

Innventure Reports Third Quarter 2024 Results

11.14.24 at 7:00 AM EST

Accelsius delivered first revenue generating system during third quarter

ORLANDO, Fla., Nov. 14, 2024 (GLOBE NEWSWIRE) -- Innventure, Inc. (NASDAQ: INV) ("Innventure"), a technology commercialization platform, today announced financial results for the quarter ended September 30, 2024.

"We are incredibly excited about Innventure's accomplishments during the third quarter, which subsequently culminated in early October with the close of our business combination and first day of trading on the Nasdaq," said Bill Haskell, Innventure's Chief Executive Officer. "Our operating companies continue to outperform our expectations, with both AeroFlexx and Accelsius now delivering commercial product to the marketplace."

Mr. Haskell continued, "We look forward to sharing more as we scale these companies and launch new companies in the future. I'd like to thank the entire Innventure team for their tireless work making our vision an ever expanding reality. Now as a public company, we can accelerate execution against our mission to bring breakthrough technologies to market and deliver long-term value for our shareholders."

Conference Call and Webcast

A conference call to discuss these results has been scheduled for 8:30 a.m. ET on Thursday, November 14, 2024. Interested parties can join the call via teleconference by registering at this link: <https://register.vevent.com/register/B1c433d3bf08f34d37b56270335fc659fe>.

After registering, you will be provided dial in details and a unique dial-in PIN. Registration is open through the live call, but to ensure you are connected for the full call, we suggest registering in advance. Webcast information and conference call materials will be made available on Innventure's Investor Relations website here: <https://ir.innventure.com/>.

About Innventure

Innventure founds, funds, and operates companies with a focus on transformative, sustainable technology solutions acquired or licensed from multinational corporations. As owner-operators, Innventure takes what it believes to be breakthrough technologies from early evaluation to scaled commercialization utilizing an approach designed to help mitigate risk as it builds disruptive companies it believes have the potential to achieve a target enterprise value of at least \$1 billion. Innventure defines "disruptive" as innovations that have the ability to significantly change the way businesses, industries, markets and/or consumers operate.

Cautionary Statement Regarding Forward-Looking Statements

This press release contains forward-looking statements, including statements about the Company's business model and its and its operating companies' prospects. In addition, any statements that refer to projections, forecasts or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking statements. Forward-looking statements generally relate to future events or the Company's future financial or operating performance and may refer to projections and forecasts. Forward-looking statements are often identified by future or conditional words such as "plan," "believe," "expect," "anticipate," "intend," "outlook," "estimate," "forecast," "project," "continue," "could," "may," "might," "possible," "will," "potential," "predict," "should," "would" and other similar words and expressions (or the negative versions of such words or expressions), but the absence of these words does not mean that a statement is not forward-looking.

The forward-looking statements are based on the current expectations of the Company's management and are inherently subject to uncertainties and changes in circumstances and their potential effects and speak only as of the date of this press release. There can be no assurance that future developments will be those that have been anticipated. These forward-looking statements involve a number of risks, uncertainties (some of which are beyond the control of the parties) or other assumptions that may cause actual results or performance to be materially different from those expressed or implied by these forward-looking statements. These risks and uncertainties include, but are not limited to, those factors discussed and identified in other public filings made with the Securities and Exchange Commission by the Company and the following: (a) expectations regarding the Company's and the Innventure Companies' (as defined below) strategies and future financial performance, including their future business plans, expansion and acquisition plans or objectives, prospective performance and opportunities and competitors, revenues, products and services, pricing, operating expenses, market trends, liquidity, cash flows and uses of cash, capital expenditures, and the Company's ability to invest in growth initiatives; (b) the implementation, market acceptance and success of the Company's and the Innventure Companies' business models and growth strategies; (c) the Company's future capital requirements and sources and uses of cash; (d) the Company's ability to meet the various conditions, including the available cash

and performance targets, and access any of the installments draws under the WTI Line of Credit; (e) the Company's ability to meet the various conditions and satisfy the various limitations under the Standby Equity Purchase Agreement (the "SEPA") with YA II PN, Ltd., including exchange caps, issuances and subscriptions based on trading volumes, to access the funds available under the SEPA; (f) that the Company will have sufficient capital following the completion of the Business Combination to operate as anticipated; (g) the Company's ability to obtain funding for its operations and future growth; (h) developments and projections relating to the Company's and the Innventure Companies' competitors and industry; (i) the Innventure Companies' ability to meet, and to continue to meet, applicable regulatory requirements for the use of their products and the numerous regulatory requirements generally applicable to their products and facilities; (j) the outcome of any legal proceedings that may be instituted against the Company in connection with the completion of the Business Combination; (k) the Company's ability to find future opportunities to license or acquire breakthrough technology solutions from multinational corporations ("MNCs") and to satisfy the requirements imposed by or to avoid disagreements with its current and future MNC partners; (l) the risk that the Company may be deemed an investment company under the Investment Company Act, which would impose burdensome compliance requirements and restrictions on its activities; (m) the Company's ability to sufficiently protect the intellectual property rights of itself and its subsidiaries, and to avoid or resolve in a timely and cost-effective manner any disputes that may arise relating to its use of the intellectual property of third parties; (n) the risk of a cyber-attack or a failure of the Company's information technology and data security infrastructure; (o) the ability to recognize the anticipated benefits of the Business Combination; (p) unexpected costs related to the Business Combination; (q) geopolitical risk and changes in applicable laws or regulations; (r) potential adverse effects of other economic, business, and/or competitive factors; and (s) operational risks related to the Company and its subsidiaries.

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Innventure LLC and Subsidiaries
Condensed Consolidated Balance Sheets
(in thousands, except unit and per unit amounts) (Unaudited)

| | September 30, 2024 | December 31, 2023 |
|---|-----------------------|----------------------|
| | (Unaudited) | |
| Assets | | |
| Cash, cash equivalents and restricted cash | \$ 16,297 | \$ 2,575 |
| Prepaid expenses and other current assets | 1,884 | 487 |
| Inventory | 2,824 | — |
| Due from related parties | 210 | 2,602 |
| Total Current Assets | 21,215 | 5,664 |
| Investments | 32,359 | 14,167 |
| Property, plant and equipment, net | 1,227 | 637 |
| Other assets | 930 | 1,096 |
| Total Assets | 55,731 | 21,564 |
| Liabilities and Unitholders' Capital | | |
| Accounts payable | 4,932 | 93 |
| Accrued employee benefits | 7,617 | 3,779 |
| Accrued expenses | 1,929 | 1,009 |
| Related party payables | 815 | 347 |
| Related party notes payable - current | 13,932 | 1,000 |
| Notes payable - current | 693 | 912 |
| Patent installment payable - current | 525 | 775 |
| Liability for future preferred stock issuance | 10,870 | — |
| Other current liabilities | 288 | 253 |
| Total Current Liabilities | 41,601 | 8,168 |
| Notes payable, net of current portion | 282 | 999 |
| Convertible promissory note, net | — | 1,120 |
| Convertible promissory note due to related party, net | — | 3,381 |
| Embedded derivative liability | — | 1,994 |
| Patent installment payable, net of current | 13,075 | 13,075 |

| | | |
|--------------------------|---------------|---------------|
| Other liabilities | 501 | 683 |
| Total Liabilities | 55,459 | 29,420 |

Commitments and Contingencies

Mezzanine Capital

| | | |
|---|--------|-------|
| Redeemable Class I Units, no par value, 1,000,000 units authorized, issued and outstanding | 4,477 | 2,912 |
| Redeemable Class PCTA Units, no par value, 3,982,675 units authorized, issued and outstanding | 18,103 | 7,718 |

Unitholders' Deficit

| | | |
|---|----------|----------|
| Class B Preferred Units, no par value, 6,722,562 and 4,639,557 units authorized, 5,609,951 and 4,109,961 units issued and outstanding | 51,683 | 38,122 |
| Class B-1 Preferred Units, no par value, 2,600,000 units authorized, 342,608 units issued and outstanding | 3,323 | 3,323 |
| Class A Units, no par value, 10,975,000 units authorized, 10,875,000 units issued and outstanding | 1,950 | 1,950 |
| Class C Units, no par value, 1,585,125 units authorized, 1,570,125 units issued and outstanding | 981 | 844 |
| Accumulated deficit | (90,952) | (64,284) |
| Accumulated other comprehensive loss | (2,373) | — |
| Non-controlling interest | 13,080 | 1,559 |

| | | |
|---|------------------|------------------|
| Total Unitholders' Deficit | (22,308) | (18,486) |
| Total Liabilities, Mezzanine Capital, and Unitholders' Deficit | \$ 55,731 | \$ 21,564 |

See accompanying notes to condensed consolidated financial statements.

Innventure LLC and Subsidiaries Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) (in thousands, except unit and per unit amounts) (Unaudited)

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|-------------------------------------|-----------------|------------------------------------|-----------------|
| | 2024 | 2023 | 2024 | 2023 |
| Revenue | | | | |
| Management fee income - related parties | \$ 222 | \$ 224 | \$ 669 | \$ 668 |
| Consulting revenue | — | 50 | — | 225 |
| Product sales | 95 | — | 95 | — |
| Total Revenue | 317 | 274 | 764 | 893 |
| Operating Expenses | | | | |
| Cost of sales | 777 | — | 777 | — |
| General and administrative | 9,052 | 4,054 | 25,323 | 9,878 |
| Sales and marketing | 1,629 | 696 | 4,178 | 1,901 |
| Research and development | 2,533 | 1,240 | 5,978 | 2,822 |
| Total Operating Expenses | 13,991 | 5,990 | 36,256 | 14,601 |
| Loss from Operations | (13,674) | (5,716) | (35,492) | (13,708) |
| Non-operating (Expense) and Income | | | | |
| Interest expense, net | (852) | (364) | (1,300) | (841) |
| Net (loss) gain on investments | 7,148 | (12,148) | 11,547 | (2,718) |
| Net (loss) gain on investments – due to related parties | (308) | 436 | (468) | 99 |
| Change in fair value of embedded derivative liability | — | (451) | (478) | (492) |
| Equity method investment income (loss) | 109 | (673) | 893 | (291) |
| Loss on conversion of promissory notes | — | — | (1,119) | — |
| Other expenses | (64) | — | (64) | — |
| Total Non-operating (Expense) Income | 6,033 | (13,200) | 9,011 | (4,243) |
| Income tax expense | — | — | — | — |
| Net Loss | (7,641) | (18,916) | (26,481) | (17,951) |

| | | | | |
|---|--------------------|--------------------|--------------------|--------------------|
| Less: Loss attributable to non-controlling interest | (5,430) | (45) | (11,762) | (101) |
| Net Loss Attributable to Inventure LLC Unitholders | \$ (2,211) | \$ (18,871) | \$ (14,719) | \$ (17,850) |
| Net Loss Attributable to Class A Unitholders | \$ (10,233) | \$ (9,177) | \$ (29,010) | \$ (16,848) |
| Basic loss per unit | \$ (0.94) | \$ (0.84) | \$ (2.67) | \$ (1.55) |
| Basic weighted average Class A Units | 10,875,000 | 10,875,000 | 10,875,000 | 10,875,000 |
| Other comprehensive income (loss), net of taxes: | | | | |
| Unrealized loss on AFS debt securities - related party | \$ (2,373) | \$ — | \$ (2,373) | \$ — |
| Total other comprehensive loss, net of taxes | (2,373) | — | (2,373) | — |
| Total comprehensive loss, net of taxes | (10,014) | (18,916) | (28,854) | (17,951) |
| Less: Comprehensive loss attributable to non-controlling interest | (5,430) | (45) | (11,762) | (101) |
| Net Comprehensive Loss Attributable to Inventure LLC Unitholders | \$ (4,584) | \$ (18,871) | \$ (17,092) | \$ (17,850) |

See accompanying notes to condensed consolidated financial statements.

Inventure LLC and Subsidiaries
Condensed Consolidated Statements of Changes in Mezzanine Capital
(in thousands) (Unaudited)

| | Class I Amount | Class PCTA Amount | Total |
|---|-----------------|-------------------|------------------|
| December 31, 2022 | \$ 2,984 | \$ 12,882 | \$ 15,866 |
| Accretion of redeemable units to redemption value | 1 | 457 | 458 |
| March 31, 2023 | 2,985 | 13,339 | 16,324 |
| Proceeds from capital calls to unitholders | 130 | — | 130 |
| Accretion of redeemable units to redemption value | 423 | 7,031 | 7,454 |
| June 30, 2023 | 3,538 | 20,370 | 23,908 |
| Accretion of redeemable units to redemption value | (469) | (9,680) | (10,149) |
| September 30, 2023 | \$ 3,069 | \$ 10,690 | \$ 13,759 |
| December 31, 2023 | \$ 2,912 | \$ 7,718 | \$ 10,630 |
| Accretion of redeemable units to redemption value | 280 | 4,135 | 4,415 |
| March 31, 2024 | 3,192 | 11,853 | 15,045 |
| Accretion of redeemable units to redemption value | 934 | (572) | 362 |
| June 30, 2024 | 4,126 | 11,281 | 15,407 |
| Accretion of redeemable units to redemption value | 351 | 6,822 | 7,173 |
| September 30, 2024 | \$ 4,477 | \$ 18,103 | \$ 22,580 |

See accompanying notes to condensed consolidated financial statements.

Inventure LLC and Subsidiaries
Condensed Consolidated Statements of Changes in Unitholders' Deficit
(in thousands) (Unaudited)

| | Class B Preferred | Class B-1 Preferred | Class A | Class C | Accumulated Deficit | Accumulated Other Comprehensive Loss | Non-Controlling Interest | Total Unitholders' Deficit |
|--|-------------------|---------------------|-----------------|---------------|---------------------|--------------------------------------|--------------------------|----------------------------|
| December 31, 2023 | \$ 38,122 | \$ 3,323 | \$ 1,950 | \$ 844 | \$ (64,284) | \$ — | \$ 1,559 | \$ (18,486) |
| Net loss | — | — | — | — | (5,219) | — | (2,307) | (7,526) |
| Units issued to NCI | — | — | — | — | — | — | 3,503 | 3,503 |
| Issuance of preferred units, net of issuance costs | 7,566 | — | — | — | — | — | — | 7,566 |
| Unit-based compensation | — | — | — | 51 | — | — | 345 | 396 |

| | | | | | | | | |
|--|------------------|-----------------|-----------------|---------------|--------------------|-------------------|------------------|--------------------|
| Issuance of units to NCI in exchange of convertible promissory notes | — | — | — | — | — | — | 8,443 | 8,443 |
| Accretion of redeemable units to redemption value | — | — | — | — | (4,415) | — | — | (4,415) |
| March 31, 2024 | 45,688 | 3,323 | 1,950 | 895 | (73,918) | — | 11,543 | (10,519) |
| Net loss | — | — | — | — | (7,288) | — | (4,026) | (11,314) |
| Units issued to NCI | — | — | — | — | — | — | 7,348 | 7,348 |
| Issuance of preferred units, net of issuance costs | 2,852 | — | — | — | — | — | — | 2,852 |
| Unit-based compensation | — | — | — | 45 | — | — | 248 | 293 |
| Accretion of redeemable units to redemption value | — | — | — | — | (362) | — | — | (362) |
| June 30, 2024 | 48,540 | 3,323 | 1,950 | 940 | (81,568) | — | 15,113 | (11,702) |
| Net loss | — | — | — | — | (2,211) | — | (5,430) | (7,641) |
| Other comprehensive loss, net of taxes | — | — | — | — | — | (2,373) | — | (2,373) |
| Units issued to NCI | — | — | — | — | — | — | 3,071 | 3,071 |
| Issuance of preferred units, net of issuance costs | 3,143 | — | — | — | — | — | — | 3,143 |
| Unit-based compensation | — | — | — | 41 | — | — | 326 | 367 |
| Accretion of redeemable units to redemption value | — | — | — | — | (7,173) | — | — | (7,173) |
| September 30, 2024 | \$ 51,683 | \$ 3,323 | \$ 1,950 | \$ 981 | \$ (90,952) | \$ (2,373) | \$ 13,080 | \$ (22,308) |

Innventure LLC and Subsidiaries
Condensed Consolidated Statements of Changes in Unitholders' Deficit (continued)
(in thousands) (Unaudited)

| | Class B Preferred | Class B-1 Preferred | Class A | Class C | Accumulated Deficit | Accumulated Other Comprehensive Loss | Non-Controlling Interest | Total Unitholders' Deficit |
|--|-------------------|---------------------|-----------------|---------------|---------------------|--------------------------------------|--------------------------|----------------------------|
| December 31, 2022 | \$ 20,803 | \$ 3,323 | \$ 1,950 | \$ 639 | \$ (38,564) | \$ — | \$ 656 | \$ (11,193) |
| Net loss | — | — | — | — | (3,573) | — | (23) | (3,596) |
| Units issued to NCI | — | — | — | — | — | — | 104 | 104 |
| Issuance of preferred units, net of issuance costs | 712 | — | — | — | — | — | — | 712 |
| Unit-based compensation | — | — | — | 50 | — | — | 103 | 153 |
| Accretion of redeemable units to redemption value | — | — | — | — | (458) | — | — | (458) |
| March 31, 2023 | 21,515 | 3,323 | 1,950 | 689 | (42,595) | — | 840 | (14,278) |
| Net loss | — | — | — | — | 4,594 | — | (33) | 4,561 |
| Issuance of preferred units, net of issuance costs | 2,599 | — | — | — | — | — | — | 2,599 |
| Unit-based compensation | — | — | — | 52 | — | — | 133 | 185 |
| Accretion of redeemable units to redemption value | — | — | — | — | (7,454) | — | — | (7,454) |
| June 30, 2023 | 24,114 | 3,323 | 1,950 | 741 | (45,455) | — | 940 | (14,387) |
| Net loss | — | — | — | — | (18,871) | — | (45) | (18,916) |
| Units issued to NCI | — | — | — | — | — | — | 101 | 101 |
| Issuance of preferred units, net of issuance costs | 5,038 | — | — | — | — | — | — | 5,038 |
| Tax advanced distributions to members | — | — | — | — | (243) | — | — | (243) |
| Unit-based compensation | — | — | — | 51 | — | — | 244 | 295 |
| Accretion of redeemable units to redemption value | — | — | — | — | 10,149 | — | — | 10,149 |

September 30, 2023 \$ 29,152 \$ 3,323 \$ 1,950 \$ 792 \$ (54,420) \$ — \$ 1,240 \$ (17,963)

See accompanying notes to condensed consolidated financial statements

Innventure LLC and Subsidiaries
Condensed Consolidated Statements of Cash Flows
(in thousands) (Unaudited)

| | Nine months ended September 30, | |
|---|--|-----------------|
| | 2024 | 2023 |
| Cash Flows Used in Operating Activities | | |
| Net loss | \$ (26,481) | \$ (17,951) |
| <i>Adjustments to reconcile net loss to net cash and cash equivalents used in operating activities:</i> | | |
| Unit-based compensation | 1,056 | 633 |
| Interest income on debt securities - related party | (110) | — |
| Accrued unpaid interest on note payable | 931 | 397 |
| Change in fair value of embedded derivative liability | 478 | 492 |
| Change in fair value of payables due to related parties | 468 | (99) |
| Non-cash interest expense on notes payable | 351 | 252 |
| Net (gain) loss on investments | (11,547) | 2,718 |
| Equity method investment loss (gain) | (893) | 291 |
| Loss on conversion of promissory notes | 1,119 | — |
| Depreciation expense | 146 | — |
| Non-cash rent costs | 186 | 133 |
| Amortization of debt issuance costs - related party | — | — |
| Other, net | — | 27 |
| <i>Changes in operating assets and liabilities:</i> | | |
| Prepaid expenses and other current assets | (1,605) | (930) |
| Inventory | (2,824) | — |
| Accounts payable | 4,863 | (32) |
| Accrued employee benefits | 3,838 | 2,111 |
| Accrued expenses | 674 | 113 |
| Other current liabilities | (147) | (89) |
| Liability for future preferred stock issuance | 10,870 | — |
| Other assets | (20) | (202) |
| Net Cash Used in Operating Activities | (18,647) | (12,136) |
| Cash Flows Used in Investing Activities | | |
| Purchase of shares in equity method investees | — | (2,000) |
| Contributions to equity method investees | — | (130) |
| Investment in debt securities - related party | (7,400) | — |
| Acquisition of property, plant and equipment | (736) | (173) |
| Proceeds received related to PCT stock sale | 2,314 | 708 |
| Net Cash Used in Investing Activities | (5,822) | (1,595) |
| Cash Flows Provided by Financing Activities | | |
| Proceeds from issuance of capital, net of issuance costs | 13,122 | 8,249 |
| Proceeds from the issuance of units to NCI | 13,859 | 205 |
| Proceeds from convertible notes payable | — | 2,000 |
| Payment of debts | (790) | (19) |
| Receipt of Capital from Class I Unitholder | — | 130 |
| Tax advance distribution to Members | — | (243) |
| Proceeds of related party notes payable | 12,000 | 3 |
| Net Cash Provided by Financing Activities | 38,191 | 10,325 |
| Net (Decrease) Increase in Cash, Cash Equivalents and Restricted Cash | 13,722 | (3,406) |
| Cash, Cash Equivalents and Restricted Cash Beginning of period | 2,575 | 7,544 |

| | | |
|---|------------------|-----------------|
| Cash, Cash Equivalents and Restricted Cash End of period | \$ 16,297 | \$ 4,138 |
|---|------------------|-----------------|

Innventure LLC and Subsidiaries
Condensed Consolidated Statements of Cash Flows (continued)
(in thousands) (Unaudited)

| | Nine months ended September 30, | |
|--|--|-------------|
| | 2024 | 2023 |
| Supplemental Cash Flow Information | | |
| Cash paid for interest | \$ 1,070 | \$ 220 |
| Supplemental Disclosure of Noncash Financing Information | | |
| Accretion of redeemable units to redemption value | \$ 11,950 | \$ 2,237 |
| Debt discount and embedded derivative upon issuance | \$ — | \$ 1,119 |
| Issuance of Class Preferred B Units to extinguish convertible notes payable | \$ 396 | \$ 100 |
| Issuance of Class B Preferred Units in exchange for Innventus ESG Fund Equity | \$ 183 | \$ — |
| Issuance of NCI in exchange for interest in Innventus ESG Fund | \$ 146 | \$ — |
| Commissions payable on issuance of Class B Preferred Units | \$ 163 | \$ — |
| Commissions payable on issuance of NCI | \$ 83 | \$ — |
| Issuance of Class B Preferred Units to extinguish consulting fees payable | \$ 24 | \$ — |
| Issuance of units to NCI in exchange of convertible promissory notes | \$ 7,324 | \$ — |
| Conversion of working capital loans to equity method investees into investments in debt securities - related party | \$ 2,600 | \$ — |
| Unrealized loss on investments in debt Securities - related party through OCI | \$ 2,373 | \$ — |
| Recognition of right of use asset and corresponding lease liability | \$ — | \$ 731 |

See accompanying notes to condensed consolidated financial statements.