

ASX ANNOUNCEMENT

FOR IMMEDIATE RELEASE TO THE MARKET

Li-S Energy Limited – ASX Code: LIS

Tuesday 18 February 2025

Appendix 4D and Interim Financial Report

Li-S Energy Limited (ASX: LIS) (“LIS” or “the Company”) is pleased to provide its Appendix 4D and Interim Condensed Consolidated Financial Report for the Six Months Ended 31 December 2024.

This announcement has been authorised by the Board.

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LI-S ENERGY LIMITED

**APPENDIX 4D AND INTERIM CONDENSED
CONSOLIDATED FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2024**





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APPENDIX 4D

This information should be read in conjunction with the interim condensed consolidated financial report for the six months ended 31 December 2024.

Entity Details

Li-S Energy Limited, ABN: 12 634 839 857

Results for announcement to the market

Comparison to previous corresponding period	31 December 2024 \$	31 December 2023 \$	Change \$	Change %
Total revenues from ordinary activities	-	-	-	N/A
Profit/(loss) from ordinary activities before tax	(2,671,879)	(2,454,073)	(217,806)	9%
Profit/(loss) from ordinary activities after tax attributable to owners of Li-S Energy Limited	(2,671,879)	(2,454,073)	(217,806)	9%
Earnings / (loss) per share – cents (basic)	(0.42)	(0.38)	(0.04)	11%
Net tangible assets per share – cents ¹	4.77	5.89	(1.12)	(19%)

¹ The net tangible asset backing includes the right-of-use assets as per AASB 16

Dividends

The Board has resolved not to issue an interim dividend.

DIRECTORS' REPORT

For the six months ended 31 December 2024

The directors of Li-S Energy Limited and its subsidiary ("Li-S Energy", "LIS", the "Company", or the "Group") present their report together with the interim financial report of the company for the six months ended 31 December 2024.

DIRECTORS

The names of the Directors in office at any time during or since the end of the half-year, and up to the date of this report are set out below. Directors were in office for this period unless otherwise stated.

Ben Spincer	Non-Executive Director and Chairman
Robin Levison	Non-Executive Director (retired 31 August 2024)
Hedy Cray	Non-Executive Director
Marc Fenton	Non-Executive Director

PRINCIPAL ACTIVITIES

Li-S Energy was incorporated on 12 July 2019 and listed on the Australian Securities Exchange (ASX) on 28 September 2021.

LIS continues to advance the development and commercialisation of lithium sulfur and lithium metal battery technologies. The Company leverages boron nitride nanomaterials to enhance battery performance, focusing on improving both energy density and cycle life compared to traditional lithium-ion and lithium sulfur batteries.

LIS does not currently generate any significant revenue and intends to derive revenue in the future from the following activities:

1. **Engaging product OEMs** in collaborative projects to integrate and test Li-S batteries in their products, including the sale of battery cells and battery packs for these collaborative projects, and subsequently providing volumes of cells for more substantial trials.
2. **Licensing LIS' underlying intellectual property rights** to battery cell manufacturers to enable them to mass-produce LIS' batteries for product OEMs.
3. **Supplying boron nitride nanomaterials** (and know-how in relation to the application of boron nitride nanomaterials in the construction of battery cells) to battery cell manufacturers in order to enable them to produce Li-S batteries and other forms of battery that can make use of these materials.
4. **Selling lithium metal foils** produced from the lithium metal foil production line that is planned to be installed progressively during 2025 from March onwards.

REVIEW OF OPERATIONS

The six months to 31 December 2024 marked a transformative period for Li-S Energy, characterised by significant technical achievements in battery cell performance, strengthening strategic partnerships, advancements in production capabilities, and initial integration of our cells into battery packs.

Key events during the first half include:

- **Significant increase in partner engagement** – With increasing industry recognition of our advanced science and engineering, we are seeing a significant uptick in inbound enquiries from existing and new partners for data sheets, sample cells and ultimately full battery packs. Many of these engagements are subject to confidentiality agreements, but include multibillion dollar global technology leaders across transport, aviation and defence domains.
- **Completion and Commissioning of Phase 3 Production Facility** - The Company finalised the installation and commissioning of its state-of-the-art Phase 3 production facility in Geelong, which was officially opened by

the Hon. Ed Husic MP in August. This facility, featuring Australia's largest dry room, can support an annual production capacity of up to 2MWh, making it the largest pouch cell manufacturing site in the country. With our world class production facility, we believe that LIS has become one of the most advanced manufacturers of lithium sulfur batteries in the world.

- **Breakthrough in Energy Density** – In late October the GEN3 semi-solid-state lithium sulfur pouch cells produced from the Phase 3 line achieved an unprecedented 498Wh/kg on first discharge and 456Wh/kg after formation cycling. This positions LIS at the cutting edge of global battery technology, offering significant performance advantages for high-demand sectors.
- **Successful UAV Test Flights** – In early November LIS completed its first uncrewed aerial vehicle (UAV) test flights powered by a twelve-cell lithium-sulfur battery pack produced on the Phase 3 production line. The UAV achieved a flight time of 30 minutes, finishing with the battery pack only partially discharged.
- **Emerging Aviation Technology Partnership (EATP) \$1.35m Grant** - LIS commenced the EATP project during the half year, working in partnership with V-TOL Aerospace and Halocell on the development of a long endurance solar UAV using LIS batteries.
- **Industry Growth Program (IGP) \$1.7m Grant** – In early August LIS secured a \$1.7 million grant from the Federal Government to install and commission Australia's first lithium metal foil production line.

BATTERY PRODUCTION STRATEGY

The successful commissioning of the Phase 3 production facility represents a pivotal step in Li-S Energy's journey towards full commercialisation. The facility is designed to support the automated manufacture of large-format lithium sulfur and lithium metal pouch cells, facilitating both internal R&D and external partner testing and trials.

Key components of the Phase 3 facility include:

- **Dry Room** - A 220-square-metre dry room housing the anode production, cell stacking, and pouch equipment. This controlled environment is essential for maintaining the integrity of lithium-based materials during cell assembly.
- **Clean Room** - Dedicated to cathode material preparation, coating, and cutting, the clean room ensures the highest standards of material purity and process consistency.
- **Bespoke Automated Cell Production Equipment** - Advanced automation, including bespoke robotics for lithium foil anode handling and cell stacking, enhances production precision and efficiency.
- **Cell Test Facility** - a comprehensive testing facility with all the necessary equipment and containment to conduct destructive safety and performance testing, including the tests required for UN38.3 certification for air, sea, and land transport.

In addition to the main Phase 3 line, LIS has commissioned a small-format Phase 3S line to produce smaller cells for wearable technologies and unmanned systems due to market interest in these formats. Both lines are now fully operational, with cells produced on the lines undergoing rigorous cycle testing and performance evaluation as a part of production development.

With the Phase 3 commissioning complete and production development underway, the LIS team is focused on scaling production capacity, incrementally improving performance and delivering on key projects.

The completion of the Phase 3 facility also enhances our ability to engage with partners and potential strategic customers. It provides the cornerstone of the four key capability pillars that device OEMs, battery manufacturers and strategic investors are seeking in advanced battery technology partnerships:

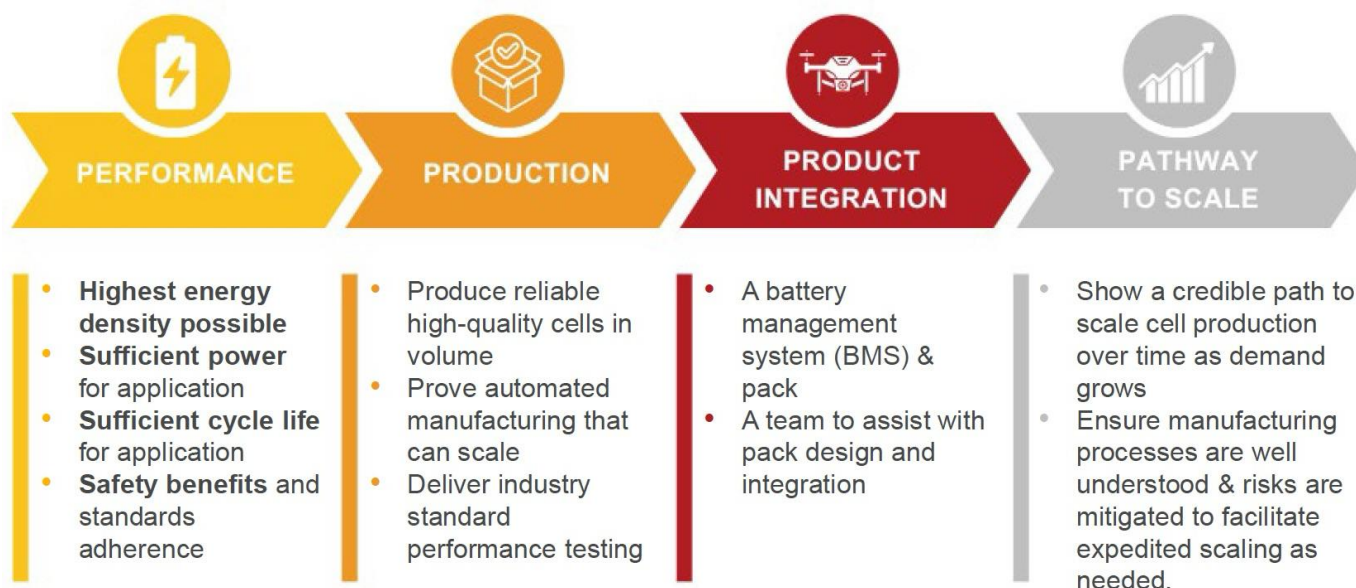


Figure 1: Li-S Energy is building on four key capability pillars to enhance engagement opportunities with strategic partners

In addition to completing the commissioning of the Phase 3 and 3S production lines, the LIS team has been engaged in some additional important developments during the half year:

Battery Management System

Building on the initial functional prototype developed in FY24, the LIS team has been advancing the LIS Battery Management System (BMS) to enhance the performance and management of semi-solid-state lithium sulfur cells at a pack level. The LIS BMS optimises the performance of each cell in the battery pack and communicates with the host device to enhance power control and integration at a pack level. The LIS BMS includes unique IP with advanced algorithms enabling state of charge and state of health analysis and dynamic management of each cell during operation. The BMS development is initially focused on building battery modules for the Long Endurance “Dawn ‘til Dusk” UAV being built under the EATP Program, however the BMS has been designed to be flexible in both functionality and form factor, to be applicable to a wide variety of applications from wearable power sources to advanced unmanned aviation systems.

Developing our own Australian made BMS IP in the lithium sulfur battery space is essential to the early adoption of our technology, since lithium sulfur batteries require specific control systems which differ slightly to conventional lithium-ion batteries. This will enable us to advise and provide detailed consultancy to our partners/customers going forward. Development work that these partners won’t have to do themselves, which will help with adoption of our technology.

Lithium Foil Production Line

In August 2024, LIS was awarded the first Industry Growth Program (IGP) grant for \$1.7m, to build Australia’s first lithium foil production line. Working with our existing Phase 3 equipment manufacturers the first major piece of equipment, the lithium foil extruder, was built and passed Factory Acceptance Tests (FAT) during the period. We expect the extruder to be delivered to our Geelong facility in March 2025.

Integrating Battery Packs for Practical Applications

During the half year the Company demonstrated its GEN3 lithium sulfur cells integrated into a battery pack and completed test flights with a 2.4m wingspan UAV.

In parallel the LIS team has been working diligently on a significantly larger battery module and pack design for the Long Endurance Pegasus 1 UAV, that is being built in collaboration with V-TOL Aerospace and Halocell under the Emerging Aviation Technology Partnership (EATP) program. This sophisticated battery module is being designed and built to include our latest BMS enhancements, and with the ability to integrate into the power control and flight systems of the aircraft.

PARTNER DEVELOPMENT STRATEGY

Prior to completing the commissioning of the Phase 3 facility, the Company purposefully limited the number of partners it engaged to ensure that the LIS team remained focused on building the capability to deliver high quality, commercial sized cells for partner tests and trials.

With the Phase 3 facility commissioned during the period the Company has been able to increase its engagement in partner development in key target industries. Many of these new engagements are from inbound enquiries from global technology leaders as these businesses look to the performance and optionality our lithium sulfur and lithium metal cells can provide.

Notable in this context was the Company's first exhibition booth at the Land Forces Conference in September. Undertaken with the support of InvestVictoria, we were the only advanced battery company exhibiting at the conference and gained substantial interest across the defence sector, including direct engagement with military agencies, through to prime defence contractors and defence OEM's. At least 9 NDAs were signed with primes and OEMs as a direct result of leads generated at the Land Forces booth, and we are taking those discussions forward.

In August the Company also presented at the Solid-State Battery Summit in Chicago, USA, resulting in a number of additional prospective partners from the automotive, aviation and defence sectors who are now in discussions under NDA.

Going forward the Company expects to exhibit at the Avalon Airshow, as well as to be represented at a number of international conferences and exhibitions relevant to our target markets.

In addition to securing new partnerships, we continue to work with our established partners, including magniX on the NASA eAviation program, V-TOL Aerospace on Pegasus UAV, and drive forward our development to meet and exceed the mission profile requirements of our existing and prospective target partner applications.

PRODUCT DEVELOPMENT STRATEGY

The Company continues to execute a detailed product development program, which has been accelerated with the commissioning of the Phase 3 and 3S cell production lines.

In addition to building test cells for partners and battery packs for programs such as the Pegasus 1 UAV, the Phase 3 and Phase 3S production lines are being used by our cell development team to build and optimise commercial sized 10Ah and 20Ah cells with much greater efficiency. This acceleration is pronounced, with a batch of test cells typically produced, placed on test, results analysed and able to inform further design optimisation within a matter of days or weeks, rather than months.

The importance of this Phase 3 capability cannot be overstated, as many competitor battery development companies lack the internal production and testing capabilities that LIS now has. Many of those competitors have to outsource each cell design iteration to third party cell builders. Outsourcing is expensive and often takes months to sign agreements, ship materials, build cells, test and analyse results for a single cell design and electrochemical formulation, before the next iteration can be attempted. With our internal facilities we can now out-pace others that rely on external outsourcing.

Cell Data Sheets

During the half year the Company finalised its version one lithium sulfur cell design, undertook performance testing and commenced providing cell performance data sheets to partners and prospective partners under NDA.

Li-Nanomesh Coating Scale-up

During the period the team has continued developing processes to scale-up the automated application of Li-nanomesh within key parts of the battery cell structure. Li-nanomesh is a key technology to extend cell cycle life by mitigating dendrite formation on the lithium metal anodes used in both lithium sulfur and lithium metal battery cells.

Production Optimisation

A further priority for the research team has been scaling up materials production to optimise production rates at the new facility and working with equipment suppliers on lithium metal anode production processes.

REVIEW OF FINANCIAL CONDITION

Financial Performance

Li-S Energy reports a net loss after tax for the six months ended December 2024 of \$2,671,879 (2023: \$2,454,073 net loss after tax), an increase of \$217,806 from the prior comparable period. The result was predominantly driven by:

- \$682,878 (2023: \$574,963) for employee salaries and related expenses.
- \$552,990 (2023: \$775,972) for professional fees.
- \$470,000 (2023: \$410,000) for management fees paid to PPK Aust. Pty Ltd (PPK Aust) for the provision of full shared services support, including finance, legal, risk, IT and cyber, and administration services under the Management Services Agreement.
- \$76,144 (2023: \$192,701) for share based payment expense (non-cash item) to recognise the cost of the service and performance rights issued to Executives.
- \$846,264 (2023: \$783,086) for administration expenses consisting primarily of insurance costs of \$218,499 (2023: \$273,493).
- \$971,349 (2023: \$339,911) for depreciation and amortisation of property, plant and equipment and right of use assets.
- \$384,299 (2023: \$Nil) for research & development expenses not capitalised, consisting primarily of funds advanced to partners under the EATP Dawn to Dusk drone program.

The Company has recognised an income tax benefit of Nil (2023: Nil).

Financial Position

The Company finished the period with total assets of \$41,237,375 (June 2024: \$45,144,877), primarily consisting of:

- \$17,658,016 (June 2024: \$22,811,343) of cash and cash equivalents.
- \$2,000,000 (June 2024: \$2,000,000) of current investments held at fair value through the profit or loss.
- \$2,000,000 (June 2024: \$2,000,000) in loan receivables from a related party.
- \$7,822,377 (June 2024: \$7,055,739) of intangible assets.
- \$5,863,538 (June 2024: \$6,243,995) of property, plant and equipment.
- \$2,781,084 (June 2024: \$2,610,205) being the fair value of its investment in Zeta Energy Corp.
- \$630,039 (June 2024: \$661,071) of net deferred tax assets.

The Company has total liabilities of \$2,275,768 (June 2024: \$2,656,504) resulting in total net assets of \$38,961,607 (June 2024: \$42,488,373).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the state of affairs during the period.

DIVIDENDS

There were no dividends declared or paid during the period.

MATTERS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

There has been no matter or circumstance that has arisen since the end of the reporting period which is not otherwise dealt with in this report or in the interim financial report that has significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial periods.

FUTURE DEVELOPMENTS

We continue to progress our business strategy in line with the broad framework outlined in our IPO Prospectus and are evolving it as the market develops and our technology matures.

At our AGM we presented an enhancement to the next phase of our manufacturing expansion. The Phase 4 facility is now envisaged to be a 500MWh+ production capacity due to improvements in battery performance and design, and is intended to produce batteries for our target industries on a commercial basis. We will continue to develop the Phase 4 plans as one pathway to scale.

While we are developing our Phase 4 plans for commercial cell manufacture, we continue to pursue discussions with battery manufacturers that are currently building or operating gigafactories in Europe and North America, with a view to monetising our IP through licensing for production.

Unlike many solid-state advanced cell technologies, LIS has the advantage that most of the manufacturing processes are the same or similar to current lithium-ion cell production. Due to the maturity of lithium-ion production equipment and processes, there is likely lower risk in scaling production to GWh scale and beyond, with the prospect of a reduced cost and time to build and commence production. Retrofitting existing lithium-ion production lines to produce LIS cells may also be a viable commercial option.

Going forward, we will continue to deepen our relationships with core partners and expand our collaborations in the high growth markets of eAviation, drones and security.

We will also pursue the broad opportunity to monetise our IP through licensing, commence the production and sale of lithium metal foil to battery companies and research institutions globally, and supply nanomaterials for battery production.

We will continue to collaborate with state and federal governments, engaging with initiatives such as the National Battery Strategy and the Battery Breakthrough Initiative to bolster Australia's sovereign battery manufacturing capabilities.

We also remain alert for complementary opportunities in the battery space that have the potential to deliver benefits in terms of technology or market access.

ROUNDING OF ACCOUNTS

The amounts contained in the financial report have been rounded to the nearest dollar (where rounding is applicable) under the option available to the Company under *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*. The Company is an entity to which this legislative instrument applies.

AUDITORS INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001 (Cth)* for the six months ended 31 December 2024 is set out on page 8.

Signed in accordance with a resolution of the Board of Directors.



BEN SPINCER
Chairman



HEDY CRAY
Non-Executive Director

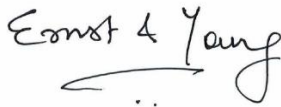
Brisbane, 18 February 2025

Auditor's independence declaration to the directors of Li-S Energy Limited

As lead auditor for the review of the half-year financial report of Li-S Energy Limited for the half-year ended 31 December 2024, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;
- b. No contraventions of any applicable code of professional conduct in relation to the review; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

This declaration is in respect of Li-S Energy Limited and the entities it controlled during the financial period.



Ernst & Young



Madhu Nair
Partner
18 February 2025

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 31 December 2024

		31 December 2024	31 December 2023
	Notes	\$	\$
Revenue from contracts with customers		-	-
Finance income		682,925	741,162
Other income		502,533	-
Employee benefits expenses		(682,878)	(574,963)
Professional fees		(552,990)	(775,972)
Management fees	11.2	(470,000)	(410,000)
Share based payments expense		(76,144)	(192,701)
Administration expenses		(846,264)	(783,086)
Research & development expense		(384,299)	-
Depreciation and amortisation expense		(971,349)	(339,911)
Finance costs		(44,292)	(38,537)
Unrealised gain (loss) on investment at FVTPL		170,879	(80,065)
PROFIT (LOSS) BEFORE INCOME TAX EXPENSE		(2,671,879)	(2,454,073)
Income tax (expense) benefit	4(a)	-	-
PROFIT (LOSS) AFTER INCOME TAX EXPENSE		(2,671,879)	(2,454,073)
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX		-	-
TOTAL COMPREHENSIVE INCOME (LOSS), NET OF TAX		(2,671,879)	(2,454,073)
Earnings (loss) per share (in cents)			
Basic	10	(0.42)	(0.38)
Diluted	10	(0.42)	(0.38)

The accompanying notes form part of the interim condensed consolidated financial report.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2024

	Notes	31 December 2024 \$	30 June 2024 \$
CURRENT ASSETS			
Cash and cash equivalents		17,658,016	22,811,343
Trade and other receivables		386,223	176,769
Financial assets at fair value through profit or loss	8	2,000,000	2,000,000
Other current assets		290,743	41,647
TOTAL CURRENT ASSETS		20,334,982	25,029,759
NON-CURRENT ASSETS			
Financial assets at fair value through profit or loss	8	2,781,084	2,610,205
Loan receivables		2,000,000	2,000,000
Property, plant and equipment	6	5,863,538	6,243,995
Right-of-use assets		957,940	1,085,120
Other non-current assets		847,415	458,988
Intangible assets	7	7,822,377	7,055,739
Deferred tax assets		630,039	661,071
TOTAL NON-CURRENT ASSETS		20,902,393	20,115,118
TOTAL ASSETS		41,237,375	45,144,877
CURRENT LIABILITIES			
Trade and other payables		624,794	745,867
Lease liabilities		232,752	221,769
Provisions		175,340	168,389
Other Current Liabilities		366,572	525,495
TOTAL CURRENT LIABILITIES		1,399,458	1,661,520
NON-CURRENT LIABILITIES			
Lease liabilities		796,310	914,984
Provisions		80,000	80,000
TOTAL NON-CURRENT LIABILITIES		876,310	994,984
TOTAL LIABILITIES		2,275,768	2,656,504
NET ASSETS		38,961,607	42,488,373
EQUITY			
Contributed equity		56,533,550	56,564,582
Treasury shares		(1,729,589)	(964,800)
Reserves		2,780,373	2,839,440
Retained earnings (accumulated losses)		(18,622,727)	(15,950,849)
TOTAL EQUITY		38,961,607	42,488,373

The accompanying notes for part of the interim condensed consolidated financial report.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 31 December 2024

	Notes	31 December 2024 \$	31 December 2023 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(3,059,329)	(2,947,221)
Management fees paid to related party	11.2	(470,000)	(410,000)
Receipts from customers		1,320	-
Receipts from BAS refunds		341,952	419,647
Government grants received		300,000	-
Interest received		677,939	741,162
Interest paid		(44,292)	(38,537)
Net cash from (used in) operating activities		(2,252,410)	(2,234,949)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment	6.1	(1,292,577)	(3,217,945)
Payments for intangible assets	7.1	(1,270,519)	(581,535)
Proceeds from government grants for capital acquisitions		669,870	1,755,714
Payments for acquisition of investments		-	(1,200,000)
Net cash from (used in) investing activities		(1,893,226)	(3,243,766)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments for shares acquired by the Employee Share Trust		(900,000)	(964,800)
Payment of lease liabilities		(107,691)	(130,778)
Net cash from (used in) financing activities		(1,007,691)	(1,095,578)
Net increase (decrease) in cash held		(5,153,327)	(6,574,293)
Cash at the beginning of the period		22,811,343	33,450,982
Cash at the end of the period		17,658,016	26,876,689

The accompanying notes form part of the interim condensed consolidated financial report.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 31 December 2024

	Notes	Contributed Equity \$	Treasury Shares \$	Share Premium Reserve \$	Share Rights Reserve \$	Accumulated Losses \$	Total Equity \$
Balance as at 1 July 2024		56,564,582	(964,800)	1,347,650	1,491,790	(15,950,848)	42,488,374
Profit (loss) for the period		-	-	-	-	(2,671,879)	(2,671,879)
Other comprehensive income (loss) for the period		-	-	-	-	-	-
Total comprehensive income (loss) for the period		-	-	-	-	(2,671,879)	(2,671,879)
Issue of service rights for Non-Executive Directors		-	-	-	-	-	-
Issue of service or performance rights for Executives		-	-	-	76,144	-	76,144
Acquisition of treasury shares		-	(900,000)	-	-	-	(900,000)
Issue of treasury shares to settle exercised rights		-	135,211	-	(135,211)	-	-
Tax effect of transaction costs on issue of ordinary shares to be deductible over five years		(31,032)	-	-	-	-	(31,032)
Balance as at 31 December 2024		56,533,550	(1,729,589)	1,347,650	1,432,723	(18,622,727)	38,961,607

for the six months ended 31 December 2023

Balance as at 1 July 2023	56,626,644	-	1,347,650	1,221,412	(11,326,878)	47,868,828
Profit (loss) for the period	-	-	-	-	(2,454,073)	(2,454,073)
Other comprehensive income (loss) for the period	-	-	-	-	-	-
Total comprehensive income (loss) for the period	-	-	-	-	(2,454,073)	(2,454,073)
Issue of service rights for Non-Executive Directors	-	-	-	37,907	-	37,907
Issue of service or performance rights for Executives	-	-	-	154,793	-	154,793
Acquisition of treasury shares	-	(964,800)	-	-	-	(964,800)
Tax effect of transaction costs on issue of ordinary shares to be deductible over five years	(31,031)	-	-	-	-	(31,031)
Balance as at 31 December 2023	56,595,613	(964,800)	1,347,650	1,414,112	(13,780,951)	44,611,624

The accompanying notes form part of the interim condensed consolidated financial report.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL REPORT

for the six months ended 31 December 2024

1 CORPORATE INFORMATION

The interim condensed consolidated financial report ("interim financial report") of Li-S Energy Limited and its subsidiary ("Li-S Energy" or "LIS" or the "Company" or the "Group") for the six months ended 31 December 2024 were authorised for issue in accordance with a resolution of the Directors on 18 February 2025 as required by the *Corporations Act 2001*.

Li-S Energy is a for-profit company limited by shares, incorporated and domiciled in Australia, whose shares are publicly traded on the Australian Securities Exchange (ASX Code: LIS). Li-S Energy is registered in Queensland and has its head office at Level 13, 120 Edward Street, Brisbane, Queensland, 4000.

The principal activity of LIS is to develop and commercialise a battery technology based on advanced lithium sulfur chemistry, where boron nitride nanomaterials are incorporated into battery components to:

- Improve battery energy capacity when compared to current lithium-ion batteries; and
- Improve cycle life when compared to conventional lithium sulfur batteries.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation and Statement of Compliance

The interim financial statements for the six months ended 31 December 2024 have been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. This financial report also complies with IAS 34 *Interim Financial Reporting*, as issued by the International Accounting Standards Board.

The interim financial report does not include all the information and disclosures required in the annual financial report, and should be read in conjunction with the annual report for the year ended 30 June 2024, and any public announcements made during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The interim financial report has been prepared on an accruals basis and is based on historical costs, except for investments which have been measured at fair value.

The interim financial report is presented in Australian dollars, and all values are in whole dollars (\$), unless otherwise stated.

2.2 New and revised standards that are effective for the current period

The accounting policies adopted in the preparation of the interim financial report are consistent with those followed in the preparation of the Company's annual financial report for the year ended 30 June 2024, except for the adoption of new standards effective as of 1 July 2024. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time for reporting periods beginning on or after 1 July 2024, but do not have an impact on the interim financial report of the Company.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Significant accounting judgements, estimates and assumptions

The preparation of the Company's interim financial report requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities in future periods.

Significant Management Judgements

The judgements, estimates and assumptions applied in the interim financial report, including the key sources of estimation uncertainty were the same as those applied in the Company's annual financial report for the year ended 30 June 2024.

The Company based its assumptions and estimates on parameters available when the interim financial report was prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

2.4 Going Concern

The interim financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

On 18 February 2025, being the date of approval of the interim financial report, the Directors believe it is appropriate to prepare the interim financial report on a going concern basis. The Directors have identified and considered:

- during the whole period, and at all times subsequent, the Company has been able to meet its obligations as and when they fall due;
- the Company has \$17,658,016 of cash and cash equivalents, current financial assets held at fair value through profit or loss of \$2,000,000, a loan receivable of \$2,000,000 and no fixed debt;
- the Company maintains net assets of \$38,961,607, which includes net working capital of \$18,935,524;
- the Company has project plans and budgets approved by the Directors, and its cash flow forecasts indicate it has sufficient cash to meet its objectives over the next year.

The Directors have formed a view that the Company will continue as a going concern.

3 SEGMENT INFORMATION

The Company applies AASB 8 Operating Segments whereby segment information is presented using a "management approach", segment information is provided on the same basis as information used for internal reporting purposes by the chief operating decision makers.

Operating segments have been determined based on reports reviewed by the Directors. The Directors and the Senior Management are the chief operating decision makers of the Company. The only operating segment for the six months ended 31 December 2024 was the development and commercialisation of the Li-S Energy Battery segment.

4 INCOME TAX EXPENSE

	Notes	31 December 2024 \$	31 December 2023 \$
(a) The prima facie tax payable (benefit) on the profit (loss) before income tax is reconciled to the income tax expense as follows:			
Profit (loss) before tax		(2,671,879)	(2,454,073)
Prima facie tax payable (benefit) at 25.0% (2024: 25.0%)		(667,970)	(613,518)
(Non-assessable income) non-deductible expenses			
Losses for which no deferred tax asset was recognised		699,002	644,549
Adjustments related to temporary differences for which no deferred tax asset was recognised		-	-
Transaction costs on issue of ordinary shares recognised in profit or loss		-	-
Transaction costs on issue of ordinary shares recognised in equity		(31,032)	(31,031)
Adjustment for change in statutory tax rate		-	-
Other (non-assessable income) non-deductible expenses		-	-
Income tax expense (benefit)		-	-
The applicable weighted average effective tax rate is as follows:		-	-
(b) The components of tax expense comprise:			
Current tax		-	-
Deferred tax		-	-
Income tax expense (benefit)		-	-

5 SIGNIFICANT EVENTS AND TRANSACTIONS

The Company granted 1,979,889 performance rights in two tranches to certain executive officers and senior staff of the Company under the terms of the Long Term Incentive Plan ('LTIP'). The fair value of tranche 1, granted on 17 October 2024, was calculated at 8.28 cents on the grant date, while tranche 2, issued on 18 December 2024 was calculated at 12.25 cents on its grant date. Both tranches will be assessed against the vesting conditions shortly after 30 June 2027. The vesting of the performance rights granted is based on the achievement of specified internal and external vesting conditions.

There were no other significant changes in the state of affairs during the period.

6 PROPERTY, PLANT AND EQUIPMENT – NON-CURRENT

	Notes	31 December 2024 \$	30 June 2024 \$
Leasehold improvements – at cost		138,058	126,953
Less: Accumulated depreciation and impairment		(42,818)	(25,309)
		95,240	101,644
Plant and Equipment - at cost		9,546,028	8,331,909
Less: Government grant for plant and equipment		(2,134,129)	(1,347,308)
Less: Accumulated depreciation and impairment		(1,643,601)	(842,250)
		5,768,298	6,142,351
Total property, plant and equipment		5,863,538	6,243,995

Reconciliations	Leasehold Improvements \$	Plant & Equipment \$	Total \$
31 December 2024			
Opening balance	101,644	6,142,351	6,243,995
Additions ¹	11,104	1,239,429	1,250,533
Disposals	-	-	-
Government grants	-	(786,821)	(786,821)
Transfers	-	-	-
Depreciation and amortisation	(17,508)	(826,661)	(844,169)
Closing balance	95,240	5,768,298	5,863,538
30 June 2024			
Opening balance	-	2,864,904	2,864,904
Additions	107,314	5,176,898	5,284,212
Government grants	-	(1,347,308)	(1,347,308)
Transfers	18,577	(18,577)	-
Depreciation and amortisation	(24,247)	(533,566)	(557,813)
Closing balance	101,644	6,142,351	6,243,995

¹ Included in additions for plant and equipment in the six months to 31 December 2024 are \$593,868 of employee costs (June 2024: \$840,150) capitalised in relation to the installation of the pilot plant production facilities in the Waurn Pond campus.

6.1 A reconciliation of additions for property, plant and equipment to the statement of cash flows follows:

	Notes	31 December 2024 \$	31 December 2023 \$
Additions		1,250,533	4,044,602
Equipment deposits (disclosed as other non-current assets)		388,427	(1,040,190)
Additions recorded but not yet cash settled		-	213,533
Government grants received but not yet capitalised		(346,383)	-
		1,292,577	3,217,945

7 INTANGIBLE ASSETS – NON-CURRENT

	Notes	31 December 2024 \$	30 June 2024 \$
Development costs		8,200,763	8,140,360
Less: Government grant for development costs		(378,386)	(1,084,621)
Less: Accumulated amortisation and impairment		-	-
Total intangible assets		7,822,377	7,055,739

Reconciliations	Lithium Metal Battery	Li- Nanomesh	Lithium Sulfur Battery	Total
31 December 2024	\$	\$	\$	\$
Opening balance	633,386	957,989	5,464,364	7,055,739
Additions	189,564	-	955,460	1,145,024
Disposals	-	-	-	-
Government grants	-	-	(378,386)	(378,386)
Transfers	-	-	-	-
Depreciation and amortisation	-	-	-	-
Closing balance	822,950	957,989	6,041,438	7,822,377
30 June 2024				
Opening balance	273,605	1,075,370	4,796,524	6,145,499
Additions	421,531	11,388	1,561,942	1,994,861
Disposals	-	-	-	-
Government grants	(61,750)	(128,769)	(894,102)	(1,084,621)
Transfers	-	-	-	-
Depreciation and amortisation	-	-	-	-
Closing balance	633,386	957,989	5,464,364	7,055,739

The intangible asset is for the development of the Li-S Battery project undertaken by Deakin University under the Research Framework Agreement.

7.1 Reconciliation of the additions for intangibles to the statement of cash flows:

	Notes	31 December 2024 \$	31 December 2023 \$
Additions		1,145,024	777,121
Movement in trade and other payables		125,495	(195,586)
		1,270,519	581,535

8 FAIR VALUE MEASUREMENT

The carrying values of financial assets and liabilities held at amortised cost approximate their fair value.

Estimated discounted cash flows were used to measure fair value, except for fair values of financial assets that were traded in active markets that are based on quoted market prices.

Hierarchy

The following tables classify financial instruments recognised in the statement of financial position of the Group according to the hierarchy stipulated in AASB 13 as follows:

- Level 1 – the instrument has quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – a valuation technique is used using inputs other than quoted prices within Level 1 that are observable for financial instruments, either directly (i.e. as prices), or indirectly (i.e. derived from prices); or
- Level 3 – a valuation technique is used using inputs that are not based on observable market data (unobservable inputs).

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
31 December 2024				
Current assets				
Australian unlisted units in investment trust	-	-	2,000,000	2,000,000
Non-current assets				
US Unlisted equity securities	-	-	2,781,084	2,781,084
	-	-	4,781,084	4,781,084
30 June 2024				
Current assets				
Australian unlisted units in investment trust	-	-	2,000,000	2,000,000
Non-current assets				
US Unlisted equity securities	-	-	2,610,205	2,610,205
	-	-	4,610,205	4,610,205

For assets and liabilities that are recognised on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. There were no transfers between levels during the period.

There were no changes in the Company's valuation processes, valuation techniques, and types of inputs used in the fair value measurements during the period.

The level 3 fair value assessment of US unlisted equity securities has been based on advice provided by Zeta Energy Corp. The amount per share in United States Dollars has been converted to Australian Dollars at the prevailing exchange rate of \$0.6217 at 31 December 2024.

9 CONTINGENT ASSETS, CONTINGENT LIABILITIES AND COMMITMENTS

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

	Notes	31 December 2024 \$	30 June 2024 \$
Plant and equipment ¹		931,807	1,077,536
Intangible assets – commitments to Deakin University ²	11.2	1,302,303	4,792,412
Intangible assets – Other ³		733,011	177,500
		2,967,121	6,047,448

¹ LIS has entered into certain contracts for plant and equipment that have performance milestones aligned with the commissioning and warranty periods of the equipment.

² LIS has outstanding commitments to Deakin University relating to projects contracted under the Research Framework Agreement. These projects range in durations of up to 3 years (see Note 11).

³ Other commitments relate to non-Deakin University contractual commitments under various research collaboration and consulting agreements.

There are no contingent assets or contingent liabilities.

10 EARNINGS / (LOSS) PER SHARE

	31 December 2024 \$	31 December 2023 \$
Profit/(loss) after tax	(2,671,879)	(2,454,073)
	No. of Shares	No. of Shares
Weighted average number of ordinary shares outstanding used in calculating basic earnings per share ¹	634,881,920	638,028,056
Weighted average number of ordinary shares outstanding used in calculating diluted earnings per share ^{1, 2}	634,881,920	638,028,056
Basic earnings (loss) per share (cents)	(0.42)	(0.38)
Diluted earnings (loss) per share (cents)	(0.42)	(0.38)

¹ The weighted average number of ordinary shares outstanding used in calculating basic and diluted earnings per share for the current period included the pro-rata reduction of available shares as a result of the purchase of an additional 6,000,000 treasury shares during the period, partly offset by the transfer out of treasury shares to cover exercised rights during the period.

² The weighted average number of ordinary shares outstanding used in calculating diluted earnings per share for the current and comparative periods have not been adjusted for the Service Rights or Performance Rights issued under the various Rights Plans as they are anti-dilutive.

11 RELATED PARTY TRANSACTIONS

11.1 Transactions with Directors and Key Management Personnel

Transactions with Directors and Director-related entities

Until 31 October 2024, the immediate parent of the Company was PPK Aust, a wholly owned subsidiary of PPK Group, the ultimate parent entity until that date. PPK Group's control of LIS ceased following distribution of approximately 25.95 million shares to its shareholders via an in-specie dividend, combined with additional off-market share transactions.

11.2 A summary of the related party transactions with other entities during the period is as follows:

	Notes	31 December 2024 \$	31 December 2023 \$
INFLOWS			
Interest income received from PPK Group		100,822	100,822
OUTFLOWS			
Management fees paid to PPK Group		470,000	410,000
Other transactions with PPK Aust		18,030	-
Other purchases from BNNTTL		-	8,109
Research and development payments to Deakin		678,594	575,529
Lease and outgoings payments to Deakin		279,077	185,330
Purchases from White Graphene Limited		1,621	586

During the six months ended 31 December 2024, LIS entered into the following related party agreements:

Research Framework Agreement with Deakin

During the period, LIS varied its Research Framework Agreement ('RFA') with Deakin to realign the research and development program scope between work outsourced to Deakin versus the work program undertaken by LIS team members. The key material terms of the RFA are consistent with the previous RFA entered with regards to intellectual property ('IP') ownership, being that LIS will own all project IP. Refer to Note 9 for LIS' total commitment under REACH as at 31 December 2024.

Related party balances owing to its shareholders at the reporting date

The Company had the following related party balances receivable from, or payable to, its related parties at the reporting date:

	Notes	31 December 2024 \$	30 June 2024 \$
Related party balances receivable			
PPK Group Limited		2,000,000	2,000,000
Deakin University		304,740	-

12 EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

There have been no matter or circumstance that has arisen since the end of the financial period which is not otherwise dealt with in this interim financial report that has significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial periods.

DIRECTORS' DECLARATION

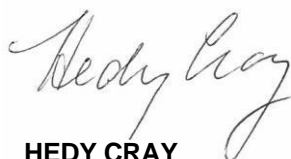
FOR THE HALF-YEAR ENDED 31 DECEMBER 2024

1. In the opinion of the Directors of Li-S Energy Limited;
 - a) The interim financial report and notes of Li-S Energy Limited are in accordance with the *Corporations Act 2001*, including:
 - (i) Giving a true and fair view of its financial position as at 31 December 2024 and of its performance for the half-year ended on that date; and
 - (ii) Complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
 - b) There are reasonable grounds to believe that Li-S Energy Limited will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors made pursuant to s.303(5) of the *Corporations Act 2001*:



BEN SPINCER
Chairman



HEDY CRAY
Non-Executive Director

Brisbane, 18 February 2025



**Shape the future
with confidence**

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Independent auditor's review report to the members of Li-S Energy Limited

Conclusion

We have reviewed the accompanying half-year financial report of Li-S Energy Limited (the Company) and its subsidiaries (collectively the Group), which comprises the condensed statement of financial position as at 31 December 2024, the condensed statement of profit or loss and other comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group does not comply with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2024 and of its consolidated financial performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibilities for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2024 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



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A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

A handwritten signature in black ink that reads 'Ernst & Young' in a cursive, stylized script.

Ernst & Young

A handwritten signature in black ink that reads 'Madhu Nair' in a cursive, stylized script.

Madhu Nair
Partner
Brisbane
18 February 2025