gelion

Annual Report and Financial Statements

For the year ended 30 June 2022

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Section One

Strategic Report

Highlights

Financial highlights

£1.7m Total income (2021: £1.6m)	**£4.1m** Adjusted EBITDA loss[1] (2021: £1.5m)	**£9.1m** Operating loss (2021: £1.8m)	**Nil** Debt (2021: Nil)
£17.0m Cash and cash equivalents and term deposits (2021: £1.9m)	**£4.5m** Adjusted loss after taxation[1] (2021: £1.8m)	**£9.2m** Loss after taxation (2021: £1.8m)	**9.2p** Loss per share (2021: 2.0p)

- Oversubscribed and successful IPO with admission to London Stock Exchange's Alternative Investment Markets (AIM) on 30 November 2021 raising gross proceeds to the Group of £16.0m. The funds raised have enabled the Group to invest in key people, continue with product development and commission the manufacturing plant. In addition, it has allowed us to continue the investment in our technology and process development with focus towards establishing performance optimisation, validation and cost reduction.
- R&D tax incentive led to the total income increasing to £1.7m (2021: £1.6m).
- Adjusted loss after tax[1] for the period of £4.5m (2021: £1.8m). Loss after taxation for the period of £9.2m (2021: £1.8m).
- Cash and cash equivalents and term deposits as at 30 June 2022 of £17.0m (2021: £1.9m). Nil debt at 30 June 2022.

Operational/strategic progress since the IPO

Key progress

- Acciona Energia selection (trial)
- Establishing the senior team required to grow the business
- Prove the transition from lab to production
- Manufacturing plant commissioned
- Industrial production of zinc-bromide batteries

[1] Excludes listing and other associated costs (£4.7m), which are non-recurring in nature.
These costs were incurred due to non-primarily business driven activities, therefore they are considered 'non-recurring' and separately disclosed to assist the user of the financial information to understand and compare the underlying results of the Company.
Adjusted EBITDA loss (£4.1m) = Operating loss (£9.1m) deduct Listing and other associated costs (£4.7m) and depreciation (£0.3m).
Adjusted loss after taxation (£4.5m) = Loss after taxation (£9.2m) deduct Listing and other associated costs (£4.7m).
Please refer to note 7 on page 94 for more details.

Group overview

Who we are

We are a global renewable energy storage innovator supporting the transition to a sustainable economy. We deliver value for our customers and investors by designing and manufacturing revolutionary zinc-bromide technology for stationary energy storage and developing innovative lithium additives for mobile battery applications.

Artistic impression

Artistic impression

Our zinc-bromide battery is designed to provide a safe, cost-effective, long-duration, long-life and easily recyclable alternative to lithium-ion and lead-acid battery technologies to enable our target markets to reach their decarbonisation targets.

Our mission

To provide global energy storage solutions that are robust, safe and affordable with low environmental impact, enabling the supply of clean power for all.

Through our breakthrough battery technology, we aim to place Gelion right at the centre of this clean energy transformation.

The world is experiencing unprecedented global demand for battery technologies. BloombergNEF forecasts cumulative global energy storage capacity will exceed a terawatt-hour by the end of 2030, requiring more than US$262bn of investment.

UN Sustainable Development Goals

Goal 6
Clean Water and Sanitation

Goal 7
Affordable and Clean Energy

Goal 9
Industry, Innovation and Infrastructure

Goal 11
Sustainable Cities and Communities

Goal 12
Responsible Consumption and Production

Goal 13
Climate action

How we achieve this

Our highly dedicated team comprises energy industry experts, commercial leaders, engineers (chemical & mechanical), R&D professionals, and field-leading research chemists, all working towards creating a cleaner future. We are guided by a single focus: to create a better tomorrow through next-generation energy storage solutions.

We are developing and manufacturing cutting-edge battery technologies for both stationary and mobile energy storage applications. Our goal is to provide viable alternative technologies to current energy storage solutions to support the global renewable energy transition.

Our proprietary zinc-bromide technology is ideally suited to stationary storage applications, providing a complementary solution to current lithium-ion technologies.


Artistic impression

Chairman's statement

Steve Mahon
Chairman

The year to 30 June 2022 was one of strategic evolution for Gelion following its IPO in November 2021 with funds raised to facilitate investment into recruitment and building production ahead of commercialisation.

The IPO has provided a platform to enable us to accelerate the delivery of our battery technology to market such that we are well positioned to become a significant supplier into the growing market for renewable energy storage and grid resilience over the coming years. The global stationary energy storage market is poised to grow over the next decade, with BloombergNEF recently forecasting investment worth $US262bn by the end of 2030.

We have a steely focus on delivering on our objective to become a provider of safe, robust and scalable renewable energy storage solutions to the world market.

The global climate crisis will need bold policy, alongside technical and commercial solutions to ensure we maintain our planet as a prosperous, healthy and viable place to live. Gelion is clearly committed to playing our part in positively impacting global decarbonisation.

Non-lithium solution

Our technology is focused on and capable of reducing global reliance on the use of lithium-ion batteries, which play an ever-greater role in the global energy battery market. Their 86% use for electric vehicle (EV) applications mean that this low-weight technology is crucial to the decarbonisation of the global automotive market. Therefore, the stationary energy storage market – such as on-grid and off-grid storage applications – needs to evolve beyond lithium-ion technologies due to several key concerns and issues, including shortage in supply of raw materials, pressure to supply the EV market and their greater suitability for shorter duration compared to the growing demand for longer-duration energy storage.

As a result, there is expected to be limited availability of lithium-ion batteries for stationary energy storage applications. Gelion's zinc-bromide batteries promise to offer a safer, greener and equally effective alternative to lithium-ion batteries for long-duration electricity storage. Combined with the abundance of zinc around the world and multiple sources of raw material supply, Gelion's zinc-bromide batteries are well placed to provide a viable alternative to lithium-ion batteries.

At the half year, we stated clearly that our focus was on delivery of a commercial product. We have recently reached a major milestone, transitioning from R&D by delivering on a key objective of production, having successfully commissioned the manufacturing plant at the lead-acid factory of Battery Energy Power Solutions, one of our partners in Western Sydney, Australia.

> We see the value in our clear strategy to deliver a manufacturing pathway for Gelion's zinc-bromide battery as this is our most mature and differentiated technology.

Macroeconomic and geopolitical impacts

To set the backdrop of our first year as a listed entity, within weeks of listing, we were hit by a second and then third wave of COVID. This caused disruption to supply chains globally, upward pressure on equipment and materials costs, and greater complexity to cross-border transactions and movements. The Group has dealt with these pressures well and proven its ability to mitigate such issues by having a clarity of vision to deliver a marketable product.

The invasion of Ukraine has precipitated a change in the geopolitics of global energy with unprecedented increases in energy costs. Along with the widely reported cost increases of electricity, we have all become acutely aware of the need for energy independence, to prevent our basic societal need for energy being controlled by any unstable/unreliable state.

With volatile and challenging markets, comes reflection on the best route for the Group to achieve its objective of delivering on its manufacturing plan and delivering value for shareholders. We note in particular that investor sentiment has also evolved to reflect the greater volatility in the global financial and energy markets, with the need being to demonstrate commercial viability sooner.

Drive for commercialisation

Following our IPO there was a gear change taking the development out of the laboratory of the University of Sydney and delivering a product. The IPO was a strong platform to raise our profile resulting in a clear demand to accelerate commercialisation. This combined with the challenging macroeconomic and geopolitical conditions led the Board to make management changes early in the year to reposition the business, ensuring it would be more focused on driving commercial production of its leading technology, the zinc-bromide battery, and to do so locally in Australia in response to increasing costs, time-lines and uncertainties associated with off-shore manufacturing. Greater control of the manufacturing implementation of the initial 'first-of-a-kind' line is viewed to reduce risk and increase agility.

Hannah McCaughey was appointed interim CEO in March 2022 to review and drive the commercialisation plan. Since then, the Company and the Board have reviewed each aspect of the business and have formulated a plan to deliver production capacity and customer traction. There is no better demonstration of a breakthrough technology than having a credible paying customer and this is a key objective for the next year ahead. Hannah has now completed her interim engagement with the Group and resigned as Director with effect from 28 October 2022. I would like to thank Hannah for her hard work in supporting the Company in executing its production plans.

The recent announcement of the commissioning of the manufacturing plant was a major milestone for Gelion. We can now start to build field experience and establish presence with the current generation of product from this plant while continuing in parallel to invest in our technology and process development further. These initiatives are geared towards establishing performance optimisation and validation, and the cost reductions that will underpin the global competitive foundation for our next stage of scaling.

With the above objectives to be achieved, I am pleased to announce that we have appointed John Wood as the new Group Chief Executive Officer to take Gelion through to the next phase.

John is an experienced and successful CEO of private and public companies who has led businesses both in the technology and energy industry over a 30-year career. He is also a proven sector specialist with significant commercial, scaling and manufacturing experience and under his leadership, we firmly believe we can take Gelion to the next level of growth. Importantly for Gelion, John has a deep experience in the lead-acid sector having established Ecoult which gained recognition as one of the 100 Global Cleantech in 2013 and he implemented many seminal projects after its acquisition by East Penn Manufacturing.

ESG

We take our responsibilities to successfully transitioning to a sustainable economy seriously and we expect to be playing a key role in powering this global transition.

Gelion is committed to driving real-world impacts. Our battery technology supports this global energy transition by offering a readily scalable solution to the current renewable energy storage dilemma. We were delighted to receive the London Stock Exchange's Green Economy Mark, for our contribution to the global green economy.

We have adopted the Quoted Companies Alliance Corporate Governance Code (QCA Code) and have an experienced Board of Directors who govern the business and all its key risk elements. Talented people are core to our business, and we seek to hire and maintain the best people regardless of their background. Our diverse team of 50 people is currently made up of 18 nationalities, speaking 15 languages.

Our core market is represented by installations in combination with renewable energy to enable greater penetration of clean power. Our operational robustness means that we are a great fit in harsh locations, allowing us to power remote or poorly served communities. Our product is unequivocally enabling the decarbonisation of electricity networks. In addition, we have reviewed the impacts of our own operations and are shown to be significantly less resource intensive than other technologies, such as lead-acid, lithium-ion or vanadium redox flow.

Future development and outlook

The decisions taken by the Board in the last year have been geared towards demonstrating Gelion's path to scale. The key development during the year has been the transition to production.

We are already seeing strong interest from potential customers around the world in our batteries. Following the initial manufacturing deal with Battery Energy, and the appointment of a new CEO, experienced in global manufacturing, those customers now have a clear view of our route to commerciality as well as a manufacturing path to scale up and we expect further strengthening of their interest in our technologies.

Dr Steve Mahon
Chairman
8 November 2022

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

Operational update from the Board

The Gelion Board is pleased to be presenting the first financial results following the IPO in November 2021.

Gelion's core strategy remains focused on developing the Company to be a leading provider of safe, robust and scalable renewable energy storage solutions to the global market and we are focused on commercial solutions for the successful transition to a sustainable economy through the storage of renewable energy. The delivery of Gelion's innovative battery technology will play a pivotal role in enabling that transition while providing value for both our customers and investors.

Given the geopolitical and macroeconomic environment not only during this period, but also expected going forward, the Board conducted a comprehensive review of the business including strategy around the product offering, business model, development plan and efficient deployment of funds to ensure we are able to capitalise on the opportunities presented to us.

The focus since the IPO has been clear – deliver a commercial product. Since year-end, we achieved a significant milestone in September 2022 with the first industrial production of Gelion's zinc-bromide battery at Battery Energy Power Solutions.

Having now successfully transitioned the battery manufacturing from laboratory to industrial production, it is time for the business to bring in a highly experienced CEO who brings over a decade of experience across cleantech and battery technology including manufacturing. John Wood will help Gelion plan for scale and at the same time exploit the ever-increasing commercial opportunities that continue to rapidly emerge in the energy storage sector.

Market opportunity / Supply and demand

Customers are actively seeking longer-duration storage and Gelion has undertaken a significant amount of work in planning for the scaled-up production of its zinc-bromide battery to ensure it is well placed to meet growing customer demand for renewable energy storage technologies. By way of background, while lithium-ion batteries currently dominate much of the stationary energy battery market. Market commentators such as Bloomberg[2] indicate that there are several key concerns and issues around the limited availability and supply of lithium-ion batteries for stationary energy storage application.

Gelion recently conducted a review of the current energy storage market, with the purpose to understand and strengthen Gelion's position in a highly competitive market. The key findings of this in-depth critical analysis were:

- The underlying technology of Gelion's battery is clearly differentiated from other products in the market and provides a distinct competitive advantage. Gelion's battery encompasses our proprietary gel technology coupled to an inherently lower fire risk, a wide temperature operating range, and an ability to be completely charged or discharged without loss in lifetime or performance.
- Gelion's zinc-bromide battery is ideally suited to fill the gap in the stationary energy storage long-duration storage market. The modular design, which makes use of 70% of existing lead-acid production processes, ensures that industrial production of the product is highly scalable by simplifying manufacturing processes and use of standard industrial equipment.

[2] BloombergNEF, 2H 2022 Energy Storage Market Outlook. These figures exclude pumped hydro projects.

- Gelion will focus on three core customer applications. Gelion's revised strategy is to initially develop a single standardised storage system to drive commercial efficiencies. There is often a debate on the merits of optimisation or standardisation. For us, and with several use cases we have rightly chosen standardisation. The system has been designed to provide access to three core application markets: utility-scale grid-connected applications; commercial and industrial (C&I) behind-the-meter; and green mining.

Following first industrial production, Gelion is seeing significant interest from companies in the energy, resource, mining as well as oil & gas sectors resulting in advanced discussions with various global players for trials, off-take and partnerships.

Commercialisation and manufacturing strategy

Scale is key, and Gelion has developed strong relationships with industrial partners and has made substantial progress towards commercialisation of the Gelion zinc-bromide battery, including:

Delivering industrial production at an industrial site

Gelion has now developed a 2 MWh capacity manufacturing line at our commercial partner Battery Energy. This partnership was the manufacturing proof-point with the commissioning of the plant in Western Sydney being completed ahead of schedule.

The Battery Energy facility is an end-to-end line with a repeatable manufacturing process, reusing more than 70% of the standard lead-acid battery production processes, providing a proven basis for the commercial scale-up of Gelion's manufacturing capacity. The production of cells on the manufacturing line at Battery Energy is an important achievement as it will inform our studies both toward scaling production and toward cost reduction of design, materials and manufacturing process of our products.

This manufacturing plant is designed to optimise unit operations and, while currently quite manual in operations to enable quick adaptation of improved operations, it will enable the design of a much more automated set-up as quickly and as effectively as possible.

This is a significant step for Gelion, as it demonstrates that our batteries can be built in a pre-existing industrial environment with established industrial processes. This is a major factor in being able to prove how production can be scaled up at locations around the world using existing battery manufacturing infrastructure. The battery is robust and through our partnership with Battery Energy we have proven we can both integrate our technology with brownfield infrastructure and partner with lead-acid manufacturers; the next step then for the Group is to deliver at scale.

The first industrially manufactured cells rolled off the line in September 2022 and will be used in the Acciona trials, including the Phase 1 simulation and Phase 2 onsite testing, and will be exported to Spain as part of the trial contract with Acciona Energia, one of Europe's largest sustainable energy companies.

Inauguration of Gelion's manufacturing line

(Left to right: Hon Chris Bowen, Minister for Climate Change and Energy; Hon Ed Husic, Minister for Industry and Science; Prof. Thomas Maschmeyer, Founder and NED; Hannah McCaughey)

Balancing battery performance and cost competitiveness

During the process of commissioning of the manufacturing plant at Battery Energy, it became apparent that we must retain the benefits of close association between our technology / process engineering development activities and the preparation for our next stage of scaling.

The challenges with transferring technology to large scale production across different continents proved less efficient than we expected. After careful analysis of the costs and benefits, including the ability to protect our IP, we decided that our resources are better allocated to continue to first utilize the availability of the manufacturing plant in Australia. The proximity of the manufacturing plant to our development team, to progress both performance optimization and cost reduction, in the most efficient way is more valuable than reaching for immediate scale. As such, we are not currently progressing discussions with HBL in India.

The launch of the manufacturing plant has benefitted us immensely and another outcome has been the recognition of the high overlap in the production processes and equipment for Gelion's zinc-bromide batteries and the production processes and equipment used by lead-acid manufacturers across the industry. Alongside our work on technology and process with the experience we are now gaining at the manufacturing plant, we can now also commence relationship outreach to the process automation equipment leaders that supply that industry to consult together on optimal ways to introduce Gelion products into and/or alongside their manufacturing solutions. While this is very subjective until achieved, we anticipate that paths exist to make beneficial use of this commonality in process automation in effective ways to scale very quickly once the foundation is set. We believe this strategy will strongly contribute to establishing industry manufacturing partnerships at scale.

Securing manufacturing capabilities is clearly a core part of Gelion's growth strategy. The foundation for that strategy lies in commercialising the patented technology contained within the Gelion zinc-bromide battery. At the time of our IPO, we set ourselves ambitious targets to further develop and refine that technology with a view that our product would be competitive with lithium-ion technologies on a Levelised Cost of Energy within two years. The process of enhancing our technology has taken longer than we had anticipated 12 months ago, albeit we have taken strong steps forward.

Gelion has now identified the appropriate trade-offs required to balance battery performance with cost competitiveness to ensure that the technology performance meets customer expectations. Clear cost reduction pathways have been identified for manufacturing that will enable Gelion's technology to become competitive with relevant energy storage applications in the time window that customers need to ramp up to meet decarbonisation targets.

Performance additives

There is a push to develop new materials with higher energy densities to continue to drive down the price, weight and size of lithium-based battery packs.

At IPO, Gelion was in discussions to co-develop low-cost technology for the manufacture of silicon nanoparticles. However, the lithium-silicon market is now highly competitive with multiple companies competing to develop silicon-based anodes. Gelion has concluded that it can effectively purchase nanoparticulate silicon at an attractive price rather than develop this technology itself. Gelion will instead focus solely on the development of a lithium-silicon-sulfur (LiSiS) battery.

Gelion has been granted exclusive licence to a sulfur additive technology that can be incorporated into the cathode. Sulfur-based materials are one potential alternative to more traditional cathode materials.

Sulfur-based cathodes provide several advantages over traditional materials including utilising an abundant and low-cost raw material, higher energy densities and improved safety. However, there is a need to trap the sulfur to prevent rapid cell death. Gelion's sulfur additive has been proven to be capable of reversibly trapping the sulfur, enhancing lifetimes substantially. Gelion believes that our sulfur-based additive technology will provide a competitive advantage over current technologies.

In a breakthrough, Gelion has demonstrated that with graphite-free lithium-silicon anodes it is possible to employ a sulfur cathode compatible electrolyte that enables the design of a high energy density LiSiS battery. This development accelerates milestones in the IPO timetable and represents a major upside.

Outlook

There is no question the demand for energy storage continues to accelerate. The increasing penetration of renewable energy has led to growing demand for long-duration energy storage systems (>6 hours), which is less cost effective for lithium-ion storage systems. With six-hour blackouts being predicted in parts of Europe this winter, long-duration battery storage such as Gelion's zinc-bromide battery will play an important part of grid stabilisation and energy security. Gelion's battery technology and industrial partnerships provides the foundation for effective scaling of product to the market at a time where customers are seeking energy storage solutions to meet the rapid decarbonisation target. With our strong ESG credentials, Gelion can provide a meaningful battery energy solution to meet the three demands of the energy transition – security, cost effectiveness and sustainability.

Market opportunity

Stationary energy market dynamics

Decarbonisation goals drive colossal demand for stationary storage solutions

At present over 50 countries, including most OECD countries, have either legislated or implemented policies to achieve net-zero goals by 2050.[3]

To successfully deliver these net-zero targets it is widely accepted that the electricity sector needs to be rapidly decarbonised through cost-effective measures.

This will allow more time for the development of still immature technologies, such as green hydrogen, necessary to decarbonise hard-to-abate sectors. **The volume of renewable energy and energy storage required to decarbonise electricity supply requires a massive global transition.**

Equally, the transportation and automotive sector also needs to rapidly decarbonise. As a result, the world is witnessing the total transformation of the automotive sector, with the pivot to electric vehicles (Evs). To ensure the complete decarbonisation of this sector, all Evs will need to be charged using low-carbon electricity, which in turn wholly relies on a decarbonised electricity supply.

Given the requirement to decarbonise the grid and electricity production, **the demand for stationary energy storage technologies is accelerating.** Even when pumped hydropower storage is excluded, the total installed stationary storage capacity is predicted to increase over ten-fold, exceeding 1 TWh, by 2030.[4] **It is widely accepted that this demand will predominately be met through battery technologies, with multiple battery technologies required to address global decarbonisation and the rapidly changing energy dynamics.**

While lithium-ion technologies play an ever-greater role in the global energy battery market, their 86% use for EV applications mean that this low-weight technology is crucial to the decarbonisation of the global automotive market.[5] Therefore, the stationary energy storage market – such as on-grid and off-grid storage applications – needs to evolve beyond lithium-ion technologies due to several key concerns and issues, including:

- Shortages in several key raw materials, leading to significant market price volatility. For example, lithium carbonate prices rose by over 444% in the last financial year.
- Increasing supply chain issues and raw material prices are predicted to be a major factor in the first increase in the average lithium-ion pack price in a decade this year.
- Higher than expected demand for lithium-ion batteries, driven by the booming EV market. Battery manufacturers are currently prioritising supply for the EV market.
- Lithium-ion batteries are particularly well-suited for short-duration energy storage (<4 hours). The increasing penetration of renewable energy has led to growing demand for long-duration energy storage systems (>6 hours), which is less cost effective for lithium-ion storage systems.

As a result, **there is expected to be limited availability of lithium-ion batteries for stationary energy storage applications.** This shortage coupled with the need for cost-effective long-duration energy storage systems has resulted in increasing interest in alternative battery technologies to support rising demand.

[3] Net Zero Tracker.
[4] BloombergNEF, 2H 2022 Energy Storage Market Outlook. These figures exclude pumped hydro projects.
[5] BloombergNEF, Long-Term Electric Vehicle Outlook 2022.

Greater recognition of the importance of energy security

Recent events, including the Russia-Ukraine war, have reiterated **the importance of energy security. Government** responses to the Ukraine war have resulted in energy shortages, particularly natural gas, across Europe and this is expected to continue into next winter. For instance, some market commentators are anticipating that this winter, UK may experience rolling blackouts of three hours several times per week.[6]

Many OECD governments and global industries are starting to implement energy security agendas. Governments around the world are investing in developing strong, secure and resilient supply chains, to enable them to meet their net-zero goals while also ensuring energy security domestically.

The deployment of energy storage solutions, including **Gelion's zinc-bromide technology, provide the clean technology pathway to grid resilience** that will minimise the impact of such adverse global events in the future.

Importance of supply chain resilience

Supply chain resilience is a critical factor to ensuring the smooth transition to renewable energy, which is critical to meet legislated decarbonisation goals. **Key lithium-ion supply chains are currently heavily reliant on single supply sources**, including cell components and raw materials.

There is a growing global awareness of supply chain insecurities. This dependence on single sources has played a pivotal role in recent market instabilities, with many manufacturers moving to diversify and de-risk their supply chains. Governments around the world are also starting to take notice. The United States has recently committed to investing over US$7bn towards securing their battery supply chain and reducing their reliance on importing materials through their Bipartisan Infrastructure Law and will incentivise domestic supply chain development through the Inflation Reduction Act.

Alternative storage technologies, such as our **zinc-bromide technology, utilise alternative materials that have been mostly unaffected by the recent volatility** in the lithium-ion material markets.

[6] https://www.reuters.com/business/energy/britain-could-face-forced-power-cuts-this-winter-national-grid-warns-2022-10-06/

Market opportunity

Global energy storage market will grow at a compound annual growth rate of

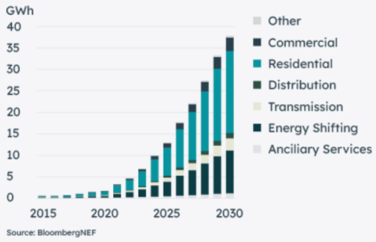
30%

from 2022 to 2030

Source: 1H 2022 Energy Storage Market Outlook – Bloomberg

16.4 GWh

Utility-scale batteries in Australia by 2030



1 TWh

2030 installed capacity world-wide

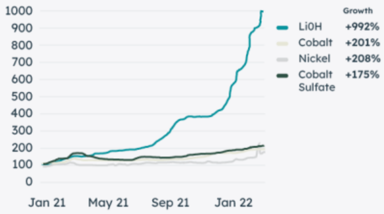
* Excluding pumped hydropower storage.
Source: 1H 2022 Energy Storage Market Outlook – Bloomberg

Increasing interest in
alternative battery technologies
to support the rising demand for energy storage solutions

The rapid growth in demand for lithium-ion batteries has led to increasing concerns of the ability of manufacturers to scale production to meet demand

Supply shortages have resulted in huge price increases for several raw materials

Indexed values*
(January 4, 2021=100)



* Source: 1H 2022 Energy Storage Market Outlook – Bloomberg

Gelion's zinc-bromide gel chemistry utilises raw materials unaffected by current market volatilities

Lithium carbonate**

US$67,992

metric tonne

FY22: **+444%**

Zinc**

US$3,161

metric tonne

FY22: **+10%**

**Commodity price June 30, 2022, Bloomberg
Commodity Pricing Data July 2021 to June 2022 (FY22), Bloomberg

Mobile energy storage market

The uptake of lithium-ion technology globally continues to grow rapidly, with demand for lithium-ion batteries forecast to grow roughly 700% to 3.5 TWh per year by 2030.[7] This increase will be driven mainly by higher demand for Evs, an application for which lithium-ion batteries are ideally suited.

Lithium-ion battery technologies have recently experienced surging demand and increased volatility in raw material supply chains. Current technologies suffer from inherent energy density limitations. These pressures, coupled with the need to reduce battery prices below US$100/kWh for Evs to become cost-competitive with internal combustion engine vehicles, has led to growing interest in the development of new materials with higher energy densities.

Gelion's innovative additive technology provides a competitive advantage to current materials being explored, being based on low-cost sulfur and silicon.

[7] BNEF, Long-term Electric Vehicle Outlook 2022.

Our technology

Our technology will help power the transition from fossil fuels to renewable energy.

Gelion is currently developing battery technologies for both stationary energy storage and mobile energy storage applications.

Stationary energy storage

Our zinc-bromide technology aims to provide a solution to satisfy a critical need in the stationary energy storage market for medium- to long-term storage capability. The deployment of these long-duration energy storage systems will be essential to the successful decarbonisation of energy grids globally. Our battery is ideally suited for the required 6–10-hour storage time frames.

Gelion's zinc-bromide battery is distinct from alternative storage technologies in the market, utilising our proprietary gel technology. We have designed our battery to provide a safe, cost-effective, long-life and recyclable alternative to lithium-ion, lead-acid (PbA) and flow-battery technologies for stationary energy storage applications.

Our battery technology is highly resistant to fire, even under extreme, deliberate fault scenarios, and can be completely discharged with no loss of function, or damage to the battery. And, unlike lithium-ion, our zinc-bromide batteries are highly tolerant to temperature extremes, making them well-suited for operation without the need for expensive, and energy intensive, air-conditioning systems.

Our batteries have been intentionally developed with a robust and modular design, similar to that of standard PbA batteries. Our technology can be manufactured utilising standard, well-developed industrial processes. This ensures that industrial production of our technology is highly scalable, enabling us to drive cost-efficiencies through mass manufacture and benefit from high learning rates.

Our modular design provides inherent resilience in supply chains, utilising well-developed PbA supply chains and readily accessible materials. Gelion will produce containerised systems, which will enable storage capacity to be readily adapted to suit the needs of individual customers and their specific application by simply increasing the number of systems. This makes our batteries ideal for a range of large-scale storage applications, including commercial and industrial (C&I), renewables firming and electricity grid stabilisation.

Key benefits

scalable, reliable manufacturing process with minimal maintenance costs	safe and efficient operation in remote areas and at scale	operates in temperatures up to 50°C without the need for air conditioning	environmentally sustainable and lower end-of-life disposal costs; high recyclability

Artistic impression

Performance additives (mobile energy storage)

The continual push to reduce battery prices below US$100/kWh is driving the development of new materials with higher energy density.

Gelion is developing additives to improve the energy density of lithium-ion batteries, with a focus on sulfur-based additives as an alternative to traditional cathode materials.

- Sulfur-based cathodes provide several advantages over traditional materials including utilising an abundant and low-cost raw material, higher energy densities and improved safety.
- Current sulfur-based technologies suffer from high self-discharge rates due to the diffusion of polysulfides away from the cathode.

Gelion has been granted exclusive licence to an innovative sulfur-based technology that can be incorporated in the cathode. This additive material has been proven to significantly increase cycle life by trapping the polysulfides at the cathode, reducing self-discharge and increasing lifetime. Gelion is currently integrating this technology into a complete lithium-silicon-sulfur cell with target energy densities that far exceed those of current lithium-ion batteries.

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 niche sulfur-based cathode space

Our strategy

Global instabilities resultant from COVID and the conflict in Ukraine are radically affecting energy markets around the world. The need for domestic energy security, coupled with the rapidly increasing uptake of renewable technologies driven by government mandates is leading to accelerated demand for stationary energy storage solutions. Gelion believes that our zinc-bromide technology is ideally placed to assist in this transition.

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

Field validation of Gelion's strengths with strategic partners

Gelion has a natural footprint in Australia, the UK and Europe, all of which have burgeoning requirements for stationary energy storage to meet grid stabilisation and government mandates for decarbonisation and clean technology implementation.

Gelion is already working with Acciona for their trial contract in Spain. Next year, Gelion will deploy our battery energy storage system (BESS) in Australia for in-field validation with strategic partners. The Company will validate its BESS in both grid-connected and off-grid environments, showcasing its robustness and broad temperature tolerance, whereby the BESS does not require air-conditioning systems, greatly reducing ongoing operational expenses.

Capitalise on overlap with lead-acid manufacturing processes

Gelion reduces the risk and cost of manufacturing scale-up because its purposely designed battery format and production processes are highly aligned with proven standard lead-acid manufacturing processes which use commercially available equipment. Gelion's modular design, readily available equipment, and easily accessible materials, help to ensure that our production lines / supply chains will not be constrained geographically.

Achieve global presence

Gelion's manufacturing strategy is to partner with global lead-acid battery manufacturers and supply chain participants.

Gelion has already accelerated its product commercialisation through partnering with lead-acid battery manufacturer Battery Energy Power Solutions in Australia.

Gelion's batteries have been designed to use 70% of the standard PbA battery manufacturing processes.

Battery Energy provides invaluable experience and advice in developing manufacturing cost efficiencies. This partnership enables Gelion to prepare to scale the production of our technology and assist in defining the fundamental manufacturing blueprint for our innovative technology. It will provide a model for global growth allowing for the manufacture and deployment of deployment of our technology into prioritised global markets.

Strong intellectual property focus

The foundation of Gelion's technology are our proprietary intellectual property rights, which require effective protection to retain our competitive advantage in the energy storage market. Gelion continues to generate new intellectual property and know-how through our research and process development activities. We will continue to maintain and pursue protection of our inventions with patents, to retain our competitive edge.

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 long-duration energy storage technologies.

ESG leaders

Gelion remains committed to creation of a product that aligns with our ESG policy. We 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.

Target applications

Gelion has committed to our strategic decision to focus initially on the development of a single standardised market product to drive commercial efficiencies.

Our standardised containerised system will be readily scalable to multi-MWh deployments, depending on customer requirements, and has been designed to support large-scale energy storage providing access to three core application markets: utility-scale grid-connected, commercial and industrial (C&I) behind-the-meter and green mining.

The three markets that Gelion will target account for roughly 80% of annual stationary storage capacity and will require very substantial volumes of batteries.[8] The size of these markets is so vast that multiple technologies are required to support the demand growth. These markets will provide Gelion with significant commercialisation opportunities and access to customer bases requiring significant product quantities.

Utility-scale grid-connected applications

For both photovoltaic (PV) systems and wind turbines, economies of scale and significant technological advancements have led to considerable cost reductions for these technologies in recent years. As a result, the LCOE[9] for new PV and onshore wind installations are currently around 40% lower than new coal- and gas-fired deployments and are expected to continue to fall.[10]

The push to decarbonise energy grids and deliver low-cost energy led to a significant demand for utility-scale energy storage to provide energy shifting capabilities. The United States, the largest energy storage market, is forecast to install over 350 GWh in utility-scale storage by 2030, accounting for nearly 90% of total installed capacity in that market.[8] In Australia, over 25 new storage projects have been announced with a potential 4.8 GW combined capacity, including a planned 2.9 GWh deployment for Rockhampton.[8]

[8] BloombergNEF, 2H 2022 Energy Storage Market Outlook.
[9] LCOE = Levelised Cost of Energy.
[10] BloombergNEF, 1H 2022 LCOE Update.

In Europe, constraints in battery supply chains have adversely affected their utility-scale battery uptake, with deployments in the first half of this year reduced by almost 35% compared to the same period last year.[11]

Gelion's energy storage system is optimised to discharge over 6–12 hours and is therefore ideally suited for use for both energy shifting and auxiliary applications. The significant demand and current supply shortage coupled with the manufacturing scalability of our technology, ensure that Gelion is well positioned to support this market.

Commercial and industrial (C&I) behind-the-meter applications

There is increasing interest from the commercial and industrial sectors for customer-sited long-duration storage. While often implemented with on-site energy generation, there is also increasing installation for time-of-use optimisation applications as a means to reduce costs.

Currently, the uptake of energy storage by C&I consumers has been slower than other applications in many countries, including in Australia. This is primarily due to the high up-front costs of batteries. As battery prices continue to fall and energy prices grow, the installation of these systems will become more economically viable for businesses.

These customers tend to be more sensitive to both fluctuating battery prices and safety risks. Gelion's technology is less vulnerable to fluctuating battery mineral prices and is inherently a lower fire risk. The reduced risk of fire propagation means that our containerised systems can be stacked, allowing customers to increase energy density on space constrained sites.

Gelion's storage system would allow commercial and industrial customers to capture value from excess on-site solar generation and reduce electricity costs.

Green mining applications

There has been a major shift towards renewables in the highly energy-intensive mining industry, with increasing interest to support on-site renewable generation with storage systems. The development of on-site renewables and/or storage capabilities is estimated to reduce energy costs of a mine by around 25%.

[11] BloombergNEF, 2H 2022 Energy Storage Market Outlook.

Large mining companies are beginning to implement projects to decarbonise their operations, with a focus on solar energy generation coupled with long-duration energy storage systems. A major Australian-based mining company has recently announced that they will invest heavily to decarbonise their Pilbara-based iron ore operations by 2030. This currently involves the installation of 42 MW storage capacity, with a proposal before the Western Australian EPA for an additional 9.1 GWh storage.

The increasing safety concerns with burning diesel underground is one of the drivers for the electrification of mining equipment. Gelion batteries are fire resistant, modular and can operate at elevated temperatures, making them attractive for mining operations above or below ground as backup/emergency power sources.

The development of a hybrid battery/ultracapacitor system in conjunction with Acciona Energia is expected to be capable of providing surge current when required for fault clearing and major plant start-ups, while also allowing for long-term storage.

Q&A with founder Prof. Thomas Maschmeyer

Prof. Thomas Maschmeyer
Founder and Non-Executive Director

History

What was your vision for Gelion when you founded the business in 2015 as a spin-out from the University of Sydney, and how has this evolved?

Answer: Through my research it became clear to me that it was possible to reimagine zinc-bromide battery chemistry in a non-flow system that would allow the broad application of this exciting chemistry on a global scale.

Our vision was to support the green energy revolution with robust batteries that enable deployment of renewable energy everywhere, even in complex and difficult geographies or demanding situations, such as applications that require very high safety standards.

There very clearly is also the social impact of bringing electricity, and all that it enables, to the developing world.

Overall, the Company is driven by the desire to have a positive impact on sustainability and the decarbonisation of our economies.

Over the last seven years our designs as well as our thinking have evolved, and during this time the opportunities have grown dramatically. Bloomberg suggests that on aggregate by 2030 there will be a terawatt hour of stationary energy storage deployed globally.

Gelion is keen to make a contribution and help service this demand.

What innovation has taken place across the business since inception?

Answer: Initially we were thinking of a bipolar electrode design. However, this does not allow for ready integration into existing manufacturing infrastructure, unlike the parallel plate design that we switched to and that replicates approximately 70% of the manufacturing process of a lead-acid assembly. There is manufacturing infrastructure out there that still produces US$45bn worth of product per year. However, increasing regulation regarding lead and the move away from the internal combustion engine over time, are some of the emerging challenges for this industry.

We offer a new path for lead-acid production equipment manufacturers, component manufacturers and the eventual battery manufacturers themselves to overcome this transformation. Our USPs can offer new life to sunken costs, and new and diversified income streams to an industry under pressure.

Development

What sets Gelion's battery technology apart and what are its USPs?

Answer: Gelion's Endure batteries are zinc-bromide based. This means they are safe in terms of fire risk – the battery internals actually act as a fire retardant. Our design also means we can operate across a wide temperature window from -20°C to 50°C with only moderate efficiency losses at either end of the spectrum, i.e. we do not require heating or cooling in most situations.

The chemistry is capable of covering a range from 0–100% state of charge without detriment to battery life-time – unlike other batteries, which have to be carefully managed regarding their temperature environments and states of charge.

Because the Endure battery is largely constructed like a parallel plate lead-acid battery it is highly recyclable, but without the complications of toxic heavy metals or concentrated, corrosive sulfuric acid. All the components used in Endure batteries are environmentally benign and available in abundance with no politically challenging implications regarding production or refinement. Our carbon footprint in manufacturing and our water use has been judged as sector leading by an independent report.

Why is it a game changer in the renewable battery storage energy market?

Answer: Gelion's Endure battery is best suited for a 4–16-hour storage duration and matches the solar cycle perfectly. The operational advantages of high safety, temperature and state-of-charge flexibility, combined with its recyclability, offer a unique set of capabilities to the market.

When combined in hybrid systems, e.g. paired with a supercapacitor, the systems can cover a wide range of applications and can cover high power as well as sustained energy release.

Gelion

The team has grown from two to 50 employees since 2015, what does this mean in terms of skills and experience that has been brought to the business?

Answer: When we were a start-up team of one founder and three co-founders with initially no employees, but only director's loans and an R&D contract at the university, we had the grand vision to bring zinc-bromide batteries to the world at scale, so that the inherent advantages of this chemistry could be harnessed to make a difference.

Now, after seven years and a public listing we have a team that is capable of implementing that vision much more fully. We have skill sets covering not only science but also engineering, manufacturing, commercial, financial and HR.

The Company is purpose driven and we have therefore been able to attract the brightest and the best of the industry including our recently appointed CEO, John Wood, who comes with years of experience as an entrepreneur, a leader, and a passionate believer in the energy transformation.

The team reflects a resilient mix of age, experience, nationalities and diversity with a high level of educational and professional attainment. I could not be happier with the quality of the people.

What now for Gelion? What do you view as the biggest opportunities for Gelion?

Answer: In the short term, the decarbonisation of a range of industrial activities are most attractive – these include opportunities in load shifting (excellent match to solar cycle), in the mining sector (remote, tough environments), pairing with green hydrogen generation (high safety), supply of energy to remote locations (robust operability) – but also evolutions of the design to service the demand for uninterrupted power supply (e.g. UPS systems for data centres, where high safety is key) or grid stabilisation/voltage smoothing (when paired with ultracapacitors) are attractive.

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 80 to 115. 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 110 to 115.

Overview

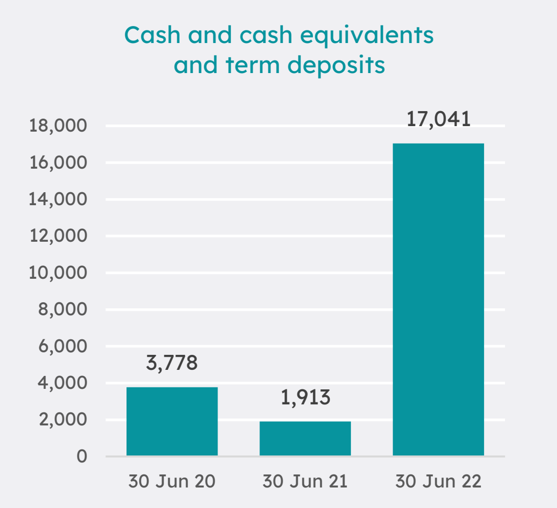
FY22 has been a transformational year for the Group due to the successful fundraising and IPO on the AIM in November 2021. We enter the new fiscal year with an exciting platform from which to continue to drive organic growth and a strong balance sheet which will enable the Group to continue to deploy our capital allocation strategy.

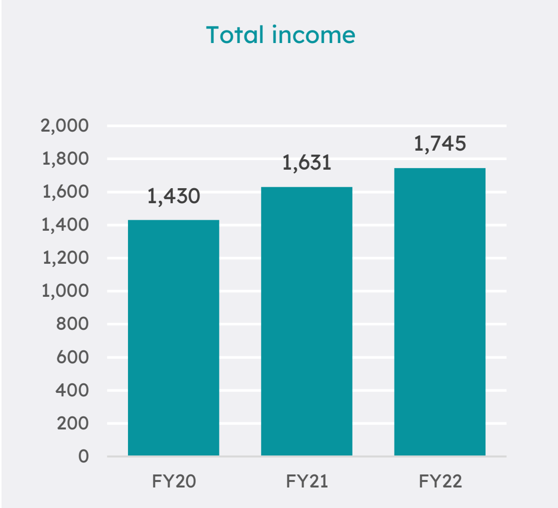
In FY22, we raised a total of £22.0m, £6.0m from the Pre IPO round and gross proceeds of £16.0m from the IPO enabling the Group to fund development programmes, commission the manufacturing plant and strengthen the team to prepare for future growth.

At year end, our cash position (cash & cash equivalents and term deposits) was £17.0m (2021: £1.9m) which renders the Group well capitalised to fund future growth. Funds raised in the IPO have been used to invest in our people primarily for development of chemistry (scientists and chemical engineers), manufacturing expertise (mechanical engineers), and the executive team.

Despite the significant challenges due to COVID-19 impacting businesses globally, we have managed to continue with product development and managed the cost base. However, these challenges continue and have resulted in delayed deliveries and increased lead time in securing materials and equipment, increased labour, material, and logistical costs such as freight.

In September 2022, we reached a significant milestone in our development process as we announced the opening of our manufacturing plant in Western Sydney, Australia. This is an important achievement as this will assist us in planning towards scaling production and reducing costs.





Trading performance

Total income for the year ended 30 June 2022 was £1.75m (2021: £1.6m) primarily from R&D tax incentives from the Australian Taxation Office which supports the ongoing development programmes of the business. In FY21, Gelion generated revenue of c. £0.3m from supply and installation of mobile lights and solar photovoltaic building battery systems. This revenue stream was not expected to be repeated.

Operating losses increased to £9.1m (2021: (£1.8m)) as a result of both non-recurring items £4.7m (2021: nil) and increase in operating costs.

Operating losses before listing and other associated costs (non-recurring items) increased to £4.4m (2021: £1.8m) primarily due to:

- £1.0m increase in research and development spend, a significant proportion of which relates to staff costs due to the number of staff (average FTE) being employed by the Group increasing from 15 in FY21 to 26 in FY22;
- £1.7m increase in administrative costs reflecting the additional costs of being a public company and an increase in staff costs due to the number of staff (average FTE) being employed by the Group increasing from 4 in FY21 to 11 in FY22; and
- partially offset by an increase in other income.

Adjusted EBITDA loss (defined as the Earnings Before Interest, Tax, Depreciation, Amortisation, listing & other associated costs, please see more details on page 4) increased to £4.1m (2021: £1.5m).

The Company reported non-recurring items of £4.7m in FY22 which represent one-off expenses in relation to the IPO, primarily comprising:

- Listing costs (£0.4m expensed portion);
- non-cash share-based payments (£3.9m). As a result of the IPO, all unvested options held at the time of the IPO vested and so this year experienced a significant one-off charge in share-based payments; and
- bonuses (£0.4m). 100% contingent on the success of the IPO.

There was no corporate tax payable on earnings as the business is currently loss making. The basic and diluted loss per share for the year to 30 June 2022 was 9.20 pence (2021: 2.0 pence). The increase in loss per share was due to the increased operating costs of the business primarily driven by the non-recurring costs.

Statement of financial position and cash flows

At 30 June 2022, current assets amounted to £19.2m (2021: £3.2m), including cash & cash equivalents and term deposits of £17.0m (2021: £1.9m). The principal contributors to the increase in cash & cash equivalents and term deposits of £15.1m were:

- fundraise of £19.7m (net including pre-IPO fund raise) in the year;
- operating cash outflow of £4.5m (2021: £1.3m); and
- capital expenditure on intangible development costs, property, plant and equipment of £0.8m (2021: £0.4m) which largely relates to the commissioning of the new manufacturing plant and other lab equipment.

Prior to the IPO, on 3 September 2021, the Group decided to undertake a capital reduction and £11.2m has been recognised in distributable reserves (more details in note 19).

Research and development

Development formed a material part of the Group's activities this year, with a significant portion relating to the development of the main product of the Group being, the zinc-bromide battery. The Group expensed most of its development costs of £3.0m for the year (2021: £1.9m) in relation to its products. The Group had qualifying research and development costs of £3.9m (2021: £2.8m) against which it expects to receive the R&D tax incentives of £1.7m from the Australian Taxation Office.

Foreign currency exposure

The Group currently faces relatively modest currency exposure on its foreign currency transactions; 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 in other foreign currencies. 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

Despite the ongoing disruptions due to COVID-19, there are increasing signs of a return to global normality albeit at a cost. Global inflation is approaching its ten-years' highest level followed by increased interest rates, labour shortages and supply chain disruptions causing significant delays in sourcing, delivery timeframes, increased freight costs resulting in an increase in overall cost of doing business. These macroeconomic and operational factors have increased the complexity of running a business. Return to any level of normalcy will take time however to manage cash burn, we are being very prudent in decisions around efficient capital deployment. We are therefore well capitalised to continue to deliver on our strategy.

The world has changed significantly since becoming a public company in November 2021 with the top agenda item for most countries being energy security and targets to net zero driven by geopolitical events. These energy challenges have resulted in a search for alternative non-lithium technologies, which are safe, long duration and highly recyclable such as the Gelion zinc-bromide batteries. We believe that a combination of these factors will assist in reducing the gap between expected sale price and production costs as we scale in time and generate the corresponding revenue growth at a suitable margin.

Amit Gupta
CFO
8 November 2022

Our people

Our team is comprised of incredibly talented business and scientific leaders.

We are committed to creating and operating a responsible and sustainable business which has a positive impact on all our stakeholders, particularly our employees.

Our employees are our most important asset, and it is their dedication and inspiration that makes us what we are. The Board seeks to create an environment where employees feel valued, achieve success individually and as a team, and are able to perform to their best.

Together, we're guided by a single-focus: to create a better tomorrow through next-generation energy storage solutions.

To achieve this vision, we seek to attract, retain and develop the best talent, and drive continuous improvement by providing opportunities for employees to reach their full potential. This means creating a working environment that recognises health and wellbeing, rewards performance and offers development opportunities.

We also firmly believe in the importance of an inclusive and collaborative environment, where there is equality of opportunity. Promoting and celebrating diversity is embedded in our culture and is a critical factor in the long-term growth of our business.

There are many ways we engage with and listen to our people including surveys, forums, fortnightly all hands meetings, individual/team briefings and other modes of communication.

Our people policies and procedures are regularly reviewed and updated to reflect organisational and legislative changes.

Employees are regularly engaged on matters concerning their interest and the Company. We use a variety of methods to create two-way dialogue with our employees. See more in our section 172 statement on page 41.

Our people

Globally diverse talent pool - employees by country of origin and function

Our people

Team composition – by qualification

88%	42%	26%
Employees with PhD 1st degree STEM and/or role related	Employees with postgraduate qualifications	Employees with PhD qualification

Sustainability

Clean energy storage, creating the climate of tomorrow.

The road to a cleaner future

We take our responsibilities to successfully transitioning to a sustainable economy seriously and we are proud to be playing a key role in powering this global transition.

We are committed to driving real-world impacts, with our core values and goals aligning with six of the United Nation's Sustainable Development Goals as detailed on our website. Our battery technology supports this global energy transition by offering a readily scalable solution to the current renewable energy storage dilemma. We received the London Stock Exchange's Green Economy Mark, for our contribution to the global green economy.

Gelion is committed to high standards of ESG

The ESG Committee monitors the implementation of ESG practices and continues to assess, review and revise strategies to ensure that business activities adhere to our ESG goals. The Group takes its responsibility as a company, employer and clean technology manufacturer seriously, and is committed to adopting strategies that align with our ESG objectives at all levels of the business.

The members of the ESG Committee

Steve Mahon
Chair

Michael Davie
Non-Executive Director

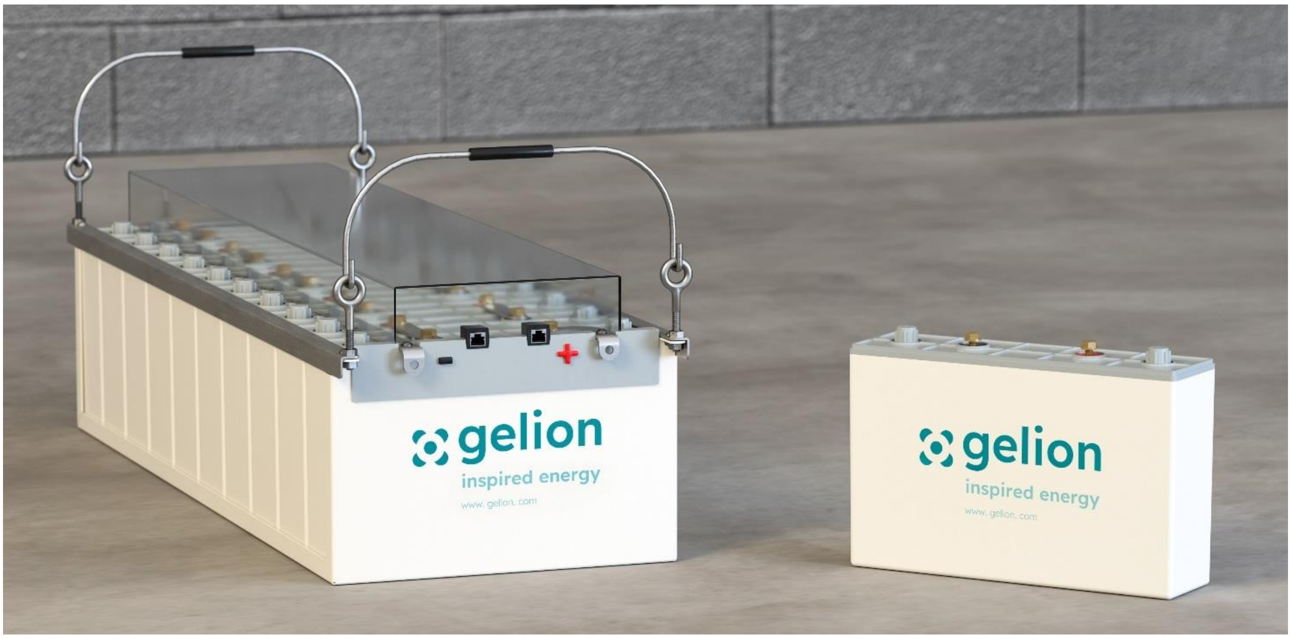
Hannah McCaughey*
Executive Director

*Hannah McCaughey resigned as a Director on 28 October 2022

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 platform is recyclable and environmentally sustainable over the entirety of its life.

Our battery



Key benefits

Has the fastest carbon payback time of comparative technologies and uses substantially less water for materials production.

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

It takes between nine and eleven months to offset the embedded carbon from production, significantly lower than lithium-ion NCA, lithium-ion LFP, lead-acid, sodium and vanadium flow batteries.

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.

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 through access to our Employee Assistance Programmes.

Our values

Committed

Our brand is committed to the Earth. Commitment drives Gelion's innovation and productivity. Commitment provides the Company 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 owners in Europe, to rural farmers in India.

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

Our business conduct is underpinned by ethical values, with the aim of developing a corporate culture based around the principles of integrity, honesty, trust and respect.

Our internal governance processes are integrated into the broader business strategy and throughout the Group and ensure compliance with all applicable and relevant legislation. Gelion has adopted the Quoted Companies Alliance Corporate Governance Code (QCA Code) which sets out a framework of 10 principles to corporate governance. The Group will provide an annual update on the Group's compliance with the QCA Code.

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

The Gelion Board believes that to maximise value and success in the long term it must engage and consult effectively with all stakeholders. This helps develop mutually beneficial relationships and enables us to make better business decisions.

Section 172 statement

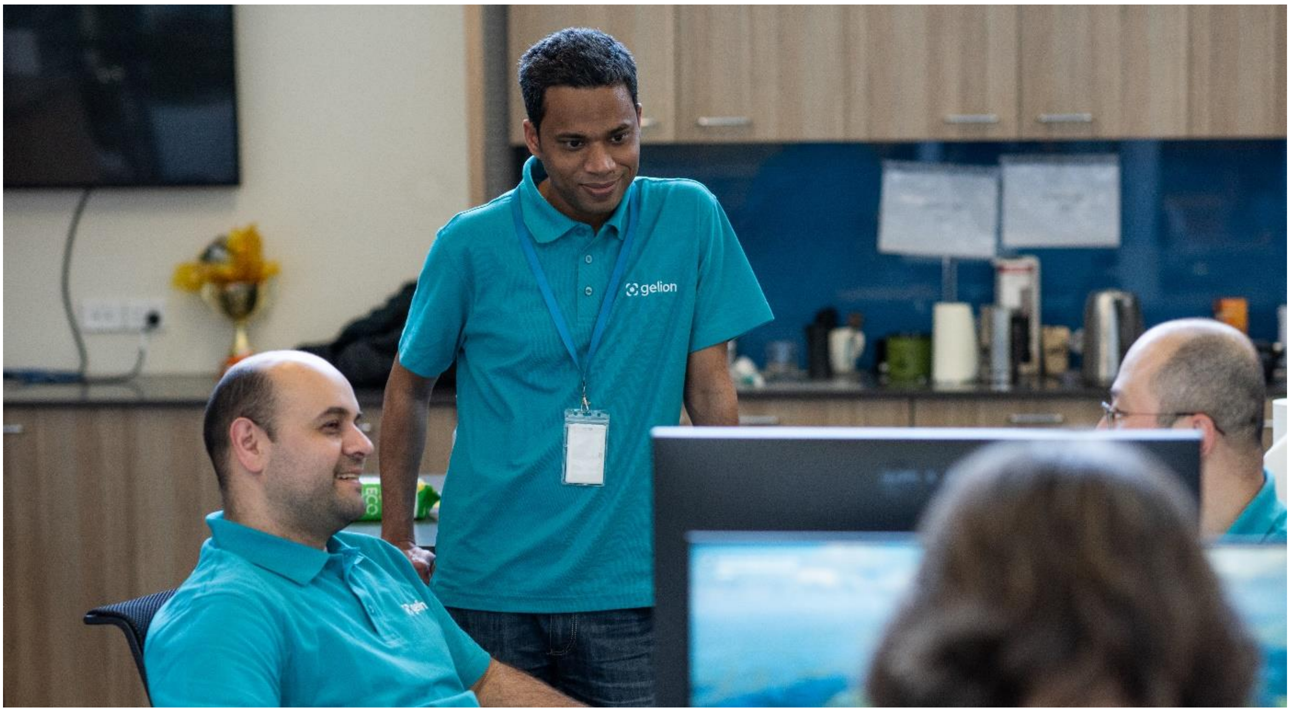
Section 172 of the Companies Act 2006 requires a director of a company to act in the way that he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members.

The Directors continue to have regard to the interests of the Group's employees and other stakeholders, the impact of its activities on the 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.

During the year, the key decision taken by the Board was to:

- list on AIM in the UK to raise capital in consultation with the stakeholders at the time; and
- post-IPO, use the proceeds to further develop the Gelion zinc-bromide battery and plan for commercialisation. The funds raised from the IPO have been used in the commissioning of the manufacturing plant in Western Sydney, Australia to transition the Gelion zinc-bromide battery from laboratory to industrial production. In addition, the capital raised enabled the business to further strengthen the team required to move to manufacturing and subsequently commercialisation.

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.



How we consider each stakeholder is set out below.

Key stakeholders and how we engage

Through an open and transparent dialogue with our key stakeholders, we have been able to develop a clear understanding of their needs, assess their perspectives and monitor their impact on our strategic ambition and culture.

In dealing with our stakeholders, we have carefully thought about how their concerns impact the long-term success of the Company. Our focus is on the following groups of key stakeholders:

Employees

Refer to Our people section earlier in this report (page 31).

Investors

We rely on the support of our investors, being owners of our Group, and their opinions are important to us. It is vital to deliver information to investors on our overall progress to secure funding in each stage of commercialisation. Prior to the IPO, several meetings were held with shareholders to explore funding options and subsequent listing on AIM.

We have an open dialogue with our investors through one-to-one meetings, group meetings, webcasts/virtual presentations and the soon to be held, inaugural Annual General Meeting (AGM). Discussions with shareholders cover a wide range of topics including financial performance, strategy, outlook, governance and ethical practices.

Investors' feedback along with details of movements in our shareholder base are regularly reported to and discussed by the Board and their views are considered as part of decision making. At the time of the IPO, the strategy and the expected use of funds were disclosed in the Admission Document. Post-IPO, this was considered by the Board in deciding how best to utilise funds and translate them into strategic goals.

Partners and suppliers

We build strong relationships with our suppliers and partners to develop mutually beneficial and lasting connections. These relationships are key part of securing continuous supply of materials and services. For more information on our partners, please visit Company's website: https://gelion.com/about-gelion/ Our Partners section.

Engagement with suppliers is primarily through a series of interactions and formal reviews, as well as meetings with partners and suppliers by sharing goals and building relationships through collaboration (where possible).

Key areas of focus include innovation, product development, health and safety, and sustainability. The Board recognises that relationships with suppliers and partners are important to the Group's long-term success and is briefed on their feedback and issues on a regular basis.

Environment and community

We engage with the communities in which we operate to build trust and understand the local issues that are important to them. We want to ensure that our activities are socially and environmentally responsible while meeting the highest standards of conduct. Key areas of focus include how we can support local causes and issues, create opportunities to recruit and develop local people, and help to look after the environment.

We have a deep history with the University of Sydney and are growing relationships with other local universities, to provide development and job creation for graduates and post-graduate students. We can offer varied opportunities across all disciplines, with a particular focus on science and engineering in a dynamic and in innovative environment. In addition, we also provide internship and short-term placement.

The key issues and themes across local communities are reported back to the Board. The impact of decisions on the environment both locally and nationally is considered with such considerations as the use of locally procured materials wherever possible and finding ways to reuse or minimise the disposal of materials.

Stakeholder engagement and Section 172

Section 172 matters	
a) The likely consequences of any decision in the long term	Gelion considers the long-term impacts of all decisions to ensure our viability.
b) The interest of the Group's employees	We consider our employees in all key decisions as their happiness and wellbeing is important to us as a business.
c) The need to foster the company's business relationships with suppliers, customers, and others	Our business relationships are vital to our ability to deliver on our purpose, vision and strategy. Therefore, we look to build trusted, long-term partnerships with our suppliers and customers.
d) The impact of the company's operations on the community and the environment	Gelion is committed to deliver innovative and environmentally sustainable energy storage solutions, that benefit the broader environment. The Company is building a positive impact on the community through creation of local jobs and further building of expertise.
e) The desirability of the company maintaining a reputation for high standards of business conduct	We are dedicated to high standards of business conduct through each step of our product lifecycle. This is enabled through our governance and set of processes and procedures that all participants adhere to.
f) The need to act fairly between members of the company	The Board aims to understand the views of its investors and always to act in their best interests.

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	Supporting our employees through cultural development, engagement and continuous investment in their knowledge and expertise. Regular interactive all-hands meetings with the Senior Leadership Team ("SLT"), providing feedback to management via employees' survey. Facilitating dialogue through our Work health and safety ("WHS") Committee. Directors engage in informal site visits as well, interacting with employees and understanding their views in person.	• Purpose, culture and values • Training and development • Career progression • Town halls / stand ups • Compensation and incentives • Health and safety
Investors	Ongoing engagement with investors and the investor community (analysts and potential investors), through investor media releases (half a year and annual results announcements, regulatory announcements, investor presentations, web meetings, the AGM and road shows). Engaging with regulators to ensure we meet prudential, and conduct-based regulatory standards.	• Financial and operational performance • Strategy and development • Governance and leadership
Partners and suppliers	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.	• Trusted, long-term partnerships • Ethical practices • Shared culture and values • Sustainability
Communities and the environment	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. Furnishing the manufacturing site with energy efficient technologies and equipment. Continuous processes improvements to recycle and reuse materials in all stages of the product flow. Minimising carbon footprint through paperless office practice across all business units (i.e. online ordering, cloud data storage).	• Community investment and support • Jobs for local people • Minimising negative environmental impacts

Risk management

Risk management process

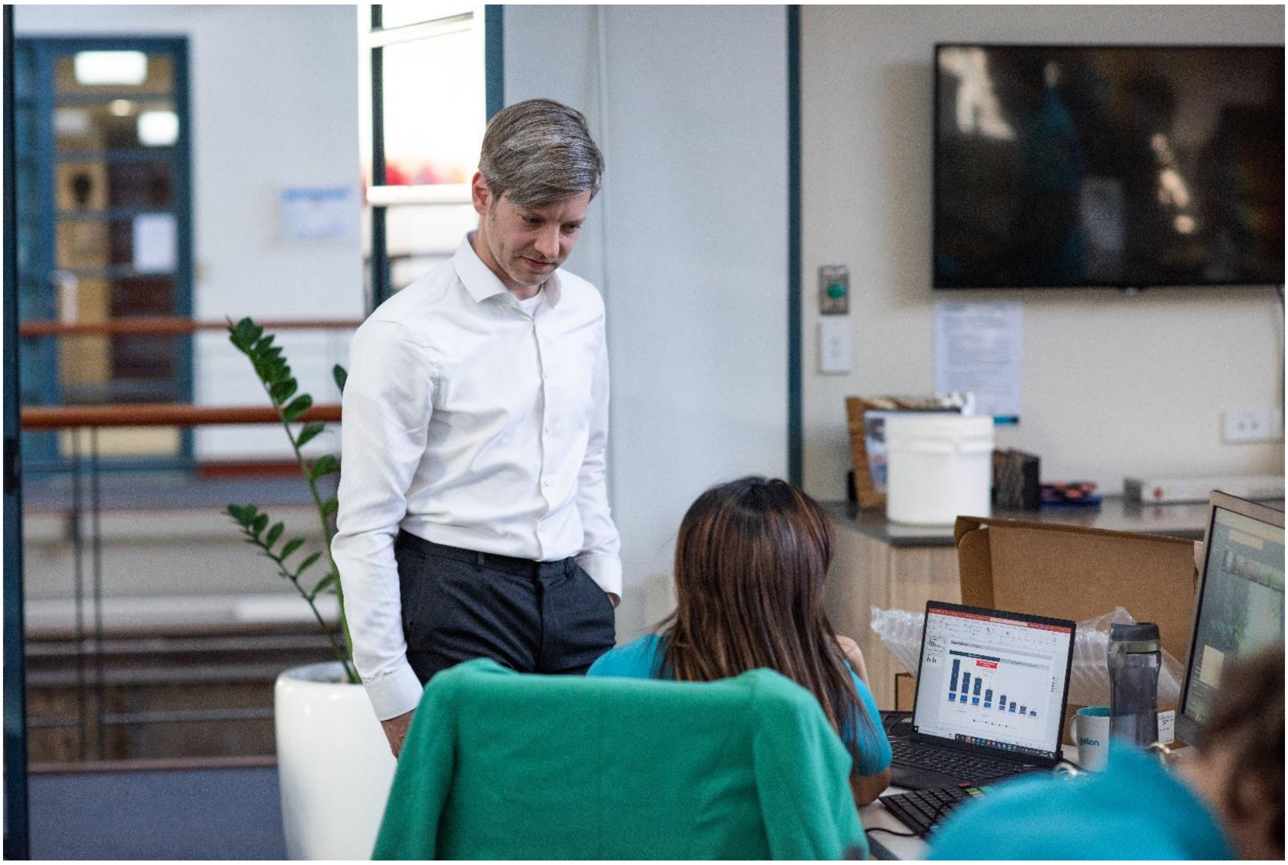
The Audit and Risk Committee reviews and monitors the Group's risk management systems and overall risk framework and processes and at least annually review their effectiveness. It considers the appropriate risk appetite for the Group taking into account its overall strategy and future plans, ensures the risk management function is properly resourced and ensures 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 the non-financial disclosures and commitments, including those related to internal controls and risk management.

Roles and responsibilities

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

Financial risks and mitigation of those risks are detailed in note 19 to the financial statements.



Principal risks and uncertainties

The risks outlined below are those that 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.

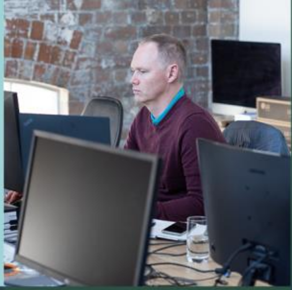
The Board routinely monitors risks that could materially and adversely affect the Group's ability to achieve its strategic goals, its financial condition and the results of its operations.

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

Key risk	Description	Mitigation
Commercial	The Group is subject to competition from competitors who may develop more advanced and less expensive alternative technology platforms.	The Group seeks to reduce this risk by continually assessing competitive technologies and competitors. In addition, the Group continues to focus on markets where the Group has the largest advantages, including high temperature and safety-critical locations, and deliver projects to agreed specifications.
	Commercialisation of the zinc-bromide battery is at an early stage and so may fall short of performance obligations.	Strict quality control procedures during manufacturing and acceptance tests prior to shipping will be put in place to ensure performance issues if any are dealt with appropriately.
	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.	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. Supply chain management is improving through new recruits (planned or already recruited, e.g. quality, health and safety, procurement). The procurement position will enhance the procurement and improve its quality processes for sourcing and managing existing and new suppliers. Gelion does not reply on sole suppliers and therefore the supplier risk is managed efficiently.
Manufacturing facility	The Group does not have a track record of being involved in manufacturing activities. Due to the inexperience, there is a potential risk that the blueprint manufacturing facility setup cost may be materially higher than initially anticipated.	The Group has engaged with market specialists who have a proven background in project management of establishing manufacturing facilities and automation which mitigates the risk to an extent. The majority of capital expenditure is in foreign currency which risk will be managed through forward exchange contracts (see under Foreign exchange risk).

Health, safety and environment	The Directors take their legal obligations under work 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.	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 Aiders.
Financial risk	The Group does not yet generate positive cash flows and therefore is expected to require further funding on the market. The Group expects to incur further operating losses as progress on development programmes continue. The Group is in the early phase of commercialisation and so is not yet generating the product margins required to support all of its costs.	The Group seeks to reduce the financial impact of development by applying for Research and Development incentives. The Group is currently well capitalised to continue the operating activities as planned. Continued product development and scale will allow the Group to drive down gross costs and improve product margin.
Cost reduction plan vs realisation	The Group has a plan to achieve a level of cost reduction for the manufacturing of batteries and battery systems through automation, process efficiency, technological development and better procurement. Whilst 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.	The Group is continuously evaluating these opportunities by investing in people, prioritising work streams and building the right team (e.g. Head of Technology, Procurement specialist, Manufacturing engineers, R&D engineers) to minimise this risk.
Market/competition risk	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. 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.	Gelion's technology continues to be considered a real alternative to other technology currently on the market and 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. The Group has placed emphasis on technology development throughout the calendar year 2023 to continue to offer market expected performance and have recruited further experienced hires in the calendar year 2022 to support the development activities.

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.	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 more patents as part of the technology development to continue protecting its valued intellectual property.
Key management and staff	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 53 for further information on senior management.	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. In addition, the team is guided by a single-focus: to create a better tomorrow through next-generation energy storage solutions.
Ukraine war	The war in Ukraine has created inflationary pressures across the supply chain. Gelion is not reliant on any specific consumable or product from the affected regions, however, inflationary pressures are being felt.	Gelion is focused on contractual relationships with key suppliers to secure mid- to long-term material needs. The Group is closely monitoring any indirect risks (coming not only from that region) related to potential threats to cybersecurity and overseas payments, through our strict internal policies and procedures. In addition, Gelion will also consider any new supplier's country of operations before including in the preferred supplier list.
COVID-19	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 and the Ukraine war could trigger a deep, long-lasting recession which could significantly impact the Group.	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. The Group continues to focus on its commercialisation progression and monitor the global economic landscape.
Foreign exchange	Having multi-jurisdictional operations exposes the Group to foreign exchange risk, particularly against the US Dollar (USD). Whilst majority 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).	The Group has signed an agreement with a financial institution post end of FY22, to set forward exchange rate contracts to provide certainty in terms of cash flow forecasts. In addition, there are enough funds in AUD to continue supporting the operations of the business thereby reducing exposure to other currencies. There were no forward exchange contracts signed as of FY22. The Group plans to invoice customers based outside Australia in USD providing a natural hedge to volatility in USD.





Section Two

Corporate Governance

Corporate governance

Introduction to the Governance Report from the Chairman, Steve Mahon

Dear Shareholders,

As Chairman of the Company, I firmly believe that strong corporate governance helps provide the building blocks that allow an organisation to be successful.

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.

The Directors believe that the QCA Code provides the Company with the framework to help ensure that a strong level of governance is maintained, enabling the Company to embed the governance culture that exists within the organisation as part of building a successful and sustainable business for all stakeholders. 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/ .

Principle	Disclosure
Establish a strategy and business model which promotes long-term value for shareholders.	The strategy of Gelion is defined on pages 20 and 21 of the Annual Report. The Directors are responsible for implementing the strategy and believe that the Group's business model and growth strategy help to promote long-term value for shareholders. The strategy is further detailed into specific plans that enable day-to-day management of the business. The principal risks facing the Group are set out on page 42 of the Annual Report. The Directors have continued and will continue to take appropriate steps to identify risks and undertake a mitigation strategy to manage these risks following the Company's Admission on AIM, including and have implemented a risk management framework.
Seek to understand and meet shareholder needs and expectations.	An active dialogue is maintained with shareholders. Shareholders are kept up to date via announcements made through a Regulatory Information Service on matters of a material substance and/or a regulatory nature. Updates are provided to the market from time to time, including any financial information, and any expected material deviations to market expectations would be announced through a Regulatory Information Service. The Company will hold its first's AGM in December 2022 which will provide is an opportunity for Shareholders to meet with the Non-Executive Chairman and other members of the Board. The meeting is open to all Shareholders, giving them the opportunity to ask questions and raise issues during the formal business or, more informally, following the meeting. The results of the AGM will be announced through a Regulatory Information Service. The Board is keen to ensure that the voting decisions of shareholders are reviewed and monitored and the Company is committed to engaging with shareholders who do not vote in favour of resolutions at AGMs. All contact details for investor relations are included on the Group's website.

Including wider stakeholder* community and social responsibilities and their implications for long term success.	The Group takes its corporate social responsibilities very seriously and is focused on maintaining effective working relationships across a wide range of stakeholders including shareholders, staff, partners, suppliers and customers part of its business strategy. The Directors maintain an ongoing and collaborative dialogue with such stakeholders and take all feedback into consideration as part of the decision-making process and day-to-day running of the business. The Company has implemented a formal Environmental, Social, Regulatory and Governance Responsibility (ESG) policy and strategy and has established an ESG Committee. The ESG Committee will monitor the implementation of ESG practises to ensure the Group conducts its business with a view of long-term sustainability for its customers, employees, communities, the environment as well as its shareholders. * Please refer to Section 172 Stakeholder Engagement on page 38
Embed effective risk management, considering both opportunities and threats, throughout the organisation.	The Directors have established an Audit and Risk Committee which takes appropriate steps to identify risks and undertake a mitigation strategy to manage these risks. A review of these risks is carried out by the Audit and Risk Committee on a regular basis or at least on an annual basis, the results of which are included on pages 59 to 62 of the Annual Report. While it has established the Audit and Risk Committee, the Board has overall responsibility for the determination of the Group's risk management objectives and policies.
Maintain the Board as a well-functioning, balanced team led by the chair.	The Board is comprised of the following persons: • four Non-Executive Directors including the Non-Executive Chairman; and • two Executive Directors. The biographies of the Directors are set out on page 53 of the Annual Report. The Non-Executive Directors, Michael Davie and Joycelyn Morton, are considered to be independent and were selected with the objective of bringing experience and independent judgement to the Board. The Board is also supported by the Audit and Risk Committee, the Remuneration Committee and the ESG Committee. The Board meets regularly and processes are in place to ensure that each Director is, at all times, provided with such information as is necessary to enable each Director to discharge their respective duties. The Group is satisfied that the current Board is sufficiently resourced to discharge its governance obligations on behalf of all stakeholders. Under the articles of association, the Board has the authority to approve any conflicts or potential conflicts of interest that are declared by individual directors; conditions may be attached to such approvals and directors will generally not be entitled to participate in discussions or vote on matters in which they have or may have a conflict of interest.
Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities.	The Board continually evaluates the skills that are required of its members and whether they are adequately provide for. The Directors believe that the Board has the appropriate balance of diverse skills and experience in order to deliver on its core objectives. Experiences are varied and contribute to maintaining a balanced board that has the appropriate level and range of skill to drive the Group forward. Where required the directors will take further advice from professional advisors such as lawyers, accountants and tax specialists. The Board is not dominated by one individual and all Directors have the ability to challenge proposals put forward to the meeting, democratically. The Directors continue to receive briefings from the Company's Nominated Adviser in respect of continued compliance with, inter alia, the AIM Rules and the Company's solicitors in respect of continued compliance with, inter alia, UK Market Abuse Regulation.

Evaluate all elements of Board performance based on clear and relevant objectives, seeking continuous improvement.	The Directors continue to consider the effectiveness of the Board, Audit and Risk Committee, Remuneration Committee and ESG Committee, and the individual performance of each Director. The Chairman will review and appraise the performance of the Directors on an annual basis with the first evaluation in December 2022, to determine the effectiveness and performance of each member with regards to their specific roles as well as their role as a Board member in general. The appraisal system will seek to identify areas of concern and make recommendations for any training or development to enable the Board member to meet their objectives. All continuing directors stand for re-appointment every three years. All directors undergo a performance evaluation before being proposed for re-appointment to ensure that their performance is and continues to be effective, that where appropriate they maintain their independence and that they are demonstrating continued commitment to the role. The Board will monitor the Non-Executive Directors' independence to ensure that a suitable balance of independent Non-Executive and Executive Directors remains in place. It is beneficial for membership of the Board to be periodically refreshed. Succession planning is a vital task for boards. No member of the Board should become indispensable.
Promote a corporate culture that is based on sound ethical values and behaviours.	The Group has a responsibility towards its staff and other stakeholders. The Board promotes a culture of integrity, honesty, trust and respect and all employees of the Group are expected to operate in an ethical manner in all of their internal and external dealings. The staff handbook and policies promote this culture and include such matters as whistleblowing, social media, anti-bribery and corruption, communication and general conduct of employees. The Board takes responsibility for the promotion of ethical values and behaviours throughout the Group, and for ensuring that such values and behaviours guide the objectives and strategy of the Group. The performance and reward system should endorse the desired ethical behaviours across all levels of the Company. The corporate culture should be recognisable throughout the disclosures in the annual report, website and any other statements issued by the Company. The culture is set by the Board and is regularly considered and discussed at Board meetings.
Maintain governance structures and processes that are fit for purpose and support good decision making by the Board.	Steve Mahon, the Non-Executive Chairman, leads the Board and is responsible for its governance structures, performance and effectiveness. The Board retains ultimate accountability for good governance and is responsible for monitoring the activities of the executive team. The Non-Executive Directors are responsible for bringing independent and objective judgement to Board decisions. The Executive Directors are responsible for the operation of the business and delivering the strategic goals agreed by the Board. The Board is supported by the Audit and Risk committee, Remuneration Committee and ESG Committee, further details of which are set out in the Annual Report. There are certain material matters which are reserved for consideration by the full Board. Each of the committees has access to information and external advice, as necessary, to enable the committee to fulfil its duties. The Board reviews the Group's governance framework on an annual basis to ensure it remains effective and appropriate for the business going forward.

Communicate how the company is governed by maintaining a dialogue with shareholders and other relevant stakeholders.	Responses to the principles of the QCA Code and the information that is contained in the Company's Annual Report and Accounts provide details to all stakeholders on how the Company is governed. The Board is of the view that the Annual Report and Accounts as well as its half year report are key communication channels through which progress in meeting the Group's objectives and updating its strategic targets can be given to shareholders. Additionally, the Board will use the Company's AGMs (first AGM expected in December 2022) as a mechanism to engage directly with Shareholders, to give information and receive feedback about the Group and its progress. The AGM which provides shareholders with an opportunity to meet the Board of directors and to ask questions relating to the business. All votes made at any AGM or GM are published and the Board will publish commentary on any vote where 20% or more of the independent shareholders have voted against any resolution. Private investor roadshows and presentations at investor conferences are also taking place to interact with Shareholders. The Company's website is updated on a regular basis with information regarding the Group's activities and performance, including financial information. All contact details for investor relations are included on the Group's website.

Shareholder engagement

The Board recognises the importance of communicating with its shareholders and maintains dialogue with institutional shareholders and analysts, and 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 private 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 Company'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.

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 Company's expense. Removal of the Company Secretary would be a matter for the Board.

Board evaluation

The Board evaluation process will be carried out by the Chairman annually, with the first one to be held in December 2022.

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 nine times since the IPO due to the dynamic nature of the business. There is a strong flow of communication between the Directors, and in particular between the CEO and Chairman.

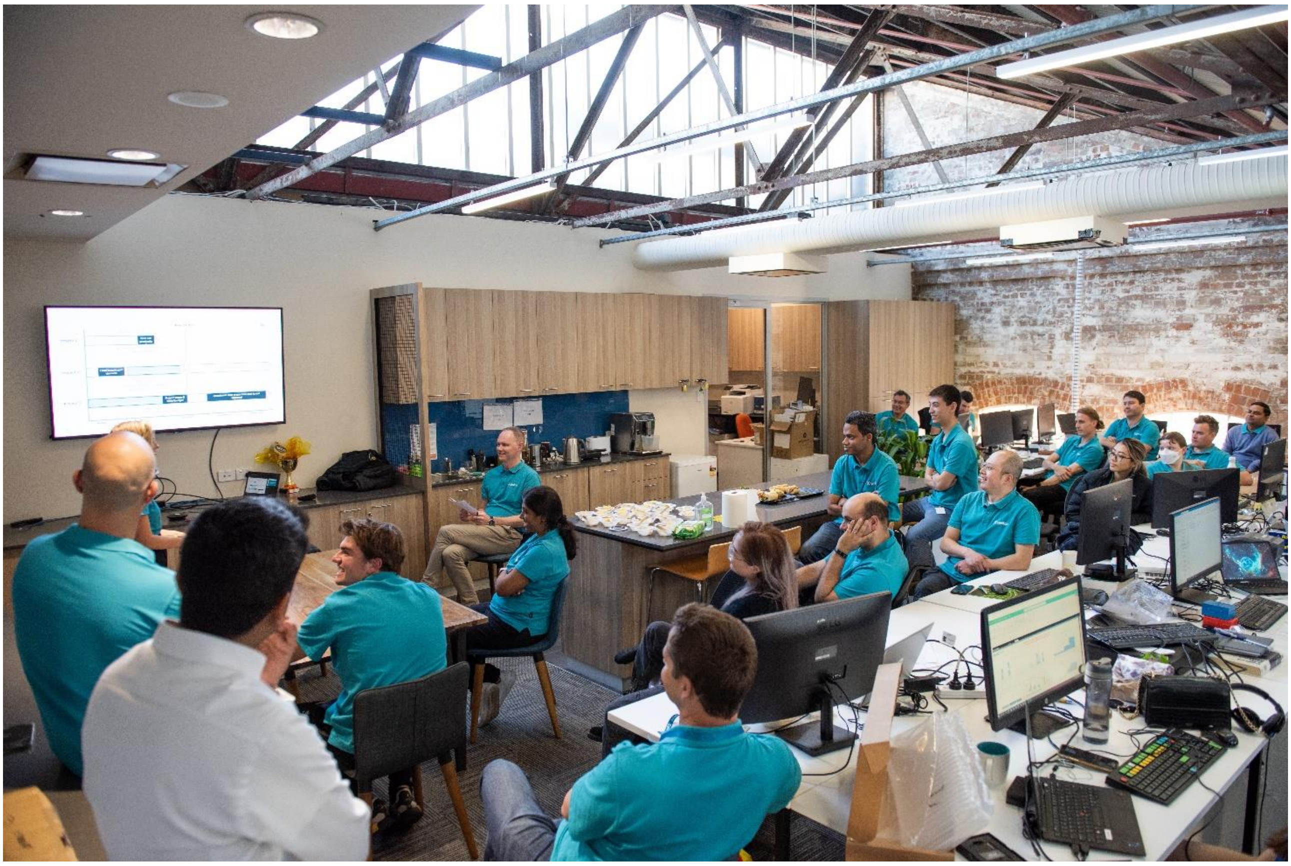
Board meeting agendas are set in consultation with both the CEO and Chairman, with consideration being given to both standing agenda items and the strategic and operational needs of the business. Comprehensive Board papers are circulated in advance of meetings, giving Directors ample time to review the 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's Nomad provides annual boardroom training as well as initial training as part of a Director's onboarding.

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

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

Dr Steve Mahon
Chairman
8 November 2022



Board of Directors

The Quoted Companies Alliance Corporate Governance Code (QCA Code) requires the Company to have at least two independent non-executive directors. In judging independence, the Board takes into account whether or not a Director is independent of management and any business or other relationship that could affect or interfere with the exercise of objective judgement by that Director, or their ability to act in the best interests of the Company and its subsidiaries. The Board considers Michael Davie and Joycelyn Morton to be independent for the purposes of the QCA Code.

The Board is led by the Chairman, Dr Steve Mahon, who is responsible for corporate governance as a whole and ensuring the Board is effective in directing the Company. The Board is responsible for the overall strategy and management of the Group.

Individual Directors are entitled to seek independent advice at the expense of the Company.

Board skills and experience

Committees:

Audit and Risk Remuneration ESG

Dr Steve Mahon – BSc (Hons), PhD
Dr Steve Mahon has been a Director of the Company since April 2016 and the Non-Executive Chairman since the IPO.

Dr Mahon had an extensive career in asset management and impact investing having founded Armstrong Capital Management Limited, where he is now Chairman. Armstrong are a pioneer of the UK renewables market having deployed over £300m of capital to develop, operate and sell over operating 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.

Before establishing Armstrong, Dr Mahon co-founded Low Carbon Investors Limited, and created the UK's first dedicated feed-in-tariff fund with Downing LLP, the Downing Low Carbon EIS, and went on to advise Downing on the investment of more than £45m in feed-in-tariff projects in solar and wind assets.

Dr Mahon has a first-class degree and PhD in Geophysics and Planetary Physics.

Amit Gupta – Bcom (Hons), Mfin, Macc, CA

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 over 15 years' experience in professional services having worked with KPMG and more recently with Deloitte in Australia. He started as a graduate with KPMG and, before joining Gelion, was a Director at Deloitte Touche Tohmatsu in their Financial Advisory team specialising in IPOs and M&A transactions. During his time at Deloitte, he has assisted numerous companies operating both in Australia and overseas to list on the Australian Stock Exchange (ASX).

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 in Australia in 2008.

Professor Thomas Maschmeyer – PhD, HonDSc, FAA, FTSE, MAE, FRACI, FRSN

Professor Maschmeyer is Founder and Principal Technology Advisor at Gelion Technologies (2015), Co-Founder of Licella Holdings (2007) and inventor of its Cat-HTR™ technology. He has been a Director of the Company since April 2016. He is also the Principal Technology Consultant 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 Europe 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 RACI Weickhardt Medal for Economic Contributions (2012), the RACI R.K.Murphy Medal for Industrial Chemistry (2018), the Eureka Prize for Leadership in Innovation and Science (2018) and the Federation of Asian Chemical Societies' Contribution to Economic Development Award (2019).

Joycelyn Morton – Bec, FCA, FCPA, FIPA, FGIA, FAICD

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) and ASC Pty Ltd (since 2017). 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) 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.

Michael Davie – BA (Hons)

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 mostly 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.

Hannah McCaughey –BA, LLB (Hons), LLM (Dist)

Hannah McCaughey was appointed as the Chief Executive Officer of the Group in March 2022 as well as a Director of the Company.

A highly experienced senior executive with a track record in infrastructure and utilities including network and transmission, energy retail, power and distributed energy, she also has a proven history leading complex, varied teams in energy technology businesses with a strong growth agenda.

Hannah resigned as a Director on 28 October 2022.

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 has contributed 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.

Tenure

At the first Annual General Meeting (AGM) of the Company all of 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.

As the 2022 AGM will be the first AGM since admission to AIM, all Directors will be retiring at the 2022 AGM in accordance with the Company's Articles of Association. The Board has carefully considered the position of each of the Directors and considers their contribution to be significant and effective; accordingly, the Board recommends 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. Since admission to AIM, there were nine regular scheduled Board meetings during the year. There were three meetings of the Audit and Risk Committee, two meetings of the Remuneration Committee and one meeting of the ESG Committee held during the year. The attendance of the Directors was as follows:

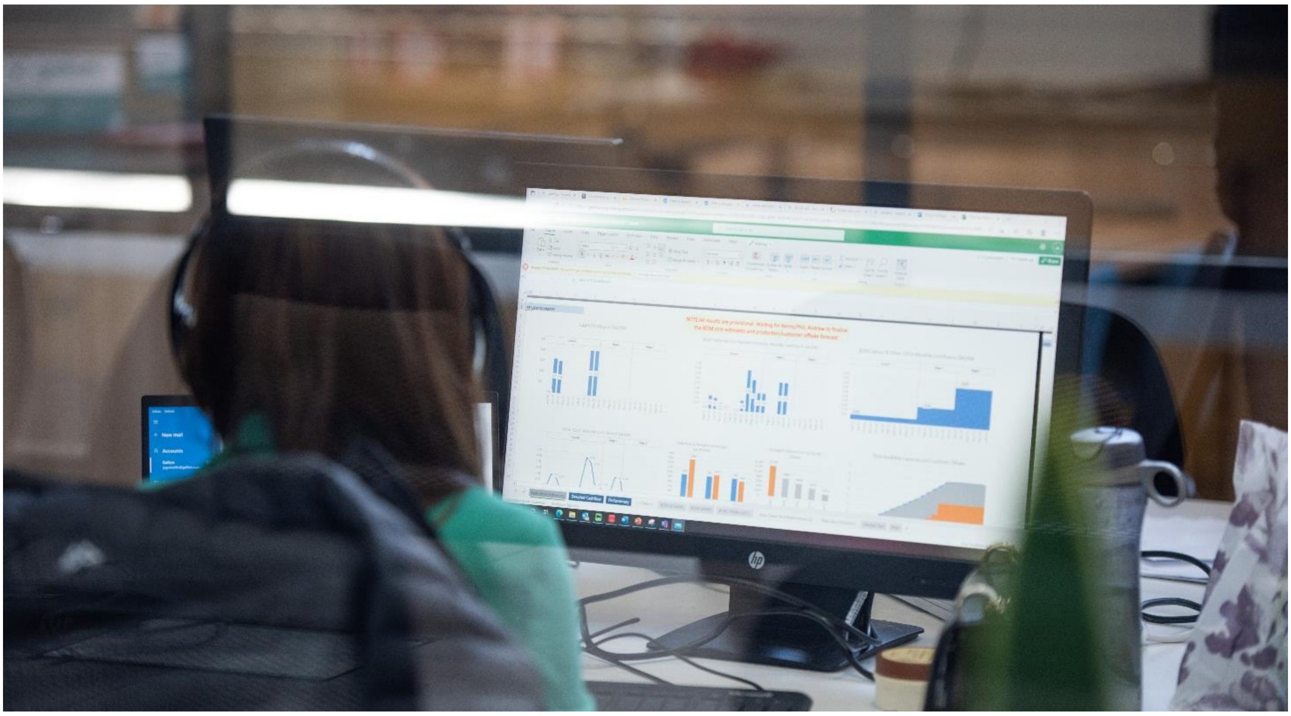
Director	Board	Audit and Risk	Remuneration	ESG
Steve Mahon	12/12*	3/3	2/2	0/1*
Hannah McCaughey**	7/7	N/A	N/A	1/1
Amit Gupta**	9/9	N/A	N/A	N/A
Prof. Thomas Maschmeyer	11/12	N/A	N/A	N/A
Joycelyn Morton**	9/9	3/3*	2/2	N/A
Michael Davie**	5/9	0/3	½*	1/1
Andrew Grimes**	3/3	N/A	N/A	N/A

*Denotes Chair.
** Director for part of year.

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.

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. Whilst the Board may delegate specific responsibilities, matters reserved for the Board include, amongst other things, approval of significant capital expenditure, material business contracts and major corporate transactions.



Committees

With effect from admission to AIM, the Board has established three committees to deal with specific aspects of the Group's affairs: Audit and Risk Committee, Remuneration Committee and Environmental, Social and Governance (ESG) Committee. Given the Group's current size and stage of operations, the Board has elected not to constitute a nomination committee and the matters normally reserved to such a committee such as reviewing the structure, size and composition of the Board and identifying candidates to fill vacancies on the Board, is dealt with by the Board as whole.

Audit and Risk Remuneration ESG

Audit and Risk Committee

The Audit and Risk Committee comprises of 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 Company's external auditors.

The Audit and Risk Committee is responsible for monitoring the integrity of the Company'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, objective independent, appropriately priced and of high quality).

The Audit and Risk Committee review and monitor the Group's risk management systems and overall risk framework and processes and at least annually review their effectiveness. It considers the appropriate risk appetite for the Group considering its overall strategy and future plans, ensure the risk management function is properly resourced and 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 the non-financial disclosures and commitments, including those related to internal controls and risk management.

Remuneration Committee

The Remuneration Committee comprises of 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 that the Executive Directors and other key employees of the Company (together 'executives') are fairly rewarded for their individual contribution to the overall performance of the Company, 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.

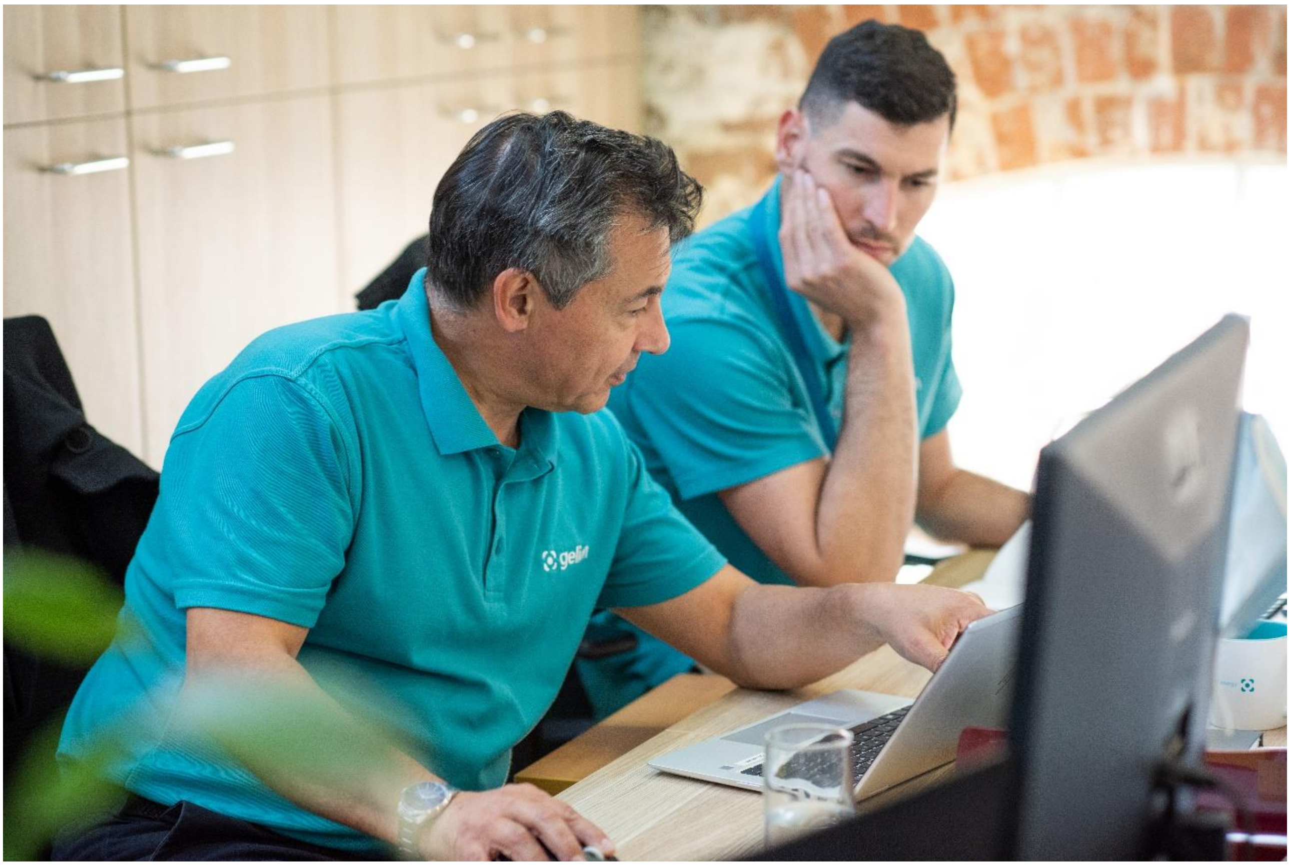
The Remuneration Committee is responsible for determining and agreeing with the Board the framework for the remuneration of the executives and, within the terms of the agreed framework, determining the total individual remuneration packages of such persons including, where appropriate, bonuses, incentive 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 his or her own remuneration.

ESG Committee

The ESG Committee comprised of Steve Mahon (as Chair), Hannah McCaughey and Michael Davie. The ESG Committee meets at least four times a year and otherwise as required.

The ESG 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 ESG Committee assesses the performance of the Group with regard to the impact of decisions relating to ESG matters, 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

"Gelion is committed to good financial reporting, internal control and risk management to promote its long-term success as a global manufacturer of innovative battery solutions."

Overview

Following the admission to trading on AIM, the Company has continued to develop a clear framework to identify and manage internal and external risks having particular regard to the changing nature of the Group's business activities, from research and development to commercial sale of its products and technology.

Whilst the Board retains overall responsibility for the Company's risk management and internal controls framework, the Audit and Risk Committee assists the Board in meeting its responsibilities including the delegation of responsibility for reviewing the effectiveness of risk management and internal controls to help reduce, although not necessarily eliminate, the risk of failure to achieve the objectives of the Group.

A summary of the principal risks facing the Group is set out in the Strategic Report on pages 20 to 21.

Audit and Risk Committee

The role of the Audit and Risk Committee is primarily to monitor and review the integrity and adequacy of the Group's financial reporting, internal accounting practices, the effectiveness of the Group's internal control and risk management processes, whistleblowing policy and practices, and the appointment and performance, independence and objectivity of the Group's external auditor.

All members of the Committee are Non-Executive Directors, two of which are independent. 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 members of the Audit and Risk Committee

Joycelyn Morton
Chair

Michael Davie
Non-Executive Director

Steve Mahon
Non-Executive Director

The Audit and Risk Committee meets at least four times per year and liaises regularly with the Group's external auditor. The Committee met three times during the seven-month period from the Company's admission to trading on AIM to the end of the Company's financial year end.

During the last financial year, the Committee has ensured that it has had oversight of the above areas whilst also considering the ongoing impact of a diverse range of issues including the COVID-19 pandemic, inflationary and interest rate pressures, the rising cost of living, rising energy costs, the increase in employee mobility, the war in Ukraine as well as other factors that may influence the Group's supply chain management, people risk, cyber security, data management and privacy and financial control.

The detailed responsibilities of the Audit and Risk Committee are set out in its terms of reference, which are available on request from the Company Secretary.

Activities during the year

During the period following the conversion of the Company from a private limited company to a public limited company, and its subsequent admission to trading on AIM, the Committee oversaw:

(a) a competitive tender for the Group's external audit work;
(b) the appointment and onboarding of the successful external auditor and appointment of tax advisers;
(c) the reporting of the Group's half-yearly results;
(d) the preparation and audit of the Company's first report and accounts as a public limited company. In reviewing these and other items, the Committee received reports from management and, as appropriate, reports from internal and external assurance providers.

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 2022 was completed by BDO LLP and their Australian firm BDO Audit Pty Ltd (together 'BDO') following the Group initiating a competitive tender process earlier in the year, managed by the Committee. Following the competitive tender process and having regard, amongst other things, to capability, independence, objectivity and fee levels, the Committee recommending the appointment of BDO to the Board, which the Board subsequently approved. The Company's previous auditor (Lubbock Fine LLP) and the subsidiary's auditor (Nexia Sydney Audit Pty Ltd), both resigned after the completion of the tender process and raised no concerns or issues around their resignation. Members will be asked to confirm the appointment of BDO at the Company's Annual General Meeting.

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.

In recommending the appointment of BDO as the auditors of the Group, the Committee considered any non-audit services provided to the Group at the time or prior to their appointment, which were:

- Reporting accountant and associated tax advice in relation to the AIM listing.
- Advise in relation to the employee share option plan.

The Committee were satisfied that BDO were sufficiently independent and objective to be appointed as auditors of the Group and the Committee shall 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 non-audit services to the Group.

Certain services have been in relation to employee share option plan tax compliance. For further details regarding fees paid, see note 8 to the financial statements.

Joycelyn Morton
Chair of Audit and Risk Committee
8 November 2022

Directors' Remuneration Report

"On behalf of the Board, I am pleased to present the Directors' Remuneration Report for the financial year ended 30 June 2022, my first as Chair of the Remuneration Committee."

Overview

To meet its strategic objectives, Gelion recognises that attracting, retaining and incentivising key talent is essential. The Group operates in a competitive environment and sets out to provide competitive remuneration to all of its employees, appropriate to the strategic aims, business environment and geographical location of the Group.

The employee share option scheme, which allows Executive Directors, the senior leadership team and other team members to establish a shareholding in the Company, seeks to align employee interests with shareholders.

The Company is committed to improving inclusion and diversity and these are considered in recruitment selection processes, opportunities for development and promotion, pay and benefits for its people.

While the Board sets the remuneration policy, responsibility for reviewing the effectiveness of these strategies and underlying plans is delegated to the Remuneration Committee.

Information about the remuneration of the Directors of the Company for the year ended 30 June 2022 is set out in the following section. This report is unaudited and has been prepared in accordance with the requirements for AIM listed companies set out in the Companies Act 2006 and the AIM Rules as applicable for a Company of our size.

The Remuneration Committee

The Company's Remuneration Committee meets at least twice per year and is responsible for the Company's people and reward strategies with the Board retaining overall responsibility. The Committee met twice during the seven-month period from the Company's admission to trading on AIM to the end of the Company's financial year end. Due to its size, the Company has elected to not have a nomination committee and the matters normally delegated to a nomination committee are dealt with by the Board as a whole, although a nomination committee may be formed as required from time to time.

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

The members of the Remuneration Committee

Michael Davie
Chair

Joycelyn Morton
Non-Executive Director

Steve Mahon
Non-Executive Director

The Remuneration Committee has five key responsibilities:

(a) to develop remuneration packages to support the delivery of business objectives in the short, medium and long term;
(b) to align the interests of the Executive Directors and other key employees with the interests of long-term shareholders;
(c) to apply performance criteria to encourage the Executive Directors and other key employees to operate within the risk parameters set by the Board;
(d) to ensure that the Group can recruit and retain high quality Executive Directors and other key employees through fair and attractive, but not excessive, packages; and
(e) to communicate with the shareholders through the annual report on remuneration.

No Director may be involved in any decisions as to their own remuneration.

During the period, the Committee:

- reviewed and considered remuneration matters arising from the resignation of the Company's Chief Executive Officer;
- reviewed and considered the remuneration package for the Company's new Chief Executive Officer;
- reviewed and considered remuneration matters arising in relation to the appointment and subsequent departure of the Company's new Chief Operating Officer;
- reviewed and proposed for Board approval remuneration terms for the executive team to incentivise implementation and delivery the Group's strategy;
- reviewed and considered appropriate remuneration levels, including under the Company's employee share option scheme, for the past financial year, including the IPO listing in November 2021 on London Stock Exchange's AIM;
- reviewed and considered appropriate remuneration levels, including under the Company's employee share option scheme, for the next financial year and beyond.

The Group has now introduced a new bonus and share-based incentive scheme applicable for the year ending 30 June 2023 (FY23). They are 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.

Service agreements, notice periods and termination payments

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

- The Interim CEO, Hannah McCaughey, is employed on a nine month fixed term contract.
- The CFO, Amit Gupta, has a three months' notice period according to his employment agreement.

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 motivate executives 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 bonus and share option awards.

Component	Operation of reward	Performance metrics
Base salary	Base salaries are reviewed annually by the Board to align with the executive's experience and performance.	Reviewed annually after considering: pay levels at comparably sized listed companies and sector peers; the performance, role and responsibility of each Director; the economic climate, market conditions and the Company's performance; and the level of pay across the Group as a whole.
Superannuation	Legislative requirement in Australia	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.	Awards vest to the extent that challenging share price targets have been met.

* STIP and LTIP are new bonus components and will be applicable for year ending 30 June 2023.

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.

As disclosed in the Admission Document, the following Non-Executive Directors are eligible for bonuses as summarised below:

- Michael Davie accrued a bonus linked to share price of the Company on the nine-month anniversary of his appointment. A further bonus will accrue on the 18-month and 27-month anniversary.
- Joycelyn Morton accrued a bonus linked to share price of the Company on the nine-month anniversary of her appointment. A further bonus will accrue on the 18-month and 27-month anniversary.

Prof. Thomas Maschmeyer received a bonus payment prior to the IPO of £13,014 in September 2021. He does not participate in any bonus scheme or long-term incentive reward scheme.

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.

Directors' remuneration

The aggregate remuneration received by Directors who served during the year ended 30 June 2022 was as follows:

Salaries/fees, annual bonus and benefits

Name	Salary/fee £'000	Pension £'000	Benefits in kind £'000	Annual bonus £'000	Total £'000
Non-Executive Directors					
Steve Mahon* ^	33.4	2.5	–	–	35.9
Prof. Thomas Maschmeyer* ^	18.0	–	–	13.0	31.0
Michael Davie*	22.1	1.2	–	–	23.3
Joycelyn Morton*	23.3	–	–	–	23.3
Robin Chamberlayne^	-	-	-	-	-
Dr. Leonard Humphreys	-	-	-	-	-
Executive Directors					
Hannah McCaughey**	76.9	5.1	–	–	82.0
Amit Gupta**	146.5	12.4	–	45.4	204.3
Andrew Grimes**	168.6	12.9	–	403.4	584.9

* 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 and resigned on 28 October 2022.
^ Management / arrangement / R&D service fees were paid to companies with common directors (please refer to note 23).

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 2022 are shown below

Name	Existing options	Options granted in the year	Vested	Exercised	Cancelled/ surrendered
Non-Executive Directors					
Michael Davie	–	–	–	–	–
Steve Mahon	–	–	–	–	–
Prof. Thomas Maschmeyer	–	–	–	–	–
Joycelyn Morton	–	–	–	–	–
Executive Directors					
Amit Gupta	–	400,000	400,000	–	–
Hannah McCaughey	–	–	–	–	–

Andrew Grimes resigned as Director with effect from 3 March 2022. The table below sets out the share options that he held up until 3 March 2022:

Name	Existing options	Options granted in the year	Vested	Exercised	Cancelled/ surrendered
Andrew Grimes	–	2,260,000	1,830,000	–	430,000

Post 30 June 2022, 1,026,515 Ordinary Shares of 0.1 pence were issued by the Company to Andrew Grimes, ex-CEO of the Company. These shares are in exchange for Andrew Grimes relinquishing 1,830,000 options over Ordinary Shares that had vested in accordance with the disclosures made at the time of the Company's IPO.

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

The interests (all of which are beneficial unless otherwise stated) of the Directors and their families as defined in the AIM Rules in the issued share capital of the Company are set out on page 68.

Related party transactions

Related party transactions are set out in note 23 to the financial statements.

Michael Davie
Chair of the Remuneration Committee
8 November 2022

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 2022.

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

Ms Hannah McCaughey (CEO) (Appointed 3 March 2022, resigned 28 October 2022)
Mr Andrew Grimes (CEO) (Resigned 3 March 2022)
Mr Amit Gupta (CFO) (Appointed 21 November 2022)

Non-Executive

Dr Steve Mahon (Chairman)
Prof. Thomas Maschmeyer
Ms Joycelyn Morton (Appointed 21 November 2022)
Mr Michael Davie (Appointed 21 November 2022)
Mr Robin Chamberlayne (Resigned 23 November 2021)
Dr Leonard Humphreys (Resigned 23 November 2021)

Principal activity and review of business developments

The principal activity of Gelion is the development of zinc-bromide battery cells to meet the needs of customers.

Reviews 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 £3.0m in the year (2021: £1.9m). 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.

Directors' interests in Ordinary Shares

The Directors, who held office at 30 June 2022, 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	769,793
Joycelyn Morton	46,872
Amit Gupta	–
Hannah McCaughey	–

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

Board changes

Details of changes to the membership of the Board are disclosed within the Directors' interests and their remuneration on page 65.

Capital structure

Details of the Group's capital structure are provided in notes 19 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 31 October 2022, 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	15.6%
Dr. Leonard Humphreys**	7,308,568	6.8%
Jasgo Family Trust	7,095,933	6.6%
Mr Robin Chamberlayne***	3,548,045	3.3%
University of Sydney	3,392,184	3.2%

* 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

Post 30 June 2022, 1,026,515 Ordinary Shares of 0.1 pence were issued in the Company to Andrew Grimes, ex-CEO of the Company in exchange for Andrew Grimes relinquishing 1,830,000 options over Ordinary Shares that had vested in accordance with the disclosures made at the time of the Company's IPO.

No other significant events have occurred between the balance sheet date and the date of authorising these financial statements.

Future developments
Information on the future developments of the business are included in the Strategic Report on page 9.

Principal risks and uncertainties
Information relating to the principal risks and uncertainties facing the Group is set out on page 42 of the Strategic Report.

Related party transactions
Related party transactions are disclosed in note 23 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 also in note 21 to the financial statements.

Political and charitable contributions
The Group made no charitable donations and no political donations during the year (FY21: £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 of 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 50 employees at the year end, two of whom are 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 Company 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 Company's 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
8 November 2022

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 have elected to prepare the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) and applicable law including Financial Reporting Standards 101 Reduced Disclosure Framework. Under company law the Directors must not approve the financial statements unless they are satisfied that they 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 that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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.

S. Mahon

Steve Mahon
Chairman
8 November 2022

Section Three

Financial Statements

Independent auditors' report to the members of Gelion PLC

Opinion on the financial statements

In our opinion:

- 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 2022 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 UK adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; 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 2022 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 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).

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 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 area of focus 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.

Overview

Coverage	100% of Group loss before tax 100% of Group total assets
Key audit matters	1. Going concern 2. Recognition of government grant income and valuation of receivable
Materiality	Group financial statements as a whole £300,000 based on 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 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.
- 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
Going Concern Refer to note 2.4 of the financial statements	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. As at 30 June 2022 the Group had cash of £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 prepare cash flow forecasts to 31 December 2023. There is significant judgement applied in preparing these forecasts. We therefore identified the audit of the Directors' going concern assessment as a key audit matter.	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: • We considered whether the assumptions and inputs in the cash flow forecast prepared by the Directors were in line with our understanding of the Group's operations and other information obtained by us during the course of the audit. • We corroborated the June 2022 and September 2022 cash positions by reference to supporting documentation. • We challenged the forecast expenditure by comparing it to historical run rate and applied inflationary impacts. We confirmed that contractually committed amounts were included. • We challenged the level of forecast capital expenditure, as a significant cost expected to be incurred within the going concern period. We confirmed that the capital expenditure is discretionary and therefore within Management's control. • 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. • We tested the integrity and arithmetic accuracy of the cash flow forecast model prepared by the Directors.

		• 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. **Key observations:** See 'Conclusions relating to going concern' section above.
Recognition of government grant income and valuation of receivable Refer to Note 2.6, Note 2.20, Note 5 Note 17 to the financial statements	For the period ended 30 June 2022, the Group recognised other income of £1.7m related to Research & Development ("R&D") tax incentives from the Australian Government. A related other receivable for the same amount was recognised in the statement of financial position. As detailed in Note 2.20, Management have assessed the Group's R&D expenditure, with assistance from an external expert ("Management Expert"), and applied judgement to determine which expenses are likely to be eligible for tax incentives from the Government. The tax incentive assessed by Management has not yet been received. Because of the judgement involved in this, we considered this to be a key audit matter.	Our specific audit testing in this regard included the following procedures: • We evaluated the nature of R&D expenditure claimed as a tax incentive, to confirm that they were allowable under the incentive scheme. • We assessed the competence and independence of Management's Expert to confirm that they are appropriate to use as an expert. • 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. • We engaged with our internal tax experts in Australia to assess the reasonableness of the Group's submission for tax incentives. • We performed look-back testing by assessing the recoverability of claims made by Management in respect of R&D credits in the past. **Key observations:** We found that the judgements made by the Directors, in recognising government grant income for the period ended 30 June 2022, and measurement of the receivable as at that date, to be appropriate.

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
	2022	2022
Materiality	£300,000	£135,000
Basis for determining materiality	1.4% of Total assets	45% of group materiality
Rationale for the benchmark applied	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 45% of Group materiality to allow for aggregation risk.
Performance materiality	£195,000	£87,750
Basis for determining performance materiality	65% of materiality was considered a reasonable basis, taking into consideration: • significant transactions in the year; • the expected value of known and likely misstatements, and management's attitude towards proposed misstatements; and • there are few accounts which are subject to estimation.	

Component materiality

We set materiality for the Australian component based on a percentage of 90% of Group materiality, which was dependent on the size and our assessment of risk of that component. Component materiality was calculated as £270,0000. In the audit of this component, we further applied performance materiality levels of 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 £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 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:

- we obtained an understanding of the legal and regulatory framework applicable to the Group and the industry in which it operates. We focussed on significant laws and regulations that could give rise to a material misstatement in the financial statements, including, but not limited to, the Companies Act 2006, the AIM Listing Rules, UK-adopted International Accounting Standards, Health and Safety, and tax legislations in Australia;
- we held discussions with management and the Board to consider any known or suspected instances of non-compliance with laws and regulations or fraud identified by them;
- we reviewed minutes from board meetings of those charged with governance to identify any instances of non-compliance with laws and regulations;
- we assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur through management override of controls;
- we responded to the risk of management override of control by identifying and testing any large or unusual (those with key risk characteristics) journal entries made in the year;
- we reviewed estimates and judgements applied by Management in the financial statements to assess their appropriateness and the existence of any systematic bias (refer to Key Audit Matters above and Note 2.20 of the financial statements); and
- we communicated relevant identified laws and regulations and potential fraud risks to all audit team members, including the component auditors, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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. This description forms part of our auditor's report.

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.

DocuSigned by:

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Peter Acloque (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
8 November 2022

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

Consolidated Statement of Comprehensive Income

	Notes	30 June 2022 £'000	30 June 2021 £'000
Revenue from contracts with customers	4	–	351
Other income	5	1,745	1,280
Total income		**1,745**	**1,631**
Administrative expenses		(3,204)	(1,503)
Research and development expenditure		(2,970)	(1,926)
Operating loss before listing and other associated costs	6	(4,429)	(1,798)
Listing and other associated costs	7	(4,658)	–
Operating loss		**(9,087)**	**(1,798)**
Finance costs		(73)	(8)
Finance income		3	8
Loss on ordinary activities before taxation		**(9,157)**	**(1,798)**
Tax on loss on ordinary activities	9	–	–
Loss on ordinary activities after taxation		**(9,157)**	**(1,798)**
Total loss for the year attributable to equity holders of the parent			
Other comprehensive income:			
Items that may be reclassified to profit or loss			
- Exchange gains/(losses) arising on translation of foreign operations	10	713	(106)
Total comprehensive loss for the year attributable to equity holders of the parent		**(8,444)**	**(1,904)**
Loss per share (basic and diluted) attributable to the equity holders (pence)	12	(9.20)	(2.00)

The above results relate entirely to continuing activities.
There were no acquisitions or disposals of businesses in the period.
The accompanying notes from pages 84-115 form part of this financial information.

Consolidated Balance Sheet

	Notes	30 June 2022 £'000	30 June 2021 £'000
Assets			
Non-current assets			
Intangible assets	**13**	362	313
Property, plant and equipment	**14**	1,050	553
Current assets			
Cash and cash equivalents	**16**	16,024	1,913
Short-term investments	**17**	1,017	–
Other receivables	**17**	2,153	1,250
Total Assets		**20,606**	**4,029**
Liabilities			
Current liabilities			
Trade and other payables	**15, 18**	854	435
Non-current liabilities			
Trade and other payables	**15, 18**	31	7
Total liabilities		**885**	**442**
Net assets		**19,721**	**3,587**
Equity			
Issued capital	**19**	107	33
Share premium account	**19**	20,662	11,251
Other non-distributable reserves	**19**	5,148	691
Capital reduction reserve	**19**	11,194	–
Accumulated losses		(17,390)	(8,389)
Total equity		**19,721**	**3,587**

The financial statements of Gelion Plc, company registration number 09796512, were approved by the Directors and authorised for issue on 8 November 2022.

S. Mahon

Steve Mahon
Chairman

Consolidated Statement of Cash Flows

	Notes	30 June 2022 £'000	30 June 2021 £'000
Cash flow from operating activities			
Loss for the year before exchange losses		(9,157)	(1,798)
Adjustments for:			
– depreciation		296	220
– amortisation		12	41
– finance costs		6	8
– finance income		(2)	(8)
– loss on disposal of intangible assets		-	55
– loss on disposal of property, plant and equipment		8	-
– share-based payments expense		3,902	75
– lease interest paid		(4)	(8)
– transaction costs of issue of shares		805	-
Changes in operating assets/liabilities			
– Decrease / (increase) in receivables		(740)	75
– Decrease / (increase) in prepayments		(162)	36
– Increase / (decrease) in payables		507	31
Net cash used in operating activities		**(4,529)**	**(1,273)**
Cash flows from investing activities			
Purchase of intangible assets		(48)	(100)
Purchase of tangible property, plant and equipment		(733)	(288)
Short-term investments (term deposits)		(1,017)	-
Interest received		2	8
Net cash used in investing activities		**(1,796)**	**(380)**
Cash flows from financing activities			
Proceeds from issue of shares		16,222	-
Proceeds on issue of convertible loan notes that were subsequently converted		5,999	-
Transaction costs of issue of shares		(2,346)	-
Repayment of leasing liabilities		(126)	(126)
Net cash used in financing activities		**19,749**	**(126)**
Net increase/(decrease) in cash held		**13,424**	**(1,779)**
Cash and cash equivalents at beginning of financial year		**1,913**	**3,778**
Effect of exchange rate changes		**687**	**(86)**
Cash and cash equivalents at end of financial year	**16**	**16,024**	**1,913**

Consolidated Statement of Changes in Equity

	Share capital £'000	Share premium £'000	Accumulated losses £'000	Capital reduction reserve £'000	Other non-distributable reserves £'000	Total £'000
Balance at 1 July 2020	**33**	**11,251**	**(6,593)**	**–**	**723**	**5,415**
Loss on ordinary activities after taxation	–	–	(1,796)	–	–	(1,796)
Other comprehensive income	–	–	–	–	(107)	(107)
Total comprehensive loss for the year	**–**	**–**	**(1,796)**	**–**	**(107)**	**(1,903)**
Contributions by and distributions to owners:						
Share-based payments charge	–	–	–	–	75	75
Total contributions by and distributions to owners:	**–**	**–**	**–**	**–**	**75**	**75**
Balance at 30 June 2021	**33**	**11,251**	**(8,389)**	**–**	**691**	**3,587**
Balance at 1 July 2021	**33**	**11,251**	**(8,389)**	**–**	**691**	**3,587**
Loss on ordinary activities after taxation	–	–	(9,157)	–	–	(9,157)
Other comprehensive income	–	–	–	–	713	713
Total comprehensive loss for the year	**–**	**–**	**(9,157)**	**–**	**713**	**(8,444)**
Contributions by and distributions to owners:						
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
Total contributions by and distributions to owners:	**74**	**9,411**	**158**	**11,194**	**3,744**	**24,581**
Balance at 30 June 2022	**107**	**20,662**	**(17,390)**	**11,194**	**5,148**	**19,721**

The accompanying notes from pages 84-115 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 3rd Floor, 141-145 Curtain Road, London, EC2A 3BX. 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 Reporting 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 2.20.

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. Any discrepancies between totals and sums of components in tables contained in this Annual Report are due to rounding. The policies adopted for translation of the subsidiary's assets, liabilities, income and expenses are set out in note 2.17.

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 First-time adoption of IFRS

The financial information for the year ended 30 June 2019 disclosed in the Admission Document represented the first time that the Group has prepared consolidated financial information under IFRS. A Consolidated Statement of Financial Position as at 1 July 2018, the date of transition to IFRS, was disclosed in that Admission Document. The Directors considered that the Consolidated Statement of Financial Position at that date would be the same if prepared under previous GAAP as prepared under IFRS and that transition to IFRS does not require adjustment to any of the figures stated in the Consolidated Statement of Comprehensive Income. On this basis a full reconciliation of Group equity at the transition date was not prepared.

The parent company had transitioned to adoption of IFRS as of July 2020. The subsidiary undertaking prepares statutory accounts under Australian Accounting Standards which have no differences from IFRS, therefore no adjustments are required in the consolidation of this entity. IFRS 1 allows first-time adopters certain exemptions from the retrospective application of certain requirements under IFRS.

2.4 Going concern

The Directors have prepared a cash flow forecast for the period ending 31 December 2023. This forecast indicates that the Group and parent company would expect to remain cash positive without the requirement for further fund raising based on delivering the existing pipeline, for a period of at least 12 months from the date of approval of these financial statements. The Group meets its day-to-day working capital requirements through existing cash resources (cash and cash equivalents including term deposits) which, at 30 June 2022, amounted to £17.0m (2021: £1.9m). By the end of the period analysed, the Group will still hold a reasonable proportion of the monies from the fund raise in the year. This should give the business sufficient funds to operate in a similar way beyond the forecast period.

With the uncertainty created for the economy by various events (COVID-19, Ukraine war, inflation and supply chain issues), this cash flow forecast has also been sensitised. As a worst-case scenario, if all committed payments had to continue as forecast while receipts were not received at all, the business would still have cash for the full 12 months from the date of approval of these financial statements. 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.

The Group's revenue from contracts with customers comprises revenue from supply and installation of mobile lights and solar photovoltaic building battery systems pursuant to a contract with the University of Sydney and has been recognised under IFRS 15.

Rendering of services

Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

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 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 are measured at amortised cost using the effective interest method in line with IFRS 9.

2.10 Property, plant and equipment

Plant and equipment is 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

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.

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. The service condition was 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.

2.17 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.

2.18 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.

2.19 Sales 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.

2.20 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 2022 the Group has recorded other income of £1,719,000 (2021: £1,210,000) based on expected tax refunds to be received from the government (recognised under Other receivables at 30 June 2022).

- 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 20 for the key assumptions and inputs used in the model to determine the fair values at each measurement date.

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

During the year ended 30 June 2022, 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 IFRS 4, IFRS 9, IFRS 16, IAS 39 and IFRS 7 – Interest Rate Benchmark Reform	1 July 2021
IFRS 16 Leases: Covid-19-Related Rent Concessions beyond 30 June 2021	1 April 2021

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
Annual Improvements to IFRSs – 2018-2020 cycle	1 January 2022
IAS 16 Property, Plant and Equipment (Amendment – Proceeds before Intended Use)	1 January 2022
IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Amendment – Onerous Contracts – Cost of Fulfilling a Contract)	1 January 2022
IFRS 3 Business Combinations (Amendment – Reference to the Conceptual Framework)	1 January 2022

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 three-years ended 30 June, Gelion operated in the single business segment of battery production and development.

	UK	Australia	30 June 2022 £'000	UK	Australia	30 June 2021 £'000
Non-current assets						
Intangible assets	–	362	**362**	–	313	**313**
Property, plant and equipment	–	1,050	**1,050**	–	553	**553**
Total income						
Revenue from contracts with customers	–	–	**–**	–	351	**351**
Other income	26	1,719	**1,745**	–	1,280	**1,280**
Depreciation and amortisation	–	(308)	**(308)**	–	(261)	**(261)**
Finance income (interest)	–	2	**2**	–	8	**8**
Operating loss						
Operating loss	(574)	(8,513)	**(9,087)**	(63)	(1,735)	**(1,798)**

4. Revenue

	2022 £'000	2021 £'000
Revenue from contracts with customers	–	351

5. Other Income

	2022 £'000	2021 £'000
R&D tax concessions	1,719	1,210
Recovery of VAT	26	–
Government grants	–	70
	1,745	1,280

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 2.20.

Government grants reported in the year to June 2021 relate to non-repeatable COVID-19 stimulus funding from the Australian government.

6. Operating Loss Before Listing and Other Associated Items

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

	Note	2022 £'000	2021 £'000
R&D tax concessions	**5**	1,719	1,210
Depreciation and amortisation	**13, 14**	(308)	(261)
Employee benefits	**11**	(3,212)	(1,621)
R&D expenses		(1,391)	(863)
Out of which:			
External R&D services		(669)	(476)
R&D materials and consumables		(681)	(356)
Administration and other expenses		(1,263)	(692)

7. Listing and Other Associated Items

	2022 £'000	2021 £'000
Non-recurring items – listing costs	411	–
Non-recurring items – share-based payments accelerated due to listing	3,853	–
Non-recurring items – key management bonus due to listing	394	–
Total non-recurring items – listing and other associated costs	4,658	–

Certain costs were incurred in the period 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.

As set out in the Admission Document, 11,063,679 new Ordinary Shares were issued and 2,068,966 existing shares were sold. The Company's conversion and subsequent admission to AIM is a one-off event and therefore considered 'non-recurring'.

These listing and other associated costs include:

- transaction costs representing the expensed portion of the listing costs;
- share-based payments which were accelerated due to listing. Details are outlined in note 20; and
- key management bonuses representing a one off payment made to senior management for successfully completing the Company's listing and fundraising. This is not reflective of standard management incentive arrangements and was fully contingent upon the successful admission of the Company to AIM and subsequent fundraising.

For these reasons these costs are considered 'non-recurring' and separately disclosed to assist the user of the financial information to understand and compare the underlying results of the Company.

8. Auditors' Remuneration

	2022 £'000	2021 £'000
Fees payable to the Company's auditors for the statutory audit of the Company's annual financial statements	52	15
Fees payable to the Company's auditors and its associates for the audits of the Company's subsidiaries	24	11
Non-audit services		
Reporting accountant services	278	–
Taxation and other services	31	–
	385	26

9. Taxation

	2022 £'000	2021 £'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	(9,158)	(1,797)
Prima facie tax benefit on loss from ordinary activities before income tax at 25% (2021: 26%)	(2,290)	(467)
Add/(less) tax effect of:		
Non-deductible expenditure	2,200	1,046
Non-assessable income	–	(322)
R&D tax offsets	(430)	(315)

Tax losses incurred but not recognised	506	53
Difference in tax rates applied	14	5
Income tax expense	–	–

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

Estimated tax losses of £4,138,000 (2021: £1,929,000) 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:

	2022 £'000	2021 £'000
Estimated tax losses arising in the UK	793	437
Estimated tax losses arising in Australia	3,345	1,492
Total tax losses available to carry forward	4,138	1,929

The standard rate of corporation tax in Australia, where the subsidiary is based, is 25% (2021: 26%).

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.

10. 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.

11. Employee Benefit Expenses and Numbers

Employee benefit expenses (including Directors) comprise:

	2022 £'000	2021 £'000
Recurring costs:		
Salaries and wages including taxes	2,957	1,429
Defined contribution pension cost	206	117
Share-based payment expense – recurring	49	75
Total employee benefits expense (note 6) – recurring	3,212	1,621
Non-recurring costs:		
Salaries and wages including taxes	394	–
Defined contribution pension cost	–	–
Share-based payment expense	3,853	–
Total employee benefits expense (note 7) – non-recurring	4,247	–

Refer to note 20 for details of classification of share-based payments expense between recurring and non-recurring costs.

	2022 number	2021 number
R&D	26	15
Administration	11	4
Average number of employees	**37**	**19**

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:

	2022 £'000	2021 £'000
Recurring costs:		
Salaries and wages including taxes	1,059	434
Defined contribution pension cost	48	33
Share-based payment expense	10	2
Total key management personnel costs – recurring	**1,117**	**469**
Non-recurring costs:		
Salaries and wages including taxes	394	–
Defined contribution pension cost	–	–
Share-based payment expense	3,378	–
Total key management personnel costs – non-recurring	**3,772**	**–**
Total key management personnel costs	**4,889**	**469**

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 £584,900 (2021: £94,153).

Refer to note 20 for details of classification of share-based payments expense between recurring and non-recurring costs.

12. Loss Per Share

	2022	2021
Loss after tax	£9,157,000	£1,798,000
Weighted average number of shares (number)	99,888,579	89,883,920
Loss per share (pence)	9.2p	2.0p

The calculation of the loss per share is based on the loss for the financial period after taxation of £9,157,000 (2021: £1,798,000) and on the weighted average of 99,888,579 (2021: 89,883,920) Ordinary Shares in issue during the period.

In September 2021, the parent company carried out a bonus issue and share reorganisation with the aggregate effect of increasing the number of shares in issue by 85,389,724. This increase in the number of Ordinary Shares has been applied retrospectively to the prior period presented in these financial statements by increasing the weighted average number of shares in the year to June 2021 by 85,389,724.

There were 7,554,360 share options outstanding at 30 June 2022 (2021: 5,100,000). 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.

13. Intangible Assets

	Patents £'000	Trademarks £'000	Total £'000
At 30 June 2020	**300**	**18**	**318**
Cost			
Additions	100	–	**100**
Disposals	(55)	–	**(55)**
Difference on foreign exchange	(11)	1	**(10)**
At 30 June 2021	**334**	**19**	**353**
Additions	39	9	**48**
Disposals	–	–	**–**
Difference on foreign exchange	14	1	**15**
At 30 June 2022	**387**	**29**	**416**
Amortisation			
At 30 June 2020			
Amortisation	41	–	**41**
Difference on foreign exchange	(1)	–	**(1)**
At 30 June 2021	**40**	**–**	**40**
Amortisation	12	–	**12**
Difference on foreign exchange	2	–	**2**
At 30 June 2022	**54**	**–**	**54**
Carrying amount			
At 30 June 2021	**294**	**19**	**313**
At 30 June 2022	**333**	**29**	**362**

The Company is party to an agreement whereby it licences intellectual property in respect of an experimental mobile additive technology from a third party. Upon achieving certain financial performance measures in respect of this technology, the Company is due to pay a milestone fee by issuing Ordinary Shares. At this stage, it is uncertain if this financial performance will be achieved.

14. Property, Plant and Equipment

	Office furniture and equipment £'000	Plant and equipment £'000	Right-of-use assets £'000	Leasehold improvements £'000	Total £'000
Cost					
At 30 June 2020	**30**	**303**	**298**	**–**	**631**
Additions	10	227	52	51	340
Difference on foreign exchange	(2)	(13)	(9)	(1)	(25)
At 30 June 2021	**38**	**517**	**341**	**50**	**946**
Additions	34	649	54	50	787
Disposals	–	(11)	–	–	(11)
Difference on foreign exchange	3	22	15	2	42
At 30 June 2022	**75**	**1,177**	**410**	**102**	**1,764**
Depreciation					
At 30 June 2020	**22**	**59**	**102**	**–**	**183**
Charge for the year	8	67	120	25	220
Difference on foreign exchange	(2)	(3)	(5)	0	(10)
At 30 June 2021	**28**	**123**	**217**	**25**	**393**
Charge for the year	11	131	124	30	296
Accumulated depreciation on disposal	–	(3)	–	–	(3)
Difference on foreign exchange	1	10	15	2	28
At 30 June 2022	**40**	**261**	**356**	**57**	**714**
Carrying amount					
At 30 June 2021	10	394	124	25	553
At 30 June 2022	**35**	**916**	**54**	**45**	**1,050**

15. 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 14.

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:

	2022 £'000	2021 £'000
Balance as at 1 July	122	200
Additions	54	52
Interest	4	8
Payments	(130)	(134)
Difference on foreign exchange	6	(4)
Balance as at 30 June	56	122

The maturity analysis of lease liabilities is disclosed in note 21.

The following are the amounts recognised in profit or loss:

	2022 £'000	2021 £'000
Depreciation expense of right-of-use assets	124	120
Interest expense on lease liabilities	4	8
Total amount recognised in profit or loss	**128**	**128**

16. Cash and Cash Equivalents

	2022 £'000	2021 £'000
Cash at bank	16,024	1,913
	16,024	1,913

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 17. The carrying value of these approximates to their fair value. See note 21 for further discussion of these balances.

17. Short-term Investments and Other Receivables

	2022 £'000	2021 £'000
Short-term investments:		
Term deposits	1,017	–
Total short-term investments	**1,017**	**–**
Other receivables:		
Government grants receivable	1,784	1,183
Prepayments	187	25
Other debtors	182	42
Total other receivables	**2,153**	**1,250**

Term deposits comprise 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.

Government grants receivable are made up of R&D tax concessions granted by the Australian Taxation Office in the form of tax offsets. Also, Gelion received 'cash boosts' for COVID-19 from the Australian Taxation Office and payroll tax rebate income. The key judgements applied in the recognition of this receivable are detailed in note 2.20.

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

18. Trade and Other Payables

Due within one year

	2022 £'000	2021 £'000
Trade payables	312	179
Accruals	360	66
Employee liabilities including employment taxes	157	75
Lease liabilities	25	115
	854	435

Due in more than one year

	2022 £'000	2021 £'000
Lease liabilities	31	7
	31	7

Trade payables and accruals principally comprise amounts outstanding for trade purchases and continuing costs. The Directors consider that the carrying value amount of trade and other payables approximates to their fair value. Please refer to note 21 for further details.

19. Issued Capital and Reserves

Share capital and premium

	Ref.	Number of shares on issue	Share capital £'000	Share premium £'000
Balance as at 1 July 2020		4,494,196	33	11,251
Shares issued during the period		–	–	–
Balance as at 30 June 2021	a	4,494,196	33	11,251
Bonus issues and reorganisation	b	85,389,724	57	(57)
Capital reduction	c	–	–	(11,195)
Shares issued during the period	d	11,063,679	11	16,032
Loan notes converted to equity	e	5,516,240	6	5,993
Cost of shares issued	f	–	–	(1,541)
Exercise of share options		671,000	–	178
Balance as at 30 June 2022		107,134,839	107	20,662

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 (2021: £nil) of which £1,541,000 have been offset against share premium and £805,000 have been expensed.

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 20 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, 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 payment reserve £'000	Foreign currency translation reserve £'000	Total other reserves £'000
Balance at 1 July 2020	817	(94)	723
Foreign currency translation reserve movement	–	(107)	(107)
Share-based payment charge	75	–	75
Balance at 30 June 2021	**892**	**(201)**	**691**
Balance at 1 July 2021	892	(201)	691
Foreign currency translation reserve movement	–	713	713
Share-based payment charge	3,902	–	3,902
Exercise of options	(158)	–	(158)
Balance at 30 June 2022	**4,636**	**512**	**5,148**

20. 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.

The Group therefore 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. The service condition is to be employed with a company in the Group at vesting.

In the year to 30 June 2022, 3,600,000 options were granted of which 3,290,000 were pursuant to obligations under the service agreements with the relevant individuals.

All options were granted with the exercise price equalling the market value of the shares at the time of grant.

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.

To incentivise and motivate the Group's executives and employees, the Board introduced a new bonus and share-based incentive scheme applicable for the year ending 30 June 2023 (FY23). They are 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.

	2022 £'000	2021 £'000
Recurring share-based payment expense recognised	49	75
Non-recurring share-based payment expense recognised	3,853	–
Total share-based payment expense	**3,902**	**75**

The below tables have been prepared after revising original share option numbers and values to account for the share reorganisation and subsequent share option modifications that took place in September 2021. These modifications to the share options were made so that there was no impact upon share option scheme fair value. A comparison of the previously reported share options and the equivalent values following the share reorganisation is shown below.

	Absolute value previously reported		Equivalent values following share reorganisation and option scheme modifications	
	2021 Number previously reported '000s	2021 Weighted average exercise price £	2021 Number '000s	2021 Weighted average exercise price £
Outstanding at 1 July	254	5.09	5,080	0.25
Granted	14	6.63	280	0.33
Forfeited	(13)	5.45	(260)	0.27
Exercised	–	–	–	–
Expired	–	–	–	–
Outstanding at 30 June	255	5.15	5,100	0.26
Exercisable at 30 June	239	5.06	4,780	0.25

	2022 Number '000s	2022 Weighted average exercise price £	2021 Number '000s	2021 Weighted average exercise price £
Outstanding at 1 July	5,100	0.26	5,080	0.25
Granted	3,600	0.39	280	0.33
Forfeited	(466)	0.33	(260)	0.27
Exercised	(671)	0.25	–	–
Expired	–	–	–	–
Outstanding at 30 June	7,563	0.32	5,100	0.26
Exercisable at 30 June	7,402	0.34	4,780	0.25

The range of exercise prices for options outstanding at the end of the year was £0.22 to £1.45 (2021: £0.22 to £0.33).

The weighted average remaining contractual life for the share options outstanding as at 30 June 2022 was 0.92 years (2021: 1.97 years).

Of the total number of options outstanding at 30 June 2022, 7,402,000 (2021: 4,780,000) had vested and were exercisable. The remaining options will vest over the 18 months following the Company's admission to AIM subject to employees' continued service.

The weighted average fair value of the options granted in the year was £1.23 (2021: £0.25).

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:

	2022	2021
Weighted average fair values at the measurement date	£1.23	£0.25
Weighted average share price	£1.45	£0.33
Dividend yield (%)	–	–
Expected volatility (%)	62.8	100
Risk-free interest rate (%)	1.3	2.2
Expected life of share options (years)	10	5

The Company has revised its estimation of the risk-free interest rate and expected volatility in the period to reflect changing market circumstances and revised volatility to benchmark with the historic volatilities of comparable entities listed on AIM.

In the year ended 30 June 2022 3,600,000 options (2021: 275,000) were granted at an exercise price of £0.39 (2021: £0.33). The total share-based payment expense for the year was £3,902,000 (2021: £75,000).

21. 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 2022.

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:

	2022 Carrying value £'000	2022 Maximum exposure £'000	2021 Carrying value £'000	2021 Maximum exposure £'000
Cash and cash equivalents	16,024	16,024	1,913	1,913
Short-term deposits – term deposits	1,017	1,017	–	–
	17,041	17,041	1,913	1,913

	2022 Rating	2022 Cash at bank £'000	2022 Term deposits £'000	2021 Rating	2021 Cash at bank £'000	2021 Short-term deposits £'000
Royal Bank of Scotland	A+	6,899	1,017	A+	123	–
Commonwealth Bank of Australia	A+	9,125	–	A+	1,790	–
		16,024	1,017		1,913	–

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 (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 forecast. The table below shows the currency profiles of cash and cash equivalents:

	2022 £'000	2021 £'000
Cash, cash equivalents and term deposits		
Great British Pounds	2,471	123
Australian Dollars	14,570	1,790
	17,041	1,913

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:

	2022 £'000	2021 £'000
Cash and cash equivalents	16,024	1,913
	16,024	1,193

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

Year ended 30 June 2022

	Due in less than one month £'000	Due between one and three months £'000	Due between three months and one year £' 000	Due between one year and five years £'000	Total £' 000
Trade and other payables	829	–	–	–	829
Lease liabilities	4	10	11	31	56
	833	10	11	31	885

Year ended 30 June 2021

	Due in less than one month £'000	Due between one and three months £'000	Due between three months and one year £'000	Due between one year and five years £'000	Total £'000
Trade and other payables	320	–	–	–	320
Lease liabilities	10	21	84	7	122
	330	21	84	7	442

22. Capital Commitments

There were no capital commitments as at 30 June 2022 and 30 June 2021.

23. Related Party Transactions

Other than the remuneration to key management personnel outlined in note 11 of these financial statements, there are the following related party transactions:

Management fees of £89,089 (2021: £146,850) and arrangement fees of £39,821 (2021: nil) were paid to Armstrong Energy Limited, a company with a common director (Steve Mahon).

Arrangement fees, representing fees paid to related parties for raising capital pre-IPO and the IPO, of £79,643 (2021: nil), were paid to Progressive Strategic Solutions LLP, a limited liability partnership with a common director (Robin Chamberlayne) for part of the year.

Management and R&D service fees of £104,848 (2021: £107,395) were paid to Perinato Pty. Ltd, a company with a common director (Prof Thomas Maschmeyer).

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 11 for each of the categories specified in IAS 24.

24. Events Subsequent to Year End

Post 30 June 2022, 1,026,515 Ordinary Shares of 0.1 pence were issued in the Company to Andrew Grimes, ex-CEO of the Company in exchange for Andrew Grimes relinquishing 1,830,000 options over Ordinary Shares that had vested in accordance with the disclosures made at the time of the Company's IPO.

25. Control

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

Parent Company Balance Sheet

	Notes	30 June 2022 £'000	30 June 2021 £'000
Assets			
Non-current assets			
Investment in subsidiary	4	28,233	11,424
Current assets			
Cash and cash equivalents		6,899	123
Other receivables	5	1,145	110
Total assets		**36,277**	**11,657**
Liabilities			
Current liabilities			
Trade and other payables	6	616	15
Total liabilities		**616**	**15**
Net assets		**35,661**	**11,642**
Equity			
Issued capital	7	107	33
Share premium account	7	20,662	11,251
Share-based payment reserve	7	4,635	892
Capital reduction reserve	7	11,194	–
Accumulated losses		(937)	(534)
Total equity		**35,661**	**11,642**

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 8 November 2022.

S. Mahon

Dr Steve Mahon
Chairman

Parent Company Statement of Changes in Equity

	Share capital £'000	Share premium £'000	Accumulated Losses £'000	Capital reduction reserve £'000	Share-based payment reserve £'000	Total £'000
Balance at 1 July 2020	**33**	**11,251**	**(472)**	**–**	**892**	**11,704**
Total comprehensive loss for the period	–	–	(62)	–	–	(62)
Contributions by and distributions to owners:						
Share-based payments charge	–	–	–	–	–	–
Total contributions by and distributions to owners:	–	–	–	–	–	–
Balance at 30 June 2021	**33**	**11,251**	**(534)**	**–**	**892**	**11,642**
Balance at 1 July 2021	**33**	**11,251**	**(534)**	**–**	**892**	**11,642**
Total comprehensive loss for the period	**–**	**–**	**(561)**	**–**	**–**	**(561)**
Contributions by and distributions to owners:						
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
Total contributions by and distributions to owners:	**74**	**9,411**	**158**	**11,194**	**3,744**	**24,581**
Balance at 30 June 2022	**107**	**20,662**	**(937)**	**11,194**	**4,635**	**35,661**

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 3rd Floor, 141-145 Curtain Road, London, EC2A 3BX. 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 2.20 of the consolidated financial statements.

The parent company previously prepared statutory accounts under Section 1A of FRS 102. The Directors considered that the Statement of Financial Position at that date would be the same if prepared under previous GAAP as prepared under FRS 101 and that transition to FRS 101 does not require adjustment to any of the figures stated in the Statement of Comprehensive Income. On this basis a full reconciliation of Company equity at the transition date was not prepared.

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 2.20 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 a significant investment into Gelion Technologies Pty to assist with the development and deployment of its technologies. The Directors have considered the long-term expectation of positive future cash flows once the development stage is complete and have not impaired the carrying amount of the investment and is carried on the balance sheet at cost.

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. Profit for the Year

The Company recorded a loss for the financial year ended 30 June 2022 of £560,000 (2021: £63,000). The auditors' remuneration for audit and other services is disclosed in note 8 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.

	2022 £'000	2021 £'000
Balance as at 1 July	11,424	11,376
Additions – equity subscription	12,907	–
Additions – share-based payment charge	3,902	48
Balance as at 30 June	28,233	11,424

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.

5. Trade and Other Receivables

	2022 £'000	2021 £'000
Short term deposits	1,017	–
Prepayments	63	–
Other debtors	65	–
Amounts owed by group undertaking	–	110
	1,145	110

6. Trade and Other Payables

Due within one year

	2022 £'000	2021 £'000
Trade payables	19	2
Amounts owed to Group companies	342	–
Accruals	255	13
	616	15

7. Share Capital

Details of the Company's share capital are as set out in note 19 to the consolidated financial statements.

Details of the Company's share premium account and other reserves are as set out in note 19 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

	2022 £'000	2021 £'000
Management fees	89,089	146,850
Arrangement fees	119,464	–
	208,553	**146,850**

Corporate Information

Company number	09796512
Directors	
Executive	Hannah McCaughey (Resigned on 28 October 2022) Amit Gupta
Non-Executive	Dr Steve Mahon Prof. Thomas Maschmeyer Joycelyn Morton Michael Davie
Secretary	Billy French
Registered Office	3rd Floor, 141-145 Curtain Road London EC2A 3BX
Website	www.gelion.com
Advisers	
Independent auditors	BDO LLP 55 Baker Street, London W1U 7EU www.bdo.co.uk
Solicitors to the Company	Fieldfisher LLP Riverbank House, 2 Swan Lane, London EC4R 3TT
Nominated adviser and broker	finnCap Ltd One Bartholomew Close, London, EC1A 7BL
Registrars	Link Group Central Square 29 Wellington Street, Leeds LS1 4DL
Public relations	ALMA PR +44 20 3405 0205 gelion@almapr.co.uk

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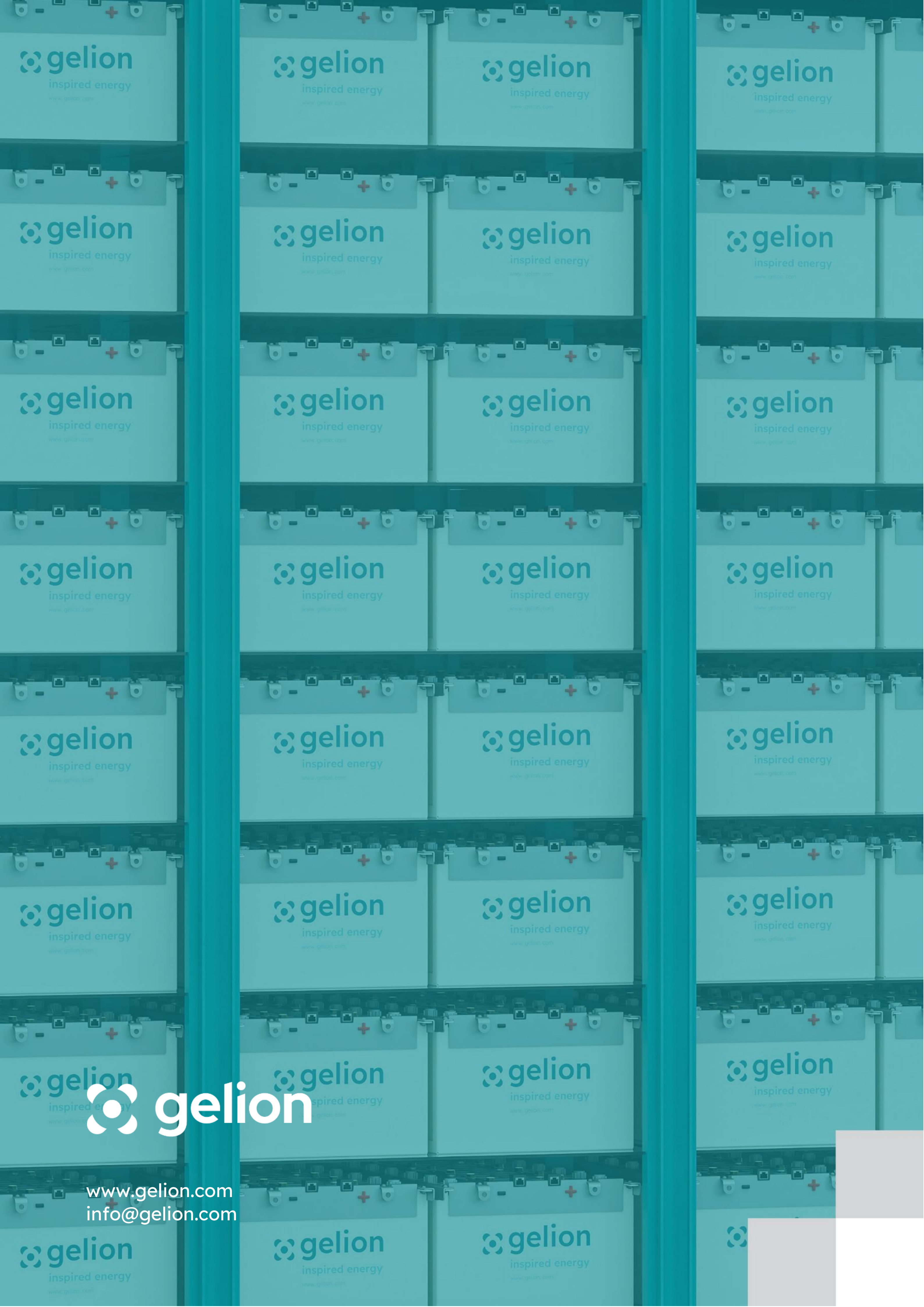

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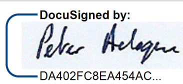
Pete Acloque Pete.Acloque@bdo.co.uk Security Level: Email, Account Authentication (None)	 Signature Adoption: Pre-selected Style Using IP Address: 196.46.60.154 Signed using mobile	Sent: 10 November 2022 | 11:11 Viewed: 10 November 2022 | 13:57 Signed: 10 November 2022 | 13:57

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