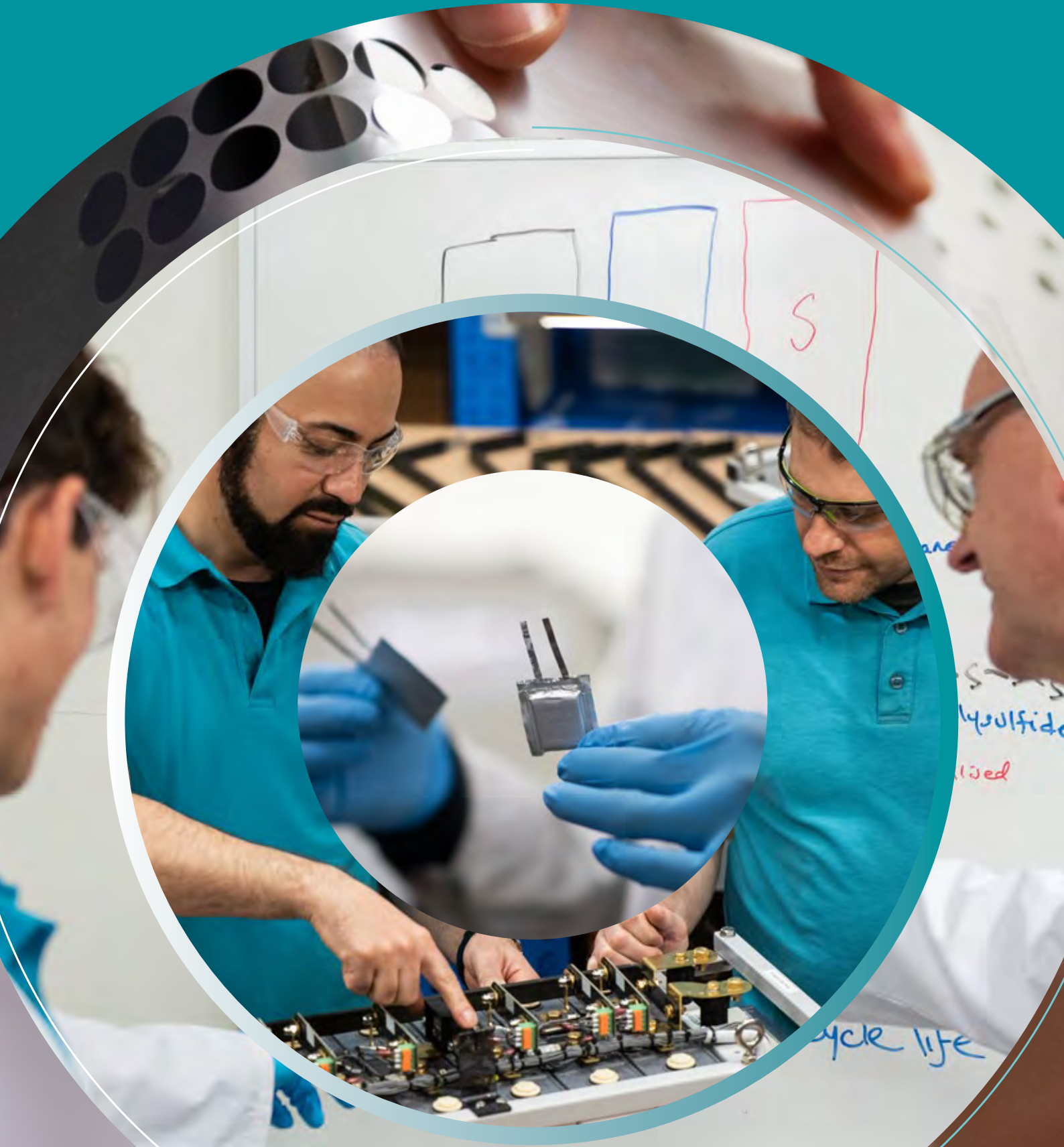




# Annual Report and Financial Statements

For the year ended 30 June 2023





# Annual Report 2023



Gelion founder Professor Thomas Maschmeyer in the lab

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# Strategic Report

## Group overview

### Who are we

Gelion is a global energy storage innovator. We design and develop cutting-edge technological solutions, delivering value for our shareholders.



Our next-generation lithium-sulfur and zinc-based storage solutions are designed to be safe, cost-effective, high-performance alternatives to current lithium-ion and lead-acid battery technologies, and are poised to make a significant impact on the energy storage market, helping to drive the renewable energy transition.

### Our mission

We aim to provide affordable energy storage solutions that are robust and safe, facilitating easy and equal access to clean energy for everyone.

Through our pioneering battery technologies, we aim to position Gelion at the heart of this clean energy transformation.

### How do we achieve this

Each member of our team of energy industry experts, commercial leaders, engineers, and researchers is passionate in their ambition to be at the forefront of the global energy storage revolution, delivering real-world impact.

At Gelion, we define ourselves through an unshakeable belief and an unwavering commitment to our next-generation energy storage innovations. We will provide viable alternative solutions for both stationary and mobile applications, supporting the increase in global battery technology uptake.



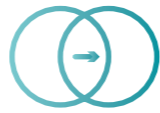


# Highlights

## Financial highlights

|  |  |  |
|--|--|--|
| <p><b>£2.1m</b><br/>Total income<br/>(2022: £1.7m)</p> | <p><b>£5.9m</b><br/>Adjusted EBITDA loss<sup>1</sup><br/>(2022: £4.1m)</p> | <p><b>£7.3m</b><br/>Cash and cash equivalents<br/>and term deposits<br/>(2022: £17m)</p> |
| <p><b>Nil</b><br/>Debt<br/>(2022: Nil)</p>             | <p><b>£7.4m</b><br/>Loss after taxation<br/>(2022: £9.2m)</p>              | <p><b>6.9p</b><br/>Loss per share<br/>(2022: 9.2p)</p>                                   |

## Operational/strategic progress

### Key progress

|   |  |  |
|---|--|--|
|  <p><b>1,200 Zinc-Bromide cells manufactured at our pilot plant and migrated to a zinc hybrid technology</b></p> |  <p><b>Strategic IP portfolio acquisitions</b><br/>Johnson Matthey and University of Sydney</p> |  <p><b>Lithium-Sulfur lab expansion completed</b></p> |
|  <p><b>Successful capital raise and UK expansion through acquisition of OXLiD</b></p>                            |  <p><b>JDA signed with USA based Ionblox</b></p>   |  |

<sup>1</sup>Excludes non-recurring expenses such as net loss on sales of fixed assets, transaction costs, listing and other associated costs and share based payments. These costs are either considered non-recurring or are non-cash items and therefore are separately disclosed to assist the user of the financial information to understand and compare the underlying results of the Company.

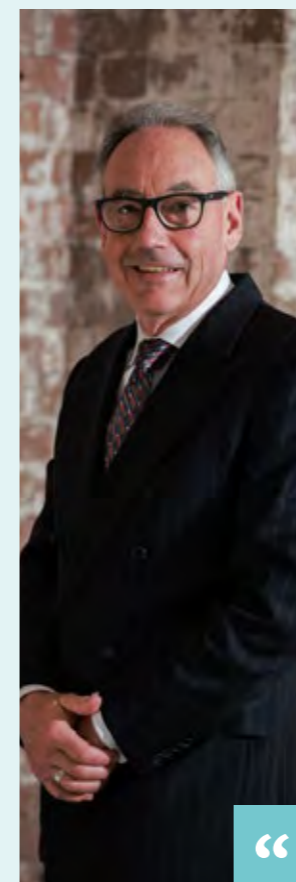
<sup>2</sup> Analyst estimates – total income – £1.7 million and Adjusted EBITDA loss of £6.4m

FY23 Adjusted EBITDA loss (£5.9m) = Operating loss (£7.6m) less non-recurring costs (£266k), Share based payment expense of (£894k) and Depreciation and Amortization (£463k).

Please refer to note 25 on page 124-125 for more details.

## FY23 Operational highlights and key financials

- Acquired a lithium battery IP portfolio from Johnson Matthey for a net consideration of £3.0m to accelerate the development of lithium-sulfur (Li-S) technology.
- John Wood appointed as CEO in November 2022, a battery, clean-tech and innovation specialist, bringing over 30 years of significant commercial and manufacturing expertise and C-Suite experience.
- Manufactured 1,200 zinc-bromide cells from our pilot manufacturing line.
- Total income (R&D tax incentives) for the year of £2.1m, 17% ahead of market expectations<sup>2</sup>.
- Adjusted EBITDA loss<sup>1</sup> of £5.9m, 8% lower than the market expectations.
- Implemented cost control measures (in H2 FY2023) resulting in estimated annualised cost savings of £1m.
- Well capitalised with cash and cash equivalents of £7.3m and nil debt as at 30 June 2023.



“We made solid progress during the year against our roadmap to commercialisation where the Group delivered major milestones on both the lithium-sulfur and zinc-bromide sides of the business. With a strong team of experts, Gelion has unique technical capabilities and we have now identified where the business needs to focus to become a global leader in the provision of safe, robust, and scalable energy storage solutions with real-world impacts.

We have started H1 FY24 in a robust position by:

- the successful acquisition of OxliD Ltd, which strengthens our lithium sulfur position in the UK
- JDA with Ionblox in the US
- the development of a zinc-hybrid cell that is designed to be readily scalable
- expanding our lithium-sulfur capabilities to accelerate development for potential collaborations with anode partners and customers.

Clean technologies are increasingly recognised as fundamental to the transition to a green economy and we are confident that Gelion is well placed to service the growing market.”

John Wood  
CEO of Gelion

## Post period highlights

- In July 2023, the Group identified a path towards the development of a zinc-based solution, following the successful match-to-market study and the Group is now developing a zinc hybrid cell.
- Signed agreements with the University of Sydney and Professor Yuan Chen for Gelion’s Advanced Cathode Project, accelerating progress towards a zinc-based energy storage solution. Gelion expects to validate the potential of this technology in Q1 2024.
- Raised £4.1m million via a placing, subscription and retail offer in November 2023, demonstrating support from existing and new investors.
- Successful acquisition of OxliD Ltd, a UK based lithium-sulfur battery technology developer to accelerate progress towards commercialisation and position Gelion as a global leader in this expanding market.
- Signed JDA with Ionblox, a US silicon oxide anode developer, to develop high performance, next-generation LiSiS cells, initially for the global electric vehicle (EV), electrical vertical-takeoff-and-landing (eVTOL) and drone markets, before progressing to the stationary energy storage market.
- New Li-S Research and Development facility now fully operational, to optimise development and accelerate market readiness of this technology by producing more advanced cell prototypes.



# Chairman's statement

FY23 was another year of strategic progress for Gelion, where we made significant advancements and achieved key milestones towards commercialising our next generation battery technologies.

We are beginning to experience good traction on both the Lithium Sulfur and zinc hybrid cells technologies, a testament to the efforts made throughout the year. The Board has been actively engaged to ensure we have the right leadership in place and we are now 12 months into the tenure of our CEO, John Wood, and we are seeing the outcomes of his revised strategy with greatly strengthened IP and an accelerated route to market. I am confident that Gelion will be able to fast-track the development and commercialisation of our Li-S and Zinc based technologies, achieved in conjunction with our strategic partners.

The Company's commitment to global leadership was reinforced by strategic acquisitions, notably the IP portfolio from Johnson Matthey and Oxis Energy and The University of Sydney (USyd) IP, solidifying our standing in Lithium Sulfur (Li-S) technology. Li-S is a potential next generation of Lithium batteries with approximately twice the energy density of current incumbent commercial lithium-ion technology. Similarly, the pilot production of Gen 4 zinc-bromide cells and the match-to-market analysis, identified the applications best suited for the technology and a market ready to be targeted.

The aim to become a global leader in Li-S battery technology has already been reinforced in H1 24 by:

- The £4.1m fundraise and the recent acquisition of OXLiD Ltd, a UK based Li-S battery technology developer and the provision of a UK footprint for Gelion as well as the addition of OXLiD's six highly skilled scientists.
- The joint development agreement (JDA) with Ionblox Inc., a US based silicon oxide anode developer.

These strategic steps have been taken to accelerate progress towards commercialisation, position Gelion at the forefront of this expanding market and demonstrate the continued progress the Group is making.



Dr Steve Mahon  
Chairman

The above advancements, coupled with our focus on establishing ourselves as a leading provider of safe, robust, and scalable renewable energy storage solutions, underscore Gelion's commitment to addressing the pressing global need for sustainable energy solutions. These successes could not be achieved without our passionate team, and as a Board, we are privileged to have attracted a high-performing, dedicated team of seasoned professionals in commercial, science and engineering disciplines, who are guided by our leaders.

## Strategy

Gelion remains committed to delivering long-term value to our stakeholders through the development of its cutting-edge battery technologies, that will be of critical importance to the world of tomorrow. A key focus for our CEO, John, since his arrival in November 2022 has been to understand how best to achieve this commitment and has resulted in the evolution of the Group's strategy.

In terms of our Zinc technology, we are confident that the migration of our Zinc technology path (from zinc-bromide) will lead to the manufacturing of safer, more cost-effective solutions, with energy densities that will make them suitable for applications in the existing lead-acid ecosystem.

Satisfying all three requirements is extremely rare and we are confident that this will set us apart from other players in the market and make our solution highly desirable, enabling us to compete directly with lead-acid incumbents.

The awareness around the benefits of Li-S batteries and their improved performance is already large and continuing to grow. Li-S is going to be fundamental in the enhancement of the next generation of batteries for electric mobility and as such, it has the potential to power the future of transport.

Gelion's existing IP portfolio combined with the post period end OXLiD acquisition and the JDA with Ionblox means Gelion is already a global player with presence in Australia, the UK and the US. Furthermore, the Group is in a fantastic position to begin to test and subsequently evidence the effectiveness of its solutions to industry players, a crucial stage in the development of any technology.

While this shift in Gelion's commercialisation approach will require time and investment, the Board is confident this approach will provide the fastest pathway to commercialisation.

## Market opportunity

Global demand for energy storage solutions continues to grow exponentially, supported by the implementation of government policies aimed towards achieving net-zero commitments.

The global battery market share of Li-S technologies is expected to grow significantly in the coming years, driven by their high performance and the continuing acceleration in demand for batteries, a market our technologies will be able to be sold directly into.

Our match to market analysis identified that Gelion's zinc-based technologies are well-matched to performance requirements for many traditional lead-acid battery applications. While representing a smaller market than lithium technologies, the global lead-acid market is still substantial and growing, presenting significant opportunity for Gelion, with our zinc-based technologies offering several key competitive advantages over well entrenched lead-acid batteries.

The opportunities for Gelion are expanding and the storage solutions we are developing will be pivotal to the lead-acid and lithium-ion storage market transformations.

## The Board / Our people

At Gelion, our diverse and dedicated team is instrumental in achieving our goal of a greener, cleaner future. Under John's leadership, our team is energized and motivated, guided by our core values: Environmental consciousness, cutting-edge innovation, a scientific ethos, realism and a clear vision of where

and how shareholder value can be created. Our people, from senior leadership to every team member, embody these values and drive our success.

Cementing our reputation as an employer of choice, we have continued to recruit some of the sharpest business and scientific minds, who continuously add key contributions to our story.

I am delighted to say that post period end, we have welcomed Louis Adriaenssens to our team. Louis brings considerable battery experience and was most recently the supervisor of chemistry at the Panasonic lithium-ion plant at the Tesla Gigafactory. Louis' appointment comes at the right time for Gelion, as we take further steps towards commercialisation.

## ESG

We take our responsibility to successfully transition to a sustainable economy seriously and we expect to be playing a key role by developing low-impact and safe technologies. Both of our energy storage platforms are comprised of abundant materials, contributing towards a low environmental impact, sustainability, and recyclability.

In Gelion's organisational structure, internal governance processes are not isolated components but are intricately integrated into the overarching business strategy ensuring that the Group consistently adheres to all pertinent laws and regulations. To bolster this commitment to good governance, Gelion has adopted the Quoted Companies Alliance Corporate Governance Code (QCA Code), a framework consisting of 10 guiding principles.

## Summary and outlook

As Gelion moves forward, our technologies are aimed at driving the green energy transition. Our progress in Lithium Sulfur and zinc-based hybrid cells positions us to make a tangible impact. We remain cognisant of the wider macroeconomic climate and have taken prudent steps to manage our cost base and maintain the financial health the Company.

As the Group continues to execute against the clearly defined strategy laid out by John since his arrival, we take further steps towards building shareholder value. With a clear strategy, a team with domain experience, and innovative products, we look to the future with confidence in building shareholder value.

Dr Steve Mahon  
Chairman

12 December 2023

\* More information on our Corporate Governance is available on <https://gelion.com/aim-rule-26/corporate-governance>

# CEO's Report



**John Wood**  
Chief Executive Officer

It gives me great pleasure to present my first full year financial results statement as CEO of Gelion.

## Introduction

H1 FY23 saw Gelion deliver several milestones, including the pilot production of zinc-bromide batteries in a commercial partner setting in Sydney, and progressive advancements in the development of lithium-sulfur (Li-S) additive and electrolyte technologies.

Since my appointment in November 2022, my primary focus has been on the identification and prioritisation of development pathways that will enable the Group to deliver commercially viable and scalable, next-generation battery chemistries.

This involved extensive planning, fostering team development, with a particular focus on rigorous market analysis and a comprehensive assessment of both of our technologies relative to a rapidly evolving global landscape, enabling the identification of potential routes for their pervasive adoption. This work has significantly influenced the Group's current strategic and commercialisation approaches, and has reinforced my view that Gelion is on the right track to deliver pioneering, cutting-edge technologies that will underpin the company's goal of establishing a leading position in the highly competitive energy storage sector.

A primary motivation for me to join Gelion was the opportunity to collaborate with Professor Thomas Maschmeyer, an extraordinary scientist who established the company, offering truly innovative technological solutions, and the exceptional team of highly talented and dedicated employees that has formed around him.

It is incredibly motivating to lead the Gelion team in our shared mission to deliver value to our shareholders by bringing our two globally significant next-generation technologies to market.

## Technology overview

The first technology, based on combinations of Lithium (Li) and Sulfur (S), yields very high gravimetric energy densities, and the second uses Zinc (Zn) in combination with our new cathode technology to yield robust, long-life storage solutions. Together, we believe these technologies will play a pivotal role in facilitating the global transition toward sustainable energy solutions for both mobile and stationary storage applications.

Gelion has clearly defined objectives to establish itself as a company of global relevance in both technologies and in FY23, the Group made crucial steps towards achieving these goals.

### Lithium Sulfur

To accelerate our Li-S effort, Gelion acquired a lithium IP portfolio from Johnson Matthey. This will help us advance the development of our Li-S technology on a path that is intended to be compatible with a variety of lithium anode materials, including those based on mostly either graphite, silicon, silicon oxide or lithium metal.

### Zinc

To enhance the cost-efficiency and adoption potential of our Zinc technology, we have realigned our focus toward the development of a next-generation zinc-based hybrid cell. This innovative approach is designed to complement the existing lead-acid ecosystem, to fit within existing battery standards, and to capitalise on the technological advancements and insights gained from our earlier zinc-bromide research program, thereby lowering barriers to adoption.

### Post-period end

The new financial year has commenced on a robust note, marked by a successful fundraise of approximately £4.1m and subsequent acquisition of OXLiD Ltd, a UK based Li-S battery technology developer. This strategic acquisition serves to accelerate progress towards commercialisation and to underpin Gelion's move towards a global leadership position in this expanding market.

In our Zinc technology, we recently signed two agreements with The University of Sydney and Professor Yuan Chen for Gelion's Advanced Cathode Project, facilitating progress towards our zinc-based energy storage solution and we expect to validate the potential of this technology by Q1 2024.

We have also announced the joint development agreement (JDA) with Ionblox Inc., a US based silicon oxide anode developer. Gelion and Ionblox will jointly aim to develop high performance, next-generation LiSiS cells, initially for the global electric vehicle (EV), electrical vertical-takeoff-and-landing (eVTOL) and drone markets, before progressing to the stationary energy storage market.

Our operational achievements in FY23 have set a solid foundation, and we are witnessing this momentum rolling over into the new fiscal year coupled with continued strong customer interest in our technologies.

On top of the Ionblox agreement, we are working towards developing a range of strategic partnerships that will assist in fast-tracking our commercialisation path, while supporting the Board's confidence in the Group's ability to deliver long-term growth.

## Evolution of our strategy

### Li-S Batteries

Based on the very high gravimetric energy densities, Li-S-based energy storage continues to be elevated in the industry as its enormous potential in the mobility markets becomes widely understood.

Our extensive network across the industry will be key to our ability to establish the required supply chains and commercialise our products, while we expand and mature as a participant in the global community.

The technology has historically been held back by challenges including the poor conductivity of sulfur, which results in limited charging rates, and low cycle life associated with the so-called "polysulfide shuttle". There is growing confidence within the industry that viable solutions to overcome these key challenges have been identified.

In H2 FY23, we acquired the Li-S battery patent portfolio from Johnson Matthey (including solid and liquid electrolytes, disordered rock salt, electrode formulation and battery materials recycling) for a net cost of ~£3.0 million (gross cost of £4.25 million less sale of non-core IP portfolio for £1.2 million). This acquisition is of significant strategic importance to the business and is facilitating the acceleration of our technology development. The IP portfolio includes more than 350 patents across 65 patent families as well as development programs, technology transfer packages, market and portfolio analyses, manufacturing design and cost models for our Li-S technology.

We are encouraged by the progress being made toward realising the potential of this IP when combined with Gelion's existing technologies. As a result, we have now expanded the testing capacity of our research and development facilities by 50% to ensure we can optimise development and accelerate market readiness of this technology. Based in Sydney, the site has the capability to increase Gelion's prototyping toward cell development and the progressive commissioning of the capability commenced in October 2023.



Although the market for new battery technologies is very competitive and both our zinc hybrid and Li-S cell technologies have, and will continue to have, competition from other energy storage innovators aiming at similar performance and market segments, we are confident in our strategy leading to market impact.

In that context, Gelion is developing and securing IP with the objective of establishing freedom-to-operate and a protective buffer around our technology to prevent infringement and to retain our competitive advantage. We are also growing our team of technology experts and partnering to maximise our IP advantage and opportunity for success. This is perfectly illustrated by our recent acquisition of OXLiD.

#### Zinc-based energy storage

Zinc is a very important battery element, primarily owing to its abundance, non-toxic nature, and cost-effectiveness. Since joining Gelion, a key priority has been to align our exceptional technological capabilities with consumer expectations. From this process (started in March 2023), we concluded that to commercialise our zinc-bromide technology we would need to overcome significant challenges around safety under forcing conditions (e.g., external temperatures above 130°C) and associated regulation.

Based on these insights, we initiated the 12-month zinc-bromide research (R&D) programme. Building on the progress we had made already, we realised that by adjusting our technology direction away from bromide towards a hybrid chemistry target there are paths to both, lower cost (increased competitiveness), and easier scaling (earlier achievement of safety and regulation compliance validation) referred to as Gen5 hybrid technology. These elements receive further strength because of their compatibility with existing global supply chains.

This hybrid Gen5 cell is designed to deliver features highly sought after in the market, including robustness, wide temperature tolerance, adaptability to a broad range of state-of-charge levels, and the ability to be stored and transported in a discharged state.

Nonetheless, technology risk remains until we achieve a sufficient level of development and testing. Battery science is complex, with all aspects and components of the cell (e.g., anode, cathode, and electrolyte) impacting each other.



Therefore, any alterations in the design elements require a re-evaluation of all advancements. Consequently, we are reviewing carefully before accelerating. We anticipate validating the potential of this technology by Q1 2024 and will provide a comprehensive update to our shareholders consistent with the previously communicated timelines for the current programme.

#### Acquisition of OXLiD

With our clearly defined ambition to grow rapidly into a company with a global profile we are delighted to have concluded the strategic acquisition of OXLiD in November 2023, which delivers a significant increase in capability, a UK footprint and accelerates our path in the commercialisation of Li-S technology.

The UK and European battery technology market presents a growing opportunity for the Group. The UK government is supporting battery science development; stewardship of the academic technology effort is being led by the Faraday Institution (<https://www.faraday.ac.uk/faraday-battery-challenge/>) and its Li-S focused consortium LiSTAR.

Adding the acquisition of OXLiD to our Johnson Matthey IP acquisition gives Gelion a strong opportunity to work within the UK research and industry community, expand our network of contacts, and strengthen our overall position in the UK market. Modern technology and supply chain development is now best achieved by establishing global reach, while utilising local regional incentives.







### JDA with Ionblox

We signed the JDA with Ionblox in November, with the aim to deliver safe, high-energy density, lower cost lithium silicon sulfur (LiSiS) cells for the global electric vehicle (EV), electrical vertical-takeoff-and-landing (eVTOL) and drone markets, before progressing to the stationary energy storage market.

The EV and eVTOL industries are in need of highly competitive next-generation battery technologies to underpin the transition to net-zero emissions. The International Energy Agency estimates that approximately 300 million EVs will be required by 2030, compared with 10 million EVs in 2022, a 2900% increase. Technologies the ones we will jointly be developing, will be integral to servicing this exponential increase in demand.

### Summary and Outlook

We made good progress during FY23 against our roadmap to commercialisation, covering the strategic lithium battery IP portfolio acquisition, expansion of the Li-S R&D facility, pivoting from zinc-bromide to a zinc-based hybrid cell solution, and further collaboration with the University of Sydney.

We have started H1 FY24 in a strong position with:

- the development toward a zinc hybrid cell that is designed to be readily scalable and to deliver features important to the market. We intend to update further on the progress and the validation of our zinc hybrid technology and preparations for market readiness during Q1 2024;
- the recently completed expansion of our R&D laboratory for our Li-S technology;
- the successful acquisition of OXLiD;
- £4.1m capital raise demonstrating support of our existing and new investors;
- JDA with Ionblox in the US, which will enable Gelion to produce lithium silicon sulfur batteries
- a strong focus on strategic relationships including ongoing discussions toward important partnerships to further accelerate our path.

It is in the combination of these factors that success and delivery of value to our stakeholders and customers will be found. I am highly optimistic for the future of our business.

I am also confident that we will achieve success for both of our technologies, with Gelion playing a significant role in providing relevant energy storage solutions as the world continues its transition to cleaner energy

We are very grateful for what we have been able to accomplish with your help and support but are even more excited about what the future holds. I therefore thank you again for your investment in Gelion and look forward to reporting positive developments in 2024.

**John Wood**

CEO

12 December 2023



# Market Opportunities

Global demand for energy storage solutions continues to grow exponentially, supported by the implementation of government policies aimed towards achieving net-zero commitments.

## Lithium-based battery market

Lithium-based batteries continue to dominate the global battery market. Demand for these technologies is expected to increase more than six-fold to around 4.7 TWh by 2030, resulting in a predicted value of more than US\$400 billion for the battery chain market end-to-end, i.e., from raw mineral mining to end-of-life battery recycling.<sup>2</sup>

At present, the prevailing battery technology is lithium-ion based; however, recent events have highlighted several key concerns:

### Heavy reliance on highly volatile raw material markets

In fact in 2022, global shortages in several core materials led to the first increase in lithium-ion cell pack prices in over a decade.<sup>3</sup> Pack prices are forecast to remain high throughout 2023 due to ongoing demand pressures and continuing disruptions to global production.

### Prioritisation of electric vehicles (EV)

Battery manufacturers are currently prioritising the supply of lithium-ion batteries to the booming EV market, leaving potential shortages in other markets.

### Performance limitations

Current lithium-ion designs are close to hitting a performance ceiling with limited additional energy density improvements achievable. This is significant for several applications including EVs, where range anxiety is still a genuine concern for many consumers.

Traditional lithium-ion batteries will continue to play a central role in the global energy transition. However, the ongoing undersupply of lithium-ion batteries for non-EV applications and increasing demand for higher performance technologies are creating significant opportunities for next-generation battery technologies.

Li-S offers a viable next-generation battery technology that has the potential to fill market gaps and to expand into market applications currently dominated by conventional technologies.

Li-S batteries have several substantial advantages over traditional technologies including:



**High gravimetric energy density** delivers up to double the energy density achievable with current technologies.



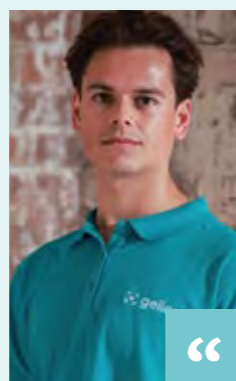
**Improved safety** with significantly reduced risk of thermal runaway and catastrophic failure.



**Lower cost** with potential cell-level cost savings of up to 40% that of current lithium-ion battery cells at a commercial scale.<sup>4</sup>



**Fewer supply chain pressures** with a reduced reliance on volatile raw material markets.



**“Gelion is on an accelerated pathway to achieve safety and performance testing of commercial prototypes.”**

**Jacob Carpenter**  
Commercial Officer  
Country of origin:  
United Kingdom



Li-S technologies provide a high-performance alternative that is ideally suited to applications in several pivotal markets. This includes the emerging electric aviation (e-aviation) market, e.g., drones, eVTOLs (electric Vertical Take-Off and Landing vehicles), HAPS (High Altitude Pseudo Satellites), where the use of Li-S batteries can deliver longer flight times and improved reliability, due to the high gravimetric energy density and low thermal failure risks.

Further, with the global EV market poised for rapid expansion over the next decade, the demand for cost effective technologies is anticipated to grow exponentially. The high energy achievable with Li-S and the use of abundant low-cost raw materials provides a possible pathway to meet the generally accepted battery price target of less than US\$100/kWh. This target is widely agreed to be the threshold below which EVs become cost competitive with conventional internal combustion engines.

Additionally, higher energy densities will mean lighter batteries and thus lighter vehicles, reducing the requirements of vehicle components, driving down cost and increasing accessibility and enabling the acceleration of the global EV uptake. Achieving this price point is also expected to lead to the rapid deployment of Li-S technologies into the broader energy storage market for other applications.

Today, the global EV and stationary energy storage markets are increasingly dominated by lithium iron phosphate (LFP) batteries, with emerging technologies like lithium manganese iron phosphate (LMFP) taking growing market shares due to improved energy densities. Gelion’s sulfur-based technology is designed to match the benefits of LMFP on cost, safety, and scalability, while significantly increasing energy density.

While there remain several key challenges, including poor durability, that need to be resolved for Li-S technologies to effectively compete with traditional lithium-based batteries, Gelion continues to design and develop innovative solutions that aim to address these challenges. By pairing our proprietary sulfur-based cathode technology with different anode materials, we will be able to deliver products tuned to meet consumer expectations and performance requirements for discrete market segments within the broader energy storage market.

<sup>2</sup> McKinsey & Company, Battery 2030: Resilient, sustainable, and circular

<sup>3</sup> BloombergNEF, Top 10 Energy Storage Trends in 2023

<sup>4</sup> Based on Gelion cost modelling using Bloomberg BattMan3.0 cost model and internal inputs



### Zinc target market

Comprehensive market analysis conducted by the business identified that Gelion’s zinc-based technologies are well-matched to the performance requirements of many traditional lead-acid battery applications. While representing a smaller future market than that anticipated for our lithium technologies, the global lead-acid market is still very substantial and growing, with a forecast market value of over US\$55 billion by 2030.<sup>5</sup>

This represents a significant opportunity for Gelion, with our zinc-based hybrid cell offering several key competitive advantages over well entrenched lead-acid batteries, including:



**Environmentally friendly** with chemistry based around zinc.



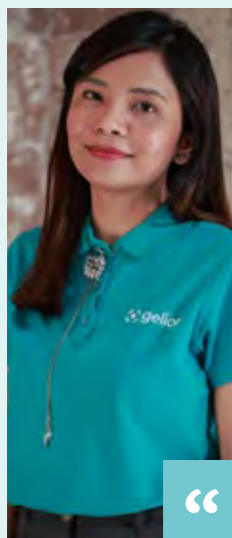
**Enhanced power capabilities** with improved efficiencies at a high discharge rate, reducing the need to oversize systems, a common practice for lead-acid batteries, to meet target application performance requirements.



**Highly robust** operation with high depth-of-discharge (DoD) achievable with minimal impact on performance.



**Long cycle life** particularly for high DoD and fast discharge applications.



“Through our match to market exercise, we’ve discovered ideal applications for our groundbreaking batteries. By positioning Gelion in rapidly growing niche markets with high-margin potential initially, and gradually expanding to broader markets, we’re paving the path to our success.”

Ma Jessica Aguinaldo  
Senior Commercial Manager  
Country of origin: Philippines

<sup>5</sup> Grand View Research, Lead Acid Battery Market Size, Share & Trends Report, 2023



In addition to traditional lead-acid applications, the low-cost, safe, and robust chemistry of Gelion’s zinc-based hybrid cell technology creates potential for additional applications. This includes the rapidly expanding stationary energy storage market, which is predicted to grow roughly 20% per year to over 1.1 TWh cumulative capacity by 2030<sup>6</sup>.

While this market is currently dominated by lithium-based technologies, we see opportunity for operational efficiencies by reducing or eliminating the need for air conditioning of our Zinc-based hybrid cell and the prioritisation of the EV market will potentially lead to an undersupply of batteries for this market. This generates a significant opportunity for alternative technologies to support the rapid expansion in demand for energy storage systems (ESS).

<sup>6</sup> BloombergNEF, 2H 2022 Energy Storage Market Outlook.



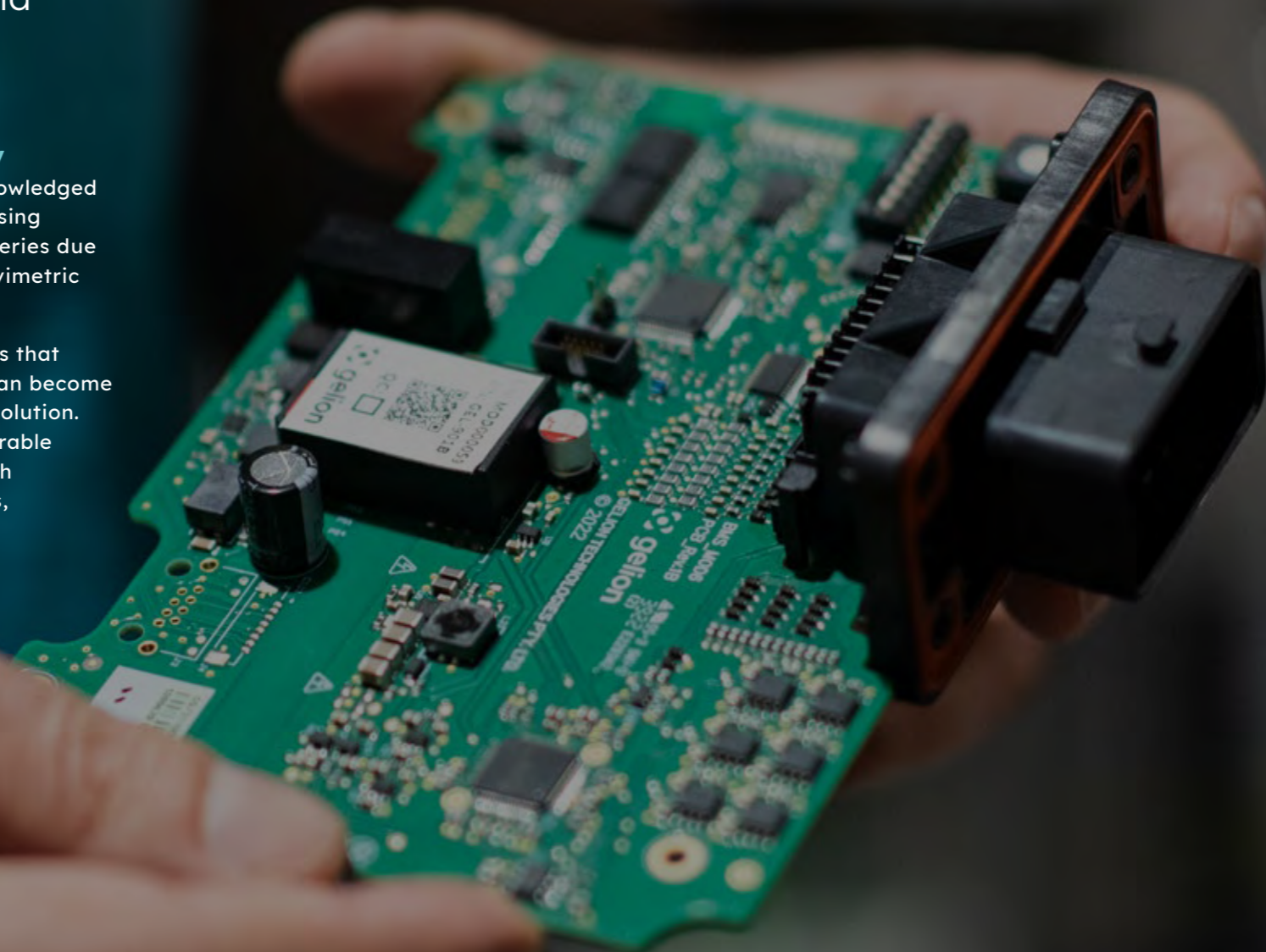
# Our Technology

Our technology will help power the transition from fossil fuels to renewable energy. The storage solutions being developed by Gelion will be pivotal to the lead-acid and lithium-ion storage market transformations.

## Lithium-sulfur (Li-S) technology

Li-S technologies have been widely acknowledged within the battery industry to be a promising alternative to traditional lithium-ion batteries due to their inherent safety and superior gravimetric energy densities.

There are, however, significant challenges that need to be solved before Li-S batteries can become a commercially feasible energy storage solution. Current technologies suffer from considerable performance shortcomings, including high self-discharge, limited power capabilities, and poor durability or cycle life.



Gelion BMS board

Gelion's core focus remains on the progression of sulfur management solutions, which is a major barrier to successfully achieving the required performance characteristics of sulfur-based technologies. Gelion is developing innovative solutions that aim to address some of the issues constraining prevailing Li-S technologies.

Several approaches are being developed by our research team that will work in concert with an overarching goal of realising the necessary technology breakthroughs. Gelion will combine the below approaches to tailor our energy storage solutions to meet the differing performance capability requirements of the target applications.



**Proprietary cathode materials**, which already have proven performance enhancements with lower self-discharge rates and triple the number of usable cycles, at less than 20% capacity loss, compared to using an unmodified sulfur cathode.



**Novel electrolyte design** to tune the power capabilities and energy densities for different target applications. The electrolytes will be purposefully designed to guarantee multi-anode compatibility.



**Further development and implementation of catalytic approaches** that will enable the efficient conversion of sulfur. This is expected to facilitate the construction of cells that can operate at higher discharge rates while retaining excellent discharge capacities.

Gelion has focused on the purposeful design of our advanced sulfur-based cathodes to enable our technology to be readily paired with both existing and next-generation anode technologies. This will ensure future applicability and delivers a compelling commercial proposition for the development of several Li-S batteries, with well-defined performance characteristics, that target different market segments.

Gelion will initially focus on developing two products with distinct performance characteristics that will enable broad market applicability.



Our lithium-sulfur (LiS) technology aims to provide improved cycle life through careful design of electrolytes and active materials, by stabilising the Solid Electrolyte Interphase (SEI) so as to mitigate the primary degradation mechanism suffered by current technologies (polysulfide molecules shuttling from the cathode to the anode and causing low coulombic efficiency of the cells and rapid capacity fade).

As outlined by our technology roadmap, future development directions will focus on pairing our proprietary sulfur cathode with a lithium metal anode. This will enable Gelion to deliver an ultra-high energy density product to the market. Although initially expected to be competitive mainly within the e-aviation market, Gelion anticipates that the ongoing development of our technology will result in performance enhancements, particularly to cycle life, and will enable the ready adoption of this technology for broader market applications.

There is confidence in the industry that given its potential for lower cost, higher safety, high gravimetric energy density and the abundance of Sulfur, that Li-S will become an increasingly important battery technology as power capabilities and cycle life is progressively improved. Noting these areas of performance enhancement are key to unlocking the technologies tremendous potential in our research program Gelion is combining our own developments with the IP portfolio we acquired from Johnson Matthey to address them with the goal of developing performance leadership position as Li-S technology is adopted and scales.



### Key benefits



Improved energy density compared to current technologies



Utilises innovative technology proven to substantially enhance lifetime



Provides a competitive advantage with few companies operating within the sulfur-based cathode space

Demonstrator system



Prototype cells



Demonstrator system with prototype battery module and cells





### Zinc-based technologies

Gelion believes that our zinc-based energy storage solutions offer a commercially viable alternative to the established lead-acid technologies in several core stationary energy storage applications. This is due to the superior power capabilities, enhanced durability, and highly robust chemistry of our technology; capable of delivering substantial performance improvements compared to traditional batteries.

### Proof of concept production

Last financial year, Gelion achieved a key milestone with the successful construction and operation of our first industrial pilot line. This production line manufactured around 1,200 Gen4 zinc-bromide cells. Cells from the production were used in both cell testing and in the development of our BMS and system technology as discussed below.

### Battery management system (BMS) development

An integral element of our development to support the readiness of our zinc technology for system testing was the deployment of the in-house developed, advanced battery management system (BMS), which was designed to enable highly accurate data capture. An independent third party review confirmed the suitability of the designed BMS platform for the safe operation and management of high voltage (up to 668 VDC) battery strings.

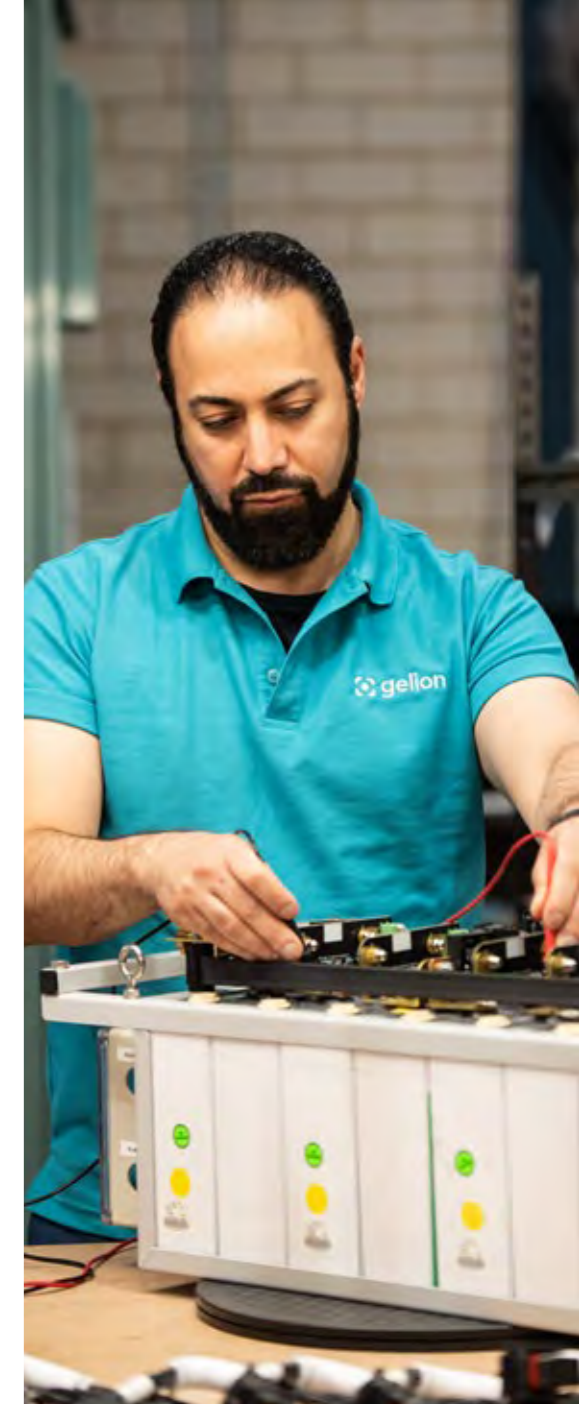
Our engineering team also developed and implemented a robust time-series data platform that enabled the real-time monitoring and analysis of system operations, both by Gelion and by key external stakeholders. This incorporated proprietary algorithms to enable accurate calculations of state-of-health performance.

While initial testing followed internally developed cell evaluation regimes, Gelion has since advanced to testing modules and systems using a customised Energy Management System that facilitates ad-hoc cycling patterns and operations. This permits the performance of our multi-string systems to be assessed under conditions analogous to those anticipated during in-field deployments.

Gelion has purposefully designed the BMS platform and software systems to be highly flexible, which is expected to enable future compatibility with a range of technologies, regardless of the underlying chemistry.



Gelion battery module



Electrode sample



“Gelion proudly launched its first ever Zinc-based chemistry pilot manufacturing site in Sydney, Australia in September 2022. The successful effort took the team 7 months to progress to a fully functional and reproducible production line that incorporates a battery assembly line, vacuum filling, finished product testing and product packaging.”

Darin Moreira  
Production & Manufacturing Engineer  
Country of origin: Malaysia







Gelion lithium-sulfur laboratory

### Technology developments

Last financial year, Gelion conducted rigorous market analysis to identify target applications where our technology provides clear competitive advantages, enabling rapid market penetration and ensuring long-term viability. This evaluation established that the inherent performance characteristics of our batteries were highly compatible for high discharge rate applications with suitability for several markets, e.g., uninterruptible power supply (UPS).

This study highlighted several key areas where our technology required refinement to deliver a product that could better meet customer expectations for a safe, cost-effective, and high energy density energy storage solution.

As a result, Gelion initiated an intensive 12-month research programme at the start of this year, which aimed to further refine our technology to improve compatibility for these applications.

Gelion’s zinc research team has made significant progress to date, with key breakthroughs in the development of solutions to improve zinc plating quality. This is crucial as it reduces the previous need for maintenance “stripping” of the battery after every few cycles, leading to enhanced cycle life and resulting in both cost and performance enhancements.

However, further research and in-depth testing of Gelion’s zinc-bromide technology determined the potential safety risks of our underlying chemistry under duress, e.g., external fires. Gelion will never compromise on the safety of our products. Possible pathways were explored to mitigate this risk and enhance the safety of our Gen4 technology, with the most promising revolving around improving the efficacy of bromine sequestration. However, these approaches would all have required a significant sacrifice in energy density, reducing commercial applicability. Consequently, an informed decision was made to pivot away from our zinc-bromide chemistry.



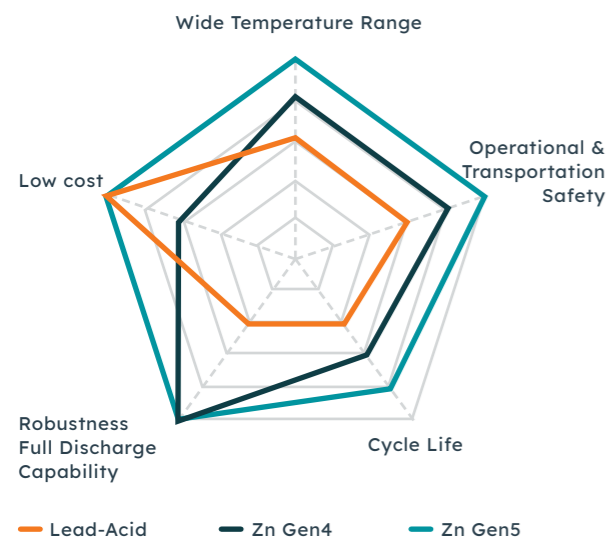
“Through a comprehensive project analysis and precise integration process, we have dedicated significant efforts on aligning Gelion’s battery technology with Acciona’s energy requirements”.

Arash Dabiretemadi  
Systems Engineer Manager  
Country of origin: Iran



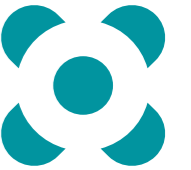
### Gen5 zinc hybrid technology

Gelion has since identified a path to an alternative zinc-based hybrid technology that will provide similar competitive advantages to our Gen4 technology with significant improvements to safety. This new generation technology's underlying chemistry direction is non-toxic, i.e., does not utilise bromine, and retains the inherently low fire risk, wide operating temperature range, and ability to completely discharge without loss of function or damage of our Gen4 technology. As a result, Gelion believes that this technology remains highly relevant for identified market applications, aligning with desired performance requirements.



Gelion's Gen5 zinc hybrid technology is currently under development and an intensive scoping study will be delivered on the technology by Q1 2024.

Gelion will leverage our existing knowledge and intellectual property, to accelerate the development of our Gen5 technology. Early results from our initial exploration of the underlying Gen5 chemistry have been promising and we expect that the commercial potential of this zinc hybrid technology will be verified through our research programme by Q1 2024.



### Third Party Validation

With the understanding gained toward the potential for risk associated with the Gen4 technology Gelion paused the introduction of systems for pilot testing by third parties until our Gen5 release.

To minimise delay, Gen4 cells are being used to implement end to end system development in our own managed environments and arrangements have been made with development partners such as Acciona that are helping us to test all parts of our solution end to end remotely so as to be able to support Gen5 zinc-based hybrid cell when it is appropriate including preparation toward successful execution of the rigorous testing plan as specified by Acciona.

### Key benefits

-  Scalable, reliable manufacturing process with minimal maintenance costs
-  Safe and efficient operation in remote areas and at scale
-  Operates in elevated ambient temperatures without the need for air conditioning
-  Environmentally sustainable and lower end-of-life disposal costs; high recyclability





## Our Strategy

Gelion remains committed to delivering long-term value to our stakeholders through the development of our cutting-edge energy storage solutions that will be of critical importance to the world of tomorrow.

### Gelion's five step growth strategy

The core principles at the heart of Gelion's growth strategy are:

#### 1 Strong IP portfolio and exceptional team to deliver the plan



Strengthen Gelion's position through strategic IP acquisition and access to wide pool of scientists, engineers and business professional to deliver the plan.

81% of Gelion's team members hold a Bachelor's degree qualification, 46% hold a Master's degree qualification, 27% hold a PhD qualification and 24% hold other qualifications.

#### 2 Strategic Partnership



Establish strategic partners and government support to strengthen our market positioning and opportunities.

#### 3 Advanced Catalytic Approach and Optimised Manufacturing Process



Purposely designed battery format and production processes are highly aligned with proven standard lead-acid and lithium manufacturing processes.

Readily available equipment, and easily accessible materials, help to ensure that our supply chain will not be constrained geographically.

#### 4 Accelerated Path to Commercialisation



The Advanced Commercial Prototyping Centre (ACPC) is a critical element of Gelion's strategy to accelerate the development and commercialisation of its lithium-sulfur and zinc technologies.

#### 5 Achieve Global Presence



Gelion's aim is to power next-generation automotive and stationary storage applications through global manufacturer and supply chain partnerships.





### Strong intellectual property (IP) portfolio

Gelion recognises that our IP portfolio forms the foundation of our technology and contributes to our competitive edge in this rapidly evolving market. Gelion will continue to champion the development of IP rights and know-how through our research and development programmes.

Our objective remains the creation of a strong and robust IP portfolio that provides both direct protection of our utilised technology and a defensive moat that blocks competitor encroachment on our proprietary technology. This combined approach will ensure that Gelion remains a force at the forefront of the energy storage market.



#### The University of Sydney patent acquisition

Gelion made the strategic decision to acquire IP assets from the University of Sydney that were previously exclusively licensed to Gelion. This involved the transfer of patent assets, technical know-how and future improvements relating to sulfur-based cathodes to Gelion. As a result of considerable technological advancements by Gelion, a decision was made to acquire these assets to give Gelion greater control over future development opportunities and ensure that Gelion can fully exploit this groundbreaking technology.



#### Johnson Matthey IP portfolio acquisition

During the financial year, Gelion successfully acquired Johnson Matthey’s lithium battery-based IP portfolio, which included both the patent portfolio as well as underlying know-how. This portfolio consisted of 82 patent families covering inventions across a broad field. While primarily based around Li-S technologies, this portfolio also incorporated protection for silicon anode-based and battery material recycling technologies.

The Li-S IP portfolio was originally developed by Oxis Energy, a global leader in lithium-sulfur-based technologies, who were at a highly advanced stage in their battery development prior to their collapse. As a result, this portfolio protects a wide range of inventions covering everything from individual components (i.e., sulfur-based cathode materials, electrolyte formulation, protective anode coatings) to cell design and manufacture to battery management during cycling.

The acquisition of this portfolio has, and will continue to, enable the rapid advancement of our pre-existing technology, facilitating the acceleration of our commercialisation pathway. Considering our core focus is on the development of sulfur-based cathode materials, Gelion made the tactical decision to on-sell the silicon anode portfolio to Sicona Technologies Pty Ltd, a silicon anode technology developer in Australia. As part of this agreement, Gelion retains the exclusive, royalty-free licence to this portfolio for applications with sulfur-based cathode technologies.

#### Oxlid acquisition

Post-year end, Gelion successfully acquired Oxlid Ltd in September 2023, a UK-based start-up lithium-sulfur battery company. Gelion believes that this acquisition will accelerate the commercialisation of our Li-S technology in several core areas.

Oxlid has developed an IP portfolio, of both internally developed technologies and inventions exclusively licensed from leading UK universities, which protects materials and solutions that target increased cycle life, improved safety, and enhanced power capabilities. This recently developed portfolio will supplement the lithium-sulfur IP portfolio that Gelion continues to mature.

In addition to strengthening Gelion’s IP position, this acquisition also provides easy access to the UK and Europe markets, and the significant funding opportunities available through various programmes and grants, including several that specifically target lithium-sulfur technology development, e.g., Faraday Battery Challenge and the LiSTAR (Lithium-Sulfur Technology Accelerator) project.

Further, Oxlid has proven production of prototype pouch cells. This is a critical step in the commercialisation of lithium-based technologies and a key milestone that Gelion is developing towards. This acquisition will enable Gelion to leverage the experience and know-how already developed by Oxlid to manufacture pouch cells. These cells will utilise a combination of innovations developed by Gelion, JM/Oxis Energy, and Oxlid, to provide a high-performance product.

This ready access to demonstrated pouch cell manufacture will be crucial to securing funding from major strategic investment partners, with whom Gelion is currently undertaking high-level discussions.

Gelion made multiple strategic acquisitions last financial year, which both complement and strengthen our internally developed IP portfolio.



“The successful acquisition of the Johnson Matthey lithium battery IP portfolio has been highly advantageous for Gelion. This acquisition has strengthened our market position and is facilitating significant advancements in the development of our technology”.

Ellen Hemming  
IP Coordinator & Knowledge Management Specialist  
Country of origin: Australia



### Strategic partnerships

Gelion continues to foster and develop strong partnerships and collaborations with third parties. This currently includes contractual and non-contractual industrial partnerships with:

- **Battery Energy Power Solutions**  
a lead-acid manufacturer that hosted our pilot production line.
- **Acciona Energia**  
one of Europe's largest sustainable energy companies. Gelion's zinc-based technology was selected to take part in their technology trial.
- **Anode suppliers**  
silicon anode material developers with whom Gelion is exploring potential collaboration to co-develop a lithium silicon sulfur battery.

Gelion continues to engage with world-leading universities and research institutes to utilise the immense and diverse expertise available to advise on the various aspects of our technology development.



“To formulate a safe zinc hybrid cell using affordable and functional materials, making renewable energy accessible to all”.

**Shufeng Zhao**  
Formulation Scientist  
Country of origin: China

### Li-S technology:

#### Advanced catalytic approach

Gelion considers the incorporation of catalytic materials into our Li-S technology as a viable, cutting-edge approach that has the potential to significantly enhance cell performance. These catalytic materials are expected to vastly improve the speed of sulfur conversion, enabling high discharge rates while simultaneously preserving discharge capacities.

Gelion has access to considerable catalytic expertise through our founder, Professor Thomas Maschmeyer, a world leader in catalysis with over 30 years experience within this field. By leveraging the immense experience Professor Maschmeyer provides, Gelion anticipates being able to rapidly develop advanced catalytic materials that will facilitate the optimisation of performance parameters, including power density, for high performance applications, e.g., e-aviation.

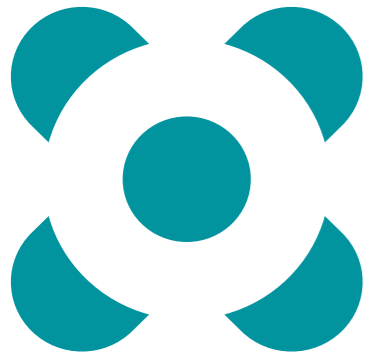
### Zinc hybrid technology:

#### Advanced cathode project

Gelion has recently signed agreements with The University of Sydney surrounding the engagement of Professor Yuan Chen and his research group, the Laboratory for Advanced Carbon Research. Professor Chen and his team will work closely with Gelion's zinc team to accelerate the development of our Gen5 zinc hybrid technology.

Professor Chen's significant research experience and extensive knowledge of carbon materials, including their application in zinc-based energy storage solutions, will be invaluable to the development of high-performance cathode active materials. Gelion has engaged Professor Chen as a consultant to advise on both the technical and commercial aspects of our Gen5 technology.





### Exceptional team

Gelion is privileged to have attracted a high-performing, dedicated team of seasoned professionals in commercial, science and engineering disciplines, that are guided by our visionary leaders. Our passionate team continues to drive our technological and strategic advancements.

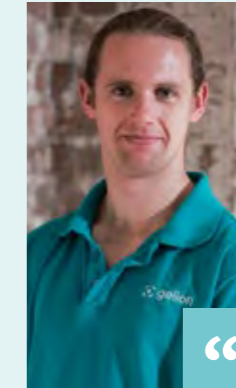
### Capitalise on established manufacturing processes and resilient supply chains

Gelion has intentionally designed our two core technologies to employ standard cell formats and well-developed industrial manufacturing processes. This ensures that the industrial production of our technologies will be readily scalable, minimising production costs and scale-up risks.

Gelion's zinc hybrid and Li-S technologies both utilise well-established, highly abundant materials, providing inherent supply chain resilience. This will enable the potential for rapid expansion of production capacity to adapt to strong market demand.

Gelion's zinc-based technologies have been developed with a robust modular design, equivalent to those of standard lead-acid batteries. This technology will be produced as containerised systems, which will enable the easy tailoring of storage capacity to meet the requirements of individual customers by simply varying the number of deployed containers.

Gelion is developing next-generation battery technologies that will leverage existing manufacturing ecosystems to reduce costs and accelerate scale up for mass market adoption.



“Working with brilliant minds to deliver a cutting-edge technology for the future of energy storage in a more sustainable world.”

Adam Inchley  
Process Engineer  
Country of origin: Australia

### Accelerate commercialisation pathways

Gelion aims to fast-track the development and commercialisation of our Li-S and zinc-based technologies. To support acceleration together with our strategic partners, we have recently expanded the Li-S R&D facility which will enable and facilitate the:

- Production of prototype cells, which will permit technological improvements to be validated.
- Rapid analysis and refinement of key components to accelerate product design. This is particularly crucial for our Li-S technology, where our proprietary sulfur-based cathodes need to be paired with and tested in combination with partner developed anode technologies.

### Achieve global presence

Gelion aims to power the next-generation automotive and stationary storage applications with our innovative technology by partnering with global manufacturers, developers of complementary technologies, and supply chain participants.

### Next-generation technology focus

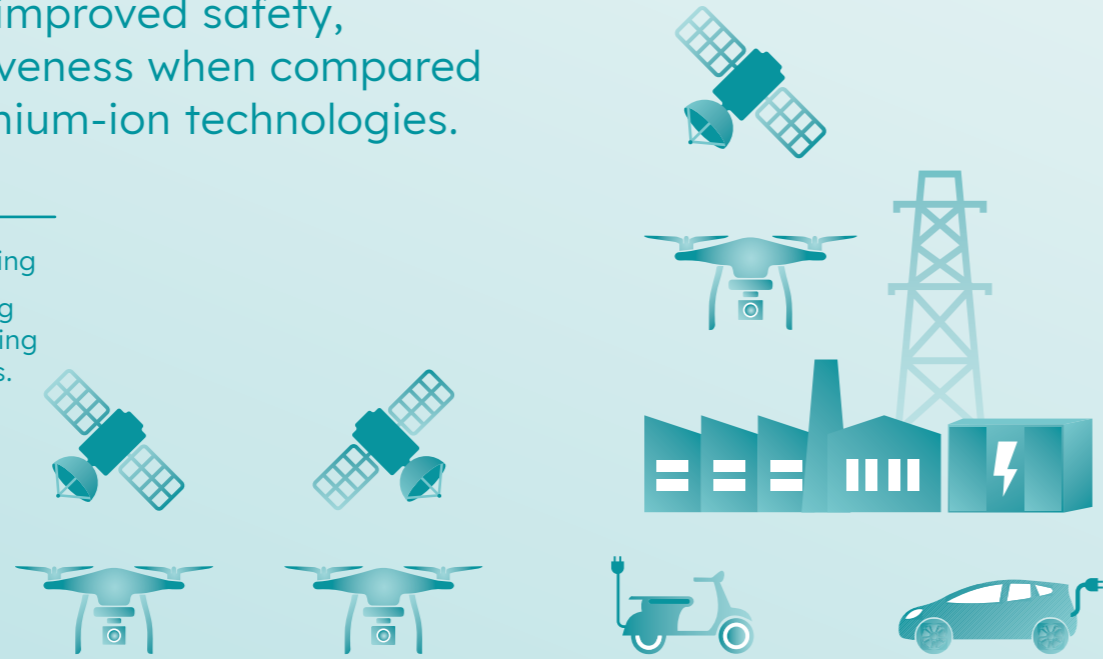
We continue to make significant advancements in our technology through our research and development activities. These improvements will be enabled primarily by technical advancements, design improvements and process developments that will assist in cost reduction, ensuring that Gelion, and our technology, will be a force at the forefront of energy storage technologies.



# Target Applications

Lithium-sulfur technology  
 Gelion's next-generation Li-S batteries offer competitive advantages in several key applications due to their enhanced energy density, improved safety, and cost-effectiveness when compared to incumbent lithium-ion technologies.

- Target strategic partnering
- Prototype manufacturing to underpin partner testing and validation programs.



2024                      2025                      2026                      2027                      2028                      2029

Technology progresses through prototype validation, small, high value quantities, to volume applications in later years. Products will include sulfur cathode materials, sulfur cathodes, and lithium-sulfur cells

### Near-term applications

Gelion is well-positioned to address the demand for several emerging, but rapidly developing, markets. For initial market-entry, Gelion will target applications that require high energy density but short cycle life and low power requirements, for which our initial product will be ideally suited. This will initially focus on the unmanned aerial vehicles

(UAV) market, including high-altitude pseudo-satellites (HAPS) applications, before targeting the penetration other electric aerospace applications (e.g., drones).

At present, these niche markets represent high value with low volume requirements making them ideal for initial production capacities.



### Long-term applications

Gelion will continue to advance our technology to develop products that meet the performance requirements of alternative applications and enable successful market penetration. This includes the high-value, large volume electrical vehicle (EV) and energy storage system (ESS) markets, where safety, cost-effectiveness, and durability are paramount.





### Gen5 zinc-based technology

Gelion's zinc-based hybrid cell technology offers inherent safety, low-cost and robust chemistry that meets the prerequisites for several target markets, providing significant commercialisation opportunities. Gelion will focus on penetrating applications typically dominated by lead-acid batteries.

#### Near-term applications

Stand-alone power systems (SAPS) and home uninterruptible power supply (home UPS) offer promising low-volume market-entry applications. The wide operational temperature range, capability for complete discharge, long cycle life and cost-effectiveness will make Gelion's technology competitive against current technologies.

#### Long-term applications

Further technological advancements and scaled industrial production will enable Gelion to target other stationary energy storage markets.

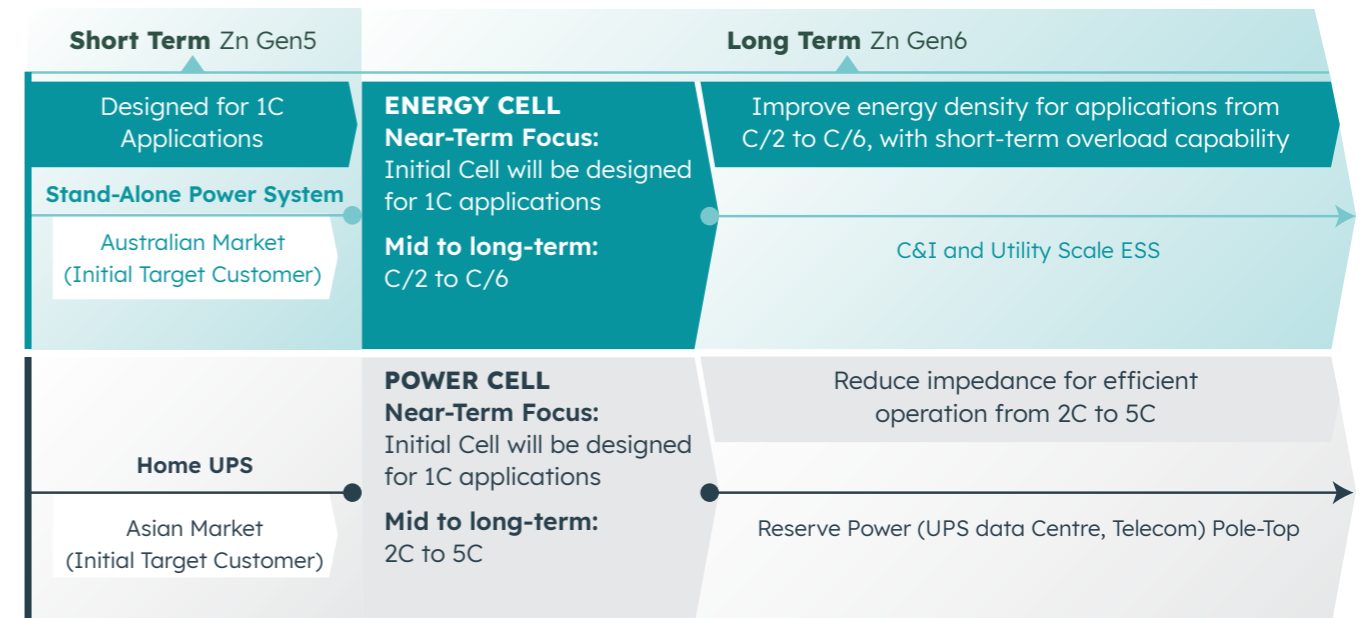
Subject to the outcomes of the Zinc technology review process we are continuing into H2 FY24, Gelion currently intends to develop two discrete zinc-based products that will target distinct market applications.

#### Reserve power (including UPS and telecom)

Reserve power applications typically require the battery to be maintained in a charged state until required. Core requirements include high-power densities, fast response times, long cycle life and suitability for extended storage at top-of-charge. Gelion believes that our zinc-based technology can be tuned to suit these applications.

#### Long-duration energy storage

Gelion will also develop technology that targets the penetration of commercial and industrial (C&I) behind-the-meter and utility-scale energy storage system (ESS) markets. These applications require good energy density, durability, and cost-effective solutions. Gelion will explore the suitability of our technology for these applications.





# Chief Financial Officer's Review



**Amit Gupta**  
Chief Financial Officer

This CFO review should be read in conjunction with the consolidated financial statements of the Company and Gelion Technologies Pty Ltd (together the 'Group') and the notes thereto on pages 46 to 81. The consolidated financial statements are presented under international accounting standards. The financial statements of the Company continue to be prepared in accordance with UK-adopted International Accounting Reporting Standards and International Accounting Standards as issued by the International Accounting Standards Board (IASB) and Interpretations in conformity with the requirements of the Companies Act 2006 and are set out on pages 76 to 81.

## Overview

FY23 was another busy year for Gelion, a year filled with accomplishments, inorganic activities, strategic reflection and direction and realignment of priorities.

In FY23, we invested in our people, primarily scientists, chemical and mechanical engineers, further strengthening our human capital to drive innovation towards commercialisation, manufacturing at pilot scale, and growing our IP moat to further establish our market-leading position in the global Li-S battery ecosystem.

Despite the significant macroeconomic challenges in FY23, we have successfully accomplished product development while maintaining the cost base within original plans. These challenges continue and the Group has been proactive in reducing discretionary expenditure to ensure efficient capital deployment.

## Li-S technology

The Group made huge strides in progressing our Li-S technology ahead of original plans, facilitated by the strategically important acquisition of the Johnson Matthey/Oxis Energy IP portfolio in March 2023 for £3.0m (net costs post sale of the silicon anode IP and exclusive licence back for Li-S technology), placing Gelion among the top global players in the Li-S battery market. This IP portfolio potentially also provides additional commercialisation opportunities (development or licensing), in the areas of lithium battery recycling and alternative electrode technologies.

It was identified that quick action was required to exploit the IP and, therefore, decided to expand the R&D capability of the team by increasing team members and facilities which became operational in September 2023.

Post year-end, we also acquired OXLiD Ltd, a UK based Li-S business with roots back to Oxis Energy, to target the Europe and UK market while doubling our effort to achieve technical milestones to target our near-term target applications.

The acquisition was for a total consideration of approximately £4.2m (£1.25m cash on completion, £0.4m deferred cash consideration and £2.5m in shares escrowed for 18 months) and was funded from the recently concluded capital raise of £4.1m in November 2023.

We recently also signed a JDA with the US based Ionblox Inc., a leader of silicon oxide anode developer with an aim to develop lithium silicon sulfur batteries

## Zinc-based energy storage solution

Our primary focus during the past year has been on advancing our zinc battery solution. We successfully set up the pilot facility and manufactured 1,200 zinc-bromide batteries. Rigorous testing of these batteries and validation processes have provided critical insights, which resulted in Gelion choosing to pivot to the Gen5 zinc hybrid cell (bromine free). This technology will incorporate learnings from the past eight years into a new system design, which the Group expects will result in development efficiencies to help achieve improved cell performance against the metrics of cost, safety, and performance.

We recognise the importance of collaboration in a dynamic and competitive industry and, as a result, have developed further partnerships with the University of Sydney to assist in the Gen5 zinc hybrid battery research. The board believes this will not only validate the viability of Gelion's technology, but also open doors to future product development collaborations from suppliers and other like stakeholders. We are actively working on translating our innovative solutions into market-ready products. Our strategy involves carefully targeted product launches and pilot programs to validate market demand and gather valuable customer feedback.

This was achieved whilst maintaining a focus on value creation and strategic growth. As part of the Company's commitment to enhancing shareholder value and ensuring long-term financial resilience, from March 2023 efforts have been made to pursue initiatives to manage costs whilst continuing to deliver solutions that the world really needs.

## Focused cost saving efforts

### Balancing efficiency and innovation

Our cost control measures have been thoughtfully implemented to strike a balance between maximising efficiency and fostering innovation. These measures resulted in annualised cost savings of c. £1.0m across staff, consultants, and other overheads. By streamlining certain processes and optimising resource allocation, we have remained steadfast in our commitment to invest in research and development, ensuring that we continue to innovate and, at the right time, offer cutting-edge products to our customers.

### Prioritising sustainable savings

Our approach to cost control is rooted in sustainability. While certain savings reflect a temporary reduction in costs, which were important to be undertaken to match the Group's current needs and development status, we have also made efforts to identify and address areas where costs can be reduced without compromising the quality and integrity of our offerings. These efforts have not only yielded immediate financial benefits and reduced cash burn but have also positioned us for sustainable growth over the long term. This disciplined approach has allowed us to redirect resources towards high-impact projects that align with our strategic goals; for example, IP portfolio management, fostering a more agile and competitive organisation.

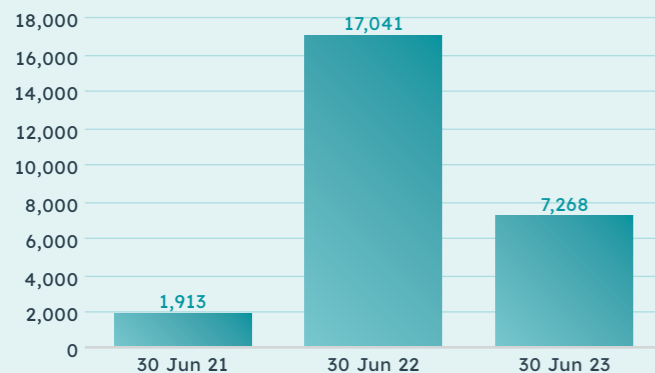
In conclusion, our commitment to cost control is a pivotal aspect of our overall financial strategy. While our efforts to date have resulted in immediate improvement in cash burn, they are underpinned by a broader vision of sustainable growth, innovation, and value creation. It is the board's belief that by striking the right balance between managing costs and strategic investments, we will be well-positioned to navigate dynamic market environments and deliver sustainable returns to our valued investors.



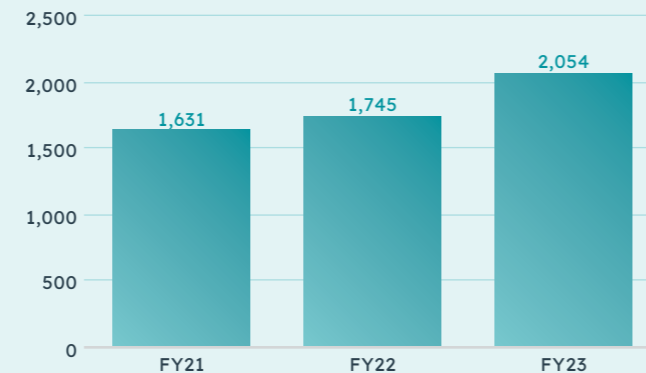


## Financial highlights

Cash, cash equivalents and term deposits (£'000)



Total income (£'000)



## Income statement

Total income for the year ended 30 June 2023 was £2.1m (2022: £1.7m) primarily from R&D tax incentives resulting from the ongoing development programmes of the business for both technologies.

Adjusted EBITDA loss (defined as the Earnings Before Interest, Tax, Depreciation, Amortisation, listing and other non-recurring costs and share based payment charges, please see more details on page 6) increased to £5.9m (2022: £4.1m) reflecting FY23 being the first full year post listing. Refer to the note 25 to the financial statement for a reconciliation to IFRS measures.

Operating losses before non-recurring items and share based payments expense increased to £6.4m (2022: £4.4m) primarily due to:

- £1.2m increase in research and development spend, a significant proportion of which relates to staff costs resulting from the increase in the average number of R&D staff from 26 in FY22 to 36 in FY23 and pilot manufacturing project
- £1.0m increase in administrative costs reflecting additional costs of being a public company
- partially offset by an increase in other income

## Statement of financial position and cash flows

At 30 June 2023, current assets amounted to £9.4m (2022: £19.2m), including cash and cash equivalents and term deposits of £7.3m (2022: £17.0m) primarily driven by:

- operating cash outflow of £6.0m (2022: £5.3m); and
- IP acquisition and management expenses of £3.0m (2022: £0.05m), property, plant, and equipment of £0.5m (2022: £0.7m) largely relating to the commissioning of the pilot manufacturing plant and other lab equipment.

## Research and development

Research and Development continues to form a material part of the Group's activity this year, with a significant portion relating to pilot manufacturing of our zinc-bromide battery. The Group expensed most of its development costs of £4.1m for the year (2022: £3.0m). The Group had qualifying research and development costs against which it expects to receive the R&D tax incentives of £2.05m from the Australian Taxation Office.

## Foreign currency exposure

The Group currently does not face any significant currency exposure; however, it does expect this to increase in the future as exposure to both foreign currency translation risk and transaction risk increases resulting from plans to scale. A large majority of the Group operating overheads are in Australian dollars whereas procurement of materials and equipment are in other foreign currencies.

We have signed a FX hedging contract with a financial institution however there weren't any outstanding hedging contracts as of June 2023. The Group expects to maintain a natural hedge to transactional exposure by invoicing in foreign currencies where appropriate to minimise the difference between cash inflows and outflows in the respective currencies.

## Outlook

Over the past year, we have faced both challenges and opportunities, and I am proud to say that we have not only navigated these waters successfully but have also made significant strides toward our strategic goals.

While innovation remains a cornerstone of our Group's strategy, we are conscious of the fact the industry is changing rapidly, and strategic moves need to be made to shorten the time to market. As such, we not only continued to invest in research and development, but we also acquired global patent portfolios and OXLiD to enable us to capitalise on the Li-S momentum. The Board believes our prospects remain promising as our internal development and inorganic activities have placed Gelion at the forefront of this rapidly evolving industry while managing risk, reward, and efficient use of shareholder funds at the same time.

Our research indicates the adoption of renewable energy sources is accelerating, creating a higher demand for reliable energy storage solutions. With governments and businesses alike committing to ambitious sustainability targets, we are poised to capitalise on this trend. Our pipeline of innovative products is robust, and we are committed to bringing these advancements to market in a timely manner.

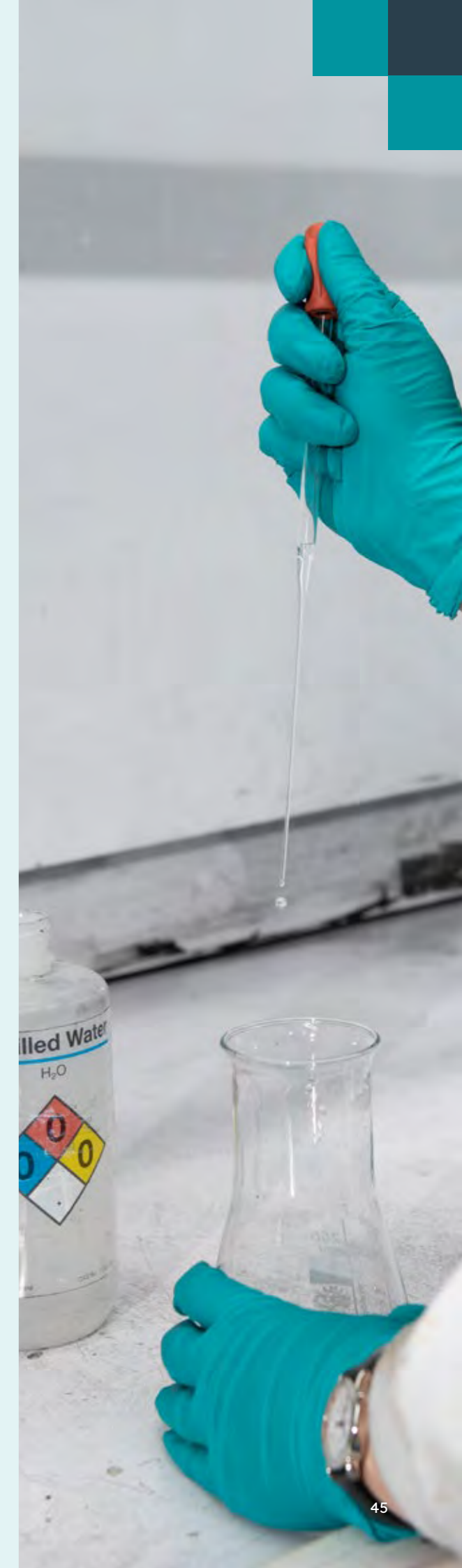
Our technologies aim to cater to both mobile and stationary storage applications and our strategy specifically targets markets and opportunities that Gelion can pursue in the near term and then expand into in the medium to long term.

We extend our gratitude to our shareholders, partners, and employees for their unwavering support as we embark on this exciting journey towards a more sustainable energy future.

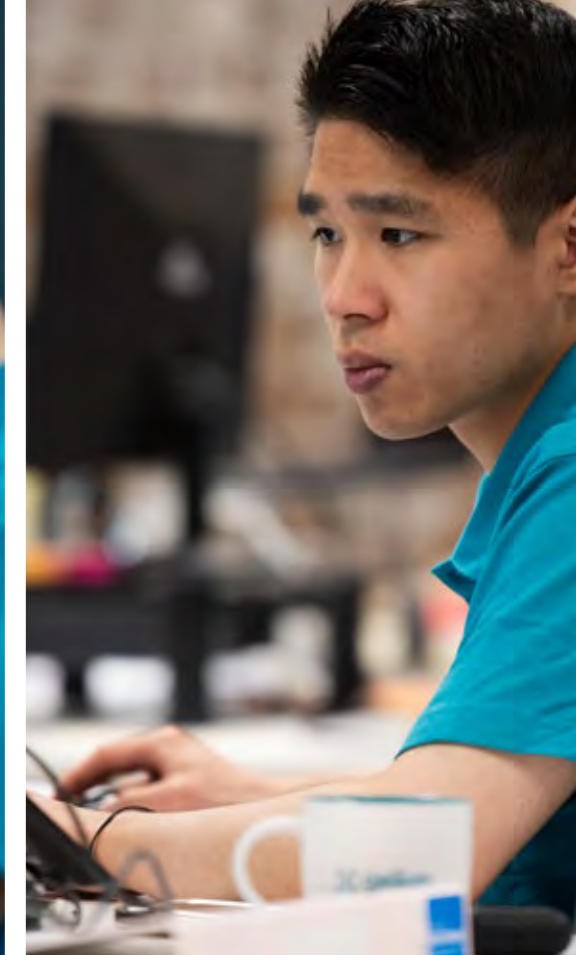
**Amit Gupta**

CFO

12 December 2023







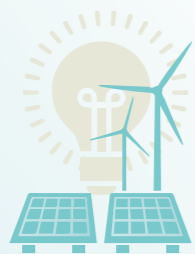
## Our People

Our people are passionate and determined, highly skilled, inquisitive beyond measure, and committed to delivering distinction.

Gelion's four core values form the foundation that guides our people.



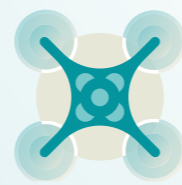
**Environmentally Conscious**  
to make a very real contribution to humanity and the future wellbeing of our planet.



**Cutting Edge Innovation**  
to provide effective, safe and inspired energy technologies that solve global needs.



**A Scientific Ethos**  
underpinned by a truly impressive research and development team.



**Realism**  
providing commercial solutions that deliver outside of the laboratory.

The Board recognise the value that our employees create for the business. This is emphasised through our commitment to staff development opportunities and training, as well as short and long-term recognition incentives designed to reward achievement.

In the last financial year, we welcomed 11.5 FTEs to our business, illustrating our guiding values to attract, retain and develop the best talent. Cementing our reputation as an employer of choice, we have recruited some of the sharpest business and scientific minds, who continuously add key contributions to our story.

Gelion is proud to have a diverse workforce and talent pool, stemming from more than 15 cultural backgrounds around the world. We welcome and celebrate each team member's distinctive knowledge and experience. We have, and will continue to implement, robust policies and procedures that embrace diversity, inclusion, and equality.

We place a strong emphasis on both the physical and mental wellbeing of our team. Gelion provides access to employee assistance programs and has introduced flexible working arrangements, while encouraging team members to participate in respectful workplace training workshops to stay current with relevant organisational and legislative changes that place wellbeing at the forefront of operations.



**“It’s a dream for a PhD student to be able to apply their expertise and their knowledge to make an impact, and Gelion has given me the opportunity to accomplish my dream”.**

**Dr Alfonso Rafael Ballestas-Barrientos**  
Research Manager  
Country of origin: Venezuela





**Skilled & Credentialed**



**27%**

of employees hold PhD qualifications

**46%**

of employees hold Master Degree qualifications

**81%**

of employees hold Bachelor Degree qualifications

**Gender Diversity**



**30%**

Female



**70%**

Male

**Training and Development**



**84%**

of employees attended Respectful Workplace Training

**Work Health and Safety**



**0**

Lost working time accidents

**Employee Wellbeing**



**67%**

of departments have representatives certified in First Aid or Mental Health First Aid

**Talent Pipeline**



**42%**

of positions in FY23 were filled from within the organisation

**Employee Satisfaction**



**71%**

of employees successfully take part in flexible working arrangements



We want our team to be inspired to live our purpose and values every day. Having an engaged and enthusiastic team is fundamental to Gelion's ongoing success.



# Sustainability



Clean energy storage, creating the climate of tomorrow.



Gelion's technologies leverage abundant materials such as sulfur and zinc as a substitute to traditional rare earth metals used in incumbent battery technologies, alleviating supply chain constraints of critical raw materials.



This key differentiator contributes to customers striving to reduce their overall environmental footprint as they work towards achieving net zero.



Gelion's lithium-sulfur technology achieves a reduction in carbon lifecycle compared to current lithium-ion technology.

## The members of the ESG Committee



**Steve Mahon**  
Chair



**Michael Davie**  
Non-Executive  
Director



**John Wood**  
CEO

### The road to a cleaner future

As stewards of this transformative journey, we have aligned our mission and values with six of the United Nations Sustainable Development Goals, details of which are available on our website. Our advanced battery technology is a cornerstone in this shift, facilitating more environmentally friendly options for storing renewable energy.

### Gelion is committed to high standards of ESG

Gelion is steadfast in its devotion to high-quality environmental, social, and governance (ESG) practices. Our ESG Committee continuously evaluates the integration and performance of these practices, and updates our approach to ensure alignment with our ESG objectives. Whether as a business entity, an employer, or a pioneer in clean technology, we hold ourselves accountable for enacting strategies that meet our ESG goals at every level of our operations. Refer to the Corporate Governance section for details on governance.

In the last year, we have undertaken significant sustainability improvements at our systems engineering workshop location in Camperdown to reflect our commitment to environmental stewardship:

- We have transitioned from halogen to LED lighting in the main workspace, optimising energy efficiency.
- Attic ventilators have been installed in the roofing system to enhance employee comfort, a move that is expected to notably reduce reliance on air conditioning, thereby conserving energy.

From a people and culture perspective, employee flexible working arrangements were introduced in FY23. The introduction of this initiative has been successful with more than 71% of employees adopting a flexible working model.

In addition to increasing employee satisfaction, flexibility, and wellbeing, this has also led to a decrease in Gelion's carbon footprint by reducing the reliance on emission-emitting vehicles.

### At the heart of the green agenda

We are continuing to improve our low-impact and safe technologies to support the renewable energy transition. Our energy storage platforms comprise of abundant materials that lower the environmental impact of our technologies, while contributing to our sustainability and recyclability objectives.

### ESG leaders

Gelion remains committed to the creation of products that align with our ESG policy and values. We continue to work closely with our partners to ensure that there is no risk of modern slavery during production and that our product and manufacturing processes minimise negative environmental impacts.

### Our approach

We are committed to:

- ✓ Developing and establishing initiatives with an aim to reducing the environmental impact of our activities. This includes:
  - A focus on actively minimising carbon emissions.
  - Measuring and tracking our operational energy consumption and waste production to better inform our management practices and policies where possible.

- ✓ Our manufacturing strategy of partnering with existing lead-acid manufacturers to repurpose their manufacturing lines to produce our batteries which significantly reduces the construction footprint of the battery.
- ✓ Reducing the carbon footprint of our products through evaluating our supply chains, analysis of production lines to minimise and prevent waste, and the strategic design of our battery technology to maximise end-of-life recyclability.
- ✓ Engaging with our suppliers, contractors, and manufacturing partners to implement policies and protocols that align with our environmental goals where practical.
- ✓ Minimising the emissions from employee travel by encouraging the use of public transport, enabling employees to work remotely where feasible and reducing non-essential business travel.



Socially conscious

Our business is built around a team of passionate employees from a diverse range of cultural and professional backgrounds. As a company, we are dedicated to fostering and celebrating this diversity by promoting a culture that values and responds to this diversity.

**Our values**

We are committed to:

- Encouraging diversity in the workplace in terms of gender equality and support for minorities.
- Striving to maintain an inclusive, fair, and safe workplace for all employees, promoting a culture of mutual respect and equality.
- Supporting employees to undertake additional training and professional development.
- Providing equal opportunities and removing barriers for all employees during recruitment, training, and career development.
- Promoting positive mental health by encouraging employees to take ownership of their mental health and wellbeing, including access to our employee assistance programmes.



**Committed**

Our brand is committed to the Earth. Commitment drives Gelion’s innovation and productivity. Commitment provides the Group with focus and the enthusiasm to deliver more sustainable solutions.

If there’s one thing that distinguishes Gelion from our competitors, it’s that we’re more committed to achieving our goals and vision.

This is a brand that does not waiver. A brand that has no doubt about what it’s trying to do.



**Visionary**

Gelion’s science and technology will help change the world and steer the course of human history.

This incredible impact is being implemented in real time and will practically affect a huge number of people: from electric vehicle users globally, to remote applications.

This is a great achievement, but to maintain that level of creative genius, Gelion needs to collectively embrace its role as a visionary force able to provide new solutions.

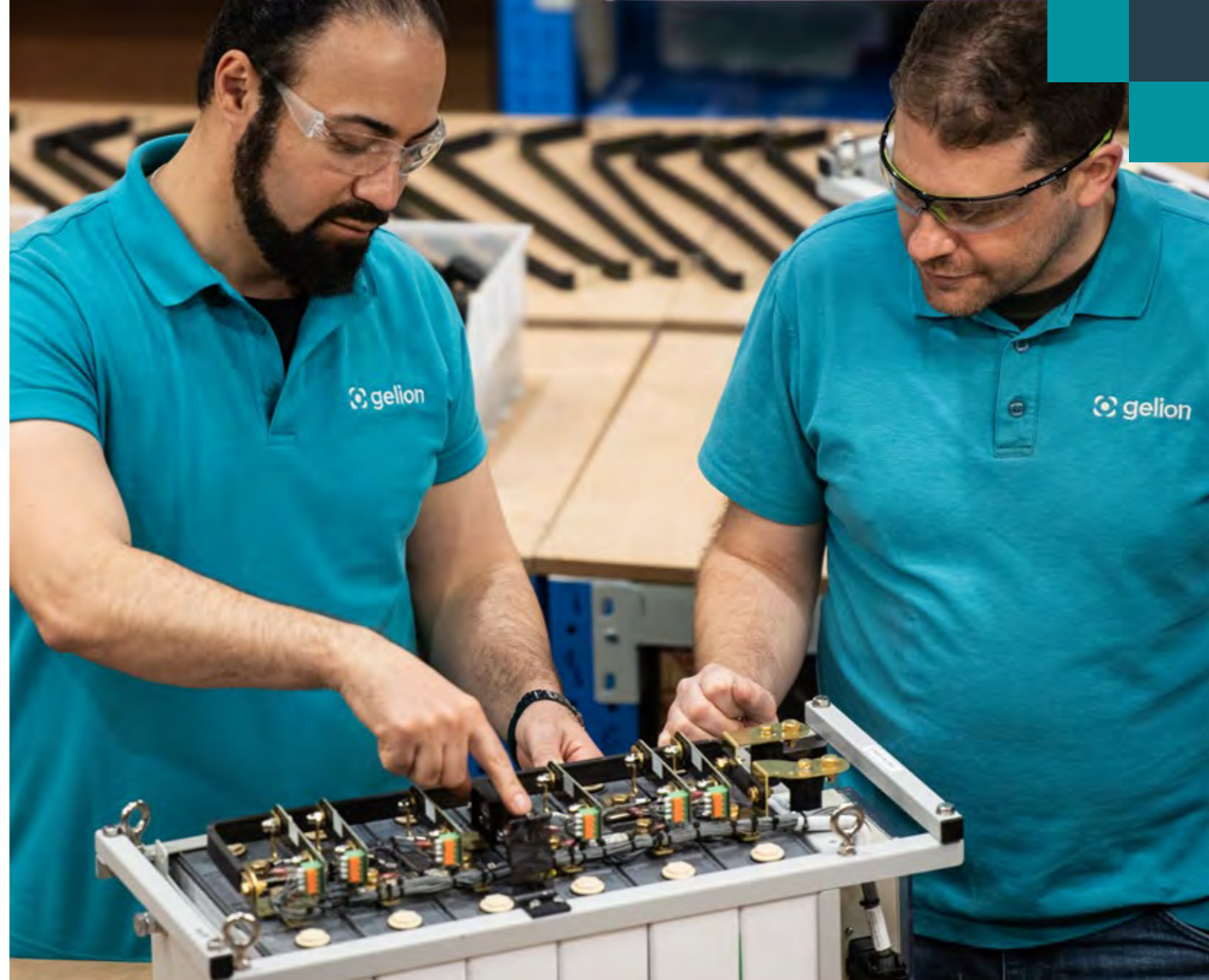


**Laser-Focused**

As a brand, Gelion doesn’t get distracted by things outside its area of expertise.

That single-mindedness is what makes the work so valuable and impactful. It’s the things you say no to that allow Gelion to really make a difference.

By being laser-focused, our staff not only understand that ‘Energy Matters’, but that it matters to the exclusion of everything else.



**Responsible practices**

Gelion is driven by ethical principles, seeking to foster a corporate culture characterised by integrity, honesty, trust, and respect.

In Gelion’s organisational structure, internal governance processes are not isolated components but are integrated into the overarching business strategy. This integration ensures that the Group consistently adheres to all pertinent laws and regulations. To bolster this commitment to good governance, Gelion has adopted the Quoted Companies Alliance Corporate Governance Code (QCA Code), a framework consisting of 10 guiding principles. Annual updates regarding the Group’s compliance with the QCA Code are pledged, keeping stakeholders consistently informed.

**This includes commitments to:**

- Establish and conform to a business model and growth strategy that aims to promote long-term value for shareholders and takes into consideration shareholder expectations and effective risk management.
- Consider our wider social responsibilities and endeavour to conduct our business with a view to the long-term sustainability for our customers, employees, shareholders, and the environment.
- Ensure an engaged, functional, and balanced Board with the necessary experience, skills and capabilities to deliver Gelion’s core objectives.



# Stakeholder engagement

## Section 172

### Section 172 statement

Section 172 of the Companies Act 2006 requires a director of a company to act in the way that they consider, in good faith, would most likely promote the success of the company for the benefit of its members.

The Directors continue to have regard to the interests of the Group’s employees and other stakeholders, the impact of its activities on the global community, the environment and the Group’s reputation for good business conduct, when making decisions. In this context, acting in good faith and fairly, the Directors consider what is most likely to promote the success of the Group for its members in the long term.

In discharging their duty this year, the Directors, both individually and collectively, believe they have given due regard to the stakeholders and matters set out in s172(1)(a-f) of the Companies Act 2006.

### Stakeholder engagement

Further to the section 172 (1) statement, the table below looks at how the Group engages with its key stakeholders.

| Stakeholder                     | How we engage   | Stakeholder material topics  |
|---------------------------------|---|--|
| Employees                       | <p>Employees are regularly engaged on matters concerning their interest and the Company.</p> <p>On a weekly basis, forum meetings with the Corporate, Technology, Marketing and Planning teams are held to discuss work activity.</p> <p>Collaborative stand-ups and all-hands are utilised to communicate important business updates to employees.</p> <p>Work, health and safety matters are reviewed monthly by the WHS Committee.</p> <p>Directors are encouraged to attend informal site visits, interacting with employees, learning, and understanding employee views in person.</p> | <ul style="list-style-type: none"> <li>• Technology roadmap and upcoming opportunities.</li> <li>• Inclusivity, belonging and diversity.</li> <li>• Development and training.</li> <li>• Annual remuneration review, including short and long-term incentives.</li> <li>• Policy and legislative updates.</li> </ul> |
| Investors / shareholders        | <p>Ongoing engagement with investors and the investor community (analysts and potential investors), through investor media releases (half year and annual results announcements, RNS, investor presentations, web meetings, the AGM and road shows).</p> <p>Engaging with NOMAD/regulators to ensure we meet prudential, and conduct-based regulatory standards.</p>  | <ul style="list-style-type: none"> <li>• Financial and operational performance.</li> <li>• Strategy and development.</li> <li>• Governance and leadership.</li> <li>• Continuous monitoring of cost base and focussed efforts to reduce cash burn.</li> </ul>  |
| Partners and suppliers          | <p>Gelion is in the process of engaging with its key suppliers and partners on a more regular basis to discuss ongoing business requirements as well as their capabilities and challenges. Entering agreements that will enable us to set mutually agreed service-level agreements, pricing mechanisms and other commercial terms.</p>  | <ul style="list-style-type: none"> <li>• Trusted, long-term partnerships.</li> <li>• Ethical practices.</li> <li>• Shared culture and values.</li> <li>• Sustainability.</li> </ul>  |
| Communities and the environment | <p>Gelion has a long-term collaboration with the University of Sydney, encouraging students to work with Gelion on innovative projects and gain work experience, while it contributes to their academic thesis work.</p> <p>Furnishing the manufacturing site with energy efficient technologies and equipment.</p> <p>Continuous processes improvements to recycle and reuse materials in all stages of the product flow.</p> <p>Minimising carbon footprint through paperless office practice across all business units (i.e., online ordering, cloud data storage).</p>                  | <ul style="list-style-type: none"> <li>• Community investment and support.</li> <li>• Jobs for local people.</li> <li>• Minimising negative environmental impacts</li> </ul>   |



# Principal Risks and Uncertainties

The Board is ultimately responsible for ensuring there is a robust and effective framework in place for the Group’s risk management activities, which aims to underpin better decision making and embed a drive to continually improve our performance. Through a focused risk management approach, our capability to assess risks is continually improving, such that our strategic, significant, and emerging risks are identified and managed effectively.

The risks outlined below reflect the risks the Board considers material to the Group. They are not presented in any order of priority. There may be other risks that are either currently unknown, or considered by the Board to be immaterial, which could adversely affect the Group’s business, results of operation or financial condition.

The Board routinely monitors risks that could materially and adversely affect the Group’s ability to achieve its strategic goals, its financial position, and the results of its operations.



The Board is supported by senior management who collectively play a key role in risk management and regularly report to the Board.



**Gelion leadership team:**  
**Front row from left:** Nicholas Batt (Engineering & Operations Director), Amit Gupta (CFO), John Wood (CEO), Stuart Rayner (Commercial Director).  
**Back row from left:** Prof. Thomas Maschmeyer (Founder and Principal Technology Advisor), Emma Dyer (General Manager People & Culture) & Michael Lanfranconi (Head of Technology).

| Description  | Likelihood | Impact | Change against FY22 | Mitigation  |
|--|------------|--------|---------------------|---|
| <b>Key risk: Commercial</b>  |            |        |                     |   |
| The Group is subject to competition from competitors who may develop more advanced and less expensive alternative technology platforms.  | High       | High   | →                   | <p>The Group seeks to reduce this risk by continually assessing competitive technologies and competitors by regular match-to-market studies. This enables the Group to identify markets with the largest advantages, including high temperature and safety-critical locations, and deliver projects to agreed specifications.</p> <p>In addition, the battery storage market is still maturing and while the Group will be competing with other technologies, the market is large enough for successful products to have a significant market share.</p>  |
| Commercialisation of both battery technologies is at an early stage and so may fall short of performance obligations.  | High       | High   | →                   | <p>Strict validation of development and quality control procedures during manufacturing are in place to identify shortcomings to ensure performance issues, if any, are dealt with appropriately.</p> <p>This validation process enabled the Group to identify the safety issues with bromine prior to scaling up and the decision to pivot to zinc hybrid cells was taken.</p>   |
| Gelion relies on third parties to supply raw materials and components for manufacture of its products. Failure in the supply chain (to meet demand, quality, and compliance requirements) could lead to Gelion being unable to meet demand and/or quality or other risks or increased costs. | Medium     | Medium | →                   | <p>The Group’s ability to secure raw materials may be impacted by numerous factors, including global demand or other factors limiting the availability, cost or quality of supply, which would impact upon the Group’s performance.</p> <p>Supply chain management has improved through recruits (e.g., quality, health and safety, procurement). The procurement position has enhanced the procurement and improved its quality processes for sourcing and managing existing and new suppliers. Gelion’s largest requirement being zinc and sulfur is abundantly available and the Group does not rely on sole suppliers and therefore the supplier risk is managed efficiently.</p> |



| Description | Likelihood | Impact | Change against FY22 | Mitigation |
|-------------|------------|--------|---------------------|------------|
|-------------|------------|--------|---------------------|------------|

**Key risk: Commercial**

The Group has a plan to achieve a level of gradual cost reduction for the manufacturing of batteries and battery systems through automation, process efficiency, technological development, and better procurement.

While there is a plan, the actual realisation of the cost reduction has multiple dependencies and therefore there is a risk that these may not be achieved as planned.

High

High



The Group is continuously evaluating these opportunities by investing in people, prioritising work streams and building the right team (e.g., procurement specialist, manufacturing engineers, R&D engineers) and partnering with other companies to minimise this risk.

**Key risk: Financial risk**

The Group does not yet generate positive cash flows and expects to incur further operating losses as progress on development programs continue.

The Group expects to incur operating losses until it can manufacture its products at scale, and accordingly is reliant on fundraising to support its ongoing activities and scale-up plans.

Medium

Medium



The Group is currently well capitalised having recently completed its capital raising round to continue the operating activities as planned.

The Group applies for the R&D tax incentives to reduce the financial impact of development and will apply for other grants/funding available in Australia or the UK to support its development activities.

The Directors also believe that as the potential opportunities are announced to the market including the scale and prospects, the Group will be able to raise any funds required to enable it to continue to trade and grow towards self-sufficiency.

| Description | Likelihood | Impact | Change against FY22 | Mitigation |
|-------------|------------|--------|---------------------|------------|
|-------------|------------|--------|---------------------|------------|

**Key risk: Health, safety and environment**

The Directors take their legal obligations under workplace health and safety laws extremely seriously and are aware that with each stage of our development (from research to production and scale up manufacturing), greater hazards and risks will be present.

Medium

High



The safety of our people is paramount, and we are committed to providing workplaces that are injury free and support great health, safety, and wellbeing practices. Actions in these areas include:

- Providing training, supervision, and instruction to workers about health and safety.
- Consulting with workers about health and safety.
- Establishing and maintaining safe methods of work.
- Developing effective safety frameworks, using external safety consultants as required.
- Timely reviews of business policies, procedures and practices.
- WHS Committee meeting monthly.
- EAP and wellbeing programmes.
- Mental health and wellbeing trained first aid providers.

**Key risk: Intellectual property risk**

The Group faces the risk that intellectual property rights necessary to exploit research and development efforts may not be adequately secured or defended. The Group's intellectual property may also become obsolete before the products and services can be fully commercialised.

Medium

High



We rely on a combination of patent, trade secret, trademark and copyright laws to protect our IP and seek legal and other third-party specialist advice where appropriate.

The Group reduces this risk by contracting specialist patent agents and attorneys with extensive global experience of patenting and licensing.

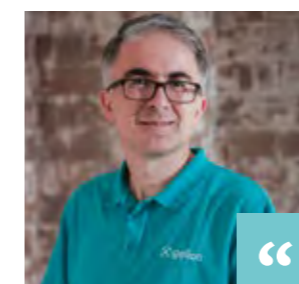
The Group continues to develop additional patents as part of the technology development to continue protecting its valued intellectual property.



| Description  | Likelihood | Impact | Change against FY22 | Mitigation  |
|--|------------|--------|---------------------|---|
| <b>Key risk: Market / competition risk</b>   |            |        |                     |   |
| <p>Although the Directors believe that significant barriers to entry exist in the markets in which the Group operates, including for example the technical skill and expertise required to develop its battery cells, the Group may face an increasing amount of competition.</p> <p>Competitors may seek to develop products which more successfully compete with the Group's products, and they may also adopt more aggressive pricing models or undertake more extensive marketing campaigns. This may have a negative impact on sales volumes or profit margins achieved by the Group in the future.</p> | High       | High   | ↑                   | <p>Gelion's technology continues to be considered a real alternative to other technology currently on the market. Given the batteries passed the initial tests from the recent industrial production; it gives the Group a level of confidence. Through continual analysis of the competitive landscape and targeted improvements in technology development the Group believes it seeks to retain that competitive advantage.</p> <p>With a recent match-to-market study, the Group has identified niche markets where its technology would be competitive and yield higher financial outcome in the near-term.</p> |

|  |        |        |   |   |
|--|--------|--------|---|---|
| <b>Key risk: Key employees</b>   |        |        |   |   |
| <p>The Group's development and prospects are dependent upon training and retaining qualified professional, scientific and technical operating staff. In particular, the Group's success depends to a significant degree upon the vision, technical and specialist skills, experience, performance and continued service of its Directors, senior management, and other key personnel. Please see page 27 for further information on senior management.</p> | Medium | Medium | → | <p>The Group seeks to reduce this risk by offering appropriate incentives to staff through competitive salary packages, participation in long-term share option schemes and a good working environment.</p> <p>In addition, the team is guided by a single-focus: to create a better tomorrow through next-generation energy storage solutions.</p> |

| Description   | Likelihood | Impact | Change against FY22 | Mitigation   |
|---|------------|--------|---------------------|--|
| <b>Key risk: Ukraine war</b>  |            |        |                     |  |
| <p>The war in Ukraine has created inflationary pressures across the supply chain.</p> <p>Gelion is not reliant on any specific consumable or product from the affected regions, however, inflationary pressures are being felt.</p>   | Low        | Medium | ↓                   | <p>Gelion is focused on contractual relationships with key suppliers to secure mid to long-term material needs.</p> <p>The Group is closely monitoring any indirect risks (coming not only from that region), through our strict internal policies and procedures. In addition, Gelion continuously evaluates any new supplier's country of operations before including in the preferred supplier list.</p>  |
| <b>Key risk: COVID-19 interruptions</b>   |            |        |                     |  |
| <p>The Group is not immune to the risks associated with COVID-19. Further, it has been suggested that the economic fall-out from COVID-19 could trigger a deep, long-lasting recession which could significantly impact the Group.</p>  | Low        | Low    | ↓                   | <p>COVID-19 has created supply chain issues resulting in increased costs and delayed shipping. The Group, as with other businesses globally, feels the pressure and is trying to secure longer-term commitments from suppliers to reduce the risk.</p> <p>The Group continues to focus on its commercialisation progression and monitor the global economic landscape.</p>   |
| <b>Key risk: Foreign exchange</b>   |            |        |                     |  |
| <p>Having multi-jurisdictional operations exposes the Group to foreign exchange risk, particularly against the US Dollar (USD). While most of the Group's operating expenses are in Australian Dollars (AUD), most of the materials and equipment costs are settled in US Dollars with a small portion of expenses in Great British Pounds (GBP).</p> | Medium     | Medium | →                   | <p>The Group has signed an agreement with a financial institution in FY23, to set forward exchange rate contracts to provide certainty in terms of cash flow forecasts. In addition, there are enough funds in local currency to continue supporting the operations of the business thereby reducing exposure to other currencies. There were no forward exchange contracts signed as of FY23.</p> <p>In the future, plans to invoice customers based outside Australia in USD providing a natural hedge to volatility in USD.</p> |



“At Gelion, safety is our top priority, fundamental to our success and operations. We continuously review and update safety documents for equipment and procedures, ensuring the highest standards are maintained. The Work Health and Safety Committee, with representatives from different teams, collaboratively addresses safety concerns in monthly meetings, fostering a culture of accountability and empowerment”.

**Yaser Beyad**  
Battery Scientist  
Country of origin: Iran





# Corporate Governance

## Corporate Governance

### Introduction to the Governance Report from the Chairman, Steve Mahon.

Dear Shareholders,

As the Chairman of the Board, I would like to take this opportunity to reflect on our corporate governance practices, our achievements over the past year, and our strategic outlook for the future.

Corporate governance lies at the heart of our operations, guiding our decisions and actions to ensure the highest standards of transparency, accountability, and ethical conduct.

Throughout the year, we have continued to strengthen our governance framework, aligning it with industry best practices and the evolving regulatory landscape. Our Board of Directors remains committed to overseeing the management team's execution of our corporate strategy and safeguarding the interests of our shareholders.

The Directors of the Company support a high standard of corporate governance and have chosen to adopt the Quoted Companies Alliance Corporate Governance Code (QCA Code) which sets out a framework of 10 principles to corporate governance and Directors feel this is an appropriate measure for a Company of our size.

Set out below are the 10 key principals of the QCA Code adopted by Gelion. In addition to the details provided below, governance disclosures can be found on the Company's website at <https://gelion.com/aim-rule-26/corporate-governance/>.



**Steve Mahon**  
Chairman

“ I and my board members firmly believe that corporate governance lies at the heart of our operations, guiding our decisions and actions to ensure the highest standards of transparency, accountability, and ethical conduct.



| Principle  | Disclosure  |
|--|---|
| Establish a strategy and business model which promotes long-term value for shareholders.                             | The strategy of Gelion is defined on pages 30 to 37 of the Annual Report.                         |
| Seek to understand and meet shareholder needs and expectations.  | See 'Meeting the needs and objectives of shareholders' section in Corporate Governance Statement. |
| Including wider stakeholder community and social responsibilities and their implications for long term success.      | See 'Shareholders engagement' section in Corporate Governance Statement and Section 172.          |
| Embed effective risk management, considering both opportunities and threats, throughout the organisation.            | See 'Risk management' section of the Annual Report.   |
| Maintain the Board as a well-functioning, balanced team led by the chair.  | See 'Board of directors' section in Corporate Governance Statement.                               |
| Ensure that between them, the Directors have the necessary up-to-date experience, skills and capabilities.           | See 'Board of directors' section in Corporate Governance Statement.                               |
| Evaluate all elements of Board performance based on clear and relevant objectives, seeking continuous improvement.   | See 'Board evaluation' section in Corporate Governance Statement.                                 |
| Promote a corporate culture that is based on sound ethical values and behaviours.                                    | See 'Promoting ethical values and behaviour' section in Corporate Governance Statement.           |
| Maintain governance structures and processes that are fit for purpose and support good decision making by the Board. | See 'Board of directors' section in Corporate Governance Statement.                               |
| Communicate how the company is governed by maintaining a dialogue with shareholders and other relevant stakeholders. | See 'Shareholders engagement' section in Corporate Governance Statement and Section 172.          |

### Shareholder engagement

The Board recognises the importance of communicating with its shareholders and maintains dialogue with institutional shareholders and analysts. Presentations are made when financial results are announced.

The Group retains the services of a professional financial public relations company, who assist with ensuring the accurate and timely communication of relevant corporate, financial and other regulatory news.

The Annual General Meeting (AGM) is the principal forum for dialogue with shareholders who are given the opportunity to raise questions at the meeting, and to meet Directors and senior managers of the business who will make themselves available

after each meeting. The Company aims to send out the notice of the AGM at least 21 days before the meeting and publish the results of resolutions (which are usually voted on by a show of hands) in a Regulatory News Statement after the relevant meeting. Shareholders also have access to the Group's website and interactive Investor Meet Company web-based presentations.

### Meeting the needs and objectives of shareholders

The Board appreciates that the diverse shareholder base of the Group may have differing objectives for their investment in the business, and therefore the importance of ensuring that Non-Executive Directors have an up to date understanding of these perspectives is well recognised.

Directors will therefore routinely engage with both institutional and private investors and will seek out opinions on unusual or potentially controversial matters before adopting policy changes or tabling shareholder resolutions. The Board will always review written feedback reports from investors following financial results 'roadshows' and will always consider information received from institutional voter advisory firms.

### Promoting ethical values and behaviours

The Board has primary responsibility for ensuring that the Group operates according to the highest ethical standards. The Directors believe that the main determinant of whether a business behaves ethically and with integrity is the quality of its people. The Directors have responsibility for ensuring that individuals employed by the Group demonstrate the highest levels of integrity. In addition, the Group has a formal Share Dealing Code.

### Board of Directors

The Board of Directors consists of a Non-Executive Chairman, two Executive Directors and three Non-Executive Directors of which two are independent.

The responsibilities of the Non-Executive Chairman and the Chief Executive Officer are clearly divided. The Chairman is responsible for overseeing the formulation of the overall strategy of the Company, the running of the Board, ensuring that no individual or group dominates the Board's decision making and ensuring that the Non-Executive Directors are properly briefed on matters.

The Chief Executive Officer has the responsibility for implementing the strategy of the Board and managing the day-to-day business activities of the Group through his chairmanship of the executive committee.

The Non-Executive Directors bring relevant experience from different backgrounds and receive a fixed fee for their services and reimbursement of reasonable expenses incurred in attending meetings.

The Board retains full and effective control of the Group. This includes responsibility for determining the Group's strategy and for approving budgets and business plans to fulfil this strategy. The full Board ordinarily meets bi-monthly.

The Company Secretary is responsible to the Board for ensuring that Board procedures are followed and that the applicable rules and regulations are complied with. All Directors have access to the

advice and services of the Company Secretary, and independent professional advice, if required, at the Group's expense. Removal of the Company Secretary would be a matter for the Board.

### Board evaluation

The Board evaluation process is carried out by the Chairman annually, generally in December. The Chairman is satisfied that each Director continues to contribute effectively to their role.

The Directors consider seriously the effectiveness of the Board, its committees and individual performance.

The Board met 11 times in this financial year due to the dynamic nature of the business. There is a strong flow of communication between the Directors, particularly between the CEO and Chairman.

Board meeting agendas are set in consultation with both the CEO and Chairman, with consideration being given to both standing agenda items and the strategic and operational needs of the business. Comprehensive Board papers are circulated in advance of meetings, giving Directors ample time to review the documentation, and enabling an effective meeting. Resulting actions are tracked for appropriate delivery and follow up. The Directors have a broad knowledge of the business and understand their responsibilities as directors of a UK company quoted on AIM and developing appropriate corporate governance procedures and looking forward to building further on the governance structure already in place.

The Company Secretary helps keep the Board updated with developments in corporate governance and liaises with the NOMAD on areas of AIM requirements. The Company Secretary has frequent communication with the Chairman and CEO and is available to other members of the Board as required.

The Directors also have access to the Group's auditors and lawyers as and when required, and the Directors are able, at the Group's expense, to obtain advice from other external advisers if required. While being mindful of the size and stage of development of the Group, the Board reviews and ensures the highest level of governance is maintained.

**Dr Steve Mahon**  
Chairman  
12 December 2023



# Board of Directors



**Dr Steve Mahon**  
Non-Executive Chairman

Committees:

Dr Steve Mahon has been a Non-Executive Director of the Company since April 2016 and the Non-Executive Chairman since the IPO.

Dr Mahon has an extensive career in high-growth businesses and impact investing, having founded Armstrong Capital Management Limited, where he is Chairman. Armstrong is a pioneer of the UK renewables market, deploying more than £300m of capital to develop, operate and sell from 2,500 solar installations. During this period, Armstrong has successfully provided profitable exits for the investors in these assets, including sales of solar investments to institutional investors such as Next Energy and BlackRock.

Dr Mahon has had a successful career in commercialising low-carbon technologies with more than 20 years in the sector and a track record in selecting and managing high-growth, low-carbon companies, both in the private and public markets. He is the founder and CEO of Mura Technology, a global technology company for the advanced recycling of plastics where he has created more than £500m of shareholder value in four years. Dr Mahon has a first-class degree and PhD in geophysics and planetary physics.



**John Wood**  
CEO

Committees:

John Wood brings more than 30 years' experience as a CEO of various private and public companies within the technology and energy industry. Adopting a 'willingness to go the long yards' philosophy, over his career Mr Wood has successfully scaled Keycorp into a global leader in payments and security technologies. He has led the reinvigoration of MULTOS as a leading global solution for smart cards and cryptographic tokens with the establishment of StepNexus. After shifting his focus to sustainable energy, Mr Wood successfully led the growth of Ecoult to where it attained recognition as an energy storage leader, and a Global Cleantech 100 company supported by government and industry partnerships after its acquisition by East Penn Manufacturing.

Mr Wood is a sector specialist with significant commercial, scaling and manufacturing experience.

Committees: Audit and Risk Remuneration ESG



**Amit Gupta**  
CFO

Amit Gupta has been the Chief Financial Officer of the Group since August 2021 and a Director of the Company since November 2021. Mr Gupta is a qualified chartered accountant with more than 15 years' experience in professional services having worked with KPMG and more recently with Deloitte in Australia.

Mr Gupta is responsible for the financial strategy of the Gelion Group including financial reporting, corporate development, treasury, forecasting, transformation and M&A. Prior to joining Gelion in August 2021, he worked for KPMG and Deloitte providing advice, predominantly for M&A and IPOs.

Academically, Mr Gupta has completed Master of Finance and Master of Accounting from Bond University, Australia and a Graduate Diploma of Chartered Accounting and was admitted as a member of the Institute of Chartered Accountants Australia and New Zealand.



**Professor Thomas Maschmeyer**  
Founder, Non-Executive Director

Professor Thomas Maschmeyer is Founder and Principal Technology Advisor at Gelion Technologies (2015), Director of Gelion plc, Co-Founder of Licella Holdings (2007) and co-inventor of its Cat-HTR™ technology. He is also the Principal Technology Advisor for Cat-HTR™ licensee's Mura Technology and RenewELP. Most recently he was awarded the Australian Prime Minister's Prize for Innovation (2020), the Australian Academy of Science's David Craig Medal (2021) and the Australian Financial Review Sustainability Prize (2021).

Professor Maschmeyer concurrently holds the position of Professor of Chemistry at the University of Sydney, where he established and leads the Laboratory of Advanced Catalysis for Sustainability and served as Founding Director of the University of Sydney Nano Institute (2015-2018). In 2011, he was elected youngest Foreign Member of the Academia Europea as well as Fellow of the Australian Academy of Sciences, the Australian Academy of Technological Sciences and Engineering, the Royal Australian Chemical Institute (RACI) and, in 2014, of the Royal Society of NSW.

In addition, he was awarded the Federation of Asian Chemical Societies' Distinguished Contribution to Economic Development Award (2019), the Eureka Prize for Leadership in Innovation and Science (2018), the RACI R.K.Murphy Medal for Industrial Chemistry (2018) and the RACI Weickhardt Medal for Economic Contributions (2012).

He was also named as one of the top ten international 'People of the Year: who mattered in higher education in 2020' by Times Higher Education.





**Joycelyn Morton**

**Independent Non-Executive Director**

Joycelyn Morton joined the Board of Gelion as an independent, Non-Executive Director in November 2021.

As a qualified accountant with expertise in taxation, Ms Morton enjoyed a long and successful executive career, initially in chartered accounting, followed by senior management roles with Woolworths Ltd and global leadership roles within Shell Group of companies, including Vice President, Accounting Services. She has completed a senior executive leadership programme at INSEAD Business School and has held a variety of government and international advisory positions.

Ms Morton is an experienced Board member of ASX-listed companies and government-owned corporations. She is currently a Non-Executive Director of Argo Global Listed Infrastructure Ltd (since 2015), Felix Holdings Group Ltd (since July 2021). She was previously a Non-Executive Director and Chair of Noni B Ltd (2009 to 2015) and Thorn Group Ltd (2011 to 2018), and a Non-Executive Director of Invocare Ltd (2015 to 2018), Snowy Hydro Ltd (2012 to 2021), Beach Energy Ltd (2018 to 2021), ASC Pty Ltd (2017 to 2023) and Argo Investments Ltd (2012 to 2022). Prior to that she served as a Non-Executive Director of Crane Group Ltd and Count Financial Ltd until their takeovers.

Ms Morton holds a Bachelor of Economics degree from University of Sydney, she is a fellow of the Chartered Accountants Australia and New Zealand and a fellow and life member of CPA Australia.

Committees:



**Michael Davie**

**Independent Non-Executive Director**

Michael Davie joined the Board of Gelion as an independent Non-Executive Director in November 2021.

Mr Davie has more than 25 years' experience working in financial services, most recently as Global Head of Rates at LCH Ltd, a company owned by the London Stock Exchange Group. Before this, Mr Davie was Head of Rate Services at the London Stock Exchange Group between 2015 and 2017. He has also held various executive positions at LCH Clearnet Ltd, latterly as CEO, and has previously been a Managing Director in JP Morgan's Rates division.

Mr Davie holds a degree in zoology from the University of Oxford.

Committees:

**Time commitment**

Non-Executive Directors' letters of appointment stipulate that they are expected to devote such time as is necessary for the proper performance of their duties, being not less than two days per month. Due to the stage of the business, each Director continues to contribute significantly more than two days per month. Non-Executive Directors are required to notify the Chairman before taking on any additional commitments that may impact the time available to devote to the Non-Executive Director role. The Board is satisfied that

all Directors have continued to be effective and demonstrate commitment to their respective roles.

**Balance and diversity**

The Board is comfortable that it is balanced, both numerically and in experience. Nevertheless, it remains aware of the need to keep this under review. Details of individual Directors' skills and experience plus an overview of the skills and experience on the Board are provided on page 66 to 68.

**Tenure**

At the Annual General Meeting (AGM) of the Company all the Directors for the time being shall retire from office and put themselves up for re-appointment. At every subsequent AGM the following Directors shall retire from office and put themselves up for re-appointment:

- a. any Director appointed by a resolution of the Board; and
- b. any Director who was not appointed or re-appointed at one of the preceding two AGM.

All Directors will retire at the 2023 AGM in accordance with the Company's Articles of Association. The Board has carefully considered the position of each of the Directors and

considered their contribution to be significant and effective; accordingly, the Board recommended their re-appointment.

**Attendance at Board and Committee meetings**

The Board meets regularly throughout the year and receives accurate, timely and clear information in a form and of a quality appropriate to enable it to discharge its duties effectively. In the FY23, there were eleven regular scheduled Board meetings. were four meetings of the Audit and Risk Committee, four meetings of the Remuneration Committee and one meeting of the ESG Committee held during the year. The attendance of the Directors was as follows:

| Director                | Board  | Audit & Risk | Remuneration | ESG  |
|-------------------------|--------|--------------|--------------|------|
| Steve Mahon             | 11/11* | 4/4          | 4/4          | 1/1* |
| John Wood**             | 5/5    | N/A          | N/A          | 1/1  |
| Amit Gupta              | 11/11  | N/A          | N/A          | N/A  |
| Prof. Thomas Maschmeyer | 11/11  | N/A          | N/A          | N/A  |
| Joycelyn Morton         | 11/11  | 4/4*         | 4/4          | N/A  |
| Michael Davie           | 4/11   | 1/4          | 2/4*         | 0/1  |
| Hannah McCaughey***     | 3/3    | N/A          | N/A          | N/A  |

\* Denotes Chair.  
 \*\* Director for part of the year.  
 \*\*\* Resigned 28 October 2022.

Where a Director is unable to attend a particular meeting, the materials for the meeting are provided to them, their views are sought in advance and subsequent briefings are provided as appropriate. During FY23, Michael Davie was sporadically unavailable for personal reasons and Joycelyn Morton took additional responsibilities in his absence.



**Internal controls**

The Board is responsible for the overall management of the Group including the formulation and approval of the Group's long-term objectives and strategy, the approval of budgets, the oversight of Group operations, the maintenance of sound internal control and risk management systems, and the implementation of Group strategy, policies, and plans. While the Board may delegate specific responsibilities, matters reserved for the Board include, among other things, approval of significant capital expenditure, material business contracts and major corporate transactions.



## Committees

The Board has established three committees to manage specific aspects of the Group's affairs: Audit and Risk Committee, Remuneration Committee and Environmental, Social and Governance (ESG) Committee.

### Audit and Risk Committee

The Audit and Risk Committee comprises Joycelyn Morton (as Chair), Steve Mahon and Michael Davie. The Audit and Risk Committee meets at least three times a year at appropriate times in the reporting and audit cycle and otherwise as required. The Audit and Risk Committee also meets regularly with the Group's external auditors.

The Committee is responsible for monitoring the integrity of the Group's financial statements, reviewing significant financial reporting issues, monitoring the effectiveness of the internal audit function, and overseeing the relationship with the external auditors (including advising on their appointment, agreeing the scope of the audit, reviewing the audit findings and ensuring that the annual audit is effective, objectively independent, appropriately priced and of high quality).

The Committee reviews and monitors the Group's risk management systems and overall risk framework and processes and at least annually reviews their effectiveness. It considers the appropriate risk appetite for the Group considering its overall strategy and future. It ensures the risk management function is properly resourced, ensuring that risk management is properly considered in Board decisions. The Audit and Risk Committee is responsible for oversight of all processes, controls and disclosures associated with Gelion's financial reporting and accounting requirements, as well as moving beyond this to consider non-financial disclosures and commitments, including those related to internal controls and risk management.

### Remuneration Committee

The Remuneration Committee comprises Michael Davie (as Chair), Joycelyn Morton and Steve Mahon. The Remuneration Committee meets at least twice a year and otherwise as required.

The purpose of the Remuneration Committee is to ensure the Executive Directors and other key employees of the Group's (together 'executives') are fairly rewarded for their individual contribution to the overall performance of the Group, and demonstrate to shareholders that the remuneration of the executives is set by a committee of the Board whose members have no personal interest in the outcome of the decisions of the Committee and who have due regard to the interests of the shareholders.

The Committee is responsible for determining and agreeing with the Board the framework for the remuneration of the executives and, within the terms of the agreed framework, determining the total individual remuneration packages of such persons including, where appropriate, bonuses, incentive payments and share options or other share awards. The remuneration of Non-Executive Directors is a matter for the Board as a whole. No Director is involved in any decision as to their own remuneration.

### ESG Committee

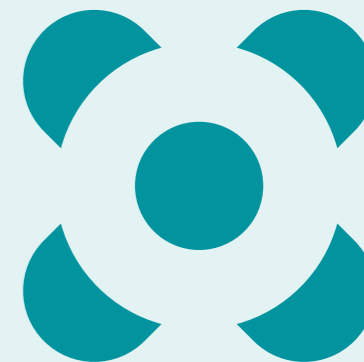
The ESG Committee comprises Steve Mahon (as Chair), John Wood and Michael Davie. The ESG committee requires the members to meet at least four times a year however the committee only met once and the board feels that is sufficient given the development stage of the business.

The Committee is responsible for measuring and improving the Group's impact on the environment, generating social value through its work, positively impacting the lives of its employees and stakeholders, and operating ethically and with goodwill.

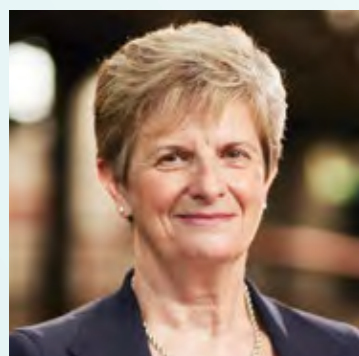
The Committee assesses the performance of regarding the impact of decisions relating to ESG matters. The Committee's oversight ensures compliance with relevant legal and regulatory requirements and industry standards and guidelines applicable to ESG matters, and reviews the results of any reviews or independent audits of the Group's performance in regard to ESG matters.



# Audit and Risk Committee report



## The members of the Audit and Risk Committee



**Joycelyn Morton**  
Chair



**Michael Davie**  
Non-Executive Director



**Steve Mahon**  
Non-Executive Director

The Company's Audit and Risk Committee is responsible for the Group's financial reporting, accounting practices, Group's internal control and risk management processes, independence and objectivity of the Group's external auditor with the terms of reference of the Committee outlined in the Corporate Governance Statement on page 64.

All members of the Committee are Non-Executive Directors, two of which are independent roles. The Chief Executive Officer and the Chief Financial Officer attend meetings of the Committee by invitation only along with such other attendees who may be invited from time to time.

The Committee met four times during FY23 and during the prior financial year. The Committee has ensured that it has had oversight of the above areas while also considering the ongoing impact of a diverse range of issues including inflationary and interest rate pressures, the rising cost of living, rising energy costs, the war in Ukraine as well as other factors that may influence the Group's cashflow risk, supply chain management, people risk, cyber security, data management and privacy and financial control.

A summary of the principal risks facing the Group is set out in the Strategic Report on pages 56-61.

### Areas of focus during the year

During the year the Committee oversaw:

- a) FY22 year-end audit completion meeting, including review of the financial forecast to support the Group's going concern basis,
- b) review of the auditor's report on the audit of FY22, and review of the Annual Report.
- c) the reporting of the Group's half-yearly results ending 31 December 2022;
- d) the preparation and audit of the Group's FY23 report and accounts. In reviewing these, the Committee received reports from management and, as appropriate, reports from internal and external assurance providers with particular focus on:
  - i. going concern
  - ii. recognition of R&D tax incentives
  - iii. recognition of the acquired IP
  - iv. impairment of assets including IP
  - v. impairment of investment in subsidiary

The Chair and other members of the Committee have had several meetings with senior management, including the Chief Executive Officer and the Chief Financial Officer, and the external auditor to discuss key risk management and internal control procedures. The Chair has also met independently with the external auditors.

### External auditor

The audit of the Group's financial statements for the period ended 30 June 2023 was completed by BDO LLP supported by their Australian firm BDO Audit Pty Ltd (together 'BDO').

Under its terms of reference, the Committee is obliged to re-tender the Group's audit every ten years but will consider whether to do this at least every five years or earlier if appropriate.

The Audit Committee recognises the important role the external audit function plays in the overall assessment of the effectiveness of financial reporting and internal controls of the Group. Our Auditors, BDO, have been in place since the IPO in 2021 and the Committee is satisfied on the effectiveness and quality of the external audit, including ensuring that sufficient weight is given to any new areas of compliance and existing areas of risk as is deemed appropriate for the relative size and complexity of the Group's activities.

The Committee is satisfied that BDO are sufficiently independent and objective to remain auditors of the Group. The Committee will continue to monitor, at least annually, any non-audit services provided to the Group, including their scope and cost, and the independence and objectivity of the auditors.

Since their appointment, BDO have provided some non-audit services to the Group. These services were mostly in relation to employee share option plan tax compliance. For further details regarding fees paid, see note 7 to the financial statements.

The committee has satisfied itself that key areas discussed have been addressed appropriately within the Annual Report. The Committee therefore provided advice to the Board that the 2023 annual report and financial statements, taken as a whole, are fair, balanced and understandable, providing Shareholders with the necessary information to assess the Group's position, performance, business model and strategy.

**Joycelyn Morton**  
Chair of Audit and Risk Committee  
12 December 2023



# Directors' Remuneration Report

## The members of the Remuneration Committee



**Michael Davie**  
Chair



**Joycelyn Morton**  
Non-Executive Director



**Steve Mahon**  
Non-Executive Director

The Group's Remuneration Committee is responsible for the Group's people and reward strategies with the Board retaining overall responsibility. The terms of reference of this Committee are outlined in the Corporate Governance Statement on page 65.

The Committee met four times during FY23. Due to its size, the Group has elected not to have a standing Nominations Committee. The Board as a whole processes nomination matters though may convene a discrete Nominations Committee as required periodically.

The members of the Remuneration Committee are Michael Davie (Chair), Joycelyn Morton and Steve Mahon, all of whom are Non-Executive Directors.

In 2022 the Group introduced a new short term and long-term incentive program ("Incentive Program") applicable across the firm and used for the first time to determine cash bonus and share incentive

awards for the year ending 30 June 2023 (FY23). These awards are designed to be competitive; to incentivise key talent; and to underwrite the Group's achievement of its strategic aims while remaining consistent with its tolerance for risk, all set within delegated limits set out during the IPO.

### Executive Director service agreements and notice periods

Executive Director service agreements are not generally for a fixed term and may, in normal circumstances, be terminated on the contractual notice periods listed below:

- The CEO, John Wood - four months
- The CFO, Amit Gupta - three months

### Remuneration policy

#### i) Executive remuneration

It is the responsibility of the Remuneration Committee to propose policy which will enable Gelion to attract and retain high calibre individuals to run and grow the Group. Remuneration is structured to incentivise executives to deliver on business plans with an aim to achieve both short- and longer-term objectives, thereby realising the best interests of shareholders.

A significant proportion of executive remuneration is performance driven, delivered in the form of discretionary KPI-related cash bonus and share option awards.

| Component  | Operation of reward  | Performance metrics   |
|--|--|---|
| Base salary  | Base salaries are reviewed annually in June to align with the executive's experience and performance.  | Factors taken into consideration include Group and individual performance, external benchmarking information, macro factors and internal assessments. |
| Superannuation   | Legislative requirement in Australia, changing FY23/FY22.  | n/a   |
| Short-Term Incentive Plan (STIP): annual performance-related bonus | Eligibility to a maximum bonus of 35% of base salary. 50% of the bonus is payable in cash and 50% is deferred into shares (using nominal cost options) that will vest in three equal tranches over three years, subject to continued employment. | Achievement against annual Company, team and individual performance targets.  |
| Long-Term Incentive Plan (LTIP)                                    | Eligibility to a maximum bonus of 35% of base salary. 100% of the LTIP is payable in nominal cost options that will vest in three equal tranches over three years, subject to continued employment.  | Achievement against annual Group performance targets and share price targets with considerations given to macro-economic factors.                     |

#### ii) Chairman and Non-Executive Director remuneration

The remuneration of the Chairman of the Company and the Non-Executive Directors consists of fees that are paid monthly in arrears.

The Chairman, Steve Mahon receives a fixed fee of £60,000 per year and Thomas Maschmeyer £30,000 per year.

Joycelyn Morton and Michael Davie receive a fixed fee of £35,000 per year and are also eligible for bonuses on the nine-month, 18-month and 27-month anniversaries of their appointments. The after-tax bonus component is to be promptly reinvested in purchasing shares of the Company.

During FY23 Michael Davie was sporadically unavailable for personal reasons and Joycelyn Morton took additional responsibilities in his absence. To recognise Joycelyn Morton's additional efforts, the board decided to allocate a portion of the Director fee from Michael Davie to Joycelyn Morton.

The Non-Executive Director fees were set on their appointment around the time of the Company's admission to AIM. The fees paid to the Non-Executive Directors are determined by the Board and the existing levels and terms will remain in place for at least the next financial year.



### FY23 remuneration overview

There were some major changes within Gelion during FY23 causing associated meaningful change to KPIs and other performance metrics. While the Incentive Program agreed earlier in 2022 was implemented and used for the first time in determining FY23 awards, Board judgements were exercised to ensure fair and competitive outcomes in relation to FY23 performance, to retain key staff and to incentivise long-term goals.

Gelion was not immune from the global wage inflation and has sought to remain competitive in talent retention and acquisition while managing the cost base, including re-focussing staff effort and distribution between market priorities.

The Board and its Remuneration Committee have sought to distribute equity widely throughout the staff group. The Remuneration Committee is fully cognisant of the revenue challenge faced by the Group but believes the FY23 awards are justified across a range of metrics, and mindful of long-term opportunity and positioning.

### Directors' remuneration

The aggregate remuneration received by Directors who served during the year ended 30 June 2023 was as follows:

#### Salaries/fees, annual bonus and benefits

| Name                                 | Salary/fee<br>£'000 | Pension<br>£'000 | Benefits in kind<br>£'000 | Annual bonus<br>£'000 | Share-based payment expense<br>£'000 | Total<br>£'000 |
|--------------------------------------|---------------------|------------------|---------------------------|-----------------------|--------------------------------------|----------------|
| Year to June 2023                    |                     |                  |                           |                       |                                      |                |
| <b>Non-Executive Directors</b>       |                     |                  |                           |                       |                                      |                |
| Steve Mahon                          | 60.0                | -                | -                         | -                     | -                                    | 60.0           |
| Prof. Thomas Maschmeyer <sup>^</sup> | 30.0                | -                | -                         | -                     | -                                    | 30.0           |
| Michael Davie <sup>--</sup>          | 24.0                | -                | -                         | 45.9                  | -                                    | 69.9           |
| Joycelyn Morton <sup>--</sup>        | 54.0                | -                | -                         | 45.9                  | -                                    | 99.9           |
| <b>Executive Directors</b>           |                     |                  |                           |                       |                                      |                |
| John Wood <sup>*~</sup>              | 127.1               | 9.4              | -                         | -                     | 487.4                                | 623.9          |
| Amit Gupta <sup>**</sup>             | 174.9               | 14.1             | -                         | -                     | 5.1                                  | 194.1          |
| Hannah McCaughey <sup>***</sup>      | 113.6               | 7.0              | -                         | -                     | -                                    | 120.6          |
| <b>Total FY2023</b>                  | <b>583.6</b>        | <b>30.5</b>      | <b>-</b>                  | <b>91.8</b>           | <b>492.5</b>                         | <b>1,198.4</b> |

\* John Wood was appointed the CEO on 21 November 2022 and therefore was not employed by Gelion for the full financial year.

\*\* Post year-end, the board has approved a cash bonus payment of £25,666 for Amit Gupta, which will be paid in FY24.

\*\*\* Hannah McCaughey resigned on 28 October 2022 and therefore was not employed by Gelion for the full financial year.

<sup>^</sup> R&D service fees were paid to a company with a common director (please refer to note 22).

<sup>~</sup> Share-based payment expense is the FY23 fair value charge of options granted in the year. On 8 December 2022, 2,704,000 options were granted to John Wood and these will vest in three tranches as follows: 1,622,400 to vest in 12 months from grant date, 540,800 to vest in 24 months from grant date and 540,800 to vest in 36 months from grant date. The share-based payment charge for the year relating to these options granted to Mr John Wood was £487,396.

<sup>--</sup> As per the bonus agreement, the after-tax bonus component received by Joycelyn Morton and Michael Davie is to be promptly reinvested in purchasing shares of the Company.

| Name                           | Salary/fee<br>£'000 | Pension<br>£'000 | Benefits in kind<br>£'000 | Annual bonus<br>£'000 | Share-based payment expense<br>£'000 | Total<br>£'000 |
|--------------------------------|---------------------|------------------|---------------------------|-----------------------|--------------------------------------|----------------|
| Year to June 2022              |                     |                  |                           |                       |                                      |                |
| <b>Non-Executive Directors</b> |                     |                  |                           |                       |                                      |                |
| Steve Mahon*                   | 35.9                | -                | -                         | -                     | -                                    | 35.9           |
| Prof. Thomas Maschmeyer*       | 18.0                | -                | -                         | 13.0                  | -                                    | 31.0           |
| Michael Davie*                 | 23.3                | -                | -                         | -                     | -                                    | 23.3           |
| Joycelyn Morton*               | 23.3                | -                | -                         | -                     | -                                    | 23.3           |
| <b>Executive Directors</b>     |                     |                  |                           |                       |                                      |                |
| Hannah McCaughey <sup>**</sup> | 76.9                | 5.1              | -                         | -                     | -                                    | 82.0           |
| Amit Gupta <sup>~</sup>        | 146.5               | 12.4             | -                         | 45.4                  | 458.0                                | 662.3          |
| Andrew Grimes <sup>**~</sup>   | 168.6               | 12.9             | -                         | 403.4                 | 2,324.1                              | 2,909.0        |
| <b>Total FY2022</b>            | <b>492.5</b>        | <b>30.4</b>      | <b>-</b>                  | <b>461.8</b>          | <b>2,782.1</b>                       | <b>3,766.8</b> |

\* Total for the period of directorship following appointment to the Board on 21 November 2021.

\*\* Total remuneration during the year. Andrew Grimes resigned as Director with effect from 3 March 2022. Hannah McCaughey was appointed as Director on 3 March 2022.

<sup>~</sup> Share-based payment expense is the FY22 fair value charge of options granted in the year. The FY22 charge of £2,782,100 for Amit Gupta and Andrew Grimes related to the listing and was therefore classified as non-recurring expenses.

Directors are entitled to recover out of pocket expenses including travel costs to and from the United Kingdom.

### Directors' share options

Details of the Directors' share options outstanding on 30 June 2023 are shown below:

| Name                       | 2022 number | Options granted in the year | Vested  | Exercised | Cancelled/surrendered | 2023 number |
|----------------------------|-------------|-----------------------------|---------|-----------|-----------------------|-------------|
| <b>Executive Directors</b> |             |                             |         |           |                       |             |
| Amit Gupta                 | 400,000     | 36,432                      | 400,000 | -         | -                     | 436,432     |
| John Wood                  | -           | 2,704,000                   | -       | -         | -                     | 2,704,000   |

Details of John Wood's share options granted in the year are provided in notes to FY23 Directors' Remuneration table.

During the period, 1,026,515 Ordinary Shares of 0.1 pence were issued by the Company to Andrew Grimes, ex-CEO of the Company. These shares have restrictions on trading (25% allowed every six months) and were in exchange for Andrew Grimes relinquishing 1,830,000 options over Ordinary Shares (with nil gain or loss) that had vested in accordance with the disclosures made at the time of the Company's IPO. Andrew Grimes does not hold any unexercised options.

### Directors' interests and their interests in the Company's shares

The interests in the issued share capital of the Company (all of which are beneficial unless otherwise stated) of the Directors and their families as defined in the AIM Rules are set out on page 78.

### Related party transactions

Related party transactions are set out in note 22 to the financial statements.

**Michael Davie**  
Chair of the Remuneration Committee  
12 December 2023



# Directors' Report

The Directors present their Annual Report and audited financial statements for Gelion plc (the 'Company') and its subsidiaries (the 'Group'), together with the financial statements and auditors' report, for the year ended 30 June 2023.

The Directors believe that the financial statements are fair, balanced and understandable.

## Directors

The Directors who served on the Board of Gelion during the year and to the date of this report were as follows:

### Executive

- Mr John Wood (CEO) (Commenced 21 November 2022, appointed Director 12 December 2022)
- Mr Amit Gupta (CFO)
- Ms Hannah McCaughey (CEO) (Resigned 28 October 2022)

### Non-Executive

- Dr Steve Mahon (Chairman)
- Prof. Thomas Maschmeyer
- Ms Joycelyn Morton
- Mr Michael Davie

## Directors' interests in Ordinary Shares

The Directors, who held office on 30 June 2023, had the following interests in the Ordinary Shares of the Company:

| Name                     | Number of shares |
|--------------------------|------------------|
| Prof. Thomas Maschmeyer* | 16,755,948       |
| Steve Mahon              | 1,513,615        |
| Michael Davie            | 824,242          |
| Joycelyn Morton          | 121,572          |
| John Wood                | 48,000           |
| Amit Gupta               | 15,000           |

\* In the name of Perinato Pty Ltd as a Trustee for the Maschmeyer Family Trust

## Principal activity and review of business developments

The principal activity of Gelion is the development of two battery chemistries – Li-S and Zinc hybrid cell technologies (changed from zinc-bromide).

Review of operations, business developments and current projects are included in the Operational review.

## Research and development costs

The Group incurred research and development expenditure of £4.6m in the year (2022: £3.3m). Commentary on the major activities is given in the Strategic Report.

## Results and dividend

The results for the year are set out in the Statement of Comprehensive Income. No dividends were paid in the year. The Directors do not intend to declare a dividend in respect of the year.



## Board changes

Details of changes to the membership of the Board are disclosed within the Directors' interests and their remuneration on page 76.

## Capital structure

Details of the Group's capital structure are provided in notes 18 Issued Capital and Reserves and 7 Share Capital to the financial statements. Shareholder funds have been used for the development and testing of battery cells, installing and commissioning the manufacturing plant, building the team to support the planned growth of the business across the senior leadership team, manufacturing, development and process engineering.

## Substantial shareholdings

On 30 September 2023, the Group had been notified of the following holdings of more than 3% or more of the issued share capital of Gelion plc:

| Shareholder              | No. of shares | % of issued share capital |
|--------------------------|---------------|---------------------------|
| Prof. Thomas Maschmeyer* | 16,755,948    | 15.5%                     |
| Jasgo Family Trust       | 7,195,933     | 6.6%                      |
| Dr. Leonard Humphreys**  | 7,117,117     | 6.6%                      |
| University of Sydney     | 3,563,580     | 3.3%                      |
| Mr Robin Chamberlayne*** | 3,548,045     | 3.3%                      |

\* In the name of Perinato Pty Ltd as a Trustee for the Maschmeyer Family Trust

\*\* In the name of Lenmar Nominees Limited (Humphreys Family Super Fund)

\*\*\* Includes shares held in trust on behalf of Robin Chamberlayne's family.





**Post balance sheet events**

The Company has successfully raised gross proceeds of £4.1m and acquired UK based OXLiD Ltd for a total consideration of approximately £4.2 million (please see note 23). These were subject to shareholders vote and were approved at the General Meeting on 27 November 2023.

**Future developments**

Information on the future developments of the business is included in the Strategic Report on page 14.

**Principal risks and uncertainties**

Information relating to the principal risks and uncertainties facing the Group is set out on page 56 to 61 of the Strategic Report.

**Related party transactions**

Related party transactions are disclosed in note 22 to the financial statements.

**Financial instruments**

The use of financial instruments and financial risk management policies is covered in the Chief Financial Officer's report and in note 20 to the financial statements.

**Political and charitable contributions**

The Group made no charitable donations and no political donations during the year (FY22: £nil).

**Creditor payment policy**

The Group does not follow any specific code or standard on payment practice. However, it is the policy of the Group to ensure that all its suppliers of goods and services are paid promptly and in accordance with contractual and legal obligations.

**Directors' and officers' insurance**

The Group maintained directors' and officers' liability insurance cover throughout the period. The Directors are also able to obtain independent legal advice at the expense of the Group, as necessary, in their capacity as Directors.

**Employees**

The Group had 47 employees at the year end, including two Executive Directors and four Non-Executive Directors. The Group seeks to employ people based on merit and ability to perform the required roles. The Group does not discriminate on any grounds including race, gender, religion, age, nationality or sexual orientation.

**Relations with shareholders**

The Group provides shareholders and stakeholders with relevant information in a timely and balanced manner. We understand and respect the rights of shareholders, will convene Annual General Meetings

in full consideration of these rights and encourage full participation of both institutional and private investors.

**Statement of disclosure to auditors**

All current Directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Group auditors for the purposes of their audit and to establish that the auditors are aware of that information. The Directors are not aware of any relevant audit information of which the auditors are unaware.

A resolution to re-appoint BDO LLP will be proposed at the next Annual General Meeting.

By order of the Board.

**Billy French**  
Company Secretary  
12 December 2023





## Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors are required to prepare the Group financial statements in accordance with UK-adopted International Accounting Standards and applicable law and have elected to prepare the Company financial statements in accordance with UK Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the Directors must not approve the financial statements unless they are satisfied that these give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for the period.

In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and apply them consistently;
- Make judgements and accounting estimates that are reasonable, relevant, reliable and prudent;
- For the Group financial statements, state whether they have been prepared in accordance with UK-adopted International Accounting Standards, subject to any material departures disclosed and explained in the financial statements;
- For the Company financial statements, state whether applicable UK Generally Accepted Accounting Practice has been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Group or Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Website publication

The Directors are responsible for ensuring the Annual Report and the financial statements are made available on a website. Financial statements are published on the Group's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Group's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

### Going concern

The Directors have prepared and reviewed financial forecasts. After due consideration of these forecasts and current cash resources, the Directors consider that the Company and the Group have adequate financial resources to continue in operational existence for the foreseeable future (being a period of at least 12 months from the date of this report), and for this reason the financial statements have been prepared on a going concern basis.

By order of the Board.

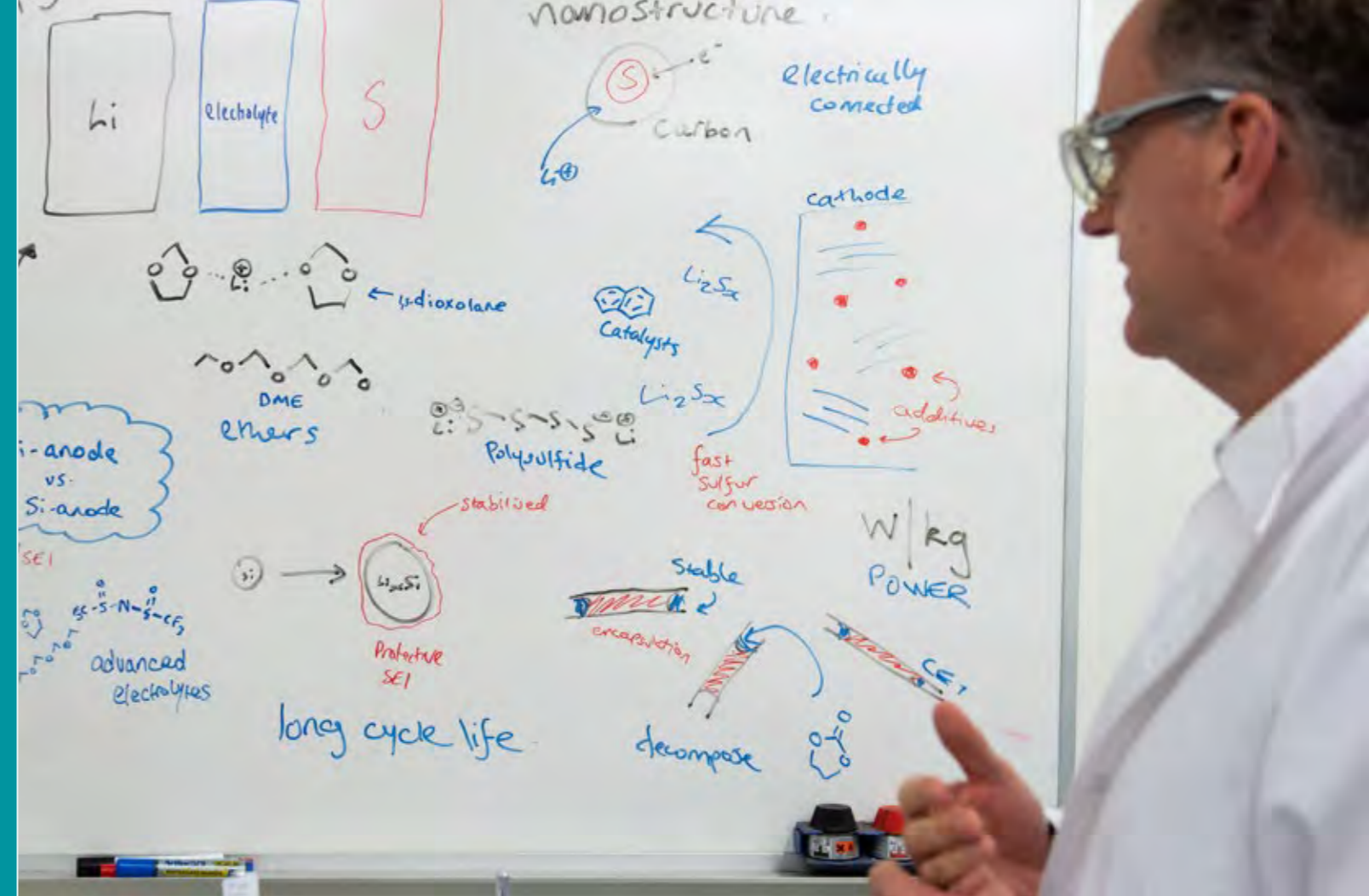
**Steve Mahon**  
Chairman

12 December 2023





# Financial Statements



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# Independent auditor's report to the members of Gelion plc

## Opinion on the financial statements

- The financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 June 2023 and of the Group's loss for the year then ended;
- The Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- The Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- The financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Gelion plc (the 'Parent Company') and its subsidiary (the 'Group') for the year ended 30 June 2023 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Statement of Cashflows, the Consolidated Statement of Changes in Equity, the Parent Company Balance Sheet, the Parent Company Statement of Changes in Equity, and the notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

concern basis of accounting in the preparation of the financial statements is appropriate.

Given the judgements made by the Directors, and the significance of this area, we have determined going concern to be a key audit matter for the audit. Our evaluation of the Directors' assessment of the Group's and the Parent Company's ability to continue to adopt the going concern basis of accounting and response to the key audit matter is included in the 'Key Audit Matters' section below.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going

## Overview

|                                 |  |      |      |
|---------------------------------|--|------|------|
| <b>Coverage</b>                 | 100% of Group loss before tax  |      |      |
|                                 | 100% of Group total assets   |      |      |
| <b>Key audit matters (KAMs)</b> |  | 2023 | 2022 |
|                                 | Going concern  | ✓    | ✓    |
|                                 | Recognition of Research & Development tax incentives and valuation of receivable               | ✓    | ✓    |
|                                 | Valuation of investment in subsidiary recorded in the Gelion plc (parent) financial statements | ✓    | ✗    |
| <b>Materiality</b>              | Group financial statements as a whole.   |      |      |
|                                 | £200,000 (2022: £300,000) based on 1.5% (2022: 1.4%) of total assets.                          |      |      |

### An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

The Group's principal operating location is in Australia, being its subsidiary Gelion Technologies Pty Limited. Together with the Parent Company, these represent the only components of the Group, and were considered significant components and subjected to full scope audits.

Full scope audits for Group reporting purposes were performed on the significant component in Australia by the local BDO network member firm and on the Parent Company by the Group audit team.

### Our involvement with component auditors

For the work performed by the component auditor in Australia, we determined the level of our involvement needed in order to be able to conclude whether sufficient appropriate audit evidence has been obtained as a basis for our opinion on the Group financial statements as a whole. Our involvement with these component auditors included the following:

- Detailed Group reporting instructions were sent, which included the significant areas to be

covered by the audits (including areas that were considered to be key audit matters as detailed below), and set out the information required to be reported to the Group audit team.

- The Group audit team performed procedures independently over certain key audit risk areas, as considered necessary, including the key audit matters below.
- Regular communication throughout the planning and execution phase of the audit. Members of the Group audit team had clearance meetings and held detailed discussions with the component auditor remotely.
- The Group audit team was actively involved in the direction of the audit performed by the component auditor for Group reporting purposes, review of their working papers, consideration of findings and determination of conclusions drawn.

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



| Key audit matter   | How the scope of our audit addressed the key audit matter   |
|--|---|
| <p><b>Going Concern</b></p> <p>The Directors are required to consider whether the Group and Parent Company can continue to operate as a going concern for a period of no less than twelve months from the date of approval of the financial statements.</p> <p>As at 30 June 2023 the Group had cash of £7.3m (2022: £16m) and no external financing debt. As the Group is not yet generating revenue, there is a risk that the Group may be in a position where existing cash reserves are fully depleted in the future. In assessing whether this risk is likely to materialise, as part of their going concern assessment, the Directors prepared a cash flow forecast to 31 December 2024. There is significant judgement and estimation applied in preparing these forecasts.</p> <p>We therefore identified the audit of the Directors' going concern assessment as a key audit matter.</p> <p>Refer to note 2.4 of the financial statements</p> | <p>Our evaluation of the Directors' assessment of the Group and Parent Company's ability to continue to adopt the going concern basis of accounting included the following procedures:</p> <ul style="list-style-type: none"> <li>• We critically assessed the Directors' cash flow forecasts and the underlying assumptions approved by the Board. We considered whether the assumptions and inputs in the cash flow forecast were in line with our understanding of the Group's operations and other information obtained by us during the course of the audit. Our testing included testing the integrity of the forecast model, assessing the reasonableness of the cash outflows, comparing forecast costs to historical actuals, and considering the completeness of the costs included in the forecast.</li> <li>• We corroborated the June 2023 and October 2023 cash positions by reference to supporting documentation.</li> <li>• We verified the receipt of funds raised through the placing of shares completed in November 2023 to the Group's bank statements.</li> <li>• We verified the payment of funds for the acquisition of OxLid Limited to the signed Share Purchase Agreement and to the Group's bank statements.</li> <li>• We challenged the forecast expenditure by comparing it to historical run rate and applied inflationary impacts. We confirmed that contractually committed amounts were included.</li> <li>• We reviewed the appropriateness of the Directors' sensitised cash flows and assessed the impact of reasonably possible changes to costs and mitigating factors available to the Group.</li> <li>• We reviewed and considered the adequacy of the going concern disclosure within the financial statements in light of the Directors' going concern assessment, including their forecasts, and our understanding of the business obtained throughout the audit.</li> </ul> <p><b>Key observations:</b><br/>See 'Conclusions relating to going concern' section above.</p> |

| Key audit matter   | How the scope of our audit addressed the key audit matter  |
|--|--|
| <p><b>Recognition of Research &amp; Development tax incentives and valuation of receivable</b></p> <p>For the year ended 30 June 2023, the Group recognised other income of £2.05m related to Research &amp; Development ("R&amp;D") tax incentives from the Australian Government. A related other receivable for the same amount was recognised in the statement of financial position.</p> <p>Refer to Note 2.6, Note 2.21, Note 4 and Note 16 to the financial statements</p>                      | <p>Our specific audit testing in this regard included the following procedures:</p> <ul style="list-style-type: none"> <li>• We evaluated the nature of R&amp;D expenditure claimed as a tax incentive, to confirm that they were allowable under the incentive scheme.</li> <li>• We assessed the competence of Management's Expert to confirm that they are appropriately considered as an expert. We also evaluated the independence and objectivity of Management's Expert.</li> <li>• We evaluated the tax incentive assessment and calculations prepared by Management's Expert. We tested the inputs to underlying records and recalculated the tax incentive claimed to confirm that an appropriate percentage was applied.</li> <li>• We engaged with our internal tax experts in Australia to assess the reasonableness of the Group's submission for tax incentives.</li> <li>• We performed look-back testing by assessing the recoverability of claims made by Management in respect of R&amp;D credits in the past.</li> </ul> <p><b>Key observations:</b><br/>We found that the judgements made by the Directors, in recognising the R&amp;D tax incentive for the year ended 30 June 2023, and measurement of the receivable as at that date, to be appropriate.</p> |
| <p><b>Valuation of investment in subsidiary recorded in the Gelion plc (parent) financial statements</b></p> <p>At 30 June 2023, before an impairment, Gelion plc recognised an investment of £31.6m in Gelion Technologies Pty Ltd.</p> <p>Given the loss-making nature of the operational subsidiary and the decline in the Group's share price, there is a risk that the investment asset value may be impaired.</p> <p>Refer to Note 2.3 and Note 4 to the parent company financial statements</p> | <p>Our specific audit testing in this regard included the following procedures:</p> <ul style="list-style-type: none"> <li>• We reviewed Management's assessment of indicators of impairment in line with the requirements of the accounting framework and our understanding of the business.</li> <li>• We assessed the appropriateness of the recoverable value of the investment with reference to the Company's share price at the balance sheet date, adjusted for working capital balances.</li> <li>• We evaluated Management's impairment assessment and validated the mathematical accuracy of the impairment calculation.</li> <li>• We reviewed the minutes of Board meetings to identify any information that may impact the recoverability of the investment in subsidiary.</li> </ul>  |



**Key observations:**

Based on the procedures performed we found the judgement and estimates made by Management in their impairment assessment of the investment in subsidiary to be reasonable.

**Our application of materiality**

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level,

performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

|   | Group financial statements   |                      | Parent company financial statements   |                          |
|---|--|----------------------|---|--------------------------|
|   | 2023 £   | 2022 £               | 2023 £  | 2022 £                   |
| <b>Materiality</b>  | 200,000  | 300,000              | 75,000  | 135,000                  |
| <b>Basis for determining materiality</b>                                | 1.5% of Total assets   | 1.4% of Total assets | 38% of group materiality  | 45% of group materiality |
| <b>Rationale for the benchmark applied</b>                              | We determined that an asset-based measure is appropriate as the Group is not revenue generative and therefore the asset base is considered a key financial metric for users of the financial statements.   |                      | The Parent Company is a holding company that does not trade. Materiality was calculated based on total assets, and then restricted to 38% (2022: 45%) of Group materiality to allow for aggregation risk. |                          |
| <b>Performance materiality</b>  | 140,000  | 195,000              | 52,500  | 87,750                   |
| <b>Basis for determining performance materiality</b>                    | 70% of Materiality   | 65% of Materiality   | 70% of Materiality  | 65% of Materiality       |
| <b>Rationale for the percentage applied for performance materiality</b> | 70% (2022: 65%) of materiality was considered a reasonable basis, taking into consideration: <ul style="list-style-type: none"> <li>the expected value of known and likely misstatements;</li> <li>management's attitude towards proposed misstatements; and</li> <li>the number of accounts which are subject to estimation.</li> </ul> |                      |   |                          |

**Component materiality**

For the purposes of our Group audit opinion, we set materiality for the remaining significant component of the Group, apart from the Parent Company whose materiality is set out above, based on 95% (2022: 90%) of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality was £190,000 (2022: £270,000). In the audit of the component, we further applied performance materiality levels of 70% (2022: 65%) of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

**Reporting threshold**

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £10,000 (2022: £15,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

**Other information**

The directors are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent

with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Other Companies Act 2006 reporting**

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

**Strategic report and Directors' report**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



## Responsibilities of Directors

As explained more fully in the statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

### Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

### Non-compliance with laws and regulations

Based on:

- Our understanding of the Group and the industry in which it operates;
- Discussion with Management and the Audit and Risk Committee; and
- Obtaining and understanding of the Group's policies and procedures regarding compliance with laws and regulations,

we considered the significant laws and regulations to be the applicable accounting framework, the Companies Act 2006, the AIM Rules for Companies, and tax legislation in Australia.

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be the health and safety legislation and employment laws.

Our procedures in respect of the above included:

- Review of minutes of Board and Audit Committee meetings for any instances of non-compliance with laws and regulations;
- Review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Involvement of tax specialists in the audit; and
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

### Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to:
  - Detecting and responding to the risk of fraud; and
  - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;

- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- Considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these.

Based on our risk assessment, we considered the areas most susceptible to fraud to be management override of controls through inappropriate journal entries and bias in key estimates and judgements.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met defined risk criteria, by agreeing to supporting documentation;
- Testing the recognition of R&D tax incentives to supporting evidence (refer to Research & Development tax incentives and valuation of receivable Key Audit Matter); and
- Assessing significant estimates and judgements (refer to Note 2.21 to the consolidated financial statements and Note 2.3 to the parent company financial statements) made by Management for bias.

## Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Peter Acloque (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

London, UK

12 December 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, including component engagement teams, who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit. For component engagement teams, we also reviewed the results of their work performed in this regard.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.



# Consolidated Statement of Comprehensive Income

|   | Notes    | Year ended 30 June |                |
|---|----------|--------------------|----------------|
|   |          | 2023<br>£'000      | 2022<br>£'000  |
| Other income  | 4        | 2,054              | 1,745          |
| <b>Total income</b>   |          | <b>2,054</b>       | <b>1,745</b>   |
| Administrative expenses   |          | (3,841)            | (2,847)        |
| Research and development expenses   |          | (4,147)            | (2,970)        |
| Share-based payments expense  |          | (894)              | (49)           |
| Depreciation and amortisation   |          | (463)              | (308)          |
| <b>Operating loss before non-recurring items</b>  | <b>6</b> | <b>(7,291)</b>     | <b>(4,429)</b> |
| <b>Non-recurring items:</b>   | <b>5</b> |                    |                |
| Listing and other associated costs  |          | -                  | (4,658)        |
| Loss on sale of assets  |          | (186)              | -              |
| Advisory costs related to purchase and sale of the IP                                     |          | (80)               | -              |
| <b>Total non-recurring items</b>  |          | <b>(266)</b>       | <b>(4,658)</b> |
| <b>Operating loss</b>   |          | <b>(7,557)</b>     | <b>(9,087)</b> |
| Finance costs   |          | (3)                | (73)           |
| Finance income  |          | 153                | 3              |
| <b>Loss on ordinary activities before taxation</b>  |          | <b>(7,407)</b>     | <b>(9,157)</b> |
| Tax on loss on ordinary activities  | 8        | -                  | -              |
| <b>Loss on ordinary activities after taxation</b>   |          | <b>(7,407)</b>     | <b>(9,157)</b> |
| <b>Total loss for the year attributable to equity holders of the parent</b>               |          |                    |                |
| <b>Other comprehensive income:</b>  |          |                    |                |
| Items that may be reclassified to profit or loss  |          |                    |                |
| - Exchange gains/(losses) arising on translation of foreign operations                    | 9        | (695)              | 713            |
| <b>Total comprehensive loss for the year attributable to equity holders of the parent</b> |          | <b>(8,102)</b>     | <b>(8,444)</b> |
| Loss per share (basic and diluted) attributable to the equity holders (pence)             | 11       | (6.90)             | (9.20)         |

The above results relate entirely to continuing activities.

There were no acquisitions or disposals of businesses in the period.

The accompanying notes from pages 98-132 form part of this financial information.

# Consolidated Balance Sheet

|                                  | Notes  | As at 30 June |               |
|----------------------------------|--------|---------------|---------------|
|                                  |        | 2023<br>£'000 | 2022<br>£'000 |
| <b>Assets</b>                    |        |               |               |
| <b>Non-current assets</b>        |        |               |               |
| Intangible assets                | 12     | 3,349         | 362           |
| Property, plant and equipment    | 13     | 957           | 1,050         |
| <b>Current assets</b>            |        |               |               |
| Cash and cash equivalents        | 15     | 7,268         | 16,024        |
| Short-term investments           | 16     | -             | 1,017         |
| Other receivables                | 16     | 2,114         | 2,153         |
| <b>Total Assets</b>              |        | <b>13,688</b> | <b>20,606</b> |
| <b>Liabilities</b>               |        |               |               |
| <b>Current liabilities</b>       |        |               |               |
| Trade and other payables         | 14, 17 | 1,057         | 854           |
| <b>Non-current liabilities</b>   |        |               |               |
| Trade and other payables         | 14, 17 | 27            | 31            |
| <b>Total liabilities</b>         |        | <b>1,084</b>  | <b>885</b>    |
| <b>Net assets</b>                |        | <b>12,604</b> | <b>19,721</b> |
| <b>Equity</b>                    |        |               |               |
| Issued capital                   | 18     | 108           | 107           |
| Share premium account            | 18     | 20,752        | 20,662        |
| Other non-distributable reserves | 18     | 5,328         | 5,148         |
| Capital reduction reserve        | 18     | 11,194        | 11,194        |
| Accumulated losses               |        | (24,778)      | (17,390)      |
| <b>Total equity</b>              |        | <b>12,604</b> | <b>19,721</b> |

The financial statements of Gelion Plc, company registration number 09796512, were approved by the Directors and authorised for issue on 12 December 2023.

The accompanying notes from pages 98-132 form part of this financial information.

Steve Mahon  
Chairman



# Consolidated Statement of Cash Flows

|  | Notes     | Year ended 30 June |                          |
|--|-----------|--------------------|--------------------------|
|  |           | 2023<br>£'000      | 2022 (Restated)<br>£'000 |
| <b>Cash flow from operating activities</b>                                   |           |                    |                          |
| Loss for the year before exchange losses                                     |           | (7,407)            | (9,157)                  |
| Adjustments for:   |           |                    |                          |
| - depreciation   |           | 409                | 296                      |
| - amortisation   |           | 54                 | 12                       |
| - net finance loss / (income)  |           | (147)              | -                        |
| - loss on disposal of property, plant and equipment                          |           | 127                | 8                        |
| - impairment of intangible assets  |           | 48                 | -                        |
| - share-based payments expense   |           | 894                | 3,902                    |
| Changes in operating assets/liabilities                                      |           |                    |                          |
| - Decrease / (increase) in receivables                                       |           | 24                 | (740)                    |
| - Decrease / (increase) in prepayments                                       |           | 15                 | (162)                    |
| - Increase / (decrease) in payables  |           | (45)               | 507                      |
| <b>Net cash used in operating activities*</b>                                |           | <b>(6,028)</b>     | <b>(5,334)</b>           |
| <b>Cash flows from investing activities</b>                                  |           |                    |                          |
| Purchase of intangible assets  |           | (3,982)            | (48)                     |
| Sale of intangible assets  |           | 1,189              | -                        |
| Purchase of tangible property, plant and equipment                           |           | (456)              | (733)                    |
| Short-term investments (term deposits)                                       |           | 1,017              | (1,017)                  |
| Interest received  |           | 146                | 2                        |
| <b>Net cash used in investing activities</b>                                 |           | <b>(2,086)</b>     | <b>(1,796)</b>           |
| <b>Cash flows from financing activities</b>                                  |           |                    |                          |
| Proceeds from issue of shares  |           | 18                 | 16,222                   |
| Proceeds on issue of convertible loan notes that were subsequently converted |           | -                  | 5,999                    |
| Transaction costs of issue of shares*  |           | -                  | (1,541)                  |
| Repayment of leasing liabilities   |           | (46)               | (126)                    |
| <b>Net cash used in financing activities*</b>                                |           | <b>(28)</b>        | <b>20,554</b>            |
| <b>Net increase/(decrease) in cash held</b>                                  |           | <b>(8,142)</b>     | <b>13,424</b>            |
| Cash and cash equivalents at beginning of financial year                     |           | 16,024             | 1,913                    |
| Effect of exchange rate changes  |           | (614)              | 687                      |
| <b>Cash and cash equivalents at end of financial year</b>                    | <b>15</b> | <b>7,268</b>       | <b>16,024</b>            |

The accompanying notes from pages 98-132 form part of this financial information.

\* FY22 has been restated for transaction costs related to the issue of shares, more details have been provided in the note 2.3.

# Consolidated Statement of Changes in Equity

|  | Share capital<br>£'000 | Share premium<br>£'000 | Accumulated losses<br>£'000 | Capital reduction reserve<br>£'000 | Other non-distributable reserves<br>£'000 | Total<br>£'000 |
|--|------------------------|------------------------|-----------------------------|------------------------------------|---|----------------|
| <b>Balance at 1 July 2021</b>                              | <b>33</b>              | <b>11,251</b>          | <b>(8,389)</b>              | <b>-</b>                           | <b>691</b>                                | <b>3,587</b>   |
| Loss on ordinary activities after taxation                 | -                      | -                      | (9,157)                     | -                                  | -   | (9,157)        |
| Other comprehensive income                                 | -                      | -                      | -                           | -                                  | 713                                       | 713            |
| <b>Total comprehensive loss for the year</b>               | <b>-</b>               | <b>-</b>               | <b>(9,157)</b>              | <b>-</b>                           | <b>713</b>                                | <b>(8,444)</b> |
| <b>Contributions by and distributions to owners:</b>       |                        |                        |                             |                                    |   |                |
| Bonus issue  | 57                     | (57)                   | -                           | -                                  | -   | -              |
| Capital reduction  | -                      | (11,194)               | -                           | 11,194                             | -   | -              |
| Share-based payment charge                                 | -                      | -                      | -                           | -                                  | 3,902                                     | 3,902          |
| Shares issued during the period                            | 11                     | 16,032                 | -                           | -                                  | -   | 16,043         |
| Shares issued during the period through a convertible loan | 6                      | 5,993                  | -                           | -                                  | -   | 5,999          |
| Costs of shares issued                                     | -                      | (1,541)                | -                           | -                                  | -   | (1,541)        |
| Exercise of share options                                  | -                      | 178                    | 158                         | -                                  | (158)                                     | 178            |
| <b>Total contributions by and distributions to owners:</b> | <b>74</b>              | <b>9,411</b>           | <b>158</b>                  | <b>11,194</b>                      | <b>3,744</b>                              | <b>24,581</b>  |
| <b>Balance at 30 June 2022</b>                             | <b>107</b>             | <b>20,662</b>          | <b>(17,390)</b>             | <b>11,194</b>                      | <b>5,148</b>                              | <b>19,721</b>  |
| <b>Balance at 1 July 2022</b>                              | <b>107</b>             | <b>20,662</b>          | <b>(17,390)</b>             | <b>11,194</b>                      | <b>5,148</b>                              | <b>19,721</b>  |
| Loss on ordinary activities after taxation                 | -                      | -                      | (7,407)                     | -                                  | -   | (7,407)        |
| Other comprehensive income                                 | -                      | -                      | -                           | -                                  | (695)                                     | (695)          |
| <b>Total comprehensive loss for the year</b>               | <b>-</b>               | <b>-</b>               | <b>(7,407)</b>              | <b>-</b>                           | <b>(695)</b>                              | <b>(8,102)</b> |
| <b>Contributions by and distributions to owners:</b>       |                        |                        |                             |                                    |   |                |
| Bonus issue  | -                      | -                      | -                           | -                                  | -   | -              |
| Capital reduction  | -                      | -                      | -                           | -                                  | -   | -              |
| Share-based payment charge                                 | -                      | -                      | -                           | -                                  | 894                                       | 894            |
| Shares issued during the period                            | 1                      | 73                     | -                           | -                                  | -   | 74             |
| Shares issued during the period through a convertible loan | -                      | -                      | -                           | -                                  | -   | -              |
| Costs of shares issued                                     | -                      | -                      | -                           | -                                  | -   | -              |
| Forfeited / cancelled options                              | -                      | -                      | 19                          | -                                  | (19)                                      | -              |
| Exercise of share options                                  | -                      | 17                     | -                           | -                                  | -   | 17             |
| <b>Total contributions by and distributions to owners:</b> | <b>1</b>               | <b>90</b>              | <b>19</b>                   | <b>-</b>                           | <b>875</b>                                | <b>985</b>     |
| <b>Balance at 30 June 2023</b>                             | <b>108</b>             | <b>20,752</b>          | <b>(24,778)</b>             | <b>11,194</b>                      | <b>5,328</b>                              | <b>12,604</b>  |

The accompanying notes from pages 98-132 form part of this financial information.



# Notes to The Consolidated Financial Statements

## 1. General Information

Gelion Plc ('Gelion' or the 'Company') is a 100% owner of an Australian subsidiary that conducts research and development in respect of an innovative battery system and associated industrial design and manufacturing.

Gelion is a public limited company, limited by shares, incorporated and domiciled in England and Wales. The Company was incorporated on 26 September 2015. The registered office of the Company is at c/o Armstrong, Level 4 LDN:W, 3 Noble Street London EC2V 7EE. The registered company number is 09796512.

Gelion Plc was incorporated as Gelion UK Ltd. On 12 November 2021, the Company was re-registered as a public limited company under the Companies Act and its name was changed to Gelion plc.

The Board, Directors and management referred to in this document refers to the Board, Directors and management of Gelion.

## 2. Accounting Policies

### 2.1 Basis of preparation

The principal accounting policies applied in the preparation of the Group financial statements are set out below. These policies have been consistently applied to the period presented, unless otherwise stated.

These financial statements have been prepared in accordance with UK-adopted International Accounting Standards and International Accounting Standards as issued by the International Accounting Standards Board (IASB) and Interpretations.

The preparation of financial statements in compliance with UK-adopted International Accounting Standards requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in note 2.21.

These financial statements are presented in Great British Pounds (GBP) unless otherwise stated, which is the Company's presentational currency and the parent company's functional currency. Amounts are rounded to the nearest thousand, unless otherwise stated. The functional currency of the subsidiary is Australian Dollars (AUD). Some numerical figures included in this Annual Report have been subject to rounding adjustments. The policies adopted for translation of the subsidiary's assets, liabilities, income and expenses are set out in note 2.18.

### 2.2 Basis of consolidation

The consolidated financial statements consolidate the financial statements of Gelion Plc and of its subsidiary undertaking drawn up to each reporting date.

Where the Company has control over an investee, it is classified as a subsidiary. The Company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of the elements of control.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The following was a subsidiary undertaking of the Group:

| Name                            | Registered office | Class of shares | Holding |
|---------------------------------|-------------------|-----------------|---------|
| Gelion Technologies Pty Limited | Australia         | Ordinary A      | 100%    |

The shareholding is held directly.

The registered office of Gelion Technologies Pty Limited is Level 16, 101 Miller Street, North Sydney, NSW 2060.

### 2.3 Restatement of comparatives

Where required by accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year. These restatements do not impact the net result of the business reported in FY22.

#### Prior Period Restatements of Financial Statements

Management has made one restatement in the company's previously issued consolidated financial statements for the year ended 30 June 2022. This was identified post the release of results and therefore has been restated within the financial statements for the year ended 30 June 2023.

This restatement is a reallocation and therefore does not impact either the reported losses or cash position, and does not impact the financial performance or financial position of the Company.

#### • Transaction costs on Share Issue - Restatement

Transaction costs related to the issue of shares in FY22 of £805k have been restated from financing activities to operating activities in the Cash Flow Statement given these were not directly attributable to the initial capital raise in November 2021.

The net effect of this reclassification for the financial year 2022 is a decrease of £805k in cash flow from operating activities and an increase in cash flow from financing activities by the same amount. There is no impact on cash position at closing of FY22 (30 June 2022).

### 2.4 Going concern

The financial statements have been prepared on a going concern basis which assumes that the Group will have sufficient funds available to enable it to continue to trade for the foreseeable future. In making their assessment that this assumption is correct, the Directors have undertaken an in-depth review of the business, its current prospects, and cash resources as set out below.

The Directors have prepared a cash flow forecast for the period ending 31 December 2024. The Group meets its normal working capital requirements through existing cash resources (cash and cash equivalents including term deposits) which, at 30 June 2023, amounted to £7.3m (2022: £17.0m) with another £2.1m expected to be received from the R&D tax incentives in or around December 2023. The going concern period includes a receipt of further R&D tax incentives and grants of £2.2m. In addition, the Group recently completed a capital raise of £3.7m net of transaction costs, of which c. 1.6m was utilised towards the acquisition of OXLiD Ltd including associated transaction costs.

After due consideration of these forecasts and current cash resources, the Directors consider that the Group has adequate financial resources to continue in operational existence for the foreseeable future (being a period of at least twelve months from the date of this report), and for this reason the financial statements have been prepared on a going concern basis.

By the end of the period analysed, the Group will still hold a reasonable proportion of the monies which should give the business sufficient funds to operate in a similar way beyond the forecast period. The Directors have also considered reasonably plausible down side scenarios, including a further 5% increase in salaries (payment of which is within the Directors control) and a 5% reduction in grant income. Under this scenario the business would still have adequate financial resources to continue for at least 12 months from the date of approval of these financial statements. In addition, if required to due to other unforeseen reasons, the Directors could take further mitigating action to reduce cash outflows by reducing uncommitted capital expenditure. The accounts have therefore been prepared on a going concern basis.

The Directors have considered all of the above factors and believe that as the potential opportunities are announced to the market including the scale and prospects, the Group will be able to raise any funds required to enable it to continue to trade and grow towards self-sufficiency.

## 2.5 Revenue recognition

The Group recognises revenue as follows:

### Revenue from Contracts with Customers (IFRS 15)

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

## 2.6 Other income

Grants and other benefits received from the government are recognised in the Statement of Comprehensive Income at the fair value of the cash received. Government grants are primarily research and development incentives. This represents a refundable tax offset that is available on eligible research and development expenditure incurred by the Group.

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

## 2.7 Taxation

The income tax expense or benefit for the period is the tax payable on the current periods taxable income based on the national income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and adjustments recognised for prior periods where applicable.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the

benefits of the deferred tax asset can be utilised. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

## 2.8 Earnings per share

### Basic earnings/loss per share

Basic earnings/loss per share is calculated by dividing:

- the profit or loss attributable to owners of Gelion Plc, excluding any costs of servicing equity other than Ordinary Shares; by
- the weighted average number of Ordinary Shares outstanding during the financial year, adjusted for bonus elements in Ordinary Shares issued during the financial year.

### Diluted earnings/loss per share

Diluted earnings/loss per share adjusts the figures used in the determination of basic earnings/loss per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential Ordinary Shares; and
- the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential Ordinary Shares.

## 2.9 Cash and cash equivalents and short-term investments

### Cash and cash equivalents

For the purpose of presentation in the Statement of Cash Flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to

an insignificant risk of changes in value, and bank overdrafts. Term deposits that are held for a period of less than three months form a part of cash and cash equivalents.

### Short-term investments

Short-term investments in FY22 comprise of term deposits held by UK licensed banks for a period greater than three months, over which it can be converted to known amounts of cash with insignificant risk of change in value. The amounts were measured at amortised cost using the effective interest method in line with IFRS 9.

## 2.10 Property, plant and equipment

Plant and equipment are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

|                                |           |
|--------------------------------|-----------|
| Plant and equipment            | 3–7 years |
| Office furniture and equipment | 3 years   |

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

## 2.11 Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is calculated over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less. Lease payments on these assets are expensed to profit or loss as incurred.

## 2.12 Intangible assets

### Research and development

Research and development expenditure is recognised as an expense as incurred. No research and development costs have been capitalised to date given the stage of the business.

Development expenditure is recognised as an expense except those costs incurred on development projects can be capitalised as intangible assets to the extent that such expenditure is expected to generate future economic benefits.

### Patents and trademarks

Separately acquired trademarks and patents are recognised at historical cost. Patents have a finite life and are subsequently carried at cost less accumulated amortisation. Separately acquired trademarks are shown at historical cost. They are considered to have infinite lives and are assessed for impairment at each year end. The Group amortises intangible assets with a limited useful life using the straight-line method over their expected useful lives as follows:

|         |             |
|---------|-------------|
| Patents | 15–20 years |
|---------|-------------|

### Disposal of intangible assets

When an intangible asset, such as a patent, is disposed of or no longer expected to generate future economic benefits, it is derecognised from the financial statements. The profit or loss on disposal is determined as the difference between the carrying amount of the asset at the time of disposal and the proceeds from its disposal.



The Group may dispose of intangible assets through various methods, including but not limited to sale, abandonment, or expiration of the asset's legal rights. The method of disposal is chosen based on the circumstances at the time of disposal. Any gain or loss on the disposal of an intangible asset is recognized in the statement of profit or loss in the period in which the disposal occurs.

### 2.13 Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

To date all impairments that have been recognised have been due to patent costs capitalised in respect of patent applications that have subsequently lapsed or been rejected. When this occurs, the Group fully impairs the carrying amount of the patent at that date.

### 2.14 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature, they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

### 2.15 Financial instruments

IFRS 9 requires an entity to address the classification, measurement and recognition of financial assets and liabilities.

#### a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

The Group classifies financial assets as at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise to cash flows that are solely payment of principal and interest.

#### b) Recognition

Purchases and sales of financial assets are recognised on trade date (that is, the date on which the Group commits to purchase or sell the asset). Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

#### c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset.

Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

#### d) Tax receivables

Management has assessed that tax receivables arising from a refundable tax offset from Australian Taxation Office, for eligible R&D expenditure, are recognised at its par value. These receivables are expected to be collected in a short-term period and the Directors have assessed there is no need for impairment of these receivables. This is based on Australian government credit rating (AAA) and successful historical collection of tax receivables.

### 2.16 Share-based payments

The Group provides benefits to its employees in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions) in the parent entity.

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black-Scholes model. This calculation is completed by the parent entity.

The cost of these equity-settled transactions is recognised as an expense, with a corresponding increase in equity, over the period in which the service conditions are fulfilled (the vesting period), ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

At each subsequent reporting date until vesting, the cumulative charge to profit and loss is the product of:

- the grant date fair value of the award;
- the current best estimate of the number of awards that will vest;
- the expired portion of the vesting period; and
- the removal of any fair value attributable to share options that have contractually lapsed or expired.

The charge to profit and loss for the period is the cumulative amount as calculated above less the amounts already charged in previous periods. There is a corresponding entry to the share-based payment reserve in equity.

If a share-based payment arrangement is modified, the minimum expense recognised over the vesting period is the original fair value. If the modification increases fair value, the additional fair value is recognised over the remaining vesting period.

### 2.17 Non-Recurring Items

The Group considers certain unusual or infrequent items that either because of their size or their nature, or relevance to the business as are non-recurring and disclose separately to report the underlying performance of the business. For an item to be considered as a separate item, it must initially meet at least one of the following criteria:

- It is a significant item, which may cross more than one accounting period.
- It has been directly incurred as a result of either an acquisition / divestment or funding related or arises from a major business change.
- It is unusual in nature, e.g. outside the normal course of business.

If an item meets at least one of the criteria, the Board, through the Audit and Risk Committee, then exercises judgement as to whether the item should be classified as an allowable adjustment to IFRS performance measures and disclosed separately.

### 2.18 Foreign currency translation

The functional currency of each company in the Group is that of the primary economic environment in which the entity operates. Monetary assets and liabilities denominated in foreign currencies are translated into GBP at the rates of exchange ruling at the period end.

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

All differences are taken to the Statement of Comprehensive Income. On consolidation, the assets and liabilities of the Group entities that have a functional currency different to the presentational currency are translated into GBP at the closing rate at the date of the Statement of Financial Position. Income and expenses for each statement of profit or loss are translated at average exchange rates for the period. Exchange differences are recognised in other comprehensive income and accumulated in a foreign exchange translation reserve.

### 2.19 Contributed equity

Ordinary Shares are classified as equity. Incremental costs directly attributable to the issue of new shares are deducted from the share premium account.

When the Group issues a hybrid instrument consisting of a debt host liability and a non-closely related embedded derivative (the conversion feature) and the Group accounts for the debt host at amortised cost and the embedded derivative at FVTPL, when conversion takes place, no gain or loss on conversion is recognised. The equity issued is measured by reference to the sum of the carrying amount of the host debt liability plus the carrying amount of the embedded derivative at the date of conversion, rather than the fair value of the shares issued. This approach is in line with the policy followed for conversion of compound instruments.

Retained losses includes all current and prior period results.

### 2.20 Input taxes

Revenues, expenses and assets are recognised net of the amount of associated goods and services tax (GST) in Australia or value added tax (VAT) in the UK, unless the sales tax incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of sales tax receivable or payable. The net amount of sales tax recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a net basis. The sales tax components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

### 2.21 Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial information requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in the process of applying the Group's accounting policies.

The areas involving a high degree of judgement or complexity, or areas of assumptions and estimates are:

#### Critical accounting judgements

- **R&D tax incentives**

From 1 July 2011, the Australian Taxation Office has provided a tax incentive, in the form of a refundable tax offset of 43.5%, for eligible research and development expenditure. Management has assessed its research and development activities and expenditure and applied judgement in determining which expenses are likely to be eligible under the scheme. For the period ended 30 June 2023 the Group has recorded other income of £2,049,000 (2022: £1,719,000) based on expected tax refunds to be received from the government (recognised under Other receivables at 30 June 2023).

- **Recognition of a deferred tax asset**

The Group has incurred tax losses in both Australia and the UK in each of the periods reported in these financial statements. No deferred tax asset has been recognised in respect of these losses, as the Directors believe that there is not sufficient certainty over future profits that would utilise them.

#### Key sources of estimation uncertainty

- **Estimation of useful lives of property, plant and equipment and intangible assets**

The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life of intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that

have been abandoned or sold will be written off or written down.

Patents are recognised at cost. Management believes this is the best estimate at the current time, during the research and development phase. The key assumption for amortisation is the useful life which is determined by the life of the patent (grant to expiration date – usually 15–20 years). The Directors do not believe that a future change in the useful life of patents is probable in the foreseeable future.

Trademarks are recognised at cost. Management believes this is the best estimate at the current time. The key assumption for trademarks is they have an infinite life as they do not have an expiration date.

- **Impairment of patents and trademarks**

The Group assesses impairment of patents and trademarks at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. To date the only impairments recognised have been due to patent costs capitalised in respect of patent applications that have subsequently lapsed or been rejected. In these instances, the Group fully impairs the carrying amount of patent at that date.

- **Derecognition of intangible assets (patents and trademarks)**

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

- **Recognition of equity-settled share-based payments**

The cost of equity-settled share-based payment transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black-Scholes model. The Group applies a straight-line vesting approach, whereby the instruments are split into tranches according to the vesting conditions applied. Please refer to note 19 for the key assumptions and inputs used in the model to determine the fair values at each measurement date.

### 2.22 Standards, amendments and interpretations to existing standards that are effective for the first time in the financial year

During the year ended 30 June 2023, Gelion has adopted the following new IFRSs (including amendments thereto) and IFRIC interpretations that became effective for the first time.

| Standard   | Effective date, annual period beginning on or after |
|--|---|
| Amendments to IAS 1, IAS 8, IAS 12 and IFRS Practice Statement 2 | 1 January 2023                                      |
| IFRS 17 Insurance Contracts                                      | 1 January 2023                                      |

Their adoption has not had any material impact on the disclosures or amounts reported in the financial information.

#### Standards issued but not yet effective:

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early

| Standard  | Effective date, annual period beginning on or after |
|---|---|
| Lease Liability in a Sale and Leaseback (Amendment to IFRS 16)  | 1 January 2024                                      |
| IAS 1 Presentation of Financial Statements (Amendment – Classification of Liabilities as Current or Non-Current)        | 1 January 2024                                      |
| IAS 1 Presentation of Financial Statements (Amendment – Non-current Liabilities with Covenants)                         | 1 January 2024                                      |
| IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures (Amendment – Supplier Finance Arrangements) | 1 January 2024                                      |

All of the above standards issued but not yet effective have been endorsed by the UK Endorsement Board.

The Directors are evaluating the impact that these standards will have on the financial information of Gelion.

### 3. Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker.

The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board as a whole.

In the opinion of the Directors, during each of the two-years ended 30 June, Gelion operated in the single business segment of battery production and development.



|                               | UK    | Australia | As at 30<br>June 2023<br>£'000 | UK    | Australia | As at 30<br>June 2022<br>£'000 |
|-------------------------------|-------|-----------|--------------------------------|-------|-----------|--------------------------------|
| <b>Non-current assets</b>     |       |           |                                |       |           |                                |
| Intangible assets             | -     | 3,349     | <b>3,349</b>                   | -     | 362       | <b>362</b>                     |
| Property, plant and equipment | -     | 957       | <b>957</b>                     | -     | 1,050     | <b>1,050</b>                   |
| <b>Total income</b>           |       |           |                                |       |           |                                |
| Other income                  | 5     | 2,049     | <b>2,054</b>                   | 26    | 1,719     | <b>1,745</b>                   |
| Depreciation and amortisation | -     | (463)     | <b>(463)</b>                   | -     | (308)     | <b>(308)</b>                   |
| Finance income (interest)     | 98    | 55        | <b>153</b>                     | -     | 2         | <b>2</b>                       |
| <b>Operating loss</b>         |       |           |                                |       |           |                                |
| Operating loss                | (966) | (6,591)   | <b>(7,557)</b>                 | (574) | (8,513)   | <b>(9,087)</b>                 |

#### 4. Other Income

|                           | Year ended 30 June |               |
|---------------------------|--------------------|---------------|
|                           | 2023<br>£'000      | 2022<br>£'000 |
| R&D tax concessions       | 2,049              | 1,719         |
| Recovery of VAT           | 5                  | 26            |
| <b>Total other income</b> | <b>2,054</b>       | <b>1,745</b>  |

The subsidiary incurs R&D expenditure which qualifies for relief under a tax incentive scheme provided by the Australian Taxation Office. Management estimates the expenditure each year relevant to approved R&D activities in respect of which a claim can be made at each reporting date. The accounting policy in respect of recognition of this income is detailed in note 2.6 and the key accounting judgements applied are detailed in note 2.21.

#### 5. Non-Recurring Items

|  | Year ended 30 June |               |
|--|--------------------|---------------|
|  | 2023<br>£'000      | 2022<br>£'000 |
| Listing costs  | -                  | 411           |
| Share-based payments accelerated due to listing              | -                  | 3,853         |
| Key management bonus contingent on listing                   | -                  | 394           |
| Net loss on sales of fixed assets                            | 186                | -             |
| Transaction costs incurred for IP acquisition and divestment | 80                 | -             |
| <b>Total non-recurring items</b>                             | <b>266</b>         | <b>4,658</b>  |

Certain costs were incurred in FY22 relating to the Company converting from a private to public limited company, its subsequent admission to AIM, issuance and sale of shares and associated professional costs. For more details on these expenses please refer to FY22 Annual Report on our website: <https://gelion.com/wp-content/uploads/2022/11/Gelion-Annual-Report-and-Financial-Gelion-Statements-for-the-year-ended-30-June-2022.pdf#page=71>

Non-recurring costs in FY23 include one-off loss on sales of fixed assets and advisory costs incurred in relation to the purchase and sale of the IP portfolio that were non-recurring in nature. These have been separately disclosed to assist the user of the financial information to understand and compare the underlying results of the Company.

#### 6. Operating Loss Before Non-Recurring Items

Operating loss is stated after the following specific income and expenses:

|                                    | Note   | Year ended 30 June |               |
|------------------------------------|--------|--------------------|---------------|
|                                    |        | 2023<br>£'000      | 2022<br>£'000 |
| R&D tax concessions                | 4      | 2,049              | 1,719         |
| Depreciation and amortisation      | 12, 13 | (463)              | (308)         |
| Employee benefits                  | 10     | (5,223)            | (3,212)       |
| R&D expenses                       |        | (1,553)            | (1,391)       |
| Out of which:                      |        |                    |               |
| External R&D services              |        | (925)              | (669)         |
| R&D materials, consumables & other |        | (628)              | (722)         |
| Administration and other expenses  |        | (1,212)            | (1,214)       |
| Share-based payments (recurring)   |        | (894)              | (49)          |

#### 7. Auditors' Remuneration

|   | Year ended 30 June |               |
|---|--------------------|---------------|
|   | 2023<br>£'000      | 2022<br>£'000 |
| Fees payable to the Company's auditors for the statutory audit of the Company's annual financial statements | 70                 | 52            |
| Fees payable to the Company's auditors and its associates for the audits of the Company's subsidiaries      | 33                 | 24            |
| <b>Non-audit services</b>   |                    |               |
| Reporting accountant services   | -                  | 278           |
| Taxation and other services   | 9                  | 31            |
| <b>Total auditors' remuneration</b>   | <b>112</b>         | <b>385</b>    |

## 8. Taxation

|   | Year ended 30 June |               |
|---|--------------------|---------------|
|   | 2023<br>£'000      | 2022<br>£'000 |
| The charge/credit for the year is made up as follows:   |                    |               |
| Corporation taxation on the results for the year  | -                  | -             |
| Taxation (charge)/credit for the year   | -                  | -             |
| Numerical reconciliation of income tax expense to accounting loss:                            |                    |               |
| Profit/(loss) for the year before income tax  | (7,407)            | (9,157)       |
| Prima facie tax benefit on loss from ordinary activities before income tax at 25% (2022: 25%) | (1,852)            | (2,290)       |
| Add/(less) tax effect of:   |                    |               |
| Non-deductible expenditure  | 1,435              | 2,200         |
| Non-assessable income   | -                  | -             |
| R&D tax offsets   | (512)              | (430)         |
| Tax losses incurred but not recognised  | 878                | 506           |
| Difference in tax rates applied   | 51                 | 14            |
| <b>Total income tax expense</b>   | <b>-</b>           | <b>-</b>      |

Non-deductible expenses include share-based payments and expenditure subject to R&D tax incentive.

Estimated tax losses of £7,452,000 (2022: £4,138,000) are available for relief against future profits. No deferred tax asset has been provided for in the accounts based on the estimated tax losses. The estimated tax losses per jurisdiction is as follows and don't have an expiry date in each of these jurisdictions:

|  | Year ended 30 June |               |
|--|--------------------|---------------|
|  | 2023<br>£'000      | 2022<br>£'000 |
| Estimated tax losses arising in the UK             | 1,664              | 793           |
| Estimated tax losses arising in Australia          | 5,788              | 3,345         |
| <b>Total tax losses available to carry forward</b> | <b>7,452</b>       | <b>4,138</b>  |

The standard rate of corporation tax in Australia, where the subsidiary is based, is 25% (2022: 25%).

As per note 2.7, deferred tax assets have not been recognised on the basis the Company is not forecasted to make a profit for the foreseeable future.

## 9. Exchange Gains and Losses Arising on Translation of Foreign Operations

Gelion Technologies Pty Limited, a battery manufacturing business incorporated in Australia, was merged into Gelion UK Limited in 2016 so as to maximise operational synergies and generate further cost savings.

A gain or loss through other comprehensive income arises on translation of the subsidiary's assets and liabilities from Australian Dollars to Great British Pounds at each year end.

## 10. Employee Benefit Expenses and Numbers

Employee benefit expenses (including Directors) comprise:

|   | Year ended 30 June |               |
|---|--------------------|---------------|
|   | 2023<br>£'000      | 2022<br>£'000 |
| <b>Recurring costs:</b>   |                    |               |
| Salaries and wages including taxes                              | 4,005              | 2,957         |
| Defined contribution pension cost                               | 324                | 206           |
| Share-based payment expense                                     | 894                | 49            |
| <b>Total employee benefits expense (note 6) – recurring</b>     | <b>5,223</b>       | <b>3,212</b>  |
| <b>Non-recurring costs:</b>                                     |                    |               |
| Salaries and wages including taxes                              | -                  | 394           |
| Defined contribution pension cost                               | -                  | -             |
| Share-based payment expense                                     | -                  | 3,853         |
| <b>Total employee benefits expense (note 5) – non-recurring</b> | <b>-</b>           | <b>4,247</b>  |

Refer to note 19 for details of classification of share-based payments expense between recurring and non-recurring costs.

## Average Employee Numbers

|   | 2023<br>(#) | 2022<br>(#) |
|---|-------------|-------------|
| R&D                                     | 36          | 26          |
| Administration                          | 17          | 11          |
| <b>Average number of employees</b>      | <b>53</b>   | <b>37</b>   |
| <i>Employee headcount at period end</i> | <i>47</i>   | <i>51</i>   |

Increase in the average number of employees from FY22 to FY23 is primarily impacted by:

- the full year impact of new hires who commenced in late FY22; and
- the inclusion of temporary staff who assisted in the pilot manufacturing plant during FY23.

The actual closing headcount decreased to 47 at 30 June 2023 (51 at 30 June 2022) due to cost saving measures implemented by management where only selected roles were replaced, rather than filling all vacant positions.



## Key management personnel

**Directors and key management personnel compensation**

The total remuneration paid (including bonus accruals) to the Directors and key management personnel of the Group during the year are as follows:

|   | Year ended 30 June |               |
|---|--------------------|---------------|
|   | 2023<br>£'000      | 2022<br>£'000 |
| <b>Recurring costs:</b>                                     |                    |               |
| Salaries and wages including taxes                          | 873                | 1,059         |
| Defined contribution pension cost                           | 44                 | 48            |
| Share-based payment expense                                 | 691                | 10            |
| <b>Total key management personnel costs - recurring</b>     | <b>1,608</b>       | <b>1,117</b>  |
| <b>Non-recurring costs:</b>                                 |                    |               |
| Salaries and wages including taxes                          | -                  | 394           |
| Share-based payment expense                                 | -                  | 3,378         |
| <b>Total key management personnel costs - non-recurring</b> | <b>-</b>           | <b>3,772</b>  |
| <b>Total key management personnel costs</b>                 | <b>1,608</b>       | <b>4,889</b>  |

The Directors and senior management represent key management personnel. Further details of Directors' remunerations are given in the Directors' Remuneration Report. The highest paid Director during the year received total remuneration (recurring and non-recurring) of £189,014 (2022: £584,900). No share options were exercised by Directors during the financial year ended 30 June 2023 or 30 June 2022.

Refer to note 19 for details of classification of share-based payments expense between recurring and non-recurring costs.

**11. Loss Per Share**

|  | Year ended 30 June |            |
|--|--------------------|------------|
|  | 2023               | 2022       |
| Loss after tax                             | £7,407,000         | £9,157,000 |
| Weighted average number of shares (number) | 107,944,951        | 99,888,579 |
| Loss per share (pence)                     | 6.9p               | 9.2p       |

The calculation of the loss per share is based on the loss for the financial period after taxation of £7,407,000 (2022: £9,157,000) and on the weighted average of 107,944,951 (2022: 99,888,579) Ordinary Shares in issue during the period.

In FY23, the parent company issued:

- 1,101,516 shares, majority of which relates to a share issue to ex-CEO Andrew Grimes (1,026,516) in lieu of cancelled options;
- 171,396 ordinary shares to the University of Sydney in exchange for acquisition of Lithium Sulfur IP (\$130,000).

This increase in the number of Ordinary Shares has resulted in the weighted average number of shares in the year to June 2023 to increase to 107,944,951 (2022: 99,888,579).

There were 8,478,535 share options outstanding at 30 June 2023 (2022: 7,554,360). The impact of these options would be to reduce the diluted loss per share and therefore they are antidilutive. Hence, the diluted loss per share reported for the periods under review is the same as the earnings per share.

**12. Intangible Assets**

|                                | Patents<br>£'000 | Trademarks<br>£'000 | Total<br>£'000 |
|--------------------------------|------------------|---------------------|----------------|
| <b>Cost</b>                    |                  |                     |                |
| <b>At 30 June 2021</b>         | <b>334</b>       | <b>19</b>           | <b>353</b>     |
| Additions                      | 39               | 9                   | 48             |
| Disposals                      | -                | -                   | -              |
| Difference on foreign exchange | 14               | 1                   | 15             |
| <b>At 30 June 2022</b>         | <b>387</b>       | <b>29</b>           | <b>416</b>     |
| Additions                      | 4,298            | 4                   | 4,302          |
| Disposals                      | (1,189)          | -                   | (1,189)        |
| Impairment                     | (37)             | (11)                | (48)           |
| Difference on foreign exchange | (29)             | (2)                 | (31)           |
| <b>At 30 June 2023</b>         | <b>3,430</b>     | <b>20</b>           | <b>3,450</b>   |
| <b>Amortisation</b>            |                  |                     |                |
| <b>At 30 June 2021</b>         | <b>40</b>        | <b>-</b>            | <b>40</b>      |
| Amortisation                   | 12               | -                   | 12             |
| Difference on foreign exchange | 2                | -                   | 2              |
| <b>At 30 June 2022</b>         | <b>54</b>        | <b>-</b>            | <b>54</b>      |
| Amortisation                   | 54               | -                   | 54             |
| Difference on foreign exchange | (7)              | -                   | (7)            |
| <b>At 30 June 2023</b>         | <b>101</b>       | <b>-</b>            | <b>101</b>     |
| <b>Carrying amount</b>         |                  |                     |                |
| <b>At 30 June 2022</b>         | <b>333</b>       | <b>29</b>           | <b>362</b>     |
| <b>At 30 June 2023</b>         | <b>3,329</b>     | <b>20</b>           | <b>3,349</b>   |

On 9 March 2023, Gelion acquired an IP portfolio in a range of next generation battery material technologies from Johnson Matthey, a British multinational chemicals and sustainable technologies company. The Company acquired the LiSiS patent portfolio for £4.3 million and has immediately sold part of portfolio to a third party for a cash consideration of £1.2 million.

On 13 March 2023, Gelion acquired the University of Sydney's Lithium Sulfur IP for a total consideration of AUD\$130,000, which was satisfied by the issue of 171,396 ordinary shares.

### 13. Property, Plant and Equipment

|                                      | Office furniture<br>and equipment<br>£'000 | Plant and<br>equipment<br>£'000 | Right-of-use<br>assets<br>£'000 | Leasehold<br>improvements<br>£'000 | Total<br>£'000 |
|--------------------------------------|--|---------------------------------|---------------------------------|------------------------------------|----------------|
| <b>Cost</b>                          |  |                                 |                                 |                                    |                |
| <b>At 30 June 2021</b>               | <b>38</b>                                  | <b>517</b>                      | <b>341</b>                      | <b>50</b>                          | <b>946</b>     |
| Additions                            | 34   | 649                             | 54                              | 50                                 | 787            |
| Disposals                            | -  | (11)                            | -                               | -                                  | (11)           |
| Difference on foreign exchange       | 3  | 22                              | 15                              | 2                                  | 42             |
| <b>At 30 June 2022</b>               | <b>75</b>                                  | <b>1,177</b>                    | <b>410</b>                      | <b>102</b>                         | <b>1,764</b>   |
| Additions                            | 12   | 416                             | 47                              | 28                                 | 503            |
| Disposals                            | 0  | (160)                           | 0                               | 0                                  | (160)          |
| Difference on foreign exchange       | (6)  | (87)                            | (30)                            | (8)                                | (131)          |
| <b>At 30 June 2023</b>               | <b>81</b>                                  | <b>1,346</b>                    | <b>427</b>                      | <b>122</b>                         | <b>1,976</b>   |
| <b>Depreciation</b>                  |  |                                 |                                 |                                    |                |
| <b>At 30 June 2021</b>               | <b>28</b>                                  | <b>123</b>                      | <b>217</b>                      | <b>25</b>                          | <b>393</b>     |
| Charge for the year                  | 11   | 131                             | 124                             | 30                                 | 296            |
| Accumulated depreciation on disposal | -  | (3)                             | -                               | -                                  | (3)            |
| Difference on foreign exchange       | 1  | 10                              | 15                              | 2                                  | 28             |
| <b>At 30 June 2022</b>               | <b>40</b>                                  | <b>261</b>                      | <b>356</b>                      | <b>57</b>                          | <b>714</b>     |
| Charge for the year                  | 18   | 310                             | 49                              | 32                                 | 409            |
| Accumulated depreciation on disposal |  | (29)                            |                                 |                                    | (29)           |
| Difference on foreign exchange       | (3)  | (36)                            | (29)                            | (7)                                | (75)           |
| <b>At 30 June 2023</b>               | <b>55</b>                                  | <b>506</b>                      | <b>376</b>                      | <b>82</b>                          | <b>1,019</b>   |
| <b>Carrying amount</b>               |  |                                 |                                 |                                    |                |
| <b>At 30 June 2022</b>               | <b>35</b>                                  | <b>916</b>                      | <b>54</b>                       | <b>45</b>                          | <b>1,050</b>   |
| <b>At 30 June 2023</b>               | <b>26</b>                                  | <b>840</b>                      | <b>51</b>                       | <b>40</b>                          | <b>957</b>     |

### 14. Leases

The Group has lease contracts in respect of leasehold property used in its operations. These leases have lease terms of between two and three years.

There is no leasehold property recognised by the Group in the two years ended 30 June presented in these financial statements other than those recognised as right-of-use assets. Therefore, for the carrying amount of right-of-use assets at each reporting date and movements in each year ended refer to note 13.

Set out below are the carrying amounts of lease liabilities (included under trade and other payables) and the movements during each year ended 30 June:

|                                | 2023<br>£'000 | 2022<br>£'000 |
|--------------------------------|---------------|---------------|
| <b>Balance as at 1 July</b>    | <b>56</b>     | <b>122</b>    |
| Additions                      | 47            | 54            |
| Interest                       | 3             | 4             |
| Payments                       | (46)          | (130)         |
| Difference on foreign exchange | (4)           | 6             |
| <b>Balance as at 30 June</b>   | <b>56</b>     | <b>56</b>     |

The maturity analysis of lease liabilities is disclosed in note 20.

The following are the amounts recognised in profit or loss:

|  | Year ended 30 June |               |
|--|--------------------|---------------|
|  | 2023<br>£'000      | 2022<br>£'000 |
| Depreciation expense of right-of-use assets      | 46                 | 124           |
| Interest expense on lease liabilities            | 3                  | 4             |
| <b>Total amount recognised in profit or loss</b> | <b>49</b>          | <b>128</b>    |

### 15. Cash and Cash Equivalents

|              | As at 30 June |               |
|--------------|---------------|---------------|
|              | 2023<br>£'000 | 2022<br>£'000 |
| Cash at bank | 7,268         | 16,024        |
|              | <b>7,268</b>  | <b>16,024</b> |

Cash at bank comprises balances held by Gelion Plc and Gelion Technologies Pty Limited current bank accounts. Cash deposits greater than three months are recorded within short-term investments as per note 16. See note 20 for further discussion of these balances.



## 16. Short-term Investments and Other Receivables

|                                     | As at 30 June |               |
|-------------------------------------|---------------|---------------|
|                                     | 2023<br>£'000 | 2022<br>£'000 |
| <b>Short-term investments:</b>      |               |               |
| Term deposits                       | -             | 1,017         |
| <b>Total short-term investments</b> | <b>-</b>      | <b>1,017</b>  |
| <b>Other receivables:</b>           |               |               |
| R&D tax incentive                   | 1,934         | 1,784         |
| Prepayments                         | 172           | 187           |
| Other debtors                       | 8             | 182           |
| <b>Total other receivables</b>      | <b>2,114</b>  | <b>2,153</b>  |

Term deposits in FY22 comprised cash deposits held by UK licensed banks for a period of greater than three months, over which there is no recall during the term of the deposit. The amounts are measured at amortised cost using the effective interest method in line with IFRS 9. There were no term deposits for a period greater than three months as of June 2023.

R&D tax incentives are granted by the Australian Taxation Office in the form of tax offsets. The key judgements applied in the recognition of this receivable are detailed in note 2.21.

The Directors consider that the carrying value of short-term investments and other receivables approximates to their fair value.

## 17. Trade and Other Payables

Due within one year

|   | As at 30 June |               |
|---|---------------|---------------|
|   | 2023<br>£'000 | 2022<br>£'000 |
| Trade payables                                  | 228           | 312           |
| Accruals  | 584           | 360           |
| Employee liabilities including employment taxes | 171           | 157           |
| Lease liabilities                               | 26            | 25            |
| Other payables (GST / VAT)                      | 48            | -             |
|   | <b>1,057</b>  | <b>854</b>    |

Due in more than one year

|                   | As at 30 June |               |
|-------------------|---------------|---------------|
|                   | 2023<br>£'000 | 2022<br>£'000 |
| Lease liabilities | 27            | 31            |
|                   | <b>27</b>     | <b>31</b>     |

Trade payables and accruals principally comprise amounts outstanding for trade purchases and continuing costs. Out of total £584k accruals as of June 2023, £250k relates to a deferred consideration as per contract with Johnson Matthey, for recent Lithium IP acquisition. The Directors consider that the carrying value amount of trade and other payables approximates to their fair value. Please refer to note 20 for further details.

## 18. Issued Capital and Reserves

Share capital and premium

|                                   | Ref.       | Number of<br>shares<br>on issue | Share<br>capital<br>£'000 | Share<br>premium<br>£'000 |
|-----------------------------------|------------|---------------------------------|---------------------------|---------------------------|
| <b>Balance as at 1 July 2021</b>  | <b>a</b>   | <b>4,494,196</b>                | <b>33</b>                 | <b>11,251</b>             |
| Bonus issues and reorganisation   | <b>b</b>   | 85,389,724                      | 57                        | (57)                      |
| Capital reduction                 | <b>c</b>   | -                               | -                         | (11,195)                  |
| Shares issued during the period   | <b>d</b>   | 11,063,679                      | 11                        | 16,032                    |
| Loan notes converted to equity    | <b>e</b>   | 5,516,240                       | 6                         | 5,993                     |
| Cost of shares issued             | <b>f</b>   | -                               | -                         | (1,541)                   |
| Exercise of share options         |            | 671,000                         | -                         | 178                       |
| <b>Balance as at 30 June 2022</b> |            | <b>107,134,839</b>              | <b>107</b>                | <b>20,662</b>             |
| Bonus issues and reorganisation   |            | -                               | -                         | -                         |
| Capital reduction                 |            | -                               | -                         | -                         |
| Shares issued during the period   | <b>g/h</b> | 1,197,911                       | 1                         | 74                        |
| Loan notes converted to equity    |            | -                               | -                         | -                         |
| Cost of shares issued             |            | -                               | -                         | -                         |
| Exercise of share options         |            | 75,000                          | -                         | 16                        |
| <b>Balance as at 30 June 2023</b> |            | <b>108,407,750</b>              | <b>108</b>                | <b>20,752</b>             |

- a) Gelion had two classes of share at 1 July 2021 – A Ordinary and B Ordinary which ranked pari passu.

At 30 June 2021 there were 3,335,196 A Ordinary Shares of £0.01 each.

At 30 June 2021 there were 1,159,000 B Ordinary Shares of £0.0000086 each.

- b) On 2 September 2021, the Company consolidated the 1,159,000 B Ordinary Shares of £0.0000086 each into 1,000 B Ordinary Shares of £0.01 each, on the basis of one B Ordinary Share of £0.01 for every 1,159 B Ordinary Shares of £0.0000086 held on the record date (the ‘B Share Consolidation’).

On 2 September 2021, following the B Share Consolidation, the Company issued 1,158,000 new B Ordinary Shares of £0.01 each by way of a bonus issue to the holders of such shares on the basis of 1,158 B Ordinary Shares for each one B Ordinary Share held on the record date (the ‘First Bonus Issue’).

On 3 September 2021, following completion of the First Bonus Issue, the Company issued 3,335,196 A Ordinary Shares of £0.01 each and 1,159,000 B Ordinary Shares of £0.01 each pursuant to a bonus issue of such shareholders on the basis of one A Ordinary Share for each A Ordinary Share held and one B Ordinary Share for each B Ordinary Share held, in each case on the record date (the ‘Second Bonus Issue’).

- c) Immediately following the Second Bonus Issue, a capital reduction was undertaken and the balance standing to the credit of the share premium account was cancelled and the amount so cancelled was credited to a distributable reserve.

On 12 November 2021, the A Ordinary Shares of £0.01 each in the capital of the Company and the B Ordinary Shares of £0.01 each in the capital of the Company then in issue were redesignated as Ordinary Shares of £0.01 each in the capital of the Company carrying the rights and subject to the restrictions attaching to the Ordinary Shares of the Company as set out in the Articles (the ‘Re-designation’)

On 13 November 2021, the Company sub-divided each Ordinary Share of £0.01 each arising from the Re-designation into ten new Ordinary Shares of £0.001 each.

- d) Immediately prior to admission to AIM the Company had 89,883,920 shares in issue. 11,063,679 new Ordinary Shares of £0.001 each were issued in the fundraising following admission to AIM.
- e) On 30 November 2021, a convertible debt instrument was fully converted into 5,516,240 Ordinary Shares of £0.001 each.
- f) Transaction costs incurred in the issuing of shares in the period ended 30 June 2022 of £2,346,000 of which £1,541,000 have been offset against share premium and £805,000 have been expensed.
- g) On 19 October 2022, 1,026,515 Ordinary Shares of £0.001 each were issued to ex-CEO Andrew Grimes (related party transaction) in exchange for relinquishing 1,830,000 options that had vested.
- h) On 13 March 2023, Gelion acquired the University of Sydney’s Lithium Sulfur IP for a total consideration of AUD\$130,000, which was satisfied by the issue of 171,396 Ordinary Shares.

## Nature and purpose of other reserves

### Other reserves

- **Share-based payments reserve**

The share-based payments reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration. Refer to note 19 for further details of these plans.

- **Foreign currency translation reserve**

The subsidiary’s functional currency is AUD and therefore on consolidation a foreign exchange gain or loss on translation of net assets is recognised through other comprehensive income at each reporting date. These gains or losses are accumulated in a foreign currency translation reserve.

- **Capital reduction reserve**

Immediately following the Second Bonus Issue in FY22, the balance standing to the credit of the share premium account was cancelled and the amount so cancelled was credited to a distributable reserve called the ‘capital reduction reserve’.

### Other non-distributable reserves:

|   | Share-based<br>payment reserve<br>£'000 | Foreign currency<br>translation reserve<br>£'000 | Total other<br>reserves<br>£'000 |
|---|---|--|----------------------------------|
| <b>Balance at 1 July 2021</b>                 | <b>892</b>                              | <b>(201)</b>                                     | <b>691</b>                       |
| Foreign currency translation reserve movement | -                                       | 713  | 713                              |
| Share-based payment charge                    | 3,902                                   | -  | 3,902                            |
| Exercise of options                           | (158)                                   | -  | (158)                            |
| <b>Balance at 30 June 2022</b>                | <b>4,636</b>                            | <b>512</b>                                       | <b>5,148</b>                     |
| <b>Balance at 1 July 2022</b>                 | <b>4,636</b>                            | <b>512</b>                                       | <b>5,148</b>                     |
| Foreign currency translation reserve movement | -                                       | (695)  | (695)                            |
| Share-based payment charge                    | 894                                     | -  | 894                              |
| Forfeited / cancelled options                 | (19)                                    | -  | (19)                             |
| Exercise of options                           | -                                       | -  | -                                |
| <b>Balance at 30 June 2023</b>                | <b>5,511</b>                            | <b>(183)</b>                                     | <b>5,328</b>                     |



## 19. Share-Based Payments

The Directors recognise the role of the Group's staff in contributing to its overall success and the importance of the Group's ability to incentivise and motivate its employees. Therefore, the Directors believe that certain employees should be given the opportunity to participate and take a financial interest in the success of the Company.

In prior years, the Group operated a Share Option Plan whereby employees and key service providers were granted options over shares in Gelion UK Limited. Due to the Company's admission to trading on AIM which took place on 30 November 2021 all unvested options were vested triggering an accelerated share-based payment expense.

In addition to the Original Share Option Plan, the Group agreed to grant options over Ordinary Shares pursuant to obligations under the service agreements with the relevant individuals. These service agreement obligations were triggered by admission to trading on AIM. The service condition is to be employed with a company in the Group at vesting. Both the acceleration of option vesting and additional options granted pursuant to service agreement obligations are triggered by the Company's admission to AIM and therefore can be considered as part of the same non-recurring event.

In July 2022, the Board introduced a new Share Option Plan. The plan is designed to motivate and incentivise key talent to assist the Group in achieving its strategic aims whilst remaining consistent with its tolerance for risk, all set within delegated limits set out during the recent IPO.

These options are structured as nominal cost options. The options will normally vest in three equal tranches over three years, subject to continued employment.

On 21 November 2022, 255,951 options were granted that will vest in three equal tranches, the first anniversary is 31 August 2023, followed by annual vesting on 31 August 2024 and 31 August 2025. The options were granted with the exercise price of 0.1 pence and will be exercisable up to the tenth anniversary of the grant.

On 8 December 2022, 2,704,000 options granted to Mr John Wood and these will vest in three tranches as follows: 12 months from grant date 1,622,400, 24 months from grant date 540,800 and 36 months from grant date 540,800. The options were granted with the exercise price of 0.1 pence and are exercisable up to the fifth anniversary of the grant.

|  | Year ended 30 June |               |
|--|--------------------|---------------|
|  | 2023<br>£'000      | 2022<br>£'000 |
| Recurring share-based payment expense recognised     | 894                | 49            |
| Non-recurring share-based payment expense recognised | -                  | 3,853         |
| <b>Total share-based payment expense</b>             | <b>894</b>         | <b>3,902</b>  |

Summary of movements in awards:

|                                    | New Share<br>Option Plan<br>Number '000s | 2021 and prior Original<br>Share Option Plan Number<br>'000s | Weighted average<br>exercise price<br>£ |
|------------------------------------|--|--|---|
| <b>Outstanding at 1 July 2021</b>  | -  | 5,100  | 0.26                                    |
| Granted                            | -  | 3,600  | 0.39                                    |
| Forfeited                          | -  | (466)  | 0.33                                    |
| Exercised                          | -  | (671)  | 0.25                                    |
| Expired                            | -  | -  | -                                       |
| <b>Outstanding at 30 June 2022</b> | -  | <b>7,563</b>   | <b>0.32</b>                             |
| <b>Exercisable at 30 June 2022</b> | -  | <b>7,402</b>   | <b>0.34</b>                             |
| Granted                            | 2,960                                    | -  | 0.00                                    |
| Forfeited / Cancelled              | (64)                                     | (1,905)  | 0.32                                    |
| Exercised                          | -  | (75)   | 0.22                                    |
| Expired                            | -  | -  | -                                       |
| <b>Outstanding at 30 June 2023</b> | <b>2,896</b>                             | <b>5,583</b>   | <b>0.21</b>                             |
| <b>Exercisable at 30 June 2023</b> | -  | <b>5,583</b>   | <b>0.32</b>                             |

The range of exercise prices for options outstanding at the end of the year was £0.001 to £1.45 (2022: £0.22 to £1.45).

The weighted average remaining contractual life for the share options outstanding as at 30 June 2023 was 7.02 years (2022: 7.85 years).

Of the total number of options outstanding at 30 June 2023, 5,582,795 (2022: 7,402,000) had vested and were exercisable.

The weighted average fair value of the options granted in the year was £0.52 (2022: £1.23).

The Black-Scholes option pricing model was used to value the share-based payment awards granted in the year as it was considered that this approach would result in materially accurate estimate of the fair value of options granted. The following table lists the inputs to the models used for share option plans:

|  | 2023*  | 2022  |
|--|--------|-------|
| Weighted average fair values at the measurement date | £0.52  | £1.23 |
| Weighted average exercise price                      | £0.001 | £1.45 |
| Dividend yield (%)                                   | -      | -     |
| Expected volatility (%)                              | n/a    | 62.8  |
| Risk-free interest rate (%)                          | n/a    | 1.3   |
| Expected life of share options (years)               | 10     | 10    |

\*2023 Options that were granted represent nominal cost options with an exercise price of £0.001. Nominal cost options fair value, under the Black-Scholes option pricing model, equals the share price at grant date, therefore expected volatility and risk-free interest rate have no impact on the valuation. In the year ended 30 June 2023 2,959,951 options (2022: 3,600,000) were granted at an exercise price of £0.001 (2021: £0.39). The total share-based payment expense for the year was £894,000 (2022: £3,902,000).

## 20. Financial Instruments and Risk Management

### Capital risk management

The Group manages its capital to ensure it will be able to continue as a going concern while maximising the return to stakeholders. The overall strategy of the Group is to minimise costs and liquidity risk.

The capital structure of the Group consists of equity attributable to equity holders of the Group, comprising issued share capital, and retained earnings as disclosed in the Consolidated Statement of Changes of Equity.

The Group is exposed to a number of risks through its normal operations, the most significant of which are credit, currency and liquidity risks. The management of these risks is vested to the Board of Directors.

### Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers. Indicators that there is no reasonable expectation of recovery include, amongst others, failure to make contractual payments for a period of greater than 120 days past due. There were no receivables from customers as at end of June 2023.

The carrying amount of financial assets represents the maximum credit exposure.

The principal financial assets of the Group are bank balances including short-term deposits. The Group deposits surplus liquid funds with counterparty banks that have high credit ratings, and the Directors consider the credit risk to be minimal. The Group's maximum exposure to credit by class of individual financial instrument is shown in the table below:

|                                     | As at 30 June                      |                                      |                                    |                                      |
|-------------------------------------|------------------------------------|--------------------------------------|------------------------------------|--------------------------------------|
|                                     | 2023<br>Carrying<br>value<br>£'000 | 2023<br>Maximum<br>exposure<br>£'000 | 2022<br>Carrying<br>value<br>£'000 | 2022<br>Maximum<br>exposure<br>£'000 |
| Cash and cash equivalents           | 7,268                              | 7,268                                | 16,024                             | 16,024                               |
| Short-term deposits – term deposits | -                                  | -                                    | 1,017                              | 1,017                                |
|                                     | <b>7,268</b>                       | <b>7,268</b>                         | <b>17,041</b>                      | <b>17,041</b>                        |

|                                | As at 30 June  |                                  |   |                |                                  |   |
|--------------------------------|----------------|----------------------------------|---|----------------|----------------------------------|---|
|                                | 2023<br>Rating | 2023<br>Cash at<br>bank<br>£'000 | 2023<br>Short-term<br>deposits<br>£'000 | 2022<br>Rating | 2022<br>Cash at<br>bank<br>£'000 | 2022<br>Short-term<br>deposits<br>£'000 |
| Royal Bank of Scotland         | A+             | 4,237                            | -                                       | A+             | 6,899                            | 1,017                                   |
| Commonwealth Bank of Australia | A+             | 3,031                            | -                                       | A+             | 9,125                            | -                                       |
|                                |                | <b>7,268</b>                     | <b>-</b>                                |                | <b>16,024</b>                    | <b>1,017</b>                            |

The Group monitors the credit ratings of counterparties regularly and at the reporting date does not expect any losses from non-performance by the counterparties. For all financial assets to which the impairment requirements have not been applied, the carrying amount represents the maximum exposure to credit loss.

### Currency risk

The Group operates in a global market with income and costs possibly arising in a number of currencies (AUD, USD, EUR) and is exposed to foreign currency risk arising from commercial transactions, acquiring fixed assets and raw materials, as well as translation of net investment in foreign subsidiaries. Exposure to commercial transactions arise from sales or purchases by operating companies in currencies other than the companies' functional currency. Currency exposures are reviewed regularly. The Group has signed an agreement with financial institution post end of FY22, to set forward exchange rate contracts to provide certainty in terms of cash flow forecasts.

The Group has a limited level of exposure to foreign exchange risk through their foreign currency denominated cash balances and a portion of the Group's costs being incurred in Australian Dollar. Accordingly, movements in the Great British Pounds exchange rate against these currencies could have a detrimental effect on the Group's results primarily for reporting purposes.

Currency risk is managed by maintaining some cash deposits in currencies other than Great British Pounds, particularly those currencies where future expenditure is forecasted. The table below shows the currency profiles of cash and cash equivalents:

|   | As at 30 June |               |
|---|---------------|---------------|
|   | 2023<br>£'000 | 2022<br>£'000 |
| <b>Cash, cash equivalents and term deposits</b> |               |               |
| US Dollars                                      | 317           | -             |
| Great British Pounds                            | 1,593         | 2,471         |
| Australian Dollars                              | 5,358         | 14,570        |
|   | <b>7,268</b>  | <b>17,041</b> |

### Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group seeks to manage liquidity risk by regularly reviewing cash flow budgets and forecasts to ensure that sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The Group deems there is sufficient liquidity for the foreseeable future.

The Group had cash and cash equivalents at period end as below:

|                           | As at 30 June |               |
|---------------------------|---------------|---------------|
|                           | 2023<br>£'000 | 2022<br>£'000 |
| Cash and cash equivalents | 7,268         | 16,024        |
|                           | <b>7,268</b>  | <b>16,024</b> |



The table below sets out the maturity profile of the Group's financial liabilities at each year end:

#### Year ended 30 June 2023

|                          | Due in less than one month<br>£'000 | Due between one and three months<br>£'000 | Due between three months and one year<br>£'000 | Due between one year and five years<br>£'000 | Total<br>£'000 |
|--------------------------|-------------------------------------|---|--|--|----------------|
| Trade and other payables | 1,031                               | -   | -  | -  | 1,031          |
| Lease liabilities        | 4                                   | 9   | 12   | 27   | 53             |
|                          | <b>1,035</b>                        | <b>9</b>                                  | <b>12</b>                                      | <b>27</b>                                    | <b>1,084</b>   |

#### Year ended 30 June 2022

|                          | Due in less than one month<br>£'000 | Due between one and three months<br>£'000 | Due between three months and one year<br>£'000 | Due between one year and five years<br>£'000 | Total<br>£'000 |
|--------------------------|-------------------------------------|---|--|--|----------------|
| Trade and other payables | 829                                 | -   | -  | -  | 829            |
| Lease liabilities        | 4                                   | 10  | 11   | 31   | 56             |
|                          | <b>833</b>                          | <b>10</b>                                 | <b>11</b>                                      | <b>31</b>                                    | <b>885</b>     |

## 21. Capital Commitments

There were no capital commitments as at 30 June 2023 and 30 June 2022.

## 22. Related Party Transactions

Other than the remuneration to key management personnel outlined in note 10 of these financial statements, there are the following related party transactions:

Management and R&D service fees of £91,757 (2022: £104,848) were paid to Thomas Maschmeyer Consulting Pty Ltd (FY22 - Perinato Pty. Ltd), a company with a common director (Prof Thomas Maschmeyer).

Remuneration of £6,031 was paid to a fixed term employee for services provided to the company. The employee is a related person of a Group Director.

### Remuneration of key management personnel

The remuneration of the Directors, who are the key management personnel of the Group, is set out in aggregate in note 10 for each of the categories specified in IAS 24.

## 23. Events Subsequent to Year End

### Equity fundraising through new ordinary shares issue

On 9th November 2023, the company announced that it has successfully raised gross proceeds of £4.04 million via the placement of 16,838,358 new ordinary shares at a price of 24 pence per share. As part of the placing, the Directors subscribed for new ordinary shares which raised gross proceeds of £0.4 million in aggregate.

On 9th November 2023, the Company also announced a retail offer and raised £0.06 million at issue price.

On 27 November 2023, the shareholders approved both the capital raising and the acquisition in a General Meeting.

The Company has therefore raised, in aggregate, gross proceeds of approximately £4.1m through the capital raising round.

Part of net funds received were used to finance the acquisition of Oxlid Ltd, as well as to provide working capital to advance all current and new projects.

### Acquisition of Oxlid Ltd

On 29th November 2023, the Company completed the acquisition of 100% of ordinary shares of OXLiD Ltd for a total consideration of approximately £4.2 million which consists of upfront consideration of £3.8 million and deferred consideration of £0.4 million. The deferred consideration is subject to the retention of the founder and will be payable equally over 12, 18 and 24 months.

OXLiD Ltd is a UK-based start-up lithium-sulfur battery company. The Company believes that the acquisition will enhance Gelion's presence in the UK and strategic positioning within the industry through accelerating commercialisation of our Li-S technology in several core areas.

The initial accounting for the business combination is incomplete at the time the financial statements are authorised for issue, given the proximity of the acquisition date to the date of authorisation of the financial statements. Therefore, the fair value of the acquired assets and liabilities could not be made. The expected goodwill would come primarily from technology and product synergies. The upfront consideration was settled by 33.1% cash (£1,250,000) and 66.9% in equity (amounting to £2,522,060, with the issue of 10,508,582 shares valued at 24 pence per share on 29th November 2023).

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

## 24. Control

In the opinion of the Directors there is no single ultimate controlling party.

## 25. Alternative Performance Measures (APM)

The below non-IFRS performance measures have been used. These measures are additional to IFRS measures and may not be comparable with other companies. APMs should not be viewed in isolation but as a supplementary information.

In determining whether an item should be presented as an allowable adjustment to IFRS measures, the Group considers items which are significant either because of their size or their nature, and which are non-recurring. For an item to be considered as an allowable adjustment to IFRS measures, it must initially meet at least one of the following criteria:

- It is a significant item, which may cross more than one accounting period.
- It has been directly incurred as a result of either an acquisition / divestment, or arises from a major business change.
- It is unusual in nature, e.g. outside the normal course of business.

If an item meets at least one of the criteria, the Board, through the Audit and Risk Committee, then exercises judgement as to whether the item should be classified as an allowable adjustment to IFRS performance measures.

### Adjusted EBITDA loss

**Measure:** Adjusted EBITDA loss is calculated excluding IPO expenses (listing costs, accelerated share-based payments and key management bonuses due to the IPO), other non-recurring expenses in nature (net loss on sales of fixed assets, acquisition of IP legal advice and IP valuation costs) and share based payments charge.

**Use:** Provides a consistent measure of the profits from the core business activities. The Company believes that adjusted EBITDA is a useful measure because it is widely used by securities analysts, investors and other interested parties to evaluate the profitability of companies. This measure is closely tracked by management to evaluate the Company's operating performance and to make financial, strategic and operating decisions and because it may help investors to understand and evaluate, in the same manner as management, the underlying trends in the Company's operational performance on a comparable basis, period on period.

#### Reconciliation:

|                                       | Year ended 30 June |                |
|---------------------------------------|--------------------|----------------|
|                                       | 2023<br>£'000      | 2022<br>£'000  |
| Operating loss                        | (7,557)            | (9,087)        |
| <b>Adjustments</b>                    |                    |                |
| Listing and other non-recurring costs | 266                | 4,658          |
| Share-based payments expense          | 894                | 49             |
| Depreciation and amortisation         | 463                | 308            |
| <b>Adjusted EBITDA loss</b>           | <b>(5,934)</b>     | <b>(4,072)</b> |

### Operating loss before non-recurring costs

**Measure:** Operating loss before non-recurring costs is calculated excluding IPO expenses (listing costs, share-based payments and key management bonuses due to the IPO), other non-recurring expenses in nature (net loss on sales of fixed assets, acquisition of IP legal advice and IP valuation costs).

**Use:** Provides a consistent measure of the profits from the core business activities. The Company believes that operating loss before non-recurring costs is a useful measure because it is widely used by securities analysts, investors and other interested parties to evaluate the profitability of companies. This measure is closely tracked by management to evaluate the Company's operating performance and to make financial, strategic and operating decisions and because it may help investors to understand and evaluate, in the same manner as management, the underlying trends in the Company's operational performance on a comparable basis, period on period.

#### Reconciliation:

|  | Year ended 30 June |                |
|--|--------------------|----------------|
|  | 2023<br>£'000      | 2022<br>£'000  |
| Operating loss                                   | (7,557)            | (9,087)        |
| Non-recurring items                              | 266                | 4,658          |
| <b>Operating loss before non-recurring costs</b> | <b>(7,291)</b>     | <b>(4,429)</b> |

### Adjusted loss after taxation

**Measure:** Adjusted loss after taxation is calculated excluding initial IPO listing expenses (listing costs, share-based payments and key management bonuses due to the IPO listing), other non-recurring expenses in nature (net loss on sales of fixed assets, acquisition of IP legal advice and IP valuation costs).

**Use:** Provides a consistent measure of the profits from the core business activities. The Company believes that adjusted loss after taxation is a useful measure because it is widely used by securities analysts, investors and other interested parties to evaluate the profitability of companies. This measure is closely tracked by management to evaluate the Company's operating performance and to make financial, strategic and operating decisions and because it may help investors to understand and evaluate, in the same manner as management, the underlying trends in the Company's operational performance on a comparable basis, period on period.

#### Reconciliation:

|  | Year ended 30 June |                |
|--|--------------------|----------------|
|  | 2023<br>£'000      | 2022<br>£'000  |
| Loss on ordinary activities after taxation | (7,407)            | (9,157)        |
| Non-recurring costs                        | 266                | 4,658          |
| <b>Adjusted loss after taxation</b>        | <b>(7,141)</b>     | <b>(4,499)</b> |



# Parent Company Balance Sheet

|                             | Notes | As at 30 June |               |
|-----------------------------|-------|---------------|---------------|
|                             |       | 2023<br>£'000 | 2022<br>£'000 |
| <b>Assets</b>               |       |               |               |
| <b>Non-current assets</b>   |       |               |               |
| Investment in subsidiary    | 4     | 24,589        | 28,233        |
| <b>Current assets</b>       |       |               |               |
| Cash and cash equivalents   |       | 4,237         | 6,899         |
| Other receivables           | 5     | 79            | 1,145         |
| <b>Total assets</b>         |       | <b>28,905</b> | <b>36,277</b> |
| <b>Liabilities</b>          |       |               |               |
| <b>Current liabilities</b>  |       |               |               |
| Trade and other payables    | 6     | 172           | 616           |
| <b>Total liabilities</b>    |       | <b>172</b>    | <b>616</b>    |
| <b>Net assets</b>           |       | <b>28,733</b> | <b>35,661</b> |
| <b>Equity</b>               |       |               |               |
| Issued capital              | 7     | 108           | 107           |
| Share premium account       | 7     | 20,752        | 20,662        |
| Share-based payment reserve | 7     | 5,510         | 4,635         |
| Capital reduction reserve   | 7     | 11,194        | 11,194        |
| Accumulated losses          |       | (8,831)       | (937)         |
| <b>Total equity</b>         |       | <b>28,733</b> | <b>35,661</b> |

As permitted by Section 408 of the Companies Act 2006, no income statement or statement of comprehensive income is presented for the Company.

The financial statements of Gelion Plc, company registration number 09796512, were approved by the Directors and authorised for issue on 12 December 2023.

**Dr Steve Mahon**  
Chairman

# Parent Company Statement of Changes in Equity

|  | Share capital<br>£'000 | Share premium<br>£'000 | Accu-<br>mulated<br>Losses<br>£'000 | Capital<br>reduction<br>reserve<br>£'000 | Share-based<br>payment<br>reserve<br>£'000 | Total<br>£'000 |
|--|------------------------|------------------------|-------------------------------------|--|--|----------------|
| <b>Balance at 1 July 2021</b>                              | <b>33</b>              | <b>11,251</b>          | <b>(534)</b>                        | <b>-</b>                                 | <b>892</b>                                 | <b>11,642</b>  |
| <b>Total comprehensive loss for the period</b>             | <b>-</b>               | <b>-</b>               | <b>(561)</b>                        | <b>-</b>                                 | <b>-</b>                                   | <b>(561)</b>   |
| <b>Contributions by and distributions to owners:</b>       |                        |                        |                                     |  |  |                |
| Bonus issue  | 57                     | (57)                   | -                                   | -  | -  | -              |
| Capital reduction  | -                      | (11,194)               | -                                   | 11,194                                   | -  | -              |
| Share-based payment charge                                 | -                      | -                      | -                                   | -  | 3,902                                      | 3,902          |
| Shares issued during the period                            | 11                     | 16,032                 | -                                   | -  | -  | 16,043         |
| Shares issued during the period through a convertible loan | 6                      | 5,993                  | -                                   | -  | -  | 5,999          |
| Costs of shares issued                                     | -                      | (1,541)                | -                                   | -  | -  | (1,541)        |
| Exercise of share options                                  | -                      | 178                    | 158                                 | -  | (158)                                      | 178            |
| <b>Balance at 30 June 2022</b>                             | <b>107</b>             | <b>20,662</b>          | <b>(937)</b>                        | <b>11,194</b>                            | <b>4,635</b>                               | <b>35,661</b>  |
| <b>Balance at 1 July 2022</b>                              | <b>107</b>             | <b>20,662</b>          | <b>(937)</b>                        | <b>11,194</b>                            | <b>4,635</b>                               | <b>35,661</b>  |
| <b>Total comprehensive loss for the period</b>             | <b>-</b>               | <b>-</b>               | <b>(7,894)</b>                      | <b>-</b>                                 | <b>-</b>                                   | <b>(7,894)</b> |
| <b>Contributions by and distributions to owners:</b>       |                        |                        |                                     |  |  |                |
| Bonus issue  | -                      | -                      | -                                   | -  | -  | -              |
| Capital reduction  | -                      | -                      | -                                   | -  | -  | -              |
| Share-based payment charge                                 | -                      | -                      | -                                   | -  | 894  | 894            |
| Shares issued during the period                            | 1                      | 73                     | -                                   | -  | -  | 74             |
| Forfeited / cancelled options                              | -                      | -                      | -                                   | -  | (19)                                       | (19)           |
| Exercise of share options                                  | -                      | 17                     | -                                   | -  | -  | 17             |
| <b>Total contributions by and distributions to owners:</b> | <b>1</b>               | <b>90</b>              | <b>-</b>                            | <b>-</b>                                 | <b>875</b>                                 | <b>966</b>     |
| <b>Balance at 30 June 2023</b>                             | <b>108</b>             | <b>20,752</b>          | <b>(8,831)</b>                      | <b>11,194</b>                            | <b>5,510</b>                               | <b>28,733</b>  |

## 1. General Information

Gelion Plc ('Gelion' or the 'Company') is a 100% owner of an Australian subsidiary that conducts research and development in respect of an innovative battery system and associated industrial design and manufacturing.

Gelion is a public limited company, limited by shares, incorporated and domiciled in England and Wales. The Company was incorporated on 26 September 2015. The registered office of the Company is at c/o Armstrong, Level 4 LDN:W, 3 Noble Street London EC2V 7EE. The registered company number is 09796512.

Gelion Plc was incorporated as Gelion UK Ltd. On 12 November 2021, the Company was re-registered as a public limited company under the Companies Act and its name was changed to Gelion plc.

The Board, Directors and management referred to in this document refers to the Board, Directors and management of Gelion.

## 2. Accounting Policies

### 2.1. Basis of preparation

These separate financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in note 2.21 of the consolidated financial statements.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Paragraphs 45(b) and 46 to 52 of IFRS 2 – Share-Based Payment
- IFRS 7 – Financial Instruments (Disclosures)
- Paragraphs 91 to 99 of IFRS 13 – Fair Value Measurement
- The following paragraphs of IAS 1 – Presentation of Financial Statements
- 10(d) – Statement of cash flows

- 16 – Statement of compliance with all IFRS
- 38A – Requirement for minimum of two primary statements, including cash flow statements
- 38B-D – Additional comparative information
- 111 – Statement of cash flows information
- 134-136 – Capital management disclosures
- IAS 7 – Statement of cash flows
- Paragraph 17 of IAS 24 – Related party disclosures relating to key management personnel
- The requirement of IAS 24 – Related party transactions relating to transactions between group members

These financial statements are presented in Great British Pounds (GBP) unless otherwise stated, which is the Company's presentational and functional currency. Amounts are rounded to the nearest thousand, unless otherwise stated.

### 2.2. Significant accounting policies

The accounting policies of the Company are the same as those of the Group which are set out in the relevant Notes to the Consolidated Financial Statements, except that it has no policy in respect of consolidation and investments in subsidiaries are carried at historical cost, less any provisions for impairment.

### 2.3. Critical judgements and key sources of estimation uncertainty

As noted in note 2.21 to the consolidated financial statements the preparation of the financial statements requires management to make estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities. Company specific critical judgements are as follows:

- Impairment of investments in subsidiaries.

The Company is making significant investments into Gelion Technologies Pty to assist with the development and deployment of its technologies. In assessing the carrying value of this asset for impairment, the Directors will at the end of each reporting period assess whether there is any indication that an asset may be impaired including the Investment in Subsidiary. The assessment will consider indications for potential impairment and assess the impairment amount with reference to the recoverable amount and carrying amount of the asset.

## 2.4. Share-based payments

The Group provides benefits to its employees in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions) in the parent entity as per note 2.16 of the consolidated financial statements. The only difference to that policy is that the costs relating to share-based payments is capitalised in the parent as part of the investment in the Group's subsidiary.

### Share-based payments deemed non-recurring

The Group operated a share option plan whereby employees and key service providers were granted options over shares in Gelion UK Limited. Due to the Company's admission to trading on AIM which took place on 30 November 2021 all unvested options were vested triggering an accelerated share-based payment expense.

In addition to the existing share option plan the Group agreed to grant options over Ordinary Shares pursuant to obligations under the service agreements with the relevant individuals. These service agreement obligations were triggered by admission to trading on AIM.

Both the acceleration of option vesting and additional options granted pursuant to service agreement obligations are triggered by the Company's admission to AIM and therefore can be considered as part of the same non-recurring event.

## 3. Results for the Year

The Company recorded a loss for the financial year ended 30 June 2023 of £7,894,000 (2022: loss £561,000). The auditors' remuneration for audit and other services is disclosed in note 7 to the consolidated financial statements.

## 4. Investment in Subsidiary

The following was a subsidiary undertaking of the Group:

| Name                            | Registered office | Class of shares | Holding |
|---------------------------------|-------------------|-----------------|---------|
| Gelion Technologies Pty Limited | Australia         | Ordinary A      | 100%    |

The shareholding is held directly.

The registered office of Gelion Technologies Pty Limited is Level 16, 101 Miller Street, North Sydney, NSW 2060.

|  | 2023<br>£'000 | 2022<br>£'000 |
|--|---------------|---------------|
| Balance as at 1 July                   | 28,233        | 11,424        |
| Additions – equity subscription        | 2,482         | 12,907        |
| Additions – share-based payment charge | 894           | 3,902         |
| Less – options cancelled               | (19)          | -             |
| Less – impairment                      | (7,001)       | -             |
| <b>Balance as at 30 June</b>           | <b>24,589</b> | <b>28,233</b> |

Share-based payment charges capitalised relate to the share-based payment charges incurred by the parent company for options granted by the parent to the employees of the subsidiary.

As for the impairment of the investment, please refer further to note 4.1.



#### 4.1. Impairment of Investment in Subsidiary

The Company tests the net recoverable amounts of assets annually for impairment, or more frequently if there are indicators of impairment. During the year, Management considered the recoverability of its investment in subsidiary, which is disclosed in Note 4. The subsidiary continues to operate, incurring research and development activity and generates losses, which is seen as temporary. The fair value measurement of this investment is classified as Level 1 under IFRS 13.

Gelion Technologies Pty Limited (100% subsidiary of Gelion plc) is responsible for well over 95% of Group activities, along with the future revenue opportunities (currently being the only centre for R&D and the sole manufacturing entity). As such, this single cash generating unit contributes significantly to the market capitalisation of the Group (and parent company, listed on AIM).

Since the Company is pre-revenue, the directors do not think the value in use to be an appropriate measure to determine recoverable amount. The directors have therefore considered the market capitalisation less relevant adjustments as a proxy in the 'fair value less costs to sell' assessment.

The market capitalisation of the Group on 30 June 2023 was £28.7 million (108,407,750 shares at the share price of 26.5 pence). Certain adjustments were made to the market capitalisation being the cash balance (£4.2 million) and net payables (£0.1 million) in the parent company at 30 June 2023 resulting in the indicative carrying value of £24.6 million.

In comparing the cost of the total investment (£31.59 million), the indicative carrying value of £24.6 million represents an impairment of £7.0 million to be recognised in the current year. If this exercise was undertaken on 30 November 2023, the impairment would decrease by £1.6 million to £5.4 million.

The Company will continue to assess the recoverable amount of its investment in subsidiary annually or whenever there are indications of impairment, in accordance with IAS 36. Any subsequent changes in the recoverable amount and impairment losses will be recognized in the financial statements in the periods in which they occur.

#### 5. Trade and Other Receivables

|                     | As at 30 June |               |
|---------------------|---------------|---------------|
|                     | 2023<br>£'000 | 2022<br>£'000 |
| Short term deposits | -             | 1,017         |
| Prepayments         | 50            | 63            |
| Other debtors       | 29            | 65            |
|                     | <b>79</b>     | <b>1,145</b>  |

Term deposits in FY22 comprised cash deposits held by UK licensed banks for a period of greater than three months, over which there is no recall during the term of the deposit. The amounts are measured at amortised cost using the effective interest method in line with IFRS 9. There were no term deposits for a period greater than three months as of June 2023.

#### 6. Trade and Other Payables

Due within one year

|                                 | As at 30 June |               |
|---------------------------------|---------------|---------------|
|                                 | 2023<br>£'000 | 2022<br>£'000 |
| Trade payables                  | 28            | 19            |
| Amounts owed to Group companies | 59            | 342           |
| Accruals                        | 85            | 255           |
|                                 | <b>172</b>    | <b>616</b>    |

#### 7. Share Capital

Details of the Company's share capital are as set out in note 18 to the consolidated financial statements.

Details of the Company's share premium account and other reserves are as set out in note 18 to the consolidated financial statements.

Details of the movements in retained earnings are set out in the parent company Statement of Changes in Equity.

#### 8. Related Party Transactions

|                  | Year ended 30 June |               |
|------------------|--------------------|---------------|
|                  | 2023<br>£'000      | 2022<br>£'000 |
| Management fees  | -                  | 89            |
| Arrangement fees | -                  | 119           |
|                  | <b>-</b>           | <b>208</b>    |

# Corporate Information

|                                     |   |
|-------------------------------------|---|
| <b>Company number</b>               | 09796512  |
| <b>Directors</b>                    |   |
| <b>Executive</b>                    | John Wood<br>(Commenced 21 November 2022, Appointed 12 December 2022)<br><br>Amit Gupta<br><br>Hannah McCaughey (Resigned on 28 October 2022) |
| <b>Non-Executive</b>                | Dr Steve Mahon<br><br>Prof. Thomas Maschmeyer<br><br>Joycelyn Morton<br><br>Michael Davie   |
| <b>Secretary</b>                    | Billy French  |
| <b>Registered Office</b>            | c/o Armstrong, Level 4 LDN:W, 3 Noble Street London EC2V 7EE  |
| <b>Website</b>                      | www.gelion.com  |
| <b>Advisers</b>                     |   |
| <b>Independent auditors</b>         | BDO LLP<br>55 Baker Street, London W1U 7EU<br>www.bdo.co.uk   |
| <b>Solicitors to the Company</b>    | Fieldfisher LLP<br>Riverbank House, 2 Swan Lane, London EC4R 3TT  |
| <b>Nominated adviser and broker</b> | Cavendish Financial plc (previously finnCap Ltd)<br>One Bartholomew Close, London, EC1A 7BL   |
| <b>Registrars</b>                   | Link Group Central Square<br>29 Wellington Street, Leeds LS1 4DL  |
| <b>Public relations</b>             | ALMA PR<br>+44 20 3405 0205<br>gelion@almapr.co.uk  |



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# Annual Report 2023

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gelion