



Interim Results

For the six months ended 31 December 2023

27 March 2024

Gelion plc
("Gelion", "the Group" or the "Company")

Interim results to 31 December 2023

Gelion plc (AIM: GELN), the Anglo-Australian energy storage innovator, is pleased to announce its interim results for the six months ended 31 December 2023.

HY24 Operational highlights

- Raised £4.1m via a placing, subscription and retail offer in November 2023, with strong support from existing and new investors
- Acquired OXLiD Ltd, a UK based Lithium Sulfur (Li-S) battery technology developer to accelerate progress towards commercialisation, further positioning Gelion as a global leader in this expanding market
- Signed JDA with Ionblox, a US silicon oxide (SiOx) anode developer, to develop high performance, next-generation Lithium Silicon Sulfur (LiSiS) cells, initially for the global electric vehicle (EV), electrical vertical-takeoff-and-landing (eVTOL) and drone markets, before progressing to the stationary energy storage market
- In July 2023, the Group identified a path towards the development of a zinc-based solution, following the successful match-to-market study and the Group is developing a zinc hybrid cell referred to as Gen5 hybrid technology with the objective of achieving a scalable chemistry.
- Signed agreements with the University of Sydney and Professor Yuan Chen for Gelion's Advanced Cathode Project, accelerating progress towards a zinc-based energy storage solution
- New Li-S Research and Development facility now fully operational, to optimise development and accelerate market readiness of this technology by producing more advanced cell prototypes

HY24 Financial highlights

- Company continues to be debt free with cash and cash equivalents at period end of £7.5m (June 23: £7.3m)
- Adjusted EBITDA¹ loss for the period was £3.2m (H1 FY23 EBITDA loss: £4.4m), a 28.9% decrease driven by:
 - o Six months impact of the cost saving initiatives implemented by the business since March 2023 that is expected to deliver an estimated annualised cost savings of c£1.0m; and
 - o Completion of the pilot manufacturing project i.e. the manufacturing of batteries and BMS development in H2 FY23, associated with the Acciona trial.

Post period highlights

- Feb 2024 - Appointed Louis Adriaenssens as Chief Technology Officer and Dr Adrien Amigues as President of Gelion UK and Europe, to further strengthen Gelion's Senior Leadership Team
- March 2024 - announced the recent test results of its Next Generation Lithium-Sulfur battery development demonstrating early validation of the primary elements of the Group's technology plan

¹ EBITDA is defined as the Earnings Before Interest, Tax, Depreciation and Amortisation. Adjusted EBITDA is defined as EBITDA before share based payment charges and other non-recurring costs. These costs are either considered non-recurring or are non-cash items and therefore are separately disclosed to assist the user of the financial information to understand and compare the underlying results of the Company.

John Wood, CEO of Gelion, commented: *“Our activity in 2023 laid the foundation for Gelion to establish leadership in what we consider to be the most exciting emerging battery technology, Lithium Sulfur. Safe, low cost, abundant, and high performance - a technology that although have been challenging to get to readiness to commercialise, we believe it’s nearing its time, largely as a result of outcomes pioneered first in Oxis and now in Gelion.*

“Even more exciting than the inorganic (acquisition) activity last year to secure IP and capability, is the progress that is being made every day organically by both our Lithium Sulfur and Zinc Hybrid teams to bring the pieces together and establish Gelion’s unique proposition.

“We acknowledge that we still have a journey ahead before we convert the intrinsic value to commercial reward and we aim to achieve this with our technologies by establishing key relationships with strategic partners that will benefit from the transformation.

“I would like to thank shareholders for their support as we focus all our efforts to deliver a successful future for Gelion and all our stakeholders.”

For further information please visit www.gelion.com or contact:

Gelion plc

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About Gelion

Gelion (“gel: ion”) is a global -energy storage innovator, supporting the transition to a more sustainable economy by commercialising two globally important next generation technologies: Lithium-Sulfur (LiS) and Zinc-based (Zn) hybrid cells to electrify mobile and stationary applications. Gelion plc (the Group) is listed on the London Stock Exchange’s Alternative Investment Market and wholly owns Australia based Gelion Technologies Pty Ltd. Gelion is designing and delivering innovative battery technology to enable that transition and return value for its customers and investors.

Lithium Sulfur

Gelion’s effort is directed at the potential for the LiS chemistry to deliver double the gravimetric energy density of standard Lithium-ion chemistries whilst at the same time reducing cost and increasing safety targeting the EV and e-aviation market, helping to make global transport, energy consumption and storage more sustainable.

Gelion is developing a product for its high energy density sulfur cathode at its expanded R&D facilities in Sydney, enabling it to integrate with a variety of anodes ranging from graphite to silicon to lithium metal, depending on the targeted application.

Gelion recently also expanded in the UK by acquiring OXLiD Ltd, significantly increasing Gelion's capability in cathode improvement thereby accelerating the path to commercial partners and commercialisation.

Zinc

Gelion is adapting its zinc technology to comprise an alternate cathode technology, a zinc hybrid cell to develop complementary next-generation batteries for the lead-acid eco-system. Early testing indicates that this solution has the potential to maintain good energy density levels with enhanced cost and safety aspects. Once fully developed, Gelion intends for our zinc technology to provide a durable and sustainable market extension within the ecosystem that supports lead-acid batteries.

Interim Results (Unaudited) for the six months ended 31 December 2023

CEO Statement

The momentum from Gelion's achievements in the financial year ended 30 June 2023 ("FY23") carried forward into the first half of Gelion's 2024 Financial Year ("H1 FY24"). The Group made significant progress towards its goal of global technology leadership in Lithium Sulfur (Li-S) following the Company's acquisition of the Johnson Matthey IP portfolio. In H1 FY24 Gelion also completed the acquisition of OXLiD alongside a successful £4.1m fundraise in November 2023, to support the acquisition and to provide the associated working capital needs of the combined business. In addition, the Company signed a Joint Development Agreement (JDA) with the leading Silicon Oxide (SiOx) anode partner, Ionblox, in the US with a focus on achieving a Lithium Silicon Sulfur (LiSiS) cell technology. These initiatives have enabled Gelion to expand the Company's footprint in the UK and establish a strategic relationship in the US, countries where Gelion continues to press for leadership in the LiS technology.

The Group accelerated its programme to develop complementary next generation batteries targeted for introduction alongside the lead-acid eco-system, with the development of the zinc-based hybrid cell, which the Company is designing to be readily scalable. To support this effort, Gelion entered into agreements with The University of Sydney to access development support from Professor Yuan Chen, an expert in Zinc technologies.

In parallel, the Group has remained committed to disciplined cost control to support the investment necessary for advancing the Group's strategic objectives. Gelion has continued to invest in the Company's IP portfolio, with a particular focus on building out the Company's LiS research capability.

Looking ahead, I am confident we are well positioned to continue developing relevant energy storage solutions for the future. Development of leadership in battery technology requires a team environment that combines creativity and discipline in the same effort. Gelion has assembled a formidable team that is deeply committed to the mastery of technologies capable of broad integration into the global supply chain. The Company's acquisition activity in 2023 helped the Company progress its technology offering and talent pool within the Company's Australia and the UK based teams. Gelion's team is working hard to steer the Company towards leadership in the vast, rapidly growing, and highly competitive market for high performance battery technologies.

Strategy

Whilst the market for new battery technologies is very competitive and both Gelion's Li-S and zinc hybrid cell technologies have, and will continue to have, competition from other energy storage innovators aiming at similar performance and market segments, Gelion continues to make progress in line with the Company's strategic milestones.

In FY23 and H1 FY24 the Company has built a solid foundation from which Gelion can now accelerate its technology development. Gelion's extensive network globally and across the industry will be key in establishing the required supply chains and commercialisation, while we expand and mature as a participant in the global community.

Technology overview / achievements

The first technology, based on combinations of Lithium (Li) and Sulfur (S), yields very high gravimetric energy densities (measured as amount of energy per battery weight) and continues to be elevated in the industry as its enormous potential in the mobility markets (critical to drive down the weight) becomes widely understood. The second uses Zinc (Zn) in combination with Gelion's new cathode technology and has the potential to yield robust, long-life storage solutions. Together, Gelion believe these technologies will play a

pivotal role in facilitating the global transition toward sustainable energy solutions for both mobile and stationary storage applications.

Gelion has clearly defined objectives to establish itself as a company of global relevance in both technologies and in H1 FY24, the Group made crucial steps towards achieving these goals.

Lithium Sulfur

The acquisition of OXLiD is already enabling the enlarged Group to accelerate progress and to underpin Gelion's move towards a global technology leadership position in this expanding market. OXLiD is dedicated to the development and commercialisation of LiS batteries for electrified transportation and sustainable energy storage in the electric aviation (drones and eVTOL) and electric vehicle markets.

In the same week, Gelion also signed a JDA with Ionblox Incorporated (Ionblox), the California based next-generation battery technology company transforming the future of mobility by land and air: a leading silicon oxide anode developer with multiple performance attributes - fast charging, high energy, high power, and long life at low cost. Ionblox's investors include Liliium, Applied Ventures, Temasek and Catalus Capital.

By combining Ionblox's technology development with the Group's technology and broad IP and know-how (the IP Portfolio), Gelion is seeking to achieve full cell performance that will be competitive across a broad span of applications based on the expected combination of high performance, low cost, safety, and the abundance of the materials.

Lithium Sulfur is a path to high gravimetric energy density (double the typical gravimetric energy density of current Lithium-Ion batteries) and therefore half the weight. In addition, the technology also is a path to higher safety and lower costs. Recent reporting on the challenges associated with accelerated tyre wear from the weight of batteries in e-Vehicles has emphasised that gravimetric energy density will be an increasingly important metric in battery performance generally for electric mobility. Put simply, Gelion sees huge potential for LiS, using various combinations of its important capabilities and characteristics, across many application classes in energy storage globally as it is progressively mastered.

Building on the expanded capabilities in Australia, Johnson Matthey IP portfolio, OXLiD and the Ionblox JDA, post period end, the Group provided an update on update on its Next Generation Li-S battery development, signalling the primary elements of Gelion's plan are being validated as we progress.

To achieve these results Gelion is currently using a combination of our own R&D facilities which we extended in 2023 and cell assembly capabilities in third party trusted partners who are also able to attest to the results our technology is achieving.

Gelion is following a unique approach that combines the use of inexpensive materials with low-cost processing. We believe this to be an important technological contribution that will be a strong base from which to build commercial success.

Zinc

Zinc is a very important battery element, primarily owing to its abundance, non-toxic nature, and cost-effectiveness.

In July 2023, we confirmed Gelion is moving away from utilization of Bromide in our Zinc prismatic cells and would be actively conducting research into an alternative hybrid cathode direction with the aim of moving beyond intractable challenges we had encountered toward delivering safety, cost, and performance goals simultaneously with the original Zinc Bromide target.

Since Gelion transitioned the Zinc target, the team has been driving forward against a full set of objectives that are needed for the technology to meet expectations. Having already established the techniques for manufacturing the full prismatic sized cells that Gelion intends to use for market applications, Gelion is now developing a hybrid chemistry target, referred to as Gen5 hybrid technology.

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

ability to be stored and transported in a discharged state. These elements receive further strength because of their compatibility with existing global supply chains.

In August 2023, the Company signed two agreements with The University of Sydney and Professor Yuan Chen for Gelion's Advanced Cathode Project, facilitating progress towards our zinc-based energy storage solution. The Group is very fortunate to be able to work with Professor Chen to incorporate his research, understanding, and experience to move both quickly and directly towards our goals.

Post-period end, the Group has continued to progress its research program to obtain a degree of confidence over both performance and market fit, before further investment decisions in relation to the development and pilot testing are made. Gelion has been diligently following a disciplined process to ensure we are addressing a complete product target and has been making consistent progress against all objectives.

The commercial thesis for Gelion's Zinc hybrid technology is to introduce the technology alongside the Lead Acid industry as the production methods have similarities and the Zinc solution that Gelion is developing uses benign materials and is aimed at achieving high & effective recycling at end of life, much like Lead Acid.

People

Post-period end, the Company expanded its Senior Leadership Team and appointed Dr Louis Adriaenssens as Chief Technological Officer (CTO) and Dr Adrien Amigues as President in the UK and Europe.

Louis brings exceptional experience in specialist battery innovation, manufacturing and commercialisation, having most recently worked in Nevada as the Supervisor of Chemistry for Panasonic at the Tesla Gigafactory, where he and his team looked after the processes associated with the production of approximately 5 million battery cells per day. Dr Adrien Amigues who combines commercial acumen with technical strength founded OXLiD in 2021 and has now taken up the role of President of Gelion UK and Europe.

These appointments further enhance Gelion's already impressive and focused leadership team at this pivotal next stage of our commercialisation journey, which based on our technology development pathways, places us as a key player in UK/Europe.

Summary and Outlook

In terms of Gelion's zinc technology, consistent progress is being made toward the research objectives that must be achieved before establishing a decision to recommence preparations for commercial prototyping activities. This research will assess the technology's likely boundary performance conditions and, given this, we are revisiting the Company's commercial match-to-market assumptions using direct industry engagement. This research is being undertaken to allow the Company to make informed decisions and will form part of a technical and commercial summary update to Gelion's investors once complete in the coming months.

Following our acquisition activities in 2023, Gelion has focussed its efforts on establishing LiS leadership by executing the Company's internal development plan, consisting of three primary objectives:

1. Utilising input from across the Oxis generated technology acquired from Johnson Matthey and the Group's technological development (Gelion Sydney and OXLiD), a baseline has been identified that puts us on a path toward products that can be sensibly manufactured - a high performance and safe cathode material and electrolyte.
2. Advancing the implementation and testing of full cell technology using standard Lithium Metal anode approaches, a protected Lithium Metal technology that we are developing under licence, and the pre-lithiated SiOx anode from Ionblox.
3. Achieving a detailed plan of test milestones will provide internal and external visibility of Gelion's progression toward mastering LiS and LiSiS technologies capable of commercial scaling.

By following the plan, the Company set out for its LiS and LiSiS activities, Gelion anticipates establishing growing recognition across the industry for the importance of the technology position the Company is working to secure.

I would like to finish by recognising the efforts of an exceptional team who are diligently applying themselves to extracting success and toward delivering value and return from our continuously strengthening technology base and industry positions.

John Wood
CEO
27 March 2024

CFO Statement

During H1 FY24, the Group remained focused on advancing its next-generation LiS technology. This involved successful integration of acquired intellectual property from Johnson Matthey, IP from OXLiD and other strategic collaboration initiatives, notably including the joint development agreement with Ionblox. Early test results affirm the significance of these initiatives in driving the development of Gelion's LiS technology. Additionally, efforts continue in the cathode development and feasibility studies for Gen 5 Zinc Hybrid cells, aimed first at validation and subsequent commercialisation.

Interim results

These interim results confirm the effectiveness of the Company's 2023 cost-saving initiatives, leading to material reductions in operating expenditure while maintaining planned activities. The H1 FY24 interim results include the financial performance of OXLiD for one month from post-acquisition period, 30 November – 31 December 2023.

Other income

The Group's policy is to recognise R&D tax incentive (as Other income) at year-end. Post 30 June, management assesses its R&D activities and associated expenditure and identifies expenses that are likely to be eligible under the scheme. These are then reviewed and assessed by independent experts. Given the importance of getting these claims accurately filed with the Australian Taxation Office (ATO), R&D tax incentive is only recognised post review by the independent expert and the auditors.

The Group has recognised grant income in the H1 FY24 results from approved grants for OXLiD through the Faraday Battery Challenge (FBC) and the Advanced Propulsion Centre (APC).

Adjusted EBITDA Loss

Adjusted EBITDA loss (defined as the Earnings Before Interest, Tax, Depreciation, Amortisation, share based payment charges and other non-recurring costs) for the period was £3.2m (H1 FY23 EBITDA loss: £4.4m). The 28.9% decrease in the Adjusted EBITDA loss was driven by:

- Six months impact of the cost saving initiatives implemented by the business since March 2023 across headcount, administrative expenses, and contractors. These savings cumulatively are estimated to be c. £1.0 m on an annualised basis. Average headcount decreased from 51 in H1 FY23 (July 2022 to December 2022) to 43 in H1 FY24 reflecting the focus on optimising operations; and
- Completion of the pilot manufacturing project i.e. the manufacturing of batteries and BMS development in H2 FY23, associated with the Acciona trial.

Non-recurring items relate to expensed portion of the transaction costs incurred in relation to the acquisition of OXLiD Ltd (£225k) and the capital raise (£88k).

Balance sheet

The Company continues to be debt free with the key items being:

- Cash and cash equivalents at period end: £7.5m (June 23: £7.3m) as a result of:
 - capital raise of £3.4m (net of transaction costs relating to the capital raise and the acquisition);
 - payment made towards acquisition of OXLiD £1.4m (incl. of payment into escrow account); and
 - receipt of R&D tax incentives of £1.9m.

- Net assets increased by £2.8m at 31 December 2023 due to recognition of goodwill (£3.6m) generated from the acquisition of OXLiD, as well as capital investments in equipment (£0.3m) and intangible assets (£0.3m) partially offset by the receipt of R&D tax incentive and consequent decline in receivables.

FY24 Outlook

Gelion remains committed to its disciplined approach to cost management and strategic capital deployment. Leveraging both organic growth initiatives and strategic opportunities, Gelion aims to accelerate our development and enhance our market position, with a view to maximise shareholder return.

With a streamlined cost structure and a debt-free balance sheet, Gelion is strategically positioned to capitalise on the market opportunity, and we continue to be confident in the long-term prospect of the Company.

Amit Gupta

CFO

27 March 2024

Consolidated Statement of Comprehensive Income

	Notes	Six months ended 31 Dec 2023 £'000 Unaudited	Six months ended 31 Dec 2022 £'000 Unaudited & Restated
Other income	3	35	-
Total income		35	-
Administrative expenses	4	(1,482)	(2,142)
Research and development expenditure	5	(1,708)	(2,294)
Share-based payments expense*	6	(416)	(367)
Depreciation and amortisation		(297)	(206)
Operating loss before non-recurring items		(3,868)	(5,009)
Non-recurring items:	7		
Acquisition related costs		(225)	-
Capital raising related costs		(88)	-
Total non-recurring items:	7	(313)	-
Operating loss		(4,181)	(5,009)
Finance costs		(2)	(2)
Finance income		68	76
Loss on ordinary activities before taxation		(4,115)	(4,935)
Tax on loss on ordinary activities		-	-
Loss on ordinary activities after taxation		(4,115)	(4,935)
Total loss for the period 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		203	(42)
Total comprehensive loss for the period attributable to equity holders of the parent		(3,912)	(4,977)
Loss per share (basic and diluted) attributable to the equity holders (pence)	8	(3.60)	(4.60)

The above results relate entirely to continuing activities.

* Six-months ended 31 Dec 2022 have been restated for the treatment of fair value of non-cash share based payments, more details in the note 2.2. The company has reclassified depreciation and amortisation from administrative expenses for the six-months ended Dec 2022, in line with changes made to the audited financial statements for the year ended 30 June 2023.

The results for the six months ended 31 December 2023, also include the results of OXLiD Ltd from the date of acquisition, more details in note 9. The accompanying notes from pages 15 to 24 form part of this financial information.

Consolidated Balance Sheet

	Notes	31 Dec 2023 £'000 Unaudited	30 June 2023 £'000 Audited
Assets			
Non-current assets			
Goodwill	9	3,596	-
Intangible assets		3,686	3,349
Property, plant and equipment		1,206	957
Current assets			
Cash and cash equivalents		7,451	7,268
Other receivables	10	550	2,114
Total Assets		16,489	13,688
Liabilities			
Current liabilities			
Trade and other payables		1,090	1,057
Non-current liabilities			
Trade and other payables		17	27
Total liabilities		1,107	1,084
Net assets		15,382	12,604
Equity			
Issued capital	11	136	108
Share premium account	11	24,488	20,752
Other non-distributable reserves	11	8,461	5,328
Capital reduction reserve	11	11,194	11,194
Accumulated losses		(28,897)	(24,778)
Total equity		15,382	12,604

The accompanying notes from pages 15 to 24 form part of this financial information.

Consolidated Statement of Cash Flows

	Six months ended 31 Dec 2023 £'000 Unaudited	Six months ended 31 Dec 2022 £'000 Unaudited & Restated
Cash flow from operating activities		
Loss for the period before exchange losses and non-recurring items:	(3,802)	(4,935)
Acquisition related costs	(225)	-
Capital raising related costs	(88)	-
Total non-recurring items	(313)	-
Loss for the period before exchange losses	(4,115)	(4,935)
Adjustments for:		
– depreciation & amortisation	297	205
– net finance loss / (income)	(73)	(17)
– impairment of intangible assets	16	-
– share-based payments expense	416	367
– changes in working capital	2,050	2,229
Net cash used in operating activities	(1,409)	(2,151)
Cash flows from investing activities		
Acquisition of subsidiary, net of cash acquired	(1,076)	-
Other investments – escrow account	(133)	-
Purchase of intangible assets	(626)	(34)
Purchase of tangible property, plant and equipment	(405)	(371)
Short-term investments (term deposits)	-	(5,213)
Interest received	72	19
Net cash used in investing activities	(2,168)	(5,599)
Cash flows from financing activities		
Proceeds from issue of shares	4,100	1
Transaction costs in relation to issue of shares	(348)	-
Repayment of leasing liabilities	(25)	(23)
Net cash generated from / (used in) financing activities	3,727	(22)
Net increase / (decrease) in cash held	149	(7,772)
Cash and cash equivalents at beginning of reporting period	7,268	16,024
Effect of exchange rate changes	34	(42)
Cash and cash equivalents at end of reporting period	7,451	8,210

The accompanying notes from pages 15 to 24 form part of this financial information.

* Six-months ended 31 Dec 2022 have been restated for the treatment of fair value of share based payments, more details in the note 2.2.

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 2022 (Audited)	107	20,662	(17,390)	11,194	5,148	19,721
Total comprehensive loss for the period*	-	-	(4,935)	-	(42)	(4,977)
Contributions by and distributions to owners:						
Share-based payment charge*	-	-	-	-	367	367
Shares issued during the period	1	-	-	-	-	1
Balance at 31 Dec 2022 (Unaudited)*	108	20,662	(22,326)	11,194	5,474	15,114
Balance at 1 Jan 2023 (Unaudited)	108	20,662	(22,326)	11,194	5,474	15,114
Total comprehensive loss for the period	-	-	(2,472)	-	(653)	(3,125)
Contributions by and distributions to owners:						
Share-based payment charge	-	-	-	-	527	527
Shares issued during the period	-	73	-	-	-	73
Forfeited / cancelled share options	-	-	19	-	(19)	-
Exercise of share options	-	17	-	-	-	17
Balance at 30 June 2023 (Audited)	108	20,752	(24,778)	11,194	5,328	12,604
Balance at 1 Jul 2023 (Audited)	108	20,752	(24,778)	11,194	5,328	12,604
Total comprehensive loss for the period	-	-	(4,115)	-	203	(3,912)
Contributions by and distributions to owners:						
Merger relief reserve (fair value of shares issued on acquisition)	11	-	-	-	2,512	2,523
Share-based payment charge	-	-	-	-	416	416
Shares issued during the period	17	4,083	-	-	-	4,100
Cost of shares issued	-	(348)	-	-	-	(348)
Balance at 31 Dec 2023 (Unaudited)	136	24,488	(28,897)	11,194	8,461	15,382

* Six-months ended 31 Dec 2022 have been restated for the treatment of fair value of share based payments, more details in the note 2.2.

Notes to The Consolidated Financial Statements

1. General Information

Gelion Plc ('Gelion' or the 'Company') is a 100% owner of:

- Gelion Technologies Pty Ltd, an Australian subsidiary that conducts research and development in respect of an innovative battery system and associated industrial design and manufacturing; and
- OXLiD Ltd, a UK subsidiary which is involved in the research and development of lithium-sulfur battery technology.

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

Gelion Plc was originally incorporated as Gelion UK Ltd. On 12 November 2021, Gelion UK Ltd 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 interim consolidated financial statements for the period 1 July 2023 to 31 December 2023 are unaudited. The financial statements also incorporate the unaudited figures for the interim period 1 July 2022 to 31 December 2022 and the audited figures for the year ended 30 June 2023 (where applicable). These interim consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the 2023 annual report.

2.2 Restatement of comparatives

Where required by accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current period. These restatements have impacted the reported net result of the business for the six months period ended 31 December 2022.

Prior Period Restatements of Financial Statements

Management has made one restatement in the company's previously issued consolidated financial statements for the period ended 31 December 2022. This was identified post the release of interim results and were restated within the financial statements for the year ended 30 June 2023.

This restatement is due to a correction in accounting treatment of 1,830,000 vested options that were forfeited in exchange for shares issued to ex-CEO Andrew Grimes in the period to 31 December 2022. There is no impact on cash position at 31 December 2022 however there is an increase of £186k for non-cash share based payments charge, therefore impacting net result for 31 December 2022. Further, the treatment in the fair value of the forfeited options of £2,342,775 was previously transferred from share based payments reserve to accumulated losses, this has now been reversed and the fair value charge remains in share based payments reserve. These restatements do not impact the 30 June 2023 full year results as the correct accounting treatment was applied for these results.

2.3 Going concern

In assessing whether the Company has the ability to continue as a going concern, the Directors have modelled a business-as-usual cash flow forecast for the period up to 31 March 2025 including the receipt of an estimated R&D tax incentive (for the period ending 30 June 2024) of c. £1.7m and grant income (approved but unclaimed) in the UK of c. £0.6m, both based on previous receipts.

The Company expects it will remain cash positive for the period up to 31 January 2025 under its current operating plan, though under a scenario whereby all discretionary expenses are reduced and uncommitted expenditure are delayed, this can be extended to April 2025. The Directors are in the process of evaluating additional funding options, including government grants (uncommitted at the date of this report). The Directors also note that the Company recently concluded a capital raise of £4.1m in November 2023, which was used in part for the purchase of OXLiD, giving them confidence that the Company can attract additional investment. Furthermore, the Board is confident that in the event that they choose to raise additional finance, this would be achievable based on the future prospects of the business and previous experience in raising equity finance, while acknowledging that this would be influenced by the market conditions at that time.

Some uncertainty arises in relation to obtaining additional funding and there is material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern, therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Board remains committed to ensuring the solvency/viability and long-term future of Gelion and will update investors accordingly in the coming months. For avoidance of doubt, the financial statements do not include the adjustments that would result if the Group were unable to continue as a going concern.

2.4 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 period, adjusted for bonus elements in Ordinary Shares issued during the period.

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.

2.5 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, expired, cancelled or forfeited.

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

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

2.6 Non-Recurring Items

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

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

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

2.7 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.

2.8 Critical accounting judgements and key sources of estimation uncertainty

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. The Group recognises a receivable for R&D tax incentive at the year-end only based on total eligible expenditure incurred during the year. As such, no R&D tax incentive receivable has been recognised for the period ended 31 December 2023.

Business combination

In our accounting for business combination, judgment was required in determining whether an asset is identifiable and should be recorded separately from goodwill. Additionally, estimating the acquisition-date fair values of the identifiable assets acquired and liabilities assumed involved considerable judgment. The necessary measurements are based on information available on the acquisition date and are based on expectations as well as assumptions that have been deemed reasonable by management.

3. Other income

Following the recent acquisition of OXLiD Ltd, the Company started recognising grant income (accrued for the period post-acquisition) which relates to approved grant funding of OXLiD through the Faraday Battery Challenge (FBC) and the Advanced Propulsion Centre (APC) programs. The grant funding is recognised on an accrual basis and are claimed either on a monthly or a quarterly basis with the funds received in the month after the claim submission.

	Six months ended 31 Dec 2023 £'000 Unaudited	Six months ended 31 Dec 2022 £'000 Unaudited
Grant income	35	-
Total other income	35	-

4. Administrative Expenditure

Administrative expenditure includes personnel and related costs (including salaries, benefits and payroll tax) and costs associated with external consultancy services.

5. R&D Expenditure

R&D expenditure includes personnel and related costs (including salaries, benefits and payroll tax) and costs associated with product research, design and development.

6. Share-Based Payments

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

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

In addition to the 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. Both the acceleration of option vesting and additional options granted pursuant to service agreement obligations are triggered by the Company's admission to AIM and therefore can be considered as part of the same non-recurring event.

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

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

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

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

On 13 December 2023, 1,637,629 options were granted that will vest in three equal tranches, the first anniversary is 31 August 2024, followed by annual vesting on 31 August 2025 and 31 August 2026. The options were granted with the exercise price of 0.1 pence and will be exercisable up to the tenth anniversary of the grant.

On 20 December 2023, 949,751 options were granted that have an 18 month vesting period and will vest in full on 31 May 2025. The options were granted with the exercise price of 0.1 pence and will be exercisable up to the tenth anniversary of the grant.

	Six months ended 31 Dec 2023 £'000 Unaudited	Six months ended 31 Dec 2022 £'000 Unaudited & Restated
Share-based payment expense recognised	416	367
Total share-based payment expense	416	367

* Six-months ended 31 Dec 2022 have been restated for the treatment of fair value of share based payments, more details in the note 2.2.

Summary of movements in awards:

	New Share Option Plan Number '000s	2021 and prior Original Share Option Plan Number '000s	Weighted average exercise price £
Outstanding at 1 July 2022 (Audited)	-	7,563	0.32
Granted	2,960	-	0.00
Forfeited	-	(1,905)	0.32
Exercised	-	-	-
Expired	-	-	-

Outstanding at 31 December 2022 (Unaudited)	2,960	5,658	0.21
Exercisable at 31 December 2022 (Unaudited)	-	5,589	0.32
Granted	-	-	0.00
Forfeited / Cancelled	(64)	-	0.00
Exercised	-	(75)	0.22
Expired	-	-	-
Outstanding at 30 June 2023 (Audited)	2,896	5,583	0.21
Exercisable at 30 June 2023 (Audited)	-	5,583	0.32
Granted	2,587	-	0.00
Forfeited / Cancelled	(29)	-	0.00
Exercised	(12)	-	0.00
Expired	-	-	-
Outstanding at 31 December 2023 (Unaudited)	5,442	5,583	0.16
Exercisable at 31 December 2023 (Unaudited)	1,674	5,583	0.24

The range of exercise prices for options outstanding at 31 December 2023 was £0.001 to £1.45 (2022: £0.001 to £1.45).

The weighted average remaining contractual life for the share options outstanding as at 31 December 2023 was 5.98 years (2022: 5.90 years).

Of the total number of options outstanding at 31 December 2023, 7,256,964 (31 December 2022: 5,589,000) had vested and were exercisable.

The weighted average fair value of the options granted in the period was £0.25 (2022: £0.52).

7. Non-Recurring Items

	Six months ended 31 Dec 2023 £'000 Unaudited	Six months ended 31 Dec 2022 £'000 Unaudited
Acquisition related costs	225	-
Capital raising costs	88	-
Total non-recurring items	313	-

Non-recurring costs in FY24 include one-off capital raise related expenses as well as expenses related to the acquisition of OXLiD Ltd. These have been separately disclosed to assist the user of the financial information to understand and compare the underlying results of the Company.

8. Loss Per Share

	Six months ended 31 Dec 2023 Unaudited	Six months ended 31 Dec 2022 Unaudited
Loss after tax	£4,115,000	£4,935,000
Weighted average number of shares (number)	113,792,426	107,577,980
Loss per share (pence)	3.6p	4.6p

The calculation of the loss per share is based on the loss for the financial period after taxation of £4,115,000 (2022: £4,935,000) and on the weighted average of 113,792,426 (2022: 107,577,980) Ordinary Shares in issue during the period.

The weighted average number of shares is reflecting additional 17,082,127 shares issued as part of capital raise activities in November 2023, as well as 10,508,582 shares issued as part of consideration for OXLiD Ltd acquisition on 29th November 2023.

There were 11,024,018 share options outstanding as of 31 December 2023 (30 June 2023: 8,478,535). 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.

9. Business combinations during the period

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

On 29th November 2023, the Company completed the acquisition of 100% of ordinary shares of OXLiD Ltd. OXLiD Ltd is a UK-based lithium-sulfur battery technology company. The Company believes that the acquisition will enhance Gelion's presence in the UK which will act as a further catalyst to establish the foundations for strategic partnerships with major supply chain and industry participants (upstream and downstream), providing a commercially attractive route to market for Gelion's technology.

The book value of the net assets acquired is as follows:

	29 November 2023 £'000
Intangible assets	69
Property, plant and equipment	20
Cash	174
Receivables	88
Payables	(175)
Total net assets	176

At the date of authorisation of these financial statements, a detailed assessment of the fair value of the identifiable net assets is ongoing, given the proximity to the acquisition date. The Group's assessment of the fair values of the assets and liabilities recognised as a result of the acquisition are therefore provisional and will be finalised for the year-end reporting (30 June 2024).

Fair value of consideration paid:

	£'000
Cash	1,250
Non-cash consideration	2,522
Total consideration	3,772

Cash flow reconciliation:

	29 November 2023 £'000
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Cash consideration paid	1,250
Less: Cash balance in net assets acquired	(174)
Net cash consideration paid	1,076

The consideration was settled by cash (£1.25 million) and in equity (amounting to £2,522,060, with the issue of 10,508,582 shares in the Company valued at 24 pence per share on 29th November 2023).

The deferred consideration of £400,000 is subject to the retention of the founder in OXLiD Ltd and will be payable equally over 12, 18 and 24 months, therefore this part of the arrangement represents post-combination services and is separate from the business combination (IFRS 3, B55(a) – *Continuing Employment*).

Whilst fair value adjustments can potentially result in an increase / decrease of recognised goodwill, at the date of authorisation of these financial statements, a provisional goodwill of £3,595,958 has been recognised (fair value of consideration paid less net assets). The provisional goodwill can be attributed to Gelion increasing its geographical footprint in the UK, patents/ intangible and PPE assets ultimately strengthening Gelion's position globally in the LiS technology.

Due to the proximity of the acquisition to the reporting period, the Company has not performed any impairment testing for the goodwill recognised on acquisition, which will be undertaken at the year-end i.e. 30 June 2024.

In the six months period ended 31 December 2023. OXLiD Ltd contributed c.£30k to operating loss to the Group's results.

10. Other receivables

	As at 31 Dec 2023 Unaudited	As at 30 June 2023 Audited
R&D tax incentive	-	1,934
Grant income	87	-
Prepayments	171	172
VAT / GST receivable	134	-
Restricted cash – escrow	133	-
Other debtors	25	8
Total other receivables	550	2,114

R&D tax incentives are granted by the Australian Taxation Office in the form of tax offsets. The key judgements applied in the recognition of this receivable are detailed in note 2.8. Grant income relates to receivables in OXLiD for grant funding in the UK, obtained through the Faraday Battery Challenge (FBC) and the Advanced Propulsion Centre (APC).

The Directors consider that the carrying value of other receivables approximates to their fair value.

11. 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 2022 (Audited)		107,134,839	107	20,662
Shares issued during the period	a	1,026,515	1	-

Balance as at 31 Dec 2022 (Unaudited)		108,161,354	108	20,662
Shares issued during the period	b	171,396	-	74
Exercise of share options		75,000	-	16
Balance as at 30 June 2023 (Audited)		108,407,750	108	20,752
Shares issued during the period	c	27,590,709	28	4,082
Cost of shares issued	d	-	-	(348)
Balance as at 31 Dec 2023 (Unaudited)		135,998,459	136	24,488

a) On 19 October 2022, 1,026,515 Ordinary Shares of £0.001 each were issued to ex-CEO Andrew Grimes (related party transaction) in exchange for relinquishing 1,830,000 options that had vested.

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

c) On 23 November 23, 17,082,127 new ordinary shares of £0.001 have been issued at a price of 24 pence per share. On 29 November 2023, 10,508,582 new ordinary shares of £0.001 have been issued as part of consideration for acquisition of OXLiD Ltd.

d) Transaction costs incurred in the issuing of shares in the period ended 31 December 2023 of £436,000 of which £348,000 was offset against share premium and £88,000 was 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 6 for further details of these plans.

Share-based payments reserve has been restated for the period to 31 December 2022 due to a correction to the treatment of 1,830,000 vested options that were forfeited in exchange for shares issued to ex-CEO Andrew Grimes. The fair value of the forfeited options was incorrectly recognised in share-based payment reserve to 31 December 2022 of £2,342,775. An increase in share based payments charge was also recognised in the period to 31 December 2022 of £186,000 showing a revised movement of £367,000 for the period to 31 December 2022. This correction does not impact the 30 June 2023 full year results as the correct accounting treatment was applied for these results.

- Foreign currency translation reserve

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

- Capital reduction reserve

Immediately following the Second Bonus Issue in 2021, 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	Foreign currency	Merger relief reserve	Total other reserves
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	payment reserve	translation reserve		
	£'000	£'000	£'000	£'000
Balance at 1 July 2022 (Audited)	4,636	512	-	5,148
Foreign currency translation reserve movement	-	(42)	-	(42)
Share-based payment charge	367	-	-	367
Balance at 31 December 2022 (Unaudited)	5,003	470	-	5,473
Foreign currency translation reserve movement	-	(653)	-	(653)
Share-based payment charge	527	-	-	527
Forfeited / cancelled share options	(19)	-	-	(19)
Balance at 30 June 2023 (Audited)	5,511	(183)	-	5,328
Foreign currency translation reserve movement	-	203	-	203
Share-based payment charge	416	-	-	416
Merger relief reserve (fair value of shares issued on acquisition)	-	-	2,512	2,512
Balance at 31 December 2023 (Unaudited)	5,927	20	2,512	8,461

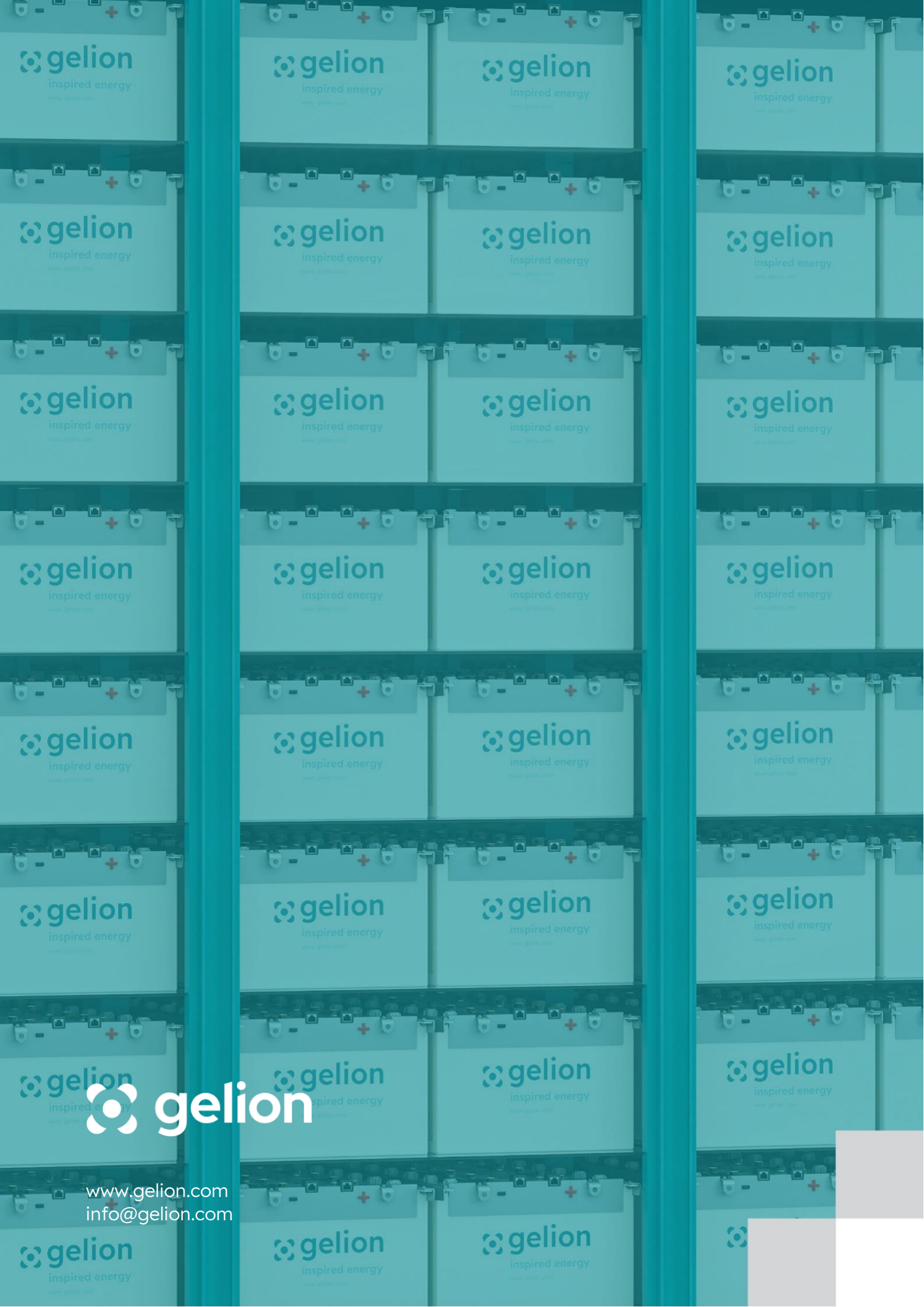
* Six-months ended 31 Dec 2022 have been restated for the treatment of fair value of share based payments, more details in the note 2.2

12. Events subsequent to period end

There are no significant post balance sheet events from 31 December 2023 to the signing of this report.

Corporate Information

Company number	09796512
Directors	
Executive	John Wood Amit Gupta
Non-Executive	Dr Steve Mahon Prof. Thomas Maschmeyer Joycelyn Morton Michael Davie
Secretary	Billy French
Registered Office	c/o Armstrong, Level 4 LDN:W, 3 Noble Street London EC2V 7EE
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	Cavendish Capital Markets Limited (previously finnCap Ltd) One Bartholomew Close, London, EC1A 7BL
Registrars	Link Group Central Square 29 Wellington Street, Leeds LS1 4DL
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