capital is so reduced be credited to the accumulated losses and liabilities of the Company, this being the "Share Capital Reduction". A resolution approving the Share Capital Reduction appears as Resolution 1.3 in the notice convening the General Meeting

14. Irrevocable undertakings

The Company has received irrevocable undertakings from those Directors that hold Ordinary Shares to vote in favour of the Resolutions in respect of 4,097,394 Ordinary Shares representing, in aggregate, approximately 4.7 per cent. of the Existing Ordinary Shares.

15. Action to be taken

15.1 *In respect of the General Meeting*

A Form of Proxy for use at the General Meeting accompanies this document. The Form of Proxy should be completed and signed in accordance with the instructions thereon and returned to the Company's registrars, Computershare Investor Services (Jersey) Limited, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, as soon as possible, but in any event so as to be received by no later than 2.00 p.m. on 10 December 2021 (or, if the General Meeting is adjourned, 48 hours (excluding any part of a day that is not a working day) before the time fixed for the adjourned meeting).

If you hold your Existing Ordinary Shares in uncertificated form in CREST, you may vote using the CREST Proxy Voting service in accordance with the procedures set out in the CREST Manual. Further details are also set out in the notes accompanying the Notice of General Meeting at the end of this document. Proxies submitted via CREST must be received by the issuer's agent (ID 3RA50) by no later than 2.00 p.m. on 10 December 2021 (or, if the General Meeting is adjourned, 48 hours (excluding any part of a day that is not a working day) before the time fixed for the adjourned meeting). The Company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Article 34 of the Companies (Uncertificated Securities) (Jersey) Order 1999.

15.2 *In respect of the Open Offer*

Qualifying Non-CREST Shareholders wishing to apply for Open Offer Units, or the Excess Units must complete the enclosed Application Form in accordance with the instructions set out in paragraph 3 of Part III of this document and on the accompanying Application Form and return it to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6AH, so as to arrive no later than 11:00 a.m. on 13 December 2021.

If you do not wish to apply for any Open Offer Units under the Open Offer, you should not complete or return the Application Form. Shareholders are nevertheless requested to complete and return the Form of Proxy.

If you are a Qualifying CREST Shareholder, no Application Form will be sent to you. Qualifying CREST Shareholders will have Open Offer Entitlements and Excess CREST Open Offer Entitlements credited to their stock accounts in CREST. You should refer to the procedure for application set out in paragraph 3 of Part III of this document. The relevant CREST instructions must have settled in accordance with the instructions in paragraph 3.2 of Part III of this document by no later than 11.00 a.m. on 13 December 2021.

Qualifying CREST Shareholders who are CREST sponsored members should refer to their CREST sponsors regarding the action to be taken in connection with this document and the Open Offer.

16. Overseas Shareholders

Information for Overseas Shareholders who have registered addresses outside the United Kingdom or who are citizens or residents of countries other than the United Kingdom appears in paragraph 6 of Part III of this document, which sets out the restrictions applicable to such persons. If you are an Overseas Shareholder, it is important that you pay particular attention to that paragraph of this document.

17. Recommendation

The Directors consider the Placing and Open Offer to be in the best interests of the Company and its Shareholders as a whole and accordingly recommend unanimously Shareholders to vote in favour of the Resolutions to be proposed at the General Meeting as they have irrevocably undertaken to do so in respect of their beneficial holdings amounting, in aggregate, to 4,097,394 Existing Ordinary Shares, representing approximately 4.7 per cent. of the existing issued Ordinary Share capital of the Company.

Should the Resolutions at the General Meeting not be passed and the Conditional Placing not complete, the above mentioned use of proceeds would not be achievable and the Company would have to explore other funding alternatives to support its working capital requirements.

Yours faithfully

Neil O'Brien
Non-executive Chairman

PART II

RISK FACTORS

Any investment in the Company is subject to a number of risks. Accordingly, prospective investors should carefully consider the risk factors set out below as well as the other information contained in this document before making a decision whether to invest in the Company. The risks described below are not the only risks that the Group faces. Additional risks and uncertainties that the Directors are not aware of or that the Directors currently believe are immaterial may also impair the Group's operations. Any of these risks may have a material adverse effect on the Group's business, financial condition, results of operations and prospects. In that case, the price of the Ordinary Shares could decline and investors may lose all or part of their investment. Prospective investors should consider carefully whether an investment in the Company is suitable for them in light of the information in this document and their personal circumstances.

Before making an investment, prospective investors are strongly advised to consult an investment adviser authorised under FSMA who specialises in investments of this kind. A prospective investor should consider carefully whether an investment in the Company is suitable in the light of his or her personal circumstances, the financial resources available to him or her and his or her ability to bear any loss which might result from such investment.

The following factors do not purport to be a complete list or explanation of all the risk factors involved in investing in the Company. In particular, the Company's performance may be affected by changes in the market and/or economic conditions and in legal, regulatory and tax requirements.

1. General Risks

An investment in the Company is only suitable for investors capable of evaluating the risks and merits of such investment and who have sufficient resources to bear any loss which may result. A prospective investor should consider with care whether an investment in the Company is suitable for them in the light of their personal circumstances and the financial resources available to them.

Investment in the Company should not be regarded as short-term in nature. There can be no guarantee that any appreciation in the value of the Company's investments will occur or that the investment objectives of the Company will be achieved. Investors may not get back the full or any amount initially invested.

The prices of shares and the income derived from them can go down as well as up. Past performance is not necessarily a guide to the future.

Changes in economic conditions including, for example, interest rates, rates of inflation, industry conditions, competition, political and diplomatic events and trends, tax laws and other factors can substantially and adversely affect equity investments and the Company's prospects.

2. Risks relating to the Fundraising and the Ordinary Shares

2.1 *Warrants may not be exercised*

There is no guarantee that the Warrants over Ordinary Shares will be exercised resulting in further funds being raised for the Company. The exercise of the Warrants is likely to be dependent on the share price performance of the Company.

2.2 *Future sales of Ordinary Shares could adversely affect the market price of the Ordinary Shares*

Sales of additional Ordinary Shares into the public market following the Open Offer could adversely affect the market price of the Ordinary Shares if there is insufficient demand for the Ordinary Shares at the prevailing market price.

2.3 *If the Resolutions are not passed, the Company will not be able to proceed with the Open Offer or Conditional Placing*

Certain of the Resolutions to be proposed at the General Meeting will be proposed as a special resolution and, to be passed, will require the support of not less than two-thirds of the total voting rights of Shareholders who (being entitled to do so) vote on such resolutions at the General Meeting. The Open Offer is conditional on, *inter alia*, the passing of the Resolutions.

In the event that the Resolutions are not passed, the Company will not be able to proceed with the Open Offer or the Conditional Placing. In addition, the Company will not be able to issue the Warrants. These elements of the Fundraising are important to the Company's working capital projections.

2.4 *Holders of Existing Ordinary Shares who do not acquire Open Offer Shares pursuant to the Open Offer will experience a further dilution of their percentage ownership of the Company's Ordinary Shares*

Shareholders' proportionate ownership and voting interest in the Company will be reduced pursuant to the Placing. Shareholders' proportionate ownership and voting interest in the Company will be further reduced pursuant to the Open Offer to the extent that Shareholders do not take up the offer of Open Offer Units under the Open Offer. Subject to certain exceptions, Shareholders in the United States and other Restricted Jurisdictions will not be able to participate in the Open Offer.

2.5 *There is no public market for the Ordinary Shares in the United States or elsewhere outside the United Kingdom*

None of the Placing Shares, the Warrants, the Warrant Shares nor the Open Offer Shares will be registered under the US Securities Act or the relevant laws of any state or other jurisdiction of the United States or those of any of the Restricted Jurisdictions and New Ordinary Shares may not be resold, transferred or delivered, directly or indirectly, within such jurisdictions except pursuant to an applicable exemption from the registration requirements of the US Securities Act and in compliance with any other applicable security laws. The Ordinary Shares have not been registered under the US Securities Exchange Act of 1934 and are not listed on any US securities exchange or interdealer quotation system. The Company has no intention to file any such registration statement or list the Ordinary Shares on any securities exchange or interdealer quotation system (other than AIM). As a consequence, an active trading market is not expected to develop for the Ordinary Shares outside the United Kingdom and investors outside the United Kingdom may not be able to sell the Ordinary Shares or achieve an acceptable price. As a prospective investor, you should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time.

2.6 *Pre-emption rights may not be available to Overseas Shareholders of Ordinary Shares*

In the case of certain increases in the Company's issued share capital, holders of Ordinary Shares have the benefit of statutory pre-emption rights to subscribe for such shares, unless Shareholders waive such rights by a resolution passed at a Shareholders' meeting, or in certain other circumstances. United States and other overseas holders of shares are very likely to be excluded from exercising any such pre-emption rights they may have, unless a registration statement under the US Securities Act is effective with respect to those rights, or an exemption from the registration requirements under the US Securities Act is available. The Company is unlikely to file any such registration statement, and the Company cannot assure prospective investors that any exemption from those registration requirements would be available to enable United States or other overseas shareholders to exercise such pre-emption rights or, if available, that the Company will utilise any such exemption.

2.7 *Access to further capital*

The Company may require additional funds to respond to enable future acquisitions, expansion activity and/or business development, and/or respond to business challenges, enhance existing products and services or further develop its sales and marketing channels and capabilities. Accordingly, Invinity may need to engage in equity or debt financings to secure additional funds. If the Company raises additional funds through further issues of equity or convertible debt securities, existing shareholders could suffer significant dilution, and any new equity securities could have rights, preferences and privileges superior to those of current shareholders. Any debt financing secured by the Company in the future could involve restrictive covenants relating to its capital raising activities and other financial and operational

matters, which may make it more difficult for the Company to obtain additional capital and to pursue business opportunities, including potential acquisitions.

In addition, the Company may not be able to obtain additional financing on terms favourable to it, if at all. If the Company is unable to obtain adequate financing or financing on terms satisfactory to it, when required, its ability to continue to support its business growth and to respond to business challenges could be significantly limited or could affect its financial viability.

2.8 Dilution

Upon the exercise of the Warrants for cash, Warrant Shares will be issued which will dilute the existing share capital of the Company.

In addition, if available, any future financings to provide required capital may dilute shareholders' proportionate ownership in the Company. The Company may raise capital in the future through public or private equity financings or by raising debt securities convertible into Ordinary Shares, or rights to acquire these securities. Any such issues may exclude the pre-emption rights pertaining to the then outstanding shares. If the Company raises significant amounts of capital by these or other means, it could cause dilution for the Company's existing shareholders. Moreover, the further issue of Ordinary Shares could have a negative impact on the trading price and increase the volatility of the market price of the Ordinary Shares. The Company may also issue further Ordinary Shares, or create further options over Ordinary Shares, as part of its employee remuneration policy, which could in aggregate create a substantial dilution in the value of the Ordinary Shares and the proportion of the Company's share capital in which investors are interested.

2.9 Shareholders may be exposed to fluctuations in currency exchange rates

The Existing Ordinary Shares and the New Ordinary Shares are priced in pounds sterling, and will be quoted and traded in pounds sterling. Accordingly, Shareholders resident in non-UK jurisdictions are subject to risks arising from adverse movements in the value of their local currencies against pounds sterling, which may reduce the value of the Ordinary Shares. This is particularly relevant given the uncertainty around the UK's exit from the European Union.

2.10 The ability of Overseas Shareholders to bring actions or enforce judgments against the Company or the Directors may be limited

The ability of an Overseas Shareholder to bring an action against the Company may be limited under law. The Company is a public limited company incorporated in Jersey. The rights of holders of Ordinary Shares are governed by Jersey law and by the Articles. These rights differ from the rights of shareholders in typical US corporations, UK corporations and other non-Jersey corporations. An Overseas Shareholder may not be able to enforce a judgment against the Company, the Group or some or all of the Directors and executive officers. Consequently, it may not be possible for an Overseas Shareholder to effect service of process upon the Company or the Directors and executive officers within the Overseas Shareholder's country of residence or to enforce against the Company or the Directors and executive officers within the Overseas Shareholder's country of residence or to enforce against the Company or the Directors and executive officers' judgments of courts of securities laws. There can be no assurance that an Overseas Shareholder will be able to enforce any judgments in civil and commercial matters or any judgments under the securities laws of countries other than the UK and Jersey against the Company or the Directors or executive officers who are residents of the UK, Jersey or countries other than those in which judgment is made. In addition, English, Jersey or other courts may not impose civil liability on the Company or the Directors or executive officers in any original action based solely on foreign securities laws brought against the Company or the Directors in a court of competent jurisdiction in England, Jersey or other countries.

2.11 The New Ordinary Shares may not be suitable as an investment

The New Ordinary Shares may not be a suitable investment for all the recipients of this document. Before making a final decision, investors are advised to consult an independent investment adviser authorised under the FSMA who specialises in advising on the acquisition of shares and other securities. The value of the New Ordinary Shares and any income received from them can go down as well as up and investors may get back less than their original investment.

2.12 *The Company's securities are traded on AIM rather than the Official List*

The Existing Ordinary Shares are, and the New Ordinary Shares will be, traded on AIM rather than the Official List of the Financial Conduct Authority. An investment in shares traded on AIM may carry a higher risk than those listed on the Official List. The market price of the Ordinary Shares may be subject to wide fluctuations in response to many factors, including variations in the operating results of the Group, divergence in financial results from analysts' expectations, changes in estimates by stock market analysts, general economic conditions, overall market or sector sentiment, legislative changes in the Group's sector and other events and factors outside of the Group's control. Stock markets have from time to time experienced severe price and volume fluctuations, a recurrence of which could adversely affect the market price for the Ordinary Shares. Prospective investors should be aware that the value of the Ordinary Shares may be volatile and could go down as well as up, and investors may therefore not recover their original investment especially as the market in the Ordinary Shares may have limited liquidity. Admission to AIM should not be taken as implying that there will be a liquid market for the Ordinary Shares.

2.13 *The Company's share price fluctuates*

The market price of the Ordinary Shares could be subject to significant fluctuations due to a change in sentiment in the market regarding the Ordinary Shares (or securities similar to them). Such risks depend on the market's perception of the likelihood of success of the Fundraising, and/or may occur in response to various facts and events, including any variations in the Group's operating results, business developments of the Group and/or its competitors. Stock markets have, from time to time, experienced significant price and volume fluctuations that have affected the market prices for securities and which may be unrelated to the Group's operating performance or prospects. Furthermore, the Group's operating results and prospects from time to time may be below the expectations of market analysts and investors. Any of these events could result in a decline in the market price of the Ordinary Shares and investors may, therefore, not recover their original investment.

Any sale of Ordinary Shares could have an adverse effect on the market price of the Ordinary Shares. Furthermore, it is possible that the Company may decide to offer additional shares in the future. An additional offering could also have an adverse effect on the market price of the Ordinary Shares.

2.14 *The Company does not plan on making dividend payments in the foreseeable future*

There can be no assurance as to the level of future dividends. The declaration, payment and amount of any future dividends of the Company are subject to the discretion of the Directors and will depend on, among other things, the Company's results of operations and financial condition, its future business prospects, any applicable legal or contractual restrictions and availability of profits. At present, there is no intention to pay a dividend.

2.15 *The Company is not profitable*

The Company is not currently profitable and there is no guarantee that it will be profitable in the future. Any future profitability is subject to the Company's ability to convert its pipeline of potential sales to contracts and perform those contracts profitably as well as by factors outside of the Directors' control, including taxation, economic climate and third parties.

3. Risks relating to the Group's business

3.1 *Key personnel*

The Company's business, development and prospects are dependent on a small number of key management personnel. The loss of the service of one or more of such key management personnel may have an adverse effect on the Company. The Directors believe that the operational experience and technical know-how of the Company's key management personnel are important to the Company's future development. The loss of the services of any key management personnel, for any reason, or failure to attract and retain necessary additional personnel, could adversely impact on the business, development, financial condition, results of operations and prospects of the Company. The Directors believe the Company operates a progressive and competitive remuneration policy which plays an important part in retaining and attracting key management personnel.

3.2 **US tax inversion risk**

Following the merger with Avalon Battery Corporation, as Avalon is US-based there is a risk that the Company may be deemed to be onshore for US tax purposes. However, the Company has taken advice and believes that this should not be the case under current US legislation. There is a risk that the US government could introduce retrospective legislation to change the rules, in which case the Company might be deemed to be US tax resident, with the consequence of being subject to US federal taxation on its worldwide operations.

3.3 **Transfer pricing**

The Company trades between Canada and the US, which includes the importation of materials from Canada to sell into the US, and between the UK and Ireland. There is a risk around the transfer pricing arrangements which could be challenged by the tax authorities. The relevant transfer pricing regimes are kept under close internal review and the Company takes active steps to ensure compliance.

3.4 **Tariffs**

Current US rules require tariffs to be paid on imports from China. The Company imports certain goods from China to Canada which, once assembled into stacks and electrolyte is added, are labelled as “made in Canada”. The Company has taken professional advice on these arrangements and believes it complies with the relevant US requirements. There is a risk that authorities, including US authorities, might look through these arrangements and retrospectively impose tariffs.

3.5 **VFB market may not mature in the way the Directors expect**

The market for vanadium flow batteries (“VFBs”) is developing. The Directors expect the market to mature to a stage where the capabilities of VFBs are fully understood. The Company has a number of proof-of-concept units in the market, but to meet growth projections VFBs need to become widely accepted and utilised in grid stabilisation and for energy storage. There is a risk that the market may not mature in this way, or at the pace expected.

3.6 **Government energy market policy may change**

The energy markets in many countries rely, to a large degree, on national and international regulatory policy. The EU, the UK and the USA have, in recent years, adopted policies and mechanisms actively supporting renewable energy. It is possible that this approach could be modified or changed in the future, including as a result of a change in Government or a change in Government policy, relating to renewable energy directly or to energy policy more generally. Government funding, including grants, is required for projects in the Company’s pipeline. If such funding is reduced or withdrawn, the Company’s business and growth plans would be adversely affected.

3.7 **R&D spend may affect profitability**

The Company will need to reduce the costs of its products, and as such R&D spend will continue. Costs must be reduced to a point where the deployment of VFBs provides the desired returns for their investors. There is a risk that the Company is unable to achieve these cost reductions, and that R&D spend may adversely affect profitability.

3.8 **Failure to achieve projected revenues and potential impact on the viability of the business**

If the Company fails to achieve the anticipated level of sales in its pipeline, the Company will have to consider alternative financing methods and sources. Should the market not develop as expected by the Directors, the Company may have to cease trading. The Directors closely monitor sales and projections on a month-by-month basis and will adjust the Company’s costs and infrastructure to react to the market.

3.9 **Vanadium price volatility**

A key component of VFBs is the vanadium feedstock used as electrolyte in the battery, which currently constitutes approximately 19 per cent. of the Company’s VS3 unit price. There is a general assumption that VFB projects are viable for investors when the vanadium price is below \$10/lb. In November 2018 the price of vanadium reached \$28/lb, but the Directors believe that this was a one-off spike due to a

monopolistic supply and sudden enforcement of Chinese building regulations (as vanadium is used to strengthen steel). As at the date of this document the price of Vanadium Pentoxide (V₂O₅) is around \$7.50/lb, which is in line with the historic average price. There is a risk that the price of vanadium could make the vanadium in the Company's products financially unviable for purchase, which the Directors are striving to mitigate by developing relationships with vanadium suppliers. The Company's customers are also able to lease the vanadium, which further mitigates the impact of any vanadium price increases.

3.10 ***Reliance on suppliers***

The manufacture of the Company's product is dependent on a number of key suppliers. This reliance may not diminish as there are very few suppliers of the materials required. The Company has, however, developed multiple relationships in the industry which mean that alternative suppliers can be used at relatively short notice for most specialised components.

3.11 ***Additional managerial and operational resources***

As the Company continues to grow and expand with customer demand, there may be a need to deploy additional skills and resources to meet the needs of the Company beyond those included in current cost projections. Management, though, has the relevant experience to know when these resources should be obtained and deployed on an as-needed basis.

3.12 ***Reliance on manufacturing partners***

The manufacture of the Company's product is also dependent upon manufacturing partners, most notably BCI which operates a factory in Suzhou, China, dedicated exclusively to the Company's products. The Company has plans to address unanticipated financial difficulties by BCI and unforeseen geo-political challenges regarding China. However, if issues arise, addressing them could require additional capital and introduce delays to the Company's plans to enable customer deliveries to occur within six months of closing a new contract, potentially leading to an interval of a year or even longer.

3.13 ***Counterparty Risk***

There is a possibility that the contracting party for one or more projects considered closed may not fulfil their part of the deal and may default on contractual obligations. While this risk is mitigated in part by the Company's practice of requiring deposits upon contract signing, by progress payments required as fulfilment of the contract progresses, and by the financial strength of the counterparties, some exposure remains.

3.14 ***Currency fluctuations***

Currency fluctuations may affect the costs that the Company incurs in its operations. A proportion of the Company's revenues and capital and operating expenditure is incurred in currencies other than the GBP Sterling, principally US Dollars and Canadian Dollars. The Company currently hedges its foreign exchange risk on anticipated materials purchases though, in future, the opportunities to hedge any foreign exchange exposure in these currencies may be limited. The Company will seek to mitigate transaction risk by maintaining controlled amounts of cash in the required currencies. Currency fluctuations may also result in unrealised foreign exchange gains or losses that materially adversely affect the financial results of the Company reported in GBP Sterling.

3.15 ***Warranties and liquidated damages***

Certain of the Company's contracts include warranties and/or liquidated damages clauses. Historically these are provided for on the balance sheet. There is a risk that these provisions will not be adequate.

3.16 ***General economic climate***

Factors such as inflation, interest rates, supply and demand of capital and industrial disruption have an impact on business costs and commodity prices and stock market prices. The Company's operations, business and profitability can be affected by these factors, which are beyond the control of the Company.

3.17 **Tax**

The Company has operations in Canada, the US, the UK, South Africa and Jersey. The Company manages all of its tax affairs in these jurisdictions carefully and takes appropriate advice from appropriately qualified tax agents in each jurisdiction. However, the Company is exposed to the Government taxation policies in each of the countries over which they have no direct control.

3.18 **Intellectual property and know-how**

The Company has sought to protect its proprietary software, know-how and other intellectual property by the filing of patent applications, entering into non-disclosure agreements with employees, independent contractors and third parties in the ordinary course of its business, implementing and maintaining internal and external controls and processes restricting access to the software's underlying source code and using the laws of copyright, trade secret and confidentiality.

Any intellectual property, whether or not registered owned and/or used by the Company in the course of its business or in respect of which the Company believes it has rights, may be prejudiced and/or open to challenge by third parties (including where such third parties have or claim to have pre-existing rights in such intellectual property). In any such case, the Company may be prevented from using such intellectual property or may become involved in litigation to protect its intellectual property rights, each of which may have a material adverse effect on the operating results, business, financial condition and prospects of the Company. Although it has taken precautions, the Company cannot guarantee that any action or inaction by the Group will not inadvertently infringe the intellectual property rights of others. Any infringement by the Company of the intellectual property rights of others could have a material adverse effect on the operating results, business, financial condition and prospects of the Company. Despite precautions which may be taken by the Company to protect its software, unauthorised parties may attempt to copy, or obtain and use, its software and the technology incorporated in them. This could cause the Company to incur significant unbudgeted costs in defending its software and technology.

3.19 **Product liability or other claims**

Whilst the Company has instituted measures to manufacture its products in accordance with appropriate quality-control standards, there can be no assurance that each of the Company's products are free from defects or that they will not be involved in a product recall or product liability or other claims relating to product quality. Product liability or other claims in relation to the Company's products and services could result in reduced sales, recalls, injury or consequential damages to customers or third parties, or harm to the Company's reputation. Actual or perceived quality defects could adversely affect sales and require recalls. Further, express or implied warranties and strict product liability laws in certain jurisdictions could lead to significant damage claims which the Company may be forced to settle, regardless of fault. Such events could materially adversely affect the Company's business, results of operations or financial condition. The Company maintains appropriate insurance to mitigate against these risks where possible.

3.20 **Health and safety risks**

The Company is subject to various statutory compliance and litigation risks under health, safety and employment laws. There can be no guarantee that there will be no accidents or incidents suffered by the Company's employees, its contractors or other third parties at the Company's facilities. If any of these incidents occur, the Company could be subject to prosecutions and litigation, which may lead to fines, penalties and other damages being imposed and cause damage to the Company's reputation. Such events could have a material adverse effect on the Company's business operations, prospects, financial condition and operational results.

3.21 **COVID-19**

The outbreak of COVID-19 (commonly referred to as the coronavirus) has negatively impacted economic conditions globally and is having an adverse and disruptive effect in every country in which the Company operates. The Company has accordingly adapted its operating methodology in general and in specific response to national, regional, and local conditions and government rules and regulations. If the pandemic worsens significantly or if vaccines fail to have the desired effect, the Company's business, cash flow, profitability, and overall financial condition could be adversely affected.

3.22 **Brexit**

The United Kingdom's exit from the European Union ("**Brexit**") has resulted in economic volatility, particularly with respect to the share price of UK-based enterprises and depreciation of the pound sterling, including against the United States dollar. Potential long-term uncertainties with respect to the process, timeline and terms of Brexit, and its effects on existing and future contractual arrangements and economic relationships, may result in a slowdown in foreign and domestic investment in the UK economy, which may adversely impact the Company's trading and ability to raise any further financing which may be required. The Company cannot guarantee that its business plans and projections will not be directly or indirectly adversely impacted by Brexit.

3.23 **Transport and logistics risks**

The Company's global footprint includes manufacturing facilities and suppliers in the UK, Europe, China, Canada and USA, with major customers in those locations as well as in Australia. As a result, Invinity has a globally distributed supply chain, which can be affected from time to time by macro events, specifically those which affect the cost and duration of transport and logistics for the Company's products and key components, which are beyond its control.

3.24 **Siemens Gamesa JDCA**

The Company's joint development and commercialisation agreement with Gamesa Electric S.A.U. may not progress in the way envisaged by the Directors. In particular the Company may not reach the expected commercial release date under the agreement, including for reasons outside of its control. Accordingly the Company may not achieve the rates of growth which the Directors expect to follow from commercialisation.

The risks above do not necessarily comprise all those faced by the Company and are not intended to be presented in any assumed order of priority. The investment offered in this document may not be suitable for all of its recipients. Investors are accordingly advised to consult an investment adviser, who is authorised under the FSMA if you are resident in the United Kingdom or, if not, from another appropriate authorised independent financial adviser and who or which specialises in investments of this kind before making a decision to apply for New Ordinary Shares.

PART III

TERMS AND CONDITIONS OF THE OPEN OFFER

Introduction

As explained in the letter from the Chairman set out in Part I of this document, the Company has conditionally raised £25.0 million (before expenses) through the issue of 25,000,000 Placing Units to institutional and other investors pursuant to the Placing at a price of 100 pence per Placing Unit, and is proposing to raise up to approximately £4,008,588 million (before expenses) (assuming full take up of the Open Offer but being, together with the open offer made to shareholders on 3 December 2020, less than the €8 million maximum amount permitted in a year without requiring the publication by the Company of a prospectus under the Prospectus Rules) in addition and separate to the funds raised pursuant to the Placing, through the issue of Open Offer Units to Qualifying Shareholders at the Issue Price. The Open Offer is conditional upon, *inter alia*, the passing of the Resolutions at the General Meeting

The Issue Price represents a discount of 0.5 per cent. to the closing middle market price of 100.5 pence per Ordinary Share on 17 November 2021, being the last practicable date prior to the Launch Announcement.

The purpose of this Part III is to set out the terms and conditions of the Open Offer. Up to 4,008,588 Open Offer Units will be issued through the Open Offer. Qualifying Shareholders are being offered the right to subscribe for Open Offer Units in accordance with the terms of the Open Offer. The Open Offer has not been underwritten.

For every two Open Offer Units subscribed by a Qualifying Shareholder, that Qualifying Shareholder will receive two Short-Term Warrant and one Long-Term Warrant (the terms of which are described in more detail in Part I of this document). The Warrants granted pursuant to the Open Offer will not be admitted to trading on AIM or any other stock exchange.

The Warrants are expected to be issued in certificated form for Qualifying Non-CREST Shareholders and uncertificated form for Qualifying CREST Shareholders.

The Record Date for entitlements under the Open Offer for Qualifying CREST Shareholders and Qualifying Non-CREST Shareholders is 22 November 2021. Qualifying Non-CREST Shareholders will have received Application Forms with this document and Open Offer Entitlements are expected to be credited to the stock accounts of Qualifying CREST Shareholders in CREST by 30 November 2021.

Subject to availability, the Excess Application Facility will enable Qualifying Shareholders to apply for Excess Units. Excess Open Offer Entitlements are expected to be credited to the stock accounts of Qualifying CREST Shareholders in CREST by 30 November 2021.

The latest time and date for receipt of a completed Application Form and payment in full under the Open Offer and settlement of relevant CREST instructions (as appropriate) is 11:00 a.m. on 13 December 2021 with Second Admission and commencement of dealings in Open Offer Units expected to take place at 8:00 a.m. on 15 December 2021.

This document and, for Qualifying Non-CREST Shareholders only, the Application Form contains the formal terms and conditions of the Open Offer. Your attention is drawn to paragraph 3 of this Part III, which gives details of the procedure for application and payment for the Open Offer Units and any Excess Units applied for pursuant to the Excess Application Facility.

The Open Offer Shares will, when issued and fully paid, rank equally in all respects with the Existing Ordinary Shares, including the right to receive all dividends or other distributions made, paid or declared, if any, by reference to a record date after the date of their issue.

The Open Offer is an opportunity for Qualifying Shareholders to apply for up to 4,008,588 Open Offer Units *pro rata* (excepting fractional entitlements) to their current holdings of Ordinary Shares at the Issue Price in accordance with the terms of the Open Offer.

Qualifying Shareholders are also being offered the opportunity to apply for additional Open Offer Units in excess of their Open Offer Entitlement to the extent that other Qualifying Shareholders do not take up their Open Offer Entitlement in full. The Excess Application Facility enables Qualifying Shareholders to apply for Excess Units in excess of their Open Offer Entitlement as at the Record Date.

Any Qualifying Shareholder who has sold or transferred all or part of his/her registered holding(s) of Ordinary Shares prior to the Ex-entitlement Date is advised to consult his or her stockbroker, bank or other agent through or to whom the sale or transfer was effected as soon as possible since the invitation to apply for Open Offer Units under the Open Offer may be a benefit which may be claimed from him/her by the purchasers under the rules of the London Stock Exchange.

1. The Open Offer

Subject to the terms and conditions set out below (and, in the case of Qualifying Non-CREST Shareholders, in the Application Form), Qualifying Shareholders are hereby invited to apply for Open Offer Units at the Issue Price, payable in full in cash on application, free of all expenses, on the basis of:

- (a) 3 Open Offer Units for every 65 Existing Ordinary Shares held by Qualifying Shareholders at the Record Date and so in proportion for any other number of Ordinary Shares then held; and
- (b) further Open Offer Units in excess of the Open Offer Entitlement through the Excess Application Facility (although such Open Offer Units will only be allotted to the extent that not all Qualifying Shareholders apply for their Open Offer Entitlement in full).

Entitlements under the Open Offer will be rounded down to the nearest whole number of Open Offer Units, with fractional entitlements being aggregated and made available under the Excess Application Facility.

For every two Open Offer Units subscribed by a Qualifying Shareholder, that Qualifying Shareholder will receive two Short-Term Warrants and one Long-Term Warrant (the terms of which are described in more detail in Part I of this document).

Each Short-Term Warrant grants the right to subscribe for 1 new Ordinary Share at 150 pence exercisable during the period commencing on Second Admission and until 15 September 2022.

Each Long-Term Warrant grants the right to subscribe for 1 new Ordinary Share at 225 pence exercisable during the period commencing on Second Admission and until 16 December 2024.

The Warrants will not be admitted to trading on AIM. The Warrants are expected to be issued in certificated form for Qualifying Non-CREST Shareholders and uncertificated form for Qualifying CREST Shareholders. The Warrants will be issued on Second Admission. Please refer to paragraph 10.4 of Part I of this document for a summary of the terms of the Warrants.

Holdings of Existing Ordinary Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating entitlements under the Open Offer, as will holdings under different designations and in different accounts.

If you are a Qualifying Non-CREST Shareholder, the Application Form shows the number of Existing Ordinary Shares registered in your name on the Record Date (in Box A) and your Open Offer Entitlements (in Box B).

If you are a Qualifying CREST Shareholder, application will be made for your Open Offer Entitlement and Excess CREST Open Offer Entitlement to be credited to your CREST account. Open Offer Entitlements and Excess CREST Open Offer Entitlements are expected to be credited to CREST accounts on 30 November 2021. The Existing Ordinary Shares are already admitted to CREST. Accordingly, no further application for admission to CREST is required for the New Ordinary Shares. All such shares, when issued and fully paid, may be held and transferred by means of CREST.

Subject to availability, the Excess Application Facility will enable Qualifying Shareholders, provided they have taken up their Open Offer Entitlement in full, to apply for further Open Offer Units in excess of their Open Offer Entitlement. Qualifying CREST Shareholders will have their Open Offer Entitlement and Excess CREST Open Offer Entitlement credited to their stock accounts in CREST and should refer to paragraph 3.2 of this Part III for information on the relevant CREST procedures and further details on the Excess Application

Facility. Qualifying CREST Shareholders can also refer to the CREST Manual for further information on the relevant CREST procedures.

If applications under the Excess Application Facility are received for more than the total number of Open Offer Units available following take up of Open Offer Entitlements, such applications will be scaled back *pro rata* to the number of Excess Units applied for by Qualifying Shareholders under the Excess Application Facility and no assurance can be given that excess applications by Qualifying Shareholders will be met in full or in part or at all.

Please refer to paragraphs 3.1(f) and 3.2(k) of this Part III for further details of the Excess Application Facility.

In the event that the Open Offer is not fully subscribed, Canaccord Genuity and VSA Capital have the right to place the balance of the Open Offer Units, pursuant to the Placing Option, at not less than the Issue Price, in order to raise up to the maximum proceeds under the Open Offer. The Placing Option will not be underwritten.

Qualifying Shareholders should be aware that the Open Offer is not a rights issue. Qualifying Non-CREST Shareholders should also note that their respective Application Forms are not negotiable documents and cannot be traded. Qualifying CREST Shareholders should note that, although the Open Offer Entitlements and Excess CREST Open Offer Entitlements will be credited through CREST and be enabled for settlement, applications in respect of entitlements under the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim raised by Euroclear's Claims Processing Unit. Open Offer Units not applied for under the Open Offer will not be sold in the market for the benefit of those who do not apply under the Open Offer. Any Open Offer Units which are not applied for by Qualifying Shareholders under the Open Offer will not be issued by the Company as the Open Offer is not underwritten.

The attention of Overseas Shareholders is drawn to paragraph 6 of this Part III.

The Open Offer Shares will, when issued and fully paid, rank in full for all dividends and other distributions declared, made or paid after the date of this document and otherwise *pari passu* in all respects with the Existing Ordinary Shares. The Open Offer Shares and the Open Offer Warrants are not being made available in whole or in part to the public except under the terms of the Open Offer.

2. Conditions and further terms of the Open Offer

The Open Offer is conditional on:

- (a) the passing at the General Meeting of the Resolutions by the requisite majority under the Companies Law and such Resolutions remaining in full force and effect as at Second Admission;
- (b) Second Admission becoming effective by no later than 8.00 a.m. on 15 December 2021 (or such later date as Canaccord Genuity and VSA Capital may agree, being not later than 8.00 a.m. on 31 January 2021).

If these conditions are not satisfied or waived (where capable of waiver), the Open Offer will not proceed and any applications made by Qualifying Shareholders will be rejected. In such circumstances, application monies will be returned (at the applicant's sole risk), without payment of interest, as soon as practicable thereafter.

Any Open Offer Entitlements admitted to CREST will thereafter be disabled.

No temporary documents of title will be issued in respect of Open Offer Shares held in uncertificated form. Definitive certificates in respect of Open Offer Shares taken up are expected to be posted to those Qualifying Shareholders who have validly elected to hold their Open Offer Shares in certificated form approximately fourteen days after Second Admission.

Definitive certificates in respect of the Warrants taken up in the Open Offer are expected to be posted to Qualifying Shareholders who have taken up their Open Offer Entitlements and any Excess Open Offer Entitlements (as the case may be) approximately fourteen days after Second Admission. Warrants are expected to be credited to stock accounts maintained in CREST by as soon as possible after 8.00 a.m. on

15 December for Qualifying CREST Shareholders who have taken up their Open Offer Entitlements and any Excess Open Offer Entitlements (as the case may be).

In respect of those Qualifying Shareholders who have validly elected to hold their Open Offer Shares in uncertificated form, the Open Offer Shares are expected to be credited to their stock accounts maintained in CREST by 15 December 2021.

Applications will be made for the Open Offer Shares to be admitted to trading on AIM. Second Admission is expected to occur on 15 December 2021, when dealings in the Open Offer Shares are expected to begin.

If for any reason it becomes necessary to adjust the expected timetable as set out in this document, the Company will notify the London Stock Exchange and make an appropriate announcement to a Regulatory Information Service giving details of the revised dates.

3. Procedure for application and payment

The action to be taken by you in respect of the Open Offer depends on whether, at the relevant time, you are sent an Application Form in respect of your Open Offer Entitlement under the Open Offer or your Open Offer Entitlement and Excess CREST Open Offer Entitlement is credited to your CREST stock account. Qualifying Shareholders who hold all or part of their Existing Ordinary Shares in certificated form should have received the Application Form, enclosed with this document. The Application Form shows the number of Existing Ordinary Shares held at the Record Date. It will also show Qualifying Shareholders their Open Offer Entitlement that can be allotted in certificated form. Qualifying Shareholders who hold all their Existing Ordinary Shares in CREST will be allotted Open Offer Units in CREST. Qualifying Shareholders who hold part of their Existing Ordinary Shares in uncertificated form will be allotted Open Offer Units in uncertificated form to the extent that their entitlement to Open Offer Units arises as a result of holding Existing Ordinary Shares in uncertificated form. However, it will be possible for Qualifying Shareholders to deposit Open Offer Entitlements into, and withdraw them from, CREST. Further information on deposit and withdrawal from CREST is set out in paragraph 3.2(f) of this Part III.

CREST sponsored members should refer to their CREST sponsor, as only their CREST sponsor will be able to take the necessary action specified below to apply under the Open Offer in respect of the Open Offer Entitlements and Excess CREST Open Offer Entitlements of such members held in CREST. CREST members who wish to apply under the Open Offer in respect of their Open Offer Entitlements and Excess CREST Open Offer Entitlements in CREST should refer to the CREST Manual for further information on the CREST procedures referred to below.

Qualifying Shareholders who do not want to apply for the Open Offer Units under the Open Offer should take no action and should not complete or return the Application Form, or send a USE message through CREST.

3.1 If you have received an Application Form in respect of your Open Offer Entitlement under the Open Offer:

(a) General

Subject to paragraph 6 of this Part III in relation to Overseas Shareholders, Qualifying Non-CREST Shareholders will receive an Application Form. The Application Form shows the number of Existing Ordinary Shares registered in their name on the Record Date in Box A. It also shows the Open Offer Entitlement allocated to them set out in Box B. Entitlements to Open Offer Units are rounded down to the nearest whole number and any fractional entitlements to Open Offer Units will be aggregated and made available under the Excess Application Facility. Box C shows how much they would need to pay if they wish to take up their Open Offer Entitlement in full. Qualifying Non-CREST Shareholders may apply for less than their entitlement should they wish to do so. Qualifying Non-CREST Shareholders may also hold such an Application Form by virtue of a *bona fide* market claim.

Under the Excess Application Facility, provided they have agreed to take up their Open Offer Entitlement in full, Qualifying Non-CREST Shareholders may apply for more than the amount of their Open Offer Entitlement should they wish to do so. The Excess Application Facility enables Qualifying Shareholders to apply for Excess Units in excess of their Open Offer Entitlement at the

Record Date. The Excess Units will be scaled back *pro-rata* to the number of Excess Units applied for by Qualifying Shareholders under the Excess Application Facility and no assurance can be given that excess applications by Qualifying Shareholders will be met in full or in part or at all.

The instructions and other terms set out in the Application Form form part of the terms of the Open Offer in relation to Qualifying Non-CREST Shareholders.

(b) *Bona fide market claims*

Applications to acquire Open Offer Units may only be made on the Application Form and may only be made by the Qualifying Non-CREST Shareholder named in it or by a person entitled by virtue of a *bona fide* market claim in relation to a purchase of Existing Ordinary Shares through the market prior to the date upon which the Existing Ordinary Shares were marked “ex” the entitlement to participate in the Open Offer. Application Forms may not be sold, assigned, transferred or split, except to satisfy *bona fide* market claims up to 3:00 p.m. on 9 December 2021. The Application Form is not a negotiable document and cannot be separately traded. A Qualifying Non-CREST Shareholder who has sold or otherwise transferred all or part of his holding of Existing Ordinary Shares prior to the date upon which the Existing Ordinary Shares were marked “ex” the entitlement to participate in the Open Offer, should contact his broker or other professional adviser authorised under FSMA through whom the sale or purchase was effected as soon as possible, as the invitation to acquire Open Offer Units under the Open Offer may be a benefit which may be claimed by the purchaser(s) or transferee(s).

Qualifying Non-CREST Shareholders who have sold all or part of their registered holding should, if the market claim is to be settled outside CREST, complete Box J on the Application Form and immediately send it to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. The Application Form should not, however, be forwarded to or transmitted in or into the United States or any Restricted Jurisdiction, nor in or into any other jurisdiction where the extension of the Open Offer would breach any applicable law or regulation. If the market claim is to be settled outside CREST, the beneficiary of the claim should follow the procedures set out in the accompanying Application Form. If the market claim is to be settled in CREST, the beneficiary of the claim should follow the procedure set out in paragraph 3.2 of this Part III below.

(c) *Application procedures*

Qualifying Non-CREST Shareholders wishing to apply to acquire Open Offer Units (whether in respect of all or part of their Open Offer Entitlement or in addition to their Open Offer Entitlement under the Excess Application Facility) should complete the Application Form in accordance with the instructions printed on it. Qualifying Non-CREST Shareholders may only apply for Excess Units if they have agreed to take up their Open Offer Entitlements in full.

If applications under the Excess Application Facility are received for more than the total number of Open Offer Units available following take up of Open Offer Entitlements, such applications will be scaled back *pro rata* to the number of Excess Units applied for by Qualifying Shareholders under the Excess Application Facility and no assurance can be given that excess applications by Qualifying Shareholders will be met in full or in part or at all.

Completed Application Forms should be returned by post to Computershare Investor Services PLC, Corporate Actions Projects, Bristol BS99 6AH by no later than 11:00 a.m. on 13 December 2021. The Company reserves the right to treat any application not strictly complying with the terms and conditions of application as nevertheless valid. The Company further reserves the right (but shall not be obliged) to accept either Application Forms or remittances received after 11:00 a.m. on 13 December 2021.

Qualifying Non-CREST Shareholders should note that applications, once made, will be irrevocable and receipt thereof will not be acknowledged. Multiple applications will not be accepted. If an Application Form is being sent by first-class post in the UK, Qualifying Shareholders are recommended to allow at least four Business Days for delivery. The Company may in its sole discretion, but shall not be obliged to, treat an Application Form as valid and binding on the

person by whom or on whose behalf it is lodged, even if not completed in accordance with the relevant instructions or not accompanied by a valid power of attorney where required, or if it otherwise does not strictly comply with the terms and conditions of the Open Offer. The Company further reserves the right (but shall not be obliged) to accept either:

- (i) Application Forms received after 11.00 a.m. on 13 December 2021; or
- (ii) Applications in respect of which remittances are received before 11.00 a.m. on 13 December 2021 from authorised persons (as defined in FSMA) specifying the Open Offer Units applied for and undertaking to lodge the Application Form in due course but, in any event, within two Business Days.

All documents and remittances sent by post by, to, from or on behalf of an applicant (or as the applicant may direct) will be sent entirely at the applicant's own risk.

(d) *Payments*

All payments must be in pounds sterling and made by cheque made payable to CIS PLC re: Invinity Energy Systems plc Open Offer Account and crossed "A/C Payee Only". Cheques must be drawn on a bank or building society or branch of a bank or building society in the United Kingdom which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques to be cleared through the facilities provided by any of those companies or committees and must bear the appropriate sort code in the top right-hand corner and must be for the full amount payable on application. Third party cheques may not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has inserted details of the name of the account holder and have either added the building society or bank branch stamp or have provided a supporting letter confirming the source of funds. The name of the account holder should be the same as the name of the shareholder shown on page 1 of the Open Offer Application Form. Post-dated cheques will not be accepted.

Cheques will be presented for payment upon receipt. The Company reserves the right to instruct Computershare Investor Services to seek special clearance of cheques to allow the Company to obtain value for remittances at the earliest opportunity (and withhold definitive share certificates (or crediting to the relevant member account, as applicable) pending clearance thereof). No interest will be paid on payments made before they are due. It is a term of the Open Offer that cheques shall be honoured on first presentation and the Company may elect to treat as invalid acceptances in respect of which cheques are not so honoured. All documents and/or cheques sent through the post will be sent at the risk of the sender. Payments via CHAPS, BACS or electronic transfer will not be accepted. If the Open Offer does not become unconditional, no Open Offer Shares and Open Offer Warrants will be issued and all monies will be returned (at the applicant's sole risk), without payment of interest, to applicants as soon as practicable following the lapse of the Open Offer. If Open Offer Shares and Open Offer Warrants have already been allotted to a Qualifying Non-Crest Shareholder and such Qualifying Non-Crest Shareholder's cheque is not honoured upon first presentation or such Qualifying Non-Crest Shareholder's application is subsequently otherwise deemed to be invalid, the Registrars shall be authorised (in its absolute discretion as to manner, timing and terms) to make arrangements, on behalf of the Company, for the sale of such Qualifying Non-Crest Shareholder's Open Offer Shares and Open Offer Warrants and for the proceeds of sale (which for these purposes shall be deemed to be payments in respect of successful applications) to be paid to and retained by the Company. None of the Receiving Agent, Canaccord Genuity, VSA Capital or the Company nor any other person shall be responsible for, or have any liability for, any loss, expense or damage suffered by such Qualifying Non-Crest Shareholders.

(e) *Incorrect Sums*

If an Application Form encloses a payment for an incorrect sum, the Company through the Registrars reserves the right:

- (i) to reject the application in full and return the cheque or refund the payment to the Qualifying Non-CREST Shareholder in question (without interest); or

- (ii) in the case that an insufficient sum is paid, to treat the application as a valid application for such lesser whole number of Open Offer Units as would be able to be applied for with that payment at the Issue Price, refunding any unutilised sum to the Qualifying non-CREST Shareholder in question (without interest), save that any sums of less than £1.00 will be retained for the benefit of the Company; or
 - (iii) in the case that an excess sum is paid, to treat the application as a valid application for all of the Open Offer Units referred to in the Application Form, refunding any unutilised sums to the Qualifying Non-CREST Shareholder in question (without interest), save that any sums of less than £1.00 will be retained for the benefit of the Company.
- (f) *The Excess Application Facility*
- (i) Provided they choose to take up their Open Offer Entitlement in full, the Excess Application Facility enables a Qualifying Non-CREST Shareholder to apply for Excess Units. Qualifying Non-CREST Shareholders wishing to apply for Excess Units may do so by completing Box E of the Application Form.
 - (ii) If applications under the Excess Application Facility are received for more than the total number of Open Offer Units available following take up of Open Offer Entitlements, the Excess Units will be scaled back *pro rata* to the number of Excess Units applied for by Qualifying Shareholders under the Excess Application Facility and no assurance can be given that excess applications by Qualifying Shareholders will be met in full or in part or at all.
 - (iii) Qualifying Non-CREST Shareholders who wish to apply for Excess Units must complete the Application Form in accordance with the instructions set out on the Application Form.
 - (iv) Should the Open Offer become unconditional and applications for Open Offer Units by Qualifying Shareholders under the Open Offer exceed 4,008,588 Open Offer Units, resulting in a scale back of applications, each Qualifying Non-CREST Shareholder who has made a valid application for Excess Units and from whom payment in full for the Excess Units has been received will receive a pounds sterling amount equal to the number of Excess Units applied and paid for but not allocated to the relevant Qualifying Non-CREST Shareholder multiplied by the Issue Price. Monies will be returned as soon as reasonably practicable thereafter, without payment of interest and at the applicant's sole risk.
- (g) *Effect of valid application*
- All documents and remittances sent by post by, to, from, or on behalf of or to an applicant (or as the applicant may direct) will be sent entirely at the applicant's own risk. By completing and delivering an Application Form, the applicant:
- (i) represents and warrants to the Company, Canaccord Genuity and VSA Capital that he has the right, power and authority, and has taken all action necessary, to make the application under the Open Offer and to execute, deliver and exercise his rights, and perform his obligations under any contracts resulting therefrom and that he is not a person otherwise prevented by legal or regulatory restrictions from applying for Open Offer Units or acting on behalf of any such person on a non-discretionary basis;
 - (ii) agrees with the Company, Canaccord Genuity and VSA Capital that all applications under the Open Offer and contracts resulting therefrom, and any non-contractual obligations related thereto, shall be governed by and construed in accordance with the laws of England;
 - (iii) confirms to the Company, Canaccord Genuity and VSA Capital that in making the application he is not relying on any information or representation in relation to the Company other than that contained in this document, and the applicant accordingly agrees that no person responsible solely or jointly for this document or any part thereof, or involved in the preparation thereof, shall have any liability for any such information or representation not so contained and further agrees that, having had the opportunity to read this document, he will be deemed to have had notice of all the information in relation to the Company contained in this document (including information incorporated by reference);

- (iv) represents and warrants to the Company, Canaccord Genuity and VSA Capital that he is the Qualifying Shareholder originally entitled to the Open Offer Entitlement;
- (v) represents and warrants to the Company, Canaccord Genuity and VSA Capital that if he has received some or all of his Open Offer Entitlement from a person other than the Company he is entitled to apply under the Open Offer in relation to such Open Offer Entitlements by virtue of a *bona fide* market claim;
- (vi) requests that the Open Offer Units to which he will become entitled be issued to them on the terms set out in this document and the Application Form and subject to the Articles;
- (vii) represents and warrants to the Company, Canaccord Genuity and VSA Capital that he is not, nor is he applying on behalf of any person who is, in the United States or is a citizen or resident, or which is a corporation, partnership or other entity created or organised in or under any laws, of any Restricted Jurisdiction or any other jurisdiction in which the application for Open Offer Units is prevented by law and he is not applying with a view to re-offering, re-selling, transferring or delivering any of the Open Offer Shares and/or Open Offer Warrants which are the subject of his application in the United States or to, or for the benefit of, a Shareholder who is a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of any Restricted Jurisdiction or any other jurisdiction in which the application for Open Offer Units is prevented by law (except where proof satisfactory to the Company has been provided to the Company that he is able to accept the invitation by the Company free of any requirement which it (in its absolute discretion) regards as unduly burdensome), nor acting on behalf of any such person on a non-discretionary basis nor (a) person(s) otherwise prevented by legal or regulatory restrictions from applying for Open Offer Units under the Open Offer;
- (i) represents and warrants to the Company, Canaccord Genuity and VSA Capital that he is not, and nor is he applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in sections 67, 70, 93 or 96 (depositary receipts and clearance services) of the Finance Act 1986; and
- (ii) confirms that in making the application he is not relying and has not relied on the Company, Canaccord Genuity or VSA Capital or any person affiliated with the Company, Canaccord Genuity or VSA Capital, in connection with any investigation of the accuracy of any information contained in this document or his investment decision.

All enquiries in connection with the procedure for application and completion of the Application Form should be addressed to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, or you can contact them on 0370 707 4040 from within the UK or +44 (0)370 707 4040 if calling from outside the UK. Lines are open between 8.30 a.m. and 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Fundraising nor give any financial, legal or tax advice.

(h) *Proxy*

Qualifying Non-CREST Shareholders who do not want to take up or apply for the Open Offer Units under the Open Offer should take no action and should not complete or return the Application Form. However, you are encouraged to vote at the General Meeting by completing and returning the enclosed Proxy Form.

A Qualifying Non-CREST Shareholder who is also a CREST member may elect to receive the Open Offer Units to which he is entitled in uncertificated form in CREST. Please see paragraph 3.2(f) below for more information.

3.2 If you have an Open Offer Entitlement and an Excess CREST Open Offer Entitlement credited to your stock account in CREST in respect of your entitlement under the Open Offer

(a) General

Subject to paragraph 6 of this Part III in relation to certain Overseas Shareholders, each Qualifying CREST Shareholder will receive a credit to his stock account in CREST of his Open Offer Entitlement equal to the maximum number of Open Offer Units for which he is entitled to apply under the Open Offer together with a credit of Excess CREST Open Offer Entitlements equal to the maximum number of Open Offer Units available through the Open Offer. Qualifying CREST Shareholders should note that this is not a cap on the maximum number of Excess Units they can apply for and if they wish to apply for more Excess Units than the Excess CREST Open Offer Entitlements they have been credited then they should contact the Shareholder helpline on 0370 707 4040 from within the UK or +44 (0)370 707 4040 if calling from outside of the United Kingdom to request an increased credit, ensuring to leave sufficient time for the additional Excess CREST Open Offer Entitlements to be credited to their account and for an application to be made in respect of those Excess CREST Open Offer Entitlements before the application deadline. Entitlements to Open Offer Units will be rounded down to the nearest whole number and any Open Offer Entitlements have therefore also been rounded down. Any fractional entitlements to Open Offer Units arising will be aggregated and made available under the Excess Application Facility.

The CREST stock account to be credited will be an account under the participant ID and member account ID that apply to the Existing Ordinary Shares held on the Record Date by the Qualifying CREST Shareholder in respect of which the Open Offer Entitlements and Excess CREST Open Offer Entitlements have been allocated.

If for any reason Open Offer Entitlements and/or the Excess CREST Open Offer Entitlements cannot be admitted to CREST by, or the stock accounts of Qualifying CREST Shareholders cannot be credited by, 8:00 a.m. on 30 November 2021, or such later time and/or date as the Company may decide, an Application Form will be sent to each Qualifying CREST Shareholder in substitution for the Open Offer Entitlement and Excess CREST Open Offer Entitlement which should have been credited to his stock account in CREST. In these circumstances the expected timetable as set out in this document will be adjusted as appropriate and the provisions of this document applicable to Qualifying Non-CREST Shareholders with Application Forms will apply to Qualifying CREST Shareholders who receive an Application Form.

CREST members who wish to apply to acquire some or all of their entitlements to Open Offer Units and their Excess CREST Open Offer Entitlements should refer to the CREST Manual for further information on the CREST procedures referred to below. CREST sponsored members should consult their CREST sponsor if they wish to apply for Open Offer Units as only their CREST sponsor will be able to take the necessary action to make this application in CREST.

(b) Market claims

Each of the Open Offer Entitlements and Excess CREST Open Offer Entitlements will constitute a separate security for the purposes of CREST. Although Open Offer Entitlements and Excess CREST Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of Open Offer Entitlements and Excess CREST Open Offer Entitlements may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim transaction. Transactions identified by the CREST Claims Processing Unit as “cum” the Open Offer Entitlement will generate an appropriate market claim transaction and the relevant Open Offer Entitlement(s) will thereafter be transferred accordingly.

(c) Unmatched Stock Event (USE Instructions)

Qualifying CREST Shareholders who are CREST members and who want to apply for Open Offer Units in respect of all or some of their Open Offer Entitlements and their Excess CREST Open Offer Entitlements in CREST must send (or, if they are CREST sponsored members, procure that their CREST sponsor sends) an USE Instruction to Euroclear which, on its settlement, will have the following effect:

- (i) the crediting of a stock account of the Registrars under the participant ID and member account ID specified below, with a number of Open Offer Entitlements or Excess CREST Open Offer Entitlements corresponding to the number of Open Offer Units applied for; and
 - (ii) the creation of a CREST payment, in accordance with the CREST payment arrangements in favour of the payment bank of the Registrars in respect of the amount specified in the USE Instruction which must be the full amount payable on application for the number of Open Offer Units referred to in paragraph (a).
- (d) *Content of USE Instruction in respect of Open Offer Entitlements*
- The USE Instruction must be properly authenticated in accordance with Euroclear's specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:
- (i) the number of Open Offer Units for which application is being made (and hence the number of the Open Offer Entitlement(s) being delivered to the Registrars);
 - (ii) the ISIN of the Open Offer Entitlement. This is JE00BMWPFV29;
 - (iii) the CREST participant ID of the accepting CREST member;
 - (iv) the CREST member account ID of the accepting CREST member from which the Open Offer Entitlements are to be debited;
 - (v) the participant ID of the Registrars in its capacity as a CREST receiving agent. This is 3RA06;
 - (vi) the member account ID of the Registrars in its capacity as a CREST receiving agent. This is INVI01;
 - (vii) the amount payable by means of a CREST payment on settlement of the USE Instruction. This must be the full amount payable on application for the number of Open Offer Units referred to in (i) above;
 - (viii) the intended settlement date. This must be on or before 11:00 a.m. on 13 December 2021; and
 - (ix) the Corporate Action Number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST.

In order for an application under the Open Offer to be valid, the USE Instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11:00 a.m. on 13 December 2021.

In order to assist prompt settlement of the USE Instruction, CREST members (or their sponsors, where applicable) may consider adding the following non-mandatory fields to the USE Instruction:

- (i) a contact name and telephone number (in the free format shared note field); and
- (ii) a priority of at least 80.

CREST members and, in the case of CREST sponsored members, their CREST sponsors, should note that the last time at which a USE Instruction may settle on 13 December 2021 in order to be valid is 11.00 a.m. on that day.

In the event that the Open Offer does not become unconditional by 8:00 a.m. on 15 December 2021 (or such later time and date as the Company, Canaccord Genuity and VSA Capital determine being no later than 8:00 a.m. on 31 January 2021), the Open Offer will lapse, the Open Offer Entitlements admitted to CREST will be disabled and the Registrars will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, as soon as practicable thereafter.

- (e) *Content of USE Instruction in respect of Excess CREST Open Offer Entitlements*
- The USE Instruction must be properly authenticated in accordance with Euroclear's specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- (i) the number of Excess Units for which application is being made (and hence being delivered to the Registrars);
- (ii) the ISIN of the Excess CREST Open Offer Entitlement. This is JE00BMWPF36;
- (iii) the CREST participant ID of the accepting CREST member;
- (iv) the CREST member account ID of the accepting CREST member from which the Excess CREST Open Offer Entitlements are to be debited;
- (v) the participant ID of the Registrars in its capacity as a CREST receiving agent. This is 3RA06;
- (vi) the member account ID of the Registrars in its capacity as a CREST receiving agent. This is INVI01;
- (vii) the amount payable by means of a CREST payment on settlement of the USE Instruction. This must be the full amount payable on application for the number of Excess Units referred to in (i) above;
- (viii) the intended settlement date. This must be on or before 11:00 a.m. on 13 December 2021; and
- (ix) the Corporate Action Number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST.

In order for an application in respect of an Excess CREST Open Offer Entitlement under the Open Offer to be valid, the USE Instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11:00 a.m. on 13 December 2021.

In order to assist prompt settlement of the USE Instruction, CREST members (or their sponsors, where applicable) may consider adding the following non-mandatory fields to the USE Instruction:

- (i) a contract name and telephone number (in the free format shared note field); and
- (ii) a priority of at least 80.

CREST members and, in the case of CREST sponsored members, their CREST sponsors, should note that the last time at which a USE Instruction may settle on 13 December 2021 in order to be valid is 11.00 a.m. on that day.

In the event that the Placing and the Open Offer do not become unconditional by 8.00 a.m. on 15 December 2021 (or such later time and date as the Company, Canaccord Genuity and VSA Capital determine being no later than 8.00 a.m. on 31 January 2021), the Open Offer will lapse, the Open Offer Entitlements and Excess CREST Open Offer Entitlements admitted to CREST will be disabled and the Registrars will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, as soon as practicable thereafter.

(f) *Deposit of Open Offer Entitlements into, and withdrawal from, CREST*

A Qualifying Non-CREST Shareholder's entitlement under the Open Offer as shown by the number of Open Offer Entitlements set out in his Application Form may be deposited into CREST (either into the account of the Qualifying Shareholder named in the Application Form or into the name of a person entitled by virtue of a *bona fide* market claim), provided that such Qualifying Non-CREST Shareholder is also a CREST member. Similarly, Open Offer Entitlements and Excess CREST Open Offer Entitlements held in CREST may be withdrawn from CREST so that the entitlement under the Open Offer and entitlement to apply under the Excess Application Facility is reflected in an Application Form. Normal CREST procedures (including timings) apply in relation to any such deposit or withdrawal, subject (in the case of a deposit into CREST) as set out in the Application Form.

A holder of an Application Form who is proposing to deposit the entitlement set out in such form into CREST is recommended to ensure that the deposit procedures are implemented in sufficient time to enable the person holding or acquiring the Open Offer Entitlements and the entitlement to apply under the Excess Application Facility following their deposit into CREST to take all necessary steps in connection with taking up the entitlement prior to 11:00 a.m. on

13 December 2021. After depositing their Open Offer Entitlement into their CREST account, CREST holders will shortly thereafter receive a credit for their Excess CREST Open Offer Entitlement, which will be managed by the Registrars.

In particular, having regard to normal processing times in CREST and on the part of the Registrars, the recommended latest time for depositing an Application Form with the CREST Courier and Sorting Service, where the person entitled wishes to hold the entitlement under the Open Offer set out in such Application Form as Open Offer Entitlements and Excess CREST Open Offer Entitlements in CREST, is 3:00 p.m. on 8 December 2021 and the recommended latest time for receipt by Euroclear of a dematerialised instruction requesting withdrawal of Open Offer Entitlements and Excess CREST Open Offer Entitlements from CREST is 3:00 p.m. on 7 December 2021 in either case so as to enable the person acquiring or (as appropriate) holding the Open Offer Entitlements and the entitlement to apply under the Excess Application Facility following the deposit or withdrawal (whether as shown in an Application Form or held in CREST) to take all necessary steps in connection with applying in respect of the Open Offer Entitlements and the entitlement to apply under the Excess Application Facility, as the case may be, prior to 11.00 a.m. on 13 December 2021.

Delivery of an Application Form with the CREST deposit form duly completed, whether in respect of a deposit into the account of the Qualifying Shareholder named in the Application Form or into the name of another person, shall constitute a representation and warranty to the Company and the Registrars by the relevant CREST member(s) that it/they is/are not in breach of the provisions of the notes under the paragraph headed "Instructions for depositing entitlements under the Open Offer into CREST" on page 2 of the Application Form, and a declaration to the Company and the Registrars from the relevant CREST member(s) that it/they is/are not in the United States or citizen(s) or resident(s) of any Restricted Jurisdiction or any other jurisdiction in which the application for new Ordinary Shares is prevented by law and, where such deposit is made by a beneficiary of a market claim, a representation and warranty that the relevant CREST member(s) is/are entitled to apply under the Open Offer by virtue of a *bona fide* market claim.

(g) *Validity of application*

A USE Instruction complying with the requirements as to authentication and contents set out above which settles by no later than 11:00 a.m. on 13 December 2021 will constitute a valid application under the Open Offer.

(h) *CREST procedures and timings*

CREST members and (where applicable) their CREST sponsors should note that Euroclear does not make available special procedures in CREST for any particular corporate action. Normal system timings and limitations will therefore apply in relation to the input of a USE Instruction and its settlement in connection with the Open Offer. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST sponsored member, to procure that his CREST sponsor takes) such action as shall be necessary to ensure that a valid application is made as stated above by 11:00 a.m. on 13 December 2021. In this connection CREST members and (where applicable) their CREST sponsors are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

(i) *Proxy*

If a Qualifying CREST Shareholder does not wish to apply for the Open Offer Units under the Open Offer, they should take no action. They are however, encouraged to vote at the General Meeting by completing and returning the enclosed Proxy Form.

(j) *Incorrect or incomplete applications*

If a USE Instruction includes a CREST payment for an incorrect sum, the Company, through the Receiving Agent, reserves the right:

- (i) to reject the application in full and refund the payment to the CREST member in question (without interest);
- (ii) in the case that an insufficient sum is paid, to treat the application as a valid application for such lesser whole number of Open Offer Units as would be able to be applied for with that payment at the Issue Price, refunding any unutilised sum to the CREST member in question (without interest); and
- (iii) in the case that an excess sum is paid, to treat the application as a valid application for all the Open Offer Units referred to in the USE Instruction, refunding any unutilised sum to the CREST member in question (without interest).

(k) *The Excess Application Facility*

The Excess Application Facility enables Qualifying CREST Shareholders, who have taken up their Open Offer Entitlement in full, to apply for Excess Units in excess of their Open Offer Entitlement as at the Record Date. If applications under the Excess Application Facility are received for more than the total number of Open Offer Units available following take up of Open Offer Entitlements, the Excess Units will be scaled back *pro rata* to the number of Excess Units applied for by Qualifying Shareholders under the Excess Application Facility and no assurance can be given that excess applications by Qualifying Shareholders will be met in full or in part or at all. Excess CREST Open Offer Entitlements may not be sold or otherwise transferred. Subject as provided in paragraph 6 of this Part III in relation to Overseas Shareholders, the CREST accounts of Qualifying CREST Shareholders will be credited with Excess CREST Open Offer Entitlements to enable applications for Excess Units to be settled through CREST. Qualifying CREST Shareholders should note that, although the Open Offer Entitlement and the Excess CREST Open Offer Entitlements will be admitted to CREST, they will have limited settlement capabilities. Neither the Open Offer Entitlement nor the Excess CREST Open Offer Entitlements will be tradable or listed and applications in respect of the Open Offer may only be made by the Qualifying Shareholders originally entitled or by a person entitled by virtue of a *bona fide* market claim.

To apply for Excess Units pursuant to the Open Offer, Qualifying CREST Shareholders should follow the instructions above and must not return a paper form and cheque.

Should a transaction be identified by the CREST Claims Processing Unit as “cum” the Open Offer Entitlement and the relevant Open Offer Entitlement(s) be transferred, the Excess CREST Open Offer Entitlements will not transfer with the Open Offer Entitlement(s) claim, but will be transferred as a separate claim. Should a Qualifying CREST Shareholder cease to hold all of his Existing Ordinary Shares as a result of one or more *bona fide* market claims, the Excess CREST Open Offer Entitlement credited to CREST and allocated to the relevant Qualifying Shareholder will be transferred to the purchaser. Please note that an additional USE Instruction must be sent in respect of any application under the Excess CREST Open Offer Entitlement.

Should the Open Offer become unconditional and applications for Open Offer Units by Qualifying Shareholders under the Open Offer exceed 4,008,588 Open Offer Units, resulting in a scale back of applications under the Excess Application Facility, each Qualifying CREST Shareholder who has made a valid application pursuant to his Excess CREST Open Offer Entitlement, and from whom payment in full for the excess Open Offer Units has been received, will receive a pounds sterling amount equal to the number of Open Offer Units validly applied and paid for but which are not allocated to the relevant Qualifying CREST Shareholder multiplied by the Issue Price. Monies will be returned as soon as reasonably practicable following the completion of the scale back, without payment of interest and at the applicant’s sole risk by way of cheque or CREST payment, as appropriate. Fractions of Open Offer Units will be aggregated and made available under the Excess Application Facility.

All enquiries in connection with the procedure for applications under the Excess Application Facility and Excess CREST Open Offer Entitlements should be addressed to Computershare

Investor Services PLC, Corporate Actions Projects, BS99 6AH. Computershare Investor Services can be contacted on 0370 707 4040 from within the UK or +44 (0)370 707 4040 if calling from outside the UK. Lines are open between 8.30 a.m. and 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Fundraising nor give any financial, legal or tax advice.

(l) *Effect of valid application*

A CREST member who makes or is treated as making a valid application for some or all of his *pro rata* entitlement to Open Offer Units in accordance with the above procedures hereby:

- (i) represents and warrants to the Company, Canaccord Genuity and VSA Capital that he has the right, power and authority, and has taken all action necessary, to make the application under the Open Offer and to execute, deliver and exercise his rights, and perform his obligations, under any contracts resulting therefrom and that he is not a person otherwise prevented by legal or regulatory restrictions from applying for Open Offer Units or acting on behalf of any such person on a non-discretionary basis;
- (ii) agrees to pay the amount payable on application in accordance with the above procedures by means of a CREST payment in accordance with the CREST payment arrangements (it being acknowledged that the payment to the Registrars' payment bank in accordance with the CREST payment arrangements shall, to the extent of the payment, discharge in full the obligation of the CREST member to pay to the Company the amount payable on application);
- (iii) agrees with the Company, Canaccord Genuity and VSA Capital that all applications under the Open Offer and contracts resulting therefrom, and any non-contractual obligations related thereto, shall be governed by, and construed in accordance with, the laws of England;
- (iv) confirms to the Company, Canaccord Genuity and VSA Capital that in making the application he is not relying on any information or representation in relation to the Company other than that contained in this document, and the applicant accordingly agrees that no person responsible solely or jointly for this document or any part thereof, or involved in the preparation thereof, shall have any liability for any such information or representation not so contained and further agrees that, having had the opportunity to read this document, he will be deemed to have had notice of all the information in relation to the Company contained in this document (including information incorporated by reference);
- (v) represents and warrants to the Company, Canaccord Genuity and VSA Capital that he is the Qualifying Shareholder originally entitled to the Open Offer Entitlements;
- (vi) represents and warrants to the Company, Canaccord Genuity and VSA Capital that if he has received some or all of his Open Offer Entitlements from a person other than the Company, he is entitled to apply under the Open Offer in relation to such Open Offer Entitlement by virtue of a *bona fide* market claim;
- (vii) requests that the Open Offer Units to which he will become entitled be issued to them on the terms set out in this document and subject to the Articles;
 - (A) represents and warrants to the Company, Canaccord Genuity and VSA Capital that he is not, nor is he applying on behalf of any Shareholder who is, in the United States or is a citizen or resident, or which is a corporation, partnership or other entity created or organised in or under any laws, of any Restricted Jurisdiction or any other jurisdiction in which the application for Open Offer Units is prevented by law and he is not applying with a view to re-offering, re-selling, transferring or delivering any of the Open Offer Shares and Open Offer Warrants which are the subject of his application in the United States or to, or for the benefit of, a Shareholder who is a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of any Restricted Jurisdiction or any other jurisdiction in which the application for Open Offer Units is prevented by law (except where proof satisfactory to the Company has been provided to the Company that he is able to accept the invitation by the Company free of any requirement which it (in its absolute discretion) regards as unduly

burdensome), nor acting on behalf of any such person on a non-discretionary basis nor (a) person(s) otherwise prevented by legal or regulatory restrictions from applying for Open Offer Units under the Open Offer; represents and warrants to the Company, Canaccord Genuity and VSA Capital that he is not, and nor is he applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in sections 67, 70, 93 or 96 (depository receipts and clearance services) of the Finance Act 1986; and confirms that in making the application he is not relying and has not relied on the Company, Canaccord Genuity or VSA Capital or any person affiliated with the Company, Canaccord Genuity or VSA Capital, in connection with any investigation of the accuracy of any information contained in this document or his investment decision.

(m) *Company's discretion as to the rejection and validity of applications*

The Company may in its sole discretion, but shall not be obliged to:

- (i) treat as valid (and binding on the CREST member concerned) an application which does not comply in all respects with the requirements as to validity set out or referred to in this Part III;
- (ii) accept an alternative properly authenticated dematerialised instruction from a CREST member or (where applicable) a CREST sponsor as constituting a valid application in substitution for or in addition to a USE instruction and subject to such further terms and conditions as the Company may determine;
- (iii) treat a properly authenticated dematerialised instruction (in this sub-paragraph the **"first instruction"**) as not constituting a valid application if, at the time at which the Registrars receives a properly authenticated dematerialised instruction giving details of the first instruction or thereafter, either the Company or the Receiving Agent has received actual notice from Euroclear of any of the matters specified in Regulation 35(5)(a) of the CREST Regulations in relation to the first instruction. These matters include notice that any information contained in the first instruction was incorrect or notice of lack of authority to send the first instruction; and
- (iv) accept an alternative instruction or notification from a CREST member or CREST sponsored member or (where applicable) a CREST sponsor, or extend the time for settlement of a USE Instruction or any alternative instruction or notification, in the event that, for reasons or due to circumstances outside the control of any CREST member or CREST sponsored member or (where applicable) CREST sponsor, the CREST member or CREST sponsored member is unable validly to apply for Open Offer Units by means of the above procedures. In normal circumstances, this discretion is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or any part of CREST) or on the part of the facilities and/or systems operated by the Registrars in connection with CREST.

(n) *Lapse of the Open Offer*

In the event that the Open Offer does not become unconditional by 8.00 a.m. on 15 December 2021 or such later time and date as the Company, Canaccord Genuity and VSA Capital determine (being no later than 8.00 a.m. on 31 January 2021), the Open Offer will lapse, the Open Offer Entitlements and Excess CREST Open Offer Entitlements admitted to CREST will be disabled and the Receiving Agent will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, as soon as practicable thereafter.

4. Money Laundering Regulations

4.1 Holders of Application Forms

To ensure compliance with the Money Laundering Regulations, Computershare Investor Services may require, at its absolute discretion, verification of the identity of the person by whom or on whose behalf the Application Form is lodged with payment (which requirements are referred to below as the **"verification of identity requirements"**). If the Application Form is submitted by a UK regulated

broker or intermediary acting as agent and which is itself subject to the Money Laundering Regulations, any verification of identity requirements are the responsibility of such broker or intermediary and not of the Registrars. In such case, the lodging agent's stamp should be inserted on the Application Form.

The person lodging the Application Form with payment and in accordance with the other terms as described above (the **"acceptor"**), including any person who appears to Computershare Investor Services to be acting on behalf of some other person, accepts the Open Offer in respect of such number of Open Offer Units as is referred to therein (for the purposes of this paragraph 4 the **"relevant Open Offer Units"**) and shall thereby be deemed to agree to provide Computershare Investor Services with such information and other evidence as they may require to satisfy the verification of identity requirements.

If Computershare Investor Services determines that the verification of identity requirements apply to any acceptor or application, the relevant Open Offer Units (notwithstanding any other term of the Open Offer) will not be issued to the relevant acceptor unless and until the verification of identity requirements have been satisfied in respect of that acceptor or application. Computershare Investor Services is entitled, in its absolute discretion, to determine whether the verification of identity requirements apply to any acceptor or application and whether such requirements have been satisfied, and neither Computershare Investor Services nor the Company will be liable to any person for any loss or damage suffered or incurred (or alleged), directly or indirectly, as a result of the exercise of such discretion.

If the verification of identity requirements apply, failure to provide the necessary evidence of identity within a reasonable time may result in delays in the despatch of share certificates or in crediting CREST accounts. If, within a reasonable time following a request for verification of identity, Computershare Investor Services has not received evidence satisfactory to it as aforesaid, the Company may, in its absolute discretion, treat the relevant application as invalid, in which event the monies payable on acceptance of the Open Offer will be returned (at the acceptor's risk) without interest to the account of the bank or building society on which the relevant cheque was drawn.

Submission of an Application Form with the appropriate remittance will constitute a warranty to each of the Company, Computershare Investor Services, Canaccord Genuity and VSA Capital from the applicant that the Money Laundering Regulations will not be breached by application of such remittance.

The verification of identity requirements will not usually apply:

- (a) if the applicant is an organisation required to comply with the Money Laundering Directive (the Council Directive on prevention of the use of the financial system for the purpose of money laundering or terrorist financing (no. 2015/849/EU);
- (b) if the acceptor is a regulated United Kingdom broker or intermediary acting as agent and is itself subject to the Money Laundering Regulations;
- (c) if the applicant (not being an applicant who delivers his application in person) makes payment by way of a cheque drawn on an account in the applicant's name; or
- (d) if the aggregate subscription price for the Open Offer Units is less than €15,000 (approximately £12,603).

In other cases the verification of identity requirements may apply. Satisfaction of these requirements may be facilitated in the following ways:

- (a) if payment is made by cheque in sterling drawn on a branch in the United Kingdom of a bank or building society which bears a UK bank sort code number in the top right hand corner the following applies. Cheques should be made payable to CIS PLC re: Invinity Energy Systems plc Open Offer Account in respect of an application by a Qualifying Shareholder and crossed "A/C Payee Only". Third party cheques may not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has inserted details of the name of the account holder and have either added the building society or bank branch stamp or have provided a supporting letter confirming the source of funds. The name of the account holder should be the same as the name of the shareholder shown on page 1 of the Open Offer Application Form; or

- (b) if the Application Form is lodged with payment by an agent which is an organisation of the kind referred to in paragraph 4.1.1 above or which is subject to anti-money laundering regulation in a country which is a member of the Financial Action Task Force, the agent should provide with the Application Form written confirmation that it has that status and a written assurance that it has obtained and recorded evidence of the identity of the person for whom it acts and that it will on demand make such evidence available to the Receiving Agent. If the agent is not such an organisation, it should contact Computershare Investor Services, Corporate Actions Projects, Bristol BS99 6AH.

To confirm the acceptability of any written assurance referred to in (b) above, or in any other case, the acceptor should contact Computershare Investor Services on 0370 707 4040 from within the UK or +44 (0)370 707 4040 if calling from outside the UK. Lines are open between 8.30 a.m. and 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Fundraising nor give any financial, legal or tax advice.

If, within a reasonable period of time following a request for verification of identity, and in any case by no later than 11.00 a.m. on 13 December 2021, Computershare Investor Services has not received evidence satisfactory to it as aforesaid, Computershare Investor Services may, at its discretion, as agent of the Company, reject the relevant application, in which event the monies submitted in respect of that application will be returned without interest to the account at the payee bank from which such monies were originally debited (without prejudice to the rights of the Company to undertake proceedings to recover monies in respect of the loss suffered by it as a result of the failure to produce satisfactory evidence as aforesaid).

4.2 Open Offer Entitlements in CREST

If you hold your Open Offer Entitlement and Excess CREST Open Offer Entitlement in CREST and apply for Open Offer Units in respect of some or all of your Open Offer Entitlement and Excess CREST Open Offer Entitlement as agent for one or more persons and you are not a UK or EU regulated person or institution (e.g. a UK financial institution), then, irrespective of the value of the application, Computershare Investor Services is obliged to take reasonable measures to establish the identity of the person or persons on whose behalf you are making the application. You must therefore contact Computershare Investor Services before sending any USE or other instruction so that appropriate measures may be taken.

Submission of a USE Instruction, which on its settlement constitutes a valid application as described above, constitutes a warranty and undertaking by the applicant to provide promptly to Computershare Investor Services such information as may be specified by Computershare Investor Services as being required for the purposes of the Money Laundering Regulations. Pending the provision of evidence satisfactory to Computershare Investor Services as to identity, Computershare Investor Services may in its absolute discretion take, or omit to take, such action as it may determine to prevent or delay issue of the Open Offer Units concerned. If satisfactory evidence of identity has not been provided within a reasonable time, then the application for the Open Offer Units represented by the USE Instruction will not be valid. This is without prejudice to the right of the Company to take proceedings to recover any loss suffered by it as a result of failure to provide satisfactory evidence.

5. Admission, settlement and dealings

The result of the Open Offer is expected to be announced on 14 December 2021. Application will be made to the London Stock Exchange for the Open Offer Shares to be admitted to trading on AIM. Subject to the Open Offer becoming unconditional in all respects (save only as to Second Admission), it is expected that Second Admission will become effective and that dealings in the Open Offer Shares, fully paid, will commence at 8.00 a.m. on 15 December 2021.

The Existing Ordinary Shares are already admitted to CREST. No further application for admission to CREST is accordingly required for the New Ordinary Shares. All such shares, when issued and fully paid, may be held and transferred by means of CREST.

The Warrants will not be admitted to trading on AIM. The Warrants are expected to be issued in certificated form for Qualifying Non-CREST Shareholders and uncertificated form for Qualifying CREST Shareholders. The Warrants will be issued on Second Admission.

Open Offer Entitlements and Excess CREST Open Offer Entitlements held in CREST are expected to be disabled in all respects after 11.00 a.m. on 13 December 2021 (the latest date for applications under the Open Offer). If the condition(s) to the Open Offer described above are satisfied, new Ordinary Shares will be issued in uncertificated form to those persons who submitted a valid application for new Ordinary Shares by utilising the CREST application procedures and whose applications have been accepted by the Company.

On 15 December 2021, the Registrars will instruct Euroclear to credit the appropriate stock accounts of such persons with such persons' entitlements to Open Offer Shares with effect from Second Admission. The stock accounts to be credited will be accounts under the same CREST participant IDs and CREST member account IDs in respect of which the USE Instruction was given. Notwithstanding any other provision of this document, the Company reserves the right to send Qualifying CREST Shareholders an Application Form instead of crediting the relevant stock account with Open Offer Entitlements and Excess CREST Open Offer Entitlements, and to allot and/or issue any Open Offer Shares and Open Offer Warrants in certificated form. In normal circumstances, this right is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or of any part of CREST) or on the part of the facilities and/or systems operated by the Registrars in connection with CREST.

No temporary documents of title will be issued, and transfers will be certified against the Jersey share register of the Company. All documents or remittances sent by, to, from or on behalf of applicants, or as they may direct, will (in the latter case) be sent through the post and will (in both cases) be at the risk of the applicant.

For more information as to the procedure for application, Qualifying Non-CREST Shareholders are referred to paragraph 3.1 above and their respective Application Form.

6. Overseas Shareholders

The comments set out in this paragraph 6 are intended as a general guide only and any Overseas Shareholders who are in any doubt as to their position should consult their professional advisers without delay.

6.1 General

The distribution of this document and the making or acceptance of the Open Offer to or by persons who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, or which are corporations, partnerships or other entities created or organised under the laws of countries other than the United Kingdom or to persons who are nominees of or custodians, trustees or guardians for citizens, residents in or nationals of, countries other than the United Kingdom, may be affected by the laws or regulatory requirements of the relevant jurisdictions. It is the responsibility of those persons to consult their professional advisers as to whether they require any governmental or other consents or need to observe any applicable legal requirement or other formalities to enable them to apply for Open Offer Units under the Open Offer.

No action has been or will be taken by the Company, Canaccord Genuity, VSA Capital, or any other person, to permit a public offering or distribution of this document (or any other offering or publicity materials or application form(s) relating to the Open Offer Units) in any jurisdiction where action for that purpose may be required, other than in the United Kingdom. Receipt of this document and/or an Application Form and/or a credit of an Open Offer Entitlement or an Excess CREST Open Offer Entitlement to a stock account in CREST will not constitute an invitation or offer of securities for subscription, sale or purchase in whose jurisdictions in which it would be illegal to make such an invitation or offer and, in those circumstances, this document and/or the Application Form must be treated as sent for information only and should not be copied or redistributed.

Application Forms will not be sent to, and Open Offer Entitlements and Excess CREST Open Offer Entitlements will not be credited to stock accounts in CREST of, persons with registered addresses in the United States or a Restricted Jurisdiction or their agent or intermediary, except where the Company

is satisfied that such action would not result in the contravention of any registration or other legal requirement in any jurisdiction.

No person receiving a copy of this document and/or an Application Form and/or a credit of Open Offer Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST in any territory other than the United Kingdom may treat the same as constituting an invitation or offer to him or her, nor should he or she in any event use any such Application Form and/or credit of Open Offer Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST unless, in the relevant territory, such an invitation or offer could lawfully be made to him or her and such Application Form and/or credit of Open Offer Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST could lawfully be used, and any transaction resulting from such use could be effected, without contravention of any registration or other legal or regulatory requirements. In circumstances where an invitation or offer would contravene any registration or other legal or regulatory requirements, this document and/or the Application Form must be treated as sent for information only and should not be copied or redistributed.

It is the responsibility of any person (including, without limitation, custodians, agents, nominees and trustees) outside the United Kingdom wishing to apply for Open Offer Units under the Open Offer to satisfy themselves as to the full observance of the laws of any relevant territory in connection therewith, including obtaining any governmental or other consents that may be required, observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes due in such territory.

None of the Company, Canaccord Genuity, VSA Capital nor any of their respective representatives is making any representation or warranty to any offeree or purchaser of the Open Offer Units regarding the legality of an investment in the Open Offer Units by such offeree or purchaser under the laws applicable to such offeree or purchaser.

Persons (including, without limitation, custodians, agents, nominees and trustees) receiving a copy of this document and/or an Application Form and/or a credit of Open Offer Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST, in connection with the Open Offer or otherwise, should not distribute or send either of those documents nor transfer Open Offer Entitlements or Excess CREST Open Offer Entitlements in or into any jurisdiction where to do so would or might contravene local securities laws or regulations. If a copy of this document and/or an Application Form and/or a credit of Open Offer Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST is received by any person in any such territory, or by his or her custodian, agent, nominee or trustee, he or she must not seek to apply for Open Offer Units in respect of the Open Offer unless the Company, Canaccord Genuity and VSA Capital determine that such action would not violate applicable legal or regulatory requirements. Any person (including, without limitation, custodians, agents, nominees and trustees) who does forward a copy of this document and/or an Application Form and/or transfers Open Offer Entitlements or Excess CREST Open Offer Entitlements into any such territory, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this Part III and specifically the contents of this paragraph 6.

The Company reserves the right to treat as invalid any application or purported application for Open Offer Units that appears to the Company or its agents to have been executed, effected or dispatched from the United States or a Restricted Jurisdiction or in a manner that may involve a breach of the laws or regulations of any other jurisdiction or if the Company or its agents believe that the same may violate applicable legal or regulatory requirements or if it provides an address for delivery of the share certificates of Open Offer Shares or warrant certificates of Open Offer Warrants or in the case of a credit of Open Offer Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST, to a CREST member whose registered address would be, in the United States or a Restricted Jurisdiction or any other jurisdiction outside the United Kingdom in which it would be unlawful to deliver such share certificates or warrant certificates or make such a credit.

Notwithstanding any other provision of this document or the relevant Application Form, the Company, Canaccord Genuity and VSA Capital reserve the right to permit any person to apply for Open Offer Units in respect of the Open Offer if the Company, in its sole and absolute discretion, is satisfied that the transaction in question is exempt from, or not subject to, the legislation or regulations giving rise to the restrictions in question.

Overseas Shareholders who wish, and are permitted, to apply for Open Offer Units should note that payment must be made in sterling denominated cheques or where such Overseas Shareholder is a Qualifying CREST Shareholder, through CREST. Due to restrictions under the securities laws of the United States and the Restricted Jurisdictions, and subject to certain exceptions, Qualifying Shareholders in the United States or who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, any Restricted Jurisdiction will not qualify to participate in the Open Offer and will not be sent an Application Form nor will their stock accounts in CREST be credited with Open Offer Entitlements. No public offer of Open Offer Units is being made by virtue of this document or the Application Forms into the United States or any Restricted Jurisdiction.

Receipt of this document and/or an Application Form and/or a credit of an Open Offer Entitlement to a stock account in CREST will not constitute an invitation or offer of securities for subscription, sale or purchase in those jurisdictions in which it would be illegal to make such an invitation or offer and, in those circumstances, this document and/or the Application Form must be treated as sent for information only and should not be copied or redistributed.

6.2 **United States**

The New Ordinary Shares have not been and will not be registered under the US Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and, accordingly, may not be offered or sold, re-sold, taken up, transferred, delivered or distributed, directly or indirectly, within the United States except in reliance on an exemption from the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States.

Accordingly, the Company is not extending the Open Offer into the United States unless an exemption from the registration requirements of the US Securities Act is available and, subject to certain exceptions, neither this document nor the Application Form constitutes or will constitute an offer or an invitation to apply for or an offer or an invitation to acquire any New Ordinary Shares in the United States. Subject to certain exceptions, neither this document nor an Application Form will be sent to, and no New Ordinary Shares will be credited to a stock account in CREST of, any Qualifying Shareholder with a registered address in the United States. Subject to certain exceptions, Application Forms sent from or postmarked in the United States will be deemed to be invalid and all persons acquiring New Ordinary Shares and wishing to hold such New Ordinary Shares in registered form must provide an address for registration of the New Ordinary Shares issued upon exercise thereof outside the United States.

Subject to certain exceptions, any person who acquires New Ordinary Shares will be deemed to have declared, warranted and agreed, by accepting delivery of this document or the Application Form and delivery of the New Ordinary Shares, that they are not, and that at the time of acquiring the New Ordinary Shares they will not be, in the United States or acting on behalf of, or for the account or benefit of a person on a non-discretionary basis in the United States or any state of the United States.

The Company reserves the right to treat as invalid any Application Form that appears to the Company or its agents to have been executed in, or despatched from, the United States, or that provides an address in the United States for the receipt of New Ordinary Shares, or which does not make the warranty set out in the Application Form to the effect that the person completing the Application Form does not have a registered address and is not otherwise located in the United States and is not acquiring the New Ordinary Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such New Ordinary Shares in the United States or where the Company believes acceptance of such Application Form may infringe applicable legal or regulatory requirements.

The Company will not be bound to allot or issue any New Ordinary Shares or Open Offer Warrants to any person with an address in, or who is otherwise located in, the United States in whose favour an Application Form or any New Ordinary Shares may be transferred. In addition, the Company, Canaccord Genuity and VSA Capital reserve the right to reject any USE Instruction sent by or on behalf of any CREST member with a registered address in the United States in respect of the New Ordinary Shares and Open Offer Warrants. In addition, until 45 days after the commencement of the Open Offer, an offer, sale or transfer of the New Ordinary Shares within the United States by a dealer (whether or not participating in the Open Offer) may violate the registration requirements of the US Securities Act.

6.3 ***Restricted Jurisdictions***

Due to restrictions under the securities laws of the other Restricted Jurisdictions and subject to certain exemptions, Shareholders who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, any Restricted Jurisdiction will not qualify to participate in the Open Offer and will not be sent an Application Form nor will their stock accounts in CREST be credited with Open Offer Entitlements or Excess CREST Open Offer Entitlements. The Open Offer Shares and Open Offer Warrants have not been and will not be registered under the relevant laws of any Restricted Jurisdiction or any state, province or territory thereof and may not be offered, sold, resold, delivered or distributed, directly or indirectly, in or into any Restricted Jurisdiction or to, or for the account or benefit of, any person with a registered address in, or who is resident or ordinarily resident in, or a citizen of, any Restricted Jurisdiction except pursuant to an applicable exemption.

No offer or invitation to apply for Open Offer Units is being made by virtue of this document or the Application Form into any Restricted Jurisdiction.

6.4 ***Other overseas territories***

Application Forms will be sent to Qualifying Non-CREST Shareholders and Open Offer Entitlements and Excess CREST Open Offer Entitlements will be credited to the stock account in CREST of Qualifying CREST Shareholders. Qualifying Shareholders in jurisdictions other than the United States or the Restricted Jurisdictions may, subject to the laws of their relevant jurisdiction, take up Open Offer Units under the Open Offer in accordance with the instructions set out in this document and the Application Form. Qualifying Shareholders who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, countries other than the United Kingdom should, however, consult appropriate professional advisers as to whether they require any governmental or other consents or need to observe any further formalities to enable them to apply for any Open Offer Units in respect of the Open Offer.

6.5 ***Representations and warranties relating to Overseas Shareholders***

(a) *Qualifying Non-CREST Shareholders*

Any person completing and returning an Application Form or requesting registration of the Open Offer Units comprised therein represents and warrants to the Company, Canaccord Genuity, VSA Capital and the Registrars that, except where proof has been provided to the Company's satisfaction that such person's use of the Application Form will not result in the contravention of any applicable legal requirements in any jurisdiction: (i) such person is not requesting registration of the relevant Open Offer Units from within the United States or any Restricted Jurisdiction; (ii) such person is not in any territory in which it is unlawful to make or accept an offer to acquire Open Offer Units in respect of the Open Offer or to use the Application Form in any manner in which such person has used or will use it; (iii) such person is not acting on a non-discretionary basis for a person located within any Restricted Jurisdiction (except as agreed with the Company) or any territory referred to in (ii) above at the time the instruction to accept was given; and (iv) such person is not acquiring Open Offer Units with a view to offer, sale, resale, transfer, deliver or distribute, directly or indirectly, any such Open Offer Units into any of the above territories. The Company and/or the Registrars may treat as invalid any acceptance or purported acceptance of the allotment of Open Offer Units comprised in an Application Form if it: (i) appears to the Company or its agents to have been executed, effected or dispatched from the United States or a Restricted Jurisdiction or in a manner that may involve a breach of the laws or regulations of any jurisdiction or if the Company or its agents believe that the same may violate applicable legal or regulatory requirements; or (ii) provides an address in the United States or a Restricted Jurisdiction for delivery of the share certificates of Open Offer Shares and warrant certificates of Open Offer Warrants (or any other jurisdiction outside the United Kingdom in which it would be unlawful to deliver such share certificates and warrant certificates); or (iii) purports to exclude the warranty required by this sub-paragraph 6.5(a).

(b) *Qualifying CREST Shareholders*

A CREST member or CREST sponsored member who makes a valid acceptance in accordance with the procedures set out in this Part III represents and warrants to the Company, Canaccord Genuity, VSA Capital and the Registrars that, except where proof has been provided to the

Company's satisfaction that such person's acceptance will not result in the contravention of any applicable legal requirement in any jurisdiction: (i) such person is not within the United States or any Restricted Jurisdiction; (ii) such person is not in any territory in which it is unlawful to make or accept an offer to acquire Open Offer Units; (iii) such person is not accepting on a nondiscretionary basis for a person located within any Restricted Jurisdiction (except as otherwise agreed with the Company) or any territory referred to in (ii) above at the time the instruction to accept was given; and (iv) such person is not acquiring any Open Offer Units with a view the offer, sale, resale, transfer, delivery or distribute, directly or indirectly, any such Open Offer Units into any of the above territories.

6.6 Waiver

The provisions of this paragraph 6 and of any other terms of the Open Offer relating to Overseas Shareholders may be waived, varied or modified as regards specific Shareholders or on a general basis by the Company, Canaccord Genuity and VSA Capital in their absolute discretion. Subject to this, the provisions of this paragraph 6 supersede any terms of the Open Offer inconsistent herewith. References in this paragraph 6 to Shareholders shall include references to the person or persons executing an Application Form and, in the event of more than one person executing an Application Form, the provisions of this paragraph 6 shall apply to them jointly and to each of them.

7. Times and dates

The Company shall, in agreement with Canaccord Genuity, VSA Capital and after consultation with its financial and legal advisers, be entitled to amend the dates that Application Forms are despatched or amend or extend the latest date for acceptance under the Open Offer and all related dates set out in this document and in such circumstances shall notify the London Stock Exchange, and make an announcement on a Regulatory Information Service, but Qualifying Shareholders may not receive any further written communication.

If a supplementary circular is issued by the Company two or fewer Business Days prior to the latest time and date for acceptance and payment in full under the Open Offer specified in this document, the latest date for acceptance under the Open Offer shall be extended to the date that is three Business Days after the date of issue of the supplementary circular (and the dates and times of principal events due to take place following such date shall be extended accordingly).

8. Taxation

Shareholders who are in any doubt as to their tax position in relation to taking up their entitlements under the Open Offer, or who are subject to tax in any jurisdiction other than the United Kingdom, should immediately consult a suitable professional adviser.

9. Further information

Your attention is drawn to the further information set out in this document and also, in the case of Qualifying Non-CREST Shareholders and other Qualifying Shareholders to whom the Company has sent Application Forms, to the terms, conditions and other information printed on the accompanying Application Form.

10. Governing law and jurisdiction

The terms and conditions of the Open Offer as set out in this document, the Application Form and any non-contractual obligation related thereto shall be governed by, and construed in accordance with, English law.

The courts of England and Wales are to have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Open Offer, this document or the Application Form. By taking up Open Offer Units, by way of their Open Offer Entitlement and the Excess Application Facility (as applicable), in accordance with the instructions set out in this document and, where applicable, the Application Form, Qualifying Shareholders irrevocably submit to the jurisdiction of the courts of England and Wales and waive any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum.

NOTICE OF GENERAL MEETING

Invinity Energy Systems plc

(incorporated and registered in Jersey under the Companies (Jersey) Law 1991 with registered no: 92432)

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting of Invinity Energy Systems plc (the “Company”) will be held at the offices of Osborne Clarke LLP at One London Wall, London EC2Y 5EB, at 11:00 a.m. on 14 December 2021 to consider and, if thought fit, to pass the following resolutions as special resolutions of the Company:

1. SPECIAL RESOLUTIONS

THAT:

- 1.1 the existing Memorandum of the Company be and is hereby deleted in entirety and that “new” Memorandum in the form attached at the Schedule to these resolutions be and is adopted in place thereof with immediate effect;
- 1.2 subject to resolution 1.1 above being passed by the Company, the directors be and they are hereby empowered to allot and issue equity securities as if the pre-emption provisions relating to, *inter alia*, the allotment of shares in the capital of the Company contained in the articles of association of the Company (“**Articles**”) did not apply to any such allotment provided that this power shall be limited to the allotment and issue of equity securities up to a maximum number of 60,918,034 new Ordinary Shares, on the following basis:
 - (i) the allotment of the Conditional Placing Shares (as such term is defined in the circular to shareholders of the Company dated 26 November 2021 (“**Circular**”);
 - (ii) on the issue of one new Ordinary Share for every one Warrant (as such term is defined in the Circular);
 - (iii) the allotment of 3 new Ordinary Shares for every 65 Existing Ordinary Shares held on the Record Date, at 100 pence each by means of the Open Offer (as such terms are defined in the Circular;
 - (iv) by means of the Placing Option (as defined in the Circular); and or
 - (v) up to a maximum number of 11,586,134, representing 10 per cent. of the Company's Enlarged Share Capital (as such term is defined in the Circular).such authority to be in addition to the subsisting authorities conferred to the extent unused.
- 1.3 subject to resolutions 1.1 and 1.2 above being passed by the Company, the issued share capital of the Company be reduced by cancelling and extinguishing capital currently held by the Company in the share premium account and the amount by which the share capital is so reduced be credited to a distributable reserve of the Company and the directors of the Company be authorised and instructed to take any and all steps as they determine are necessary or desirable to give effect to this written resolution;
- 1.4 the resolutions herein, when duly passed, are valid, effective and binding on the Company and were properly proposed by the directors of the Company, notwithstanding that the directors have not complied with Article 2.13.3 of the Articles;

Dated: 26 November 2021

By order of the Board
Company Secretary:
Oak Secretaries (Jersey) Limited

Registered Office:
3rd Floor
Standard Bank House
47-49 La Motte Street
St Helier, Jersey
JE2 4SZ

SCHEDULE

(New Memorandum)

COMPANIES (JERSEY) LAW 1991

COMPANY LIMITED BY SHARES

MEMORANDUM OF ASSOCIATION

INVINITY ENERGY SYSTEMS PLC

- 1 The name of the company is Invinity Energy Systems Plc (the “**Company**”).
- 2 The authorised share capital of the Company is €500,000,000 divided into 1,000,000,000 Shares of €0.50 par value each.
- 3 The liability of a member arising from his holding of a share in the Company is limited to the amount (if any) unpaid on it.
- 4 The Company is a public company.
- 5 The Company is a par value company.
- 6 The Company shall have unrestricted corporate capacity.

Notes to the Notice of Extraordinary General Meeting:

1. Proxy forms may be scanned and submitted via email to #UKCSBRS.ExternalProxyQueries@computershare.co.uk. The deadline for submission of proxy votes is 11:00 a.m. on 10 December 2021. Shareholders with questions pertaining to the General Meeting or requiring assistance in submitting their proxy are requested to contact Joe Worthington via ir@invinity.com.
2. As a member of the Company you are entitled to appoint a proxy to exercise all or any of your rights to vote at an extraordinary general meeting of the Company.
3. Details of how to appoint the Chairman of the meeting or another person as your proxy using the form of proxy are set out in the notes to the form of proxy. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares.
4. Pursuant to Article 40 of the Companies (Uncertificated Securities) (Jersey) Order 1999, entitlement to vote at the meeting and the number of votes which may be cast thereat will be determined by reference to the register of members of the Company at close of business on the day which is two days before the day of the meeting. Changes to entries on the register of members after that time shall be disregarded in determining the rights of any person to vote at the meeting.
5. As at the date of this notice of extraordinary general meeting the Company's issued share capital comprised 95,538,037 ordinary shares of €0.50 each. Each share carries one vote.
6. A member of the Company which is a corporation may authorise a person or persons to act as its representative(s) at the meeting. In accordance with the provisions of Article 96 of the Companies (Jersey) Law 1991, each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual member of the Company, provided that they do not do so in relation to the same shares. It is no longer necessary to nominate a designated corporate representative.
7. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s) should refer to their CREST sponsors or voting service provider(s), who will be able to take the appropriate action on their behalf.
8. To appoint one or more proxies or to give an instruction to a proxy (whether previously appointed or otherwise) via the CREST system, CREST messages must be received by the issuer's agent (ID number 3RA50) by no later than 11:00 a.m. on 10 December 2021. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp generated by the CREST system) from which the issuer's agent is able to retrieve the message. The Company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Article 34 of the Companies (Uncertificated Securities) (Jersey) Order 1999.
9. CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service provider(s) are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

