

A person wearing a blue protective suit, a white face mask, and green gloves is working on a green industrial machine. A warning label on the machine reads 'CAUTION Hot Surface. Do NOT touch. Allow to cool before servicing.' The image is overlaid with a large green diagonal graphic.

Powering a more sustainable future

Annual Report and Accounts 2023



ilika

Our purpose

is to be a leading authority for the design and manufacture of solid state battery technology.

STRATEGIC REPORT

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Highlights

OPERATIONAL

Ilika has continued to develop and commercialise its thin-film Stereax® miniature solid state batteries ('SSB') for powering implantable medical devices and industrial wireless sensors ('IIoT') in hostile environments, as well as progressing the development of its large-format Goliath cells for electric vehicles ('EV') and cordless appliances.

Progress includes:

- Despatched first customer samples of Stereax M50s and M300 stacked batteries from UK production facility.
- Entered into memorandum of understanding with Cirtec Medical LLC in which Ilika will develop and license Stereax technology to Cirtec for manufacturing and commercialisation.
- Awarded £2.8m of funding from the Faraday Battery Challenge to lead an £8.2m programme to develop high-silicon anode Goliath batteries, with guidance from steering partners BMW and WAE.
- Continued technical progress with the Goliath development programme, including increased cycle count, reduced operating temperature and increased energy density.
- Awarded and completed a 6-month Goliath economic feasibility study ('BUS100'), funded by the Automotive Transformation Fund ('ATF'), with UK-Battery Industrialisation Centre ('UK-BIC') to create a 100 MWh SSB facility at UK-BIC.
- Awarded and completed 9-month study of Goliath scale-up equipment trials, supported with grant funding from the ATF.
- Appointed Jason Stewart as CFO in January 2023.
- Increased patent portfolio to 67 granted patents, with 8 new grants in the reporting period. 4 additional international filings submitted.

See more about our progress on [pages 5 to 8](#)

ESG

- Ilika holds a Green Economy Classification and Mark
- Awarded a carbon reduced organisation status from Carbon Footprint Ltd
- Maintained ISO 9001:2015 certification
- Performed its first materiality assessment this year

Read our ESG section on [pages 15 to 20](#)

FINANCIAL

Total Income

£0.8m

(2022: £0.5m)

EBITDA Loss

£7.0m

(2022: £6.4m)

Loss per share

4.61p

(2022: 4.65p)

Cash

£15.9m

(2022: £23.4m)

OUR BUSINESS AT A GLANCE

Ilika is a pioneer in solid state battery technology enabling solutions for applications such as Industrial Internet of Things, MedTech, Electric Vehicles and Consumer Electronics.

We have two product lines:

- **Stereax cells** used primarily to power miniature medical devices and industrial IoT
- **Goliath large format cells** targeting the automotive industry and cordless consumer appliances

Stereax is capable of revolutionising the medical implant industry through:

Reduced Surgical Intervention: compact architecture offers higher energy density enabling smaller device designs

Improved Safety: No toxic fluid leakage possible

Higher Power Density: Delivers power pulses for therapy and communication chips



Goliath's benefits for the EV industry include:

Further Range: Oxide electrolyte and silicon anode architecture offer higher energy density v LiB and so better range/weight

Improved Safety: Solid state electrolyte is safer than flammable liquid electrolyte found in incumbent li-ion technologies

Higher Energy Density: Higher theoretical energy density threshold of ~500Wh/kg

Reduced Cell Degradation: Solid state technology not subject to dendrite degradation

Better Recyclability: Goliath can be safely recycled

Lithium Efficiency: Lower lithium content v Sulfide based SSB technologies



CHAIRMAN'S STATEMENT



**KEITH
JACKSON**

NON-EXECUTIVE CHAIRMAN



We are delighted to have been awarded a significant grant to support our collaborations for our Goliath programme. Regarding Stereax, the delivery of first batches to customers was a significant milestone for the team.

Total Income

£0.8m

(2022: £0.5m)

Cash

£15.9m

(2022: £23.4m)

Industrial partnerships for Goliath and first customer shipments of Stereax

Results

We are delighted to have been awarded a significant grant from the Faraday Battery Challenge to support our collaborations and the planned development work for our Goliath programme. Stakeholders can be reassured that our programme was selected against a backdrop of strong competition for funding, with our technical progress made over the preceding year and support from well-recognised industrial partners key to securing our selection. In parallel with the technology development, we continue to plan and invest in industrially ready equipment to demonstrate the robustness of our process for commercial scale-up. This is an exciting time for the Goliath programme as we push towards the next phase of partner evaluation in 2024, towards our ultimate goal of large-scale deployment through licensing.

Regarding Stereax, we have built on the process qualification foundations laid in 2022 by delivering the first batches of Stereax batteries to customers in April 2023. This is a significant milestone for the team, which demonstrates our focus on product commercialisation. Our business strategy has been exemplified by entering into a memorandum of understanding with our US-based manufacturing partner, Cirtec Medical. This will allow Ilika to focus on its core expertise in technology development and licensing, while supporting the manufacturing and commercialisation activities at Cirtec. Having now revised expectations for the timelines required for Stereax commercialisation, we are in a strong position to deliver on our plans going forward. There is a tremendous amount of innovation taking place in the medical device sector, focused on improving treatments for chronic diseases and Stereax is strongly positioned to add significant value to this effort.

Outlook

Following shipment of the initial samples of Stereax M50s and M300s, the focus of the Stereax team is on completion of the Cirtec contract and execution of the associated tech transfer of Stereax technology. Once the contract is in place, Ilika will begin transfer of the equipment from its facility in the UK to enable the basic process to be established quickly on a like-for-like basis at Cirtec's facility in Lowell, MA. The process will be set up using the procedures developed by Ilika in the UK with the expected shipment of batteries from Cirtec in CY 2024. Ilika intends to work together with Cirtec and their customers to develop next generation Stereax batteries to address an expanded portfolio of market sectors.

The Goliath programme will continue to deliver improved cell performance with increasing capacity, cycle life and charge rates combined with elevated safety. Ilika expects to deliver data showing lithium-ion energy density equivalence by end-2023 and to share prototype cells with partners in H1 CY 2024. In parallel with improved cell performance, Ilika will continue to invest in equipment to increase its capacity to produce cells. Over the coming 12 months Ilika plans to invest ca. £1.9m in capital equipment, from the funds it raised in 2021 for this purpose.



REASONS TO INVEST



IP & TECHNOLOGY

Building Ilika's intellectual property portfolio in solid state batteries has continued to be a focus this year. Ilika believes its patents ring-fence and protect critical IP to avoid competitors working around a single patent. Ilika now maintains a portfolio of 67 granted patents, as well as trade secrets in solid state batteries.



PEOPLE & SKILLS

We have a culture of innovation and a highly skilled workforce that thrives on challenges.



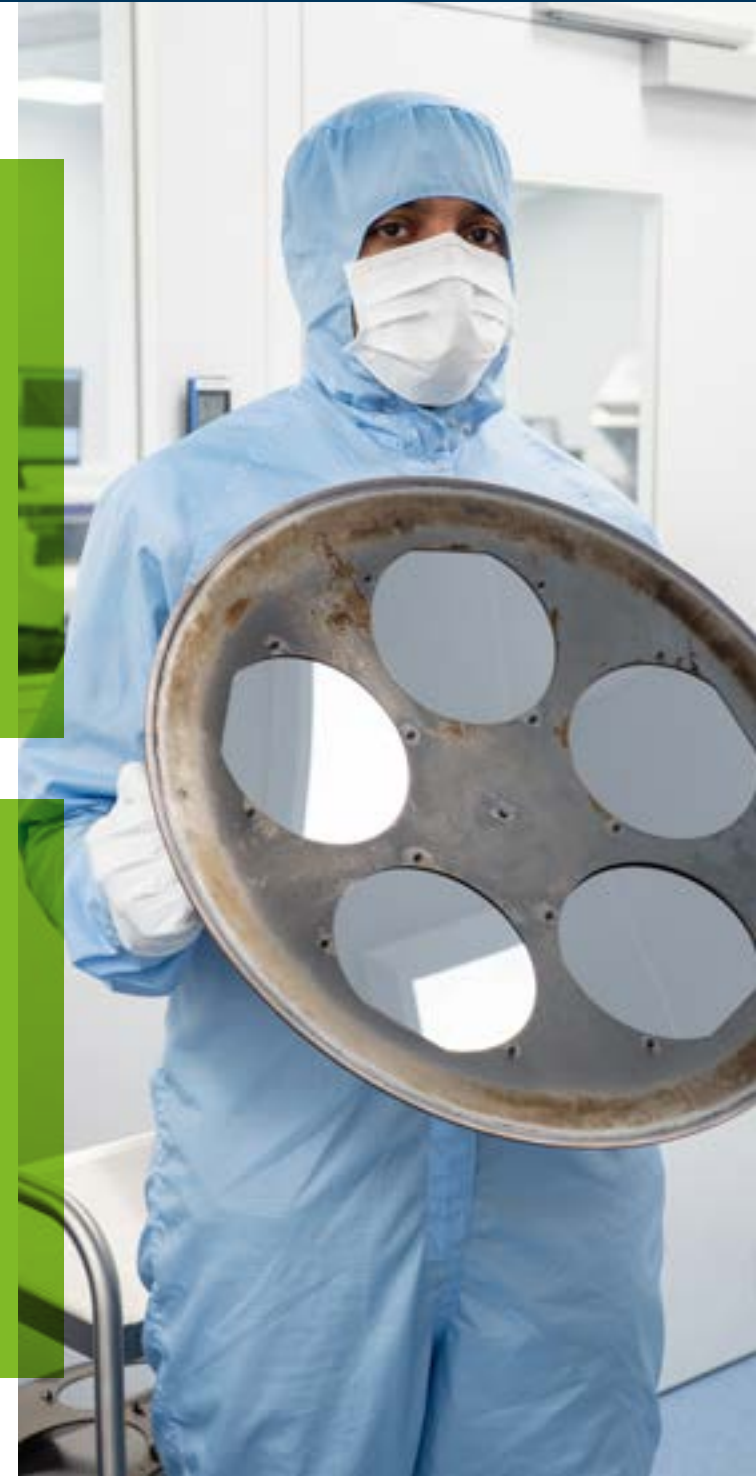
CUSTOMER RELATIONSHIPS

We develop our products in collaboration with partners and customers. For our Stereax business we have a portfolio of 20 OEMs to whom we have supplied prototype product for use in their product development programmes. Regarding Goliath, we are synchronising our Goliath programme with the needs of global OEMs as they prepare to transition their technology platforms to SSBs. We have undertaken collaborative development programmes with JLR, BMW, Honda (Europe) and McLaren.



COMMERCIALISATION

We have an asset-light business model in which Ilika focuses on product development and IP licensing to manufacturing partners.



CHIEF EXECUTIVE'S REVIEW



**GRAEME
PURDY**

CHIEF EXECUTIVE OFFICER



The Company's mission is to rapidly develop leading-edge IP, manufacture and sell solid state batteries for markets that cannot be addressed with conventional batteries due to their safety, charge rates, energy density and life limits.

Total Income

£0.8m

(2022: £0.5m)

Cash

£15.9m

(2022: £23.4m)

Differentiated solid state batteries with enhanced safety, higher energy density and resilience to high temperatures.

Principal activities

Ilika has continued to pursue its strategy of developing and commercialising its cutting-edge solid state batteries. The Company's mission is to rapidly develop leading-edge IP, manufacture and license solid state batteries for markets that cannot be addressed with conventional batteries due to their safety, charge rates, energy density and life limits. We will achieve this using ceramic-based lithium-ion technology that is inherently safe in manufacture and usage, which differentiates our products from existing batteries.

Business strategy

The Group's revenue model involves three phases:

- commercially-funded and grant-funded development of small quantities of batteries for customer evaluation on Company-operated pilot lines;
- scale-up to mid-scale manufacturing facilities to demonstrate product and process robustness, while also supporting initial commercialisation; and
- commercial collaborations, including licensing the technology, for large volume production.

Ilika has scaled-up its Stereax technology to a mid-scale manufacturing facility. Initial deliveries of batteries were made in H1 CY 2023. Ilika has entered into a memorandum of understanding for Cirtec Medical LLC to manufacture Stereax under license. Ilika's Goliath programme is currently in the first commercial phase, where product development is being supported by grant-funded programmes and commercial collaborations.

Commitment to ESG

To support Ilika's commitment to ESG, we have initiated an ESG Committee with Board-level leadership. Taking a risk-managed approach, all aspects of our business are incorporating environmental sustainability, social responsibility and appropriate corporate governance. ESG performance is reported at all levels within the organisation and monitored at Board level.

Introduction to solid state batteries

Ilika has been working with solid state battery technology since 2008 and has developed a type of lithium-ion battery, which, instead of using liquid or polymer electrolyte, uses a ceramic ion conductor. Ilika's solid state batteries have a number of benefits over traditional lithium-ion batteries, including the following:

- Non-flammable, which eliminates the need for containment packaging.
- Faster charging.
- Increased energy density, reducing their size to up to half the volume and weight for a given electrical charge.
- Longer storage without loss of charge.

Ilika has developed a roadmap and family of battery products, ranging from miniature solid state devices, designed for powering wireless sensor applications ("IIOT") and medical devices, to large format cells for consumer appliances and automotive power.



CHIEF EXECUTIVE'S REVIEW CONTINUED

Stereax commercialisation and scale-up through Cirtec

MINIATURE STEREAx BATTERIES

Ilika's miniature Stereax cells are differentiated from other solid state technology through their selection of materials and an efficient, low temperature evaporation process that is capable of higher manufacturing rates than other existing solid state routes. This results in the following benefits relative to previous solid state battery designs:

- Lower cost of manufacture through avoiding use of expensive sputtering targets
- Long cycle life through use of a silicon anode
- Less encapsulation required
- High temperature resilience

The unique benefits of Stereax batteries have been optimised for medical implants and industrial applications. Miniature Stereax batteries can enable medical devices in a way that is currently not possible with conventional lithium-ion batteries. Their compact, high-energy density and high power characteristics make them useful for a range of medical implant applications covering blood pressure monitoring to neuro-stimulation.

STEREAx MANUFACTURING SCALE-UP AND COMMERCIALISATION

Following substantial completion of Stereax process qualification in CY 2022, Ilika demonstrated it was able to run the complete manufacturing process from beginning to end and an understanding was gained of process stability and reproducibility. Product qualification was initiated and initial samples were issued to customers.

In January 2023, Ilika announced it had broadened its relationship with Cirtec Medical ('Cirtec'), an industry-leading strategic outsourcing partner of complex medical devices including minimally invasive and active implantable devices, by signing a memorandum of understanding

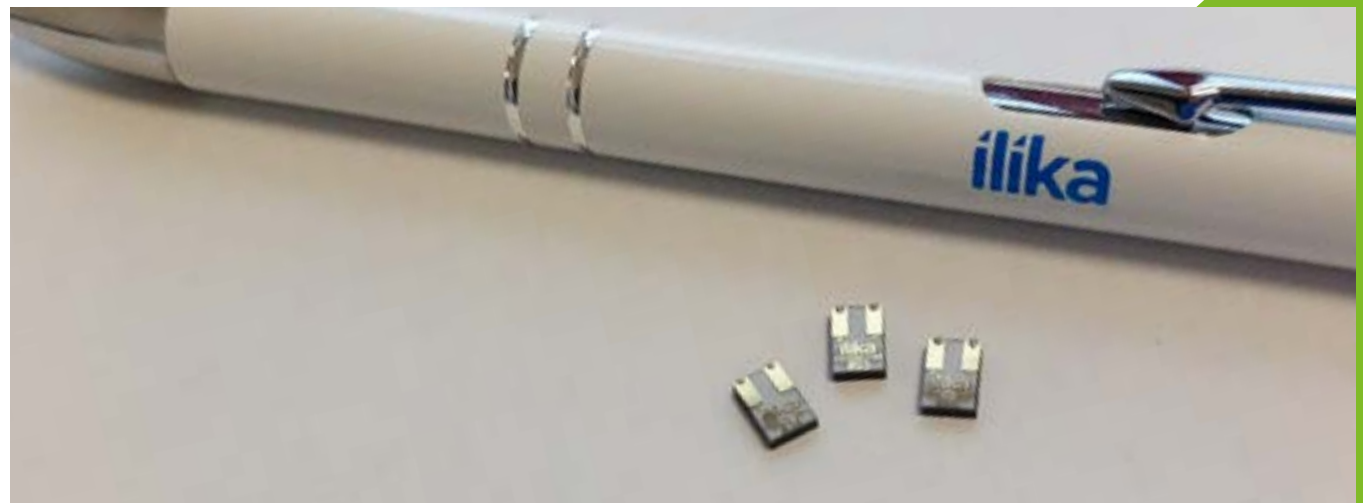
('MOU') which outlines the transfer of Stereax mm-scale battery manufacturing to Cirtec's facility in Lowell, Massachusetts, US.

The intent of the MOU is that Ilika will focus on advanced technology development and IP licensing in support of Cirtec's manufacturing and commercialisation activities. This partnership will reinforce Cirtec's ongoing activities in system level miniaturisation for the medical device industry. Benefits of this partnership, to Ilika, include:

- Further validation of Stereax's capabilities
- Manufacturing partnership delivering economy of scale and ability to rapidly ramp production
- Expanded business development team bringing additional commercial momentum

Since signing the MOU, Ilika and Cirtec have been finalising the detailed terms of the contract. Once the contract is signed, Ilika will begin shipping its Stereax manufacturing equipment to Cirtec to enable rapid commencement of operations. Once the process is established at the Cirtec facility, full product qualification will be carried out, involving producing batches of products for highly accelerated life testing ('HALT') and reliability testing. HALT is designed to understand the failure modes of the product in case opportunities can be identified to increase product robustness. Reliability testing involves creating statistically relevant data sets to underpin the product specification sheets.

As demand for Stereax ramps over the coming years, Cirtec intends to increase Stereax production capacity.



LARGE FORMAT GOLIATH BATTERIES

At Ilika's headquarters in Romsey, UK, Ilika is operating a pre-pilot line to develop low-cost processes suitable for manufacturing solid state batteries several orders of magnitude larger than miniature Stereax batteries.

Over the course of the 2022/23 financial year, Ilika has made continued technical progress with the Goliath development programme, including achieving increased cycle count, reduced operating temperature and increased energy density.

In January 2023, Ilika was awarded £2.8m of grant funding from the Faraday Battery Challenge to lead a 24-month £8.2m programme (code-named HISTORY) to develop high-silicon anode Goliath batteries to enable automotive level performance. BMW Group ('BMW') and Williams Advanced Engineering ('WAE') joined the programme's steering committee. In the project, Ilika is partnering with Nexeon, one of the UK's leading manufacturers of silicon battery materials, and experts from 4 of the UK's top academic universities and the Centre for Process Innovation to deliver an automotive industry-defined SSB by programme end. Manufacturing consultants HSSMI will be working with the other partners to deliver an SSB Life Cycle Analysis ('LCA').

Project HISTORY follows on from Ilika's previous successful Faraday Battery Challenge programmes which supported the development of the Goliath SSB baseline cell and the construction of Ilika's pre-pilot line. Since those initial developments, Ilika has been working with industry specialists on scale-up activities in line with its industrialisation programme and expects to deliver prototype automotive A-sample SSBs from its scaled pilot facility.

GOLIATH MANUFACTURING SCALE-UP

The Company's pilot line in Romsey is capable of producing 1 kWh per week. Ilika has started implementing its plans to scale up its current site to an automated facility to support A-sample production. Ilika estimates it will require a capacity of 30 kWh per week by 2025 for this purpose. The first piece of automated equipment, a belt furnace, has been successfully commissioned.

Ilika has been assessing other equipment vendors of production-intent equipment. In this regard, the Automotive Transformation Fund ('ATF') awarded Ilika funding to cover a 9-month study of Goliath scale-up equipment trials, which Ilika has now completed.

In order to assess the possibility of further scale-up to 2 MWh/week with the UK-Battery Industrialisation Centre ('UK-BIC'), Ilika was awarded a 6-month economic feasibility study ('BUS100'), also funded by the ATF.





CHIEF EXECUTIVE'S REVIEW CONTINUED

WAR IN UKRAINE

The war in Ukraine has created inflationary pressures across the supply chain, but there is no specific consumable or product from the region upon which Ilika is particularly reliant. The impact on global energy pricing and specifically the UK energy market did have the potential to impact the Stereax Fab which the Board mitigated through early interaction with Cirtec and the outsourcing activity.

PATENT POSITION

Building Ilika's intellectual property portfolio in solid state batteries has continued to be a focus this year. Ilika believes its patents ring-fence and protect critical IP to avoid competitors working around a single patent. Ilika now maintains a portfolio of 67 granted patents, as well as trade secrets in solid state batteries.

QUALITY MANAGEMENT SYSTEM

Ilika has maintained its certification for ISO 9001:2015, which is the world's most widely recognised QMS and helps organisations to meet the expectations and needs of their customers. The certification promotes the development of continual improvement, customer satisfaction, traceability and international best practices.

ENVIRONMENTAL MANAGEMENT SYSTEM

The Company has also maintained its ISO 14001:2015 certification, which is part of a family of standards developed by the International Organisation for Standardisation. It specifies the requirements for an environmental management system that an organisation can use to enhance its environmental performance. The certification confirms that environmental impact is being continuously monitored and improved.

ENVIRONMENTAL & SOCIAL GOVERNANCE (ESG)

The Board takes a proactive approach to ESG matters looking to adopt the best practice and recommendations from the Quoted Companies Alliance ('QCA') Corporate Governance Code. The Group is committed to achieving a real and sustainable positive impact on the broader community by adopting environmentally responsible policies so it can demonstrate a responsible and balanced approach to corporate governance.

KEY PERFORMANCE INDICATORS ('KPIs')

The Board monitors a small portfolio of KPIs, which define the progress being made by the Group. Technical KPIs benchmark battery development milestones and patent applications. Commercial KPIs link the technical development programmes to the sales pipeline and engagement of commercialisation partners. Operational KPIs ensure that overheads and cash resources are tightly controlled.

The most important financial KPIs are the cash position, turnover and profitability of the Group, which remain under constant focus and which are considered in the financial review.

GRAEME PURDY

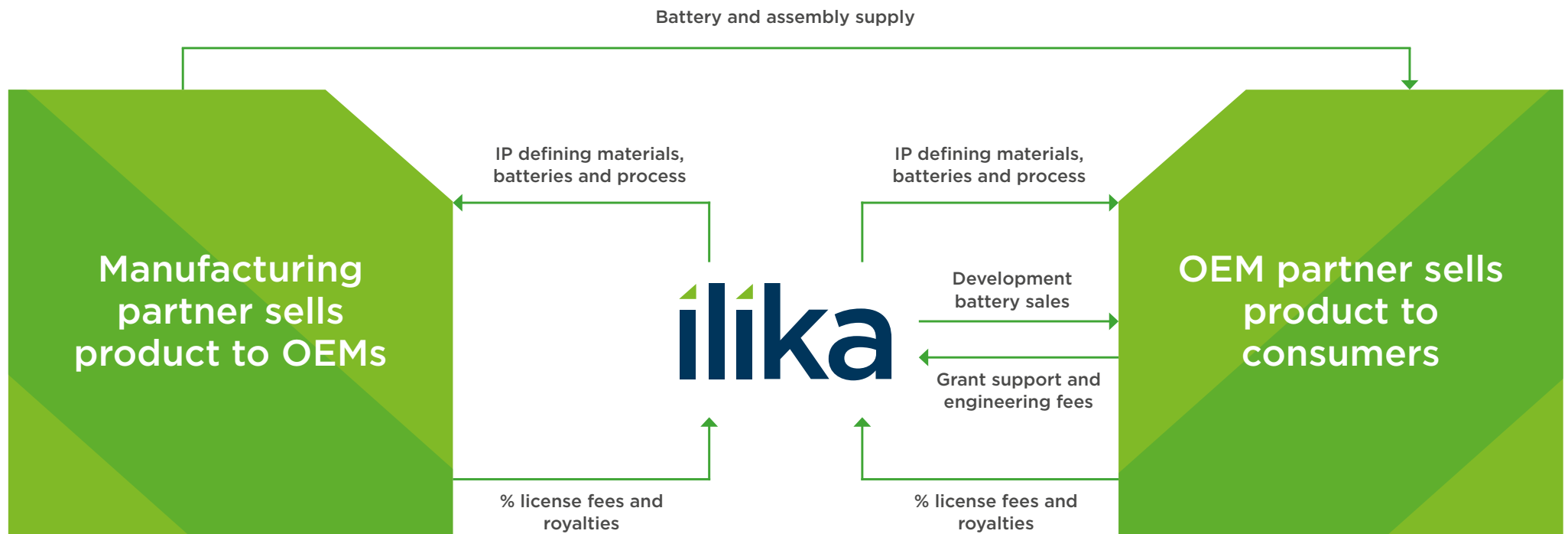
CHIEF EXECUTIVE OFFICER

12 July 2023



BUSINESS MODEL

Asset-light licensing model supported by product and process development on production-intent equipment





Q&A

VP Product Development Succession

DR LOUISE TURNER

VP PRODUCT DEVELOPMENT

You have personally led the Stereax technical development programme for a number of years. What was the most difficult hurdle to overcome prior to shipping product to customers in H1 2023?

The most difficult hurdle was transferring our materials and processes from pilot to manufacturing scale to enable a wafer batch production process. Using a mix of recruitment, upskilling our team and hybrid teams (R&D and Mfg) we were able to refine our manufacturing processes and resolve equipment teething problems. As a consequence, we achieved the major milestone of shipping the first Stereax parts to customers and partners from our batch production process.

Global competition for new electric vehicle designs is fierce. How is Goliath differentiated?

Ilika's Goliath cells are differentiated from other solid state prototype cells through Ilika's choice of materials, cell architecture and manufacturing process. These differences allow our Goliath programme to target high safety, high temperature performance and competitive specifications and pricing to achieve a unique selling point for our customers.

Many of Ilika's competitors, which are developing electric vehicle batteries, have more resources to deploy. Can Ilika realistically compete with its smaller team?

We might be a relatively small team; however, we are able to remain agile and are full of authenticity and passion. Our diverse team is our greatest asset, and we look after them. We are full of innovative ideas and remain focused on highlighting and capitalising upon our USP, whilst remaining open to strategic partnership opportunities.

On your appointment to VP Product Development in September 2023, what's the biggest change you intend to make?

The biggest change I intend to make is to create a more collaborative and efficient workplace to enhance our ability to drive pace with our technology and product innovation. I will seek to bring about such change through a range of approaches, such as creating a new role in Product Delivery to span across the business, providing an emphasis on early testing (HALT, HASS) with a fail fast, learn fast mindset; to extending our modelling approaches that have allowed us to focus and accelerate through the development process. Alongside such changes, I plan to ensure the learnings and best practice from Stereax are applied to Goliath as this project moves through the journey from pilot production to licensing.

How would you describe the culture at Ilika?

Ilika is a fantastic place to work with a wonderfully motivating and nurturing culture. Our culture is driven by three key values; competence, autonomy and relatedness which allow us all to feel at home; motivated, empowered and compelled to do challenging work in a supportive and caring environment.



PRODUCT REVIEW GOLIATH

Goliath: Ilika's cutting edge solid state EV battery

The compact nature of solid state batteries, their tolerance to elevated temperatures, their safety and environmental benefits are the key drivers for sustained interest in the technology from the automotive sector.

Demand for EVs is rapidly increasing as costs decrease and charging infrastructure becomes more available. By 2030, 48% of new vehicles sold are expected to be electric vehicles. The EU has banned the sale of ICE (Internal Combustion Engine) cars by 2035 and other governments have made similar commitments. Solid state batteries can address some of the key remaining concerns customers have about buying an EV, including range anxiety, battery life and safety.

Application areas – Automotive

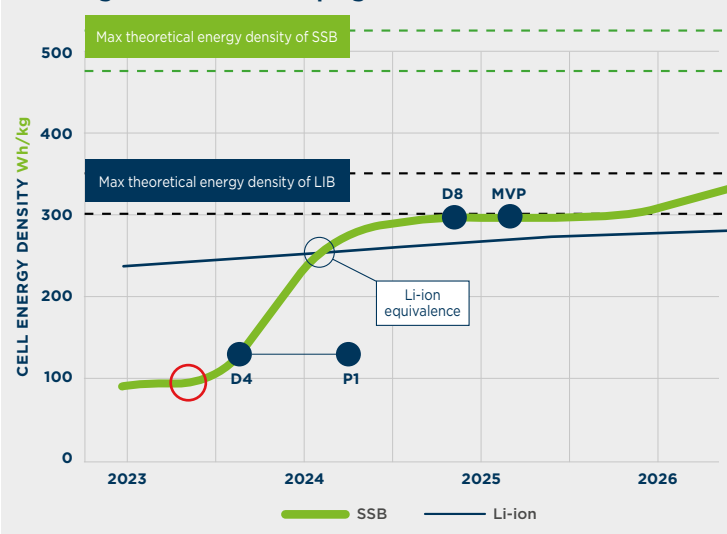
ELECTRIC VEHICLES

Automotive original equipment manufacturers ('OEMs'), such as Honda, McLaren and Jaguar Land Rover, are working with Ilika to understand the benefits of using Goliath cells in their designs. The high power density of the cells promises rapid charge times combined with the advantages of an intrinsically safe, non-flammable product.

CONSUMER ELECTRONICS

Manufacturers of domestic appliances all have cordless roadmaps for their product ranges. They are interacting with Ilika to understand how Goliath cells can be designed with the form, fit and function required to deliver the required user experience. As with EVs, the rapid charging capability of cells is a significant attraction.

Maturing Li-ion and Developing SSBs



Goliath's Technology is Capable of Revolutionising the EV Industry with High Performance Batteries

Further Range: Oxide electrolyte and silicon anode architecture offer higher energy density v LiB and so better range/weight

Improved Safety: Solid state electrolyte is safer than flammable liquid electrolyte found in incumbent li-ion technologies

Higher Energy Density: Higher theoretical energy density threshold of ~500 Wh/kg

Reduced Cell Degradation: Solid state technology not subject to dendrite degradation

Better Recyclability: Goliath can be safely recycled

Lithium Efficiency: Lower lithium content v Sulfide based SSB technologies



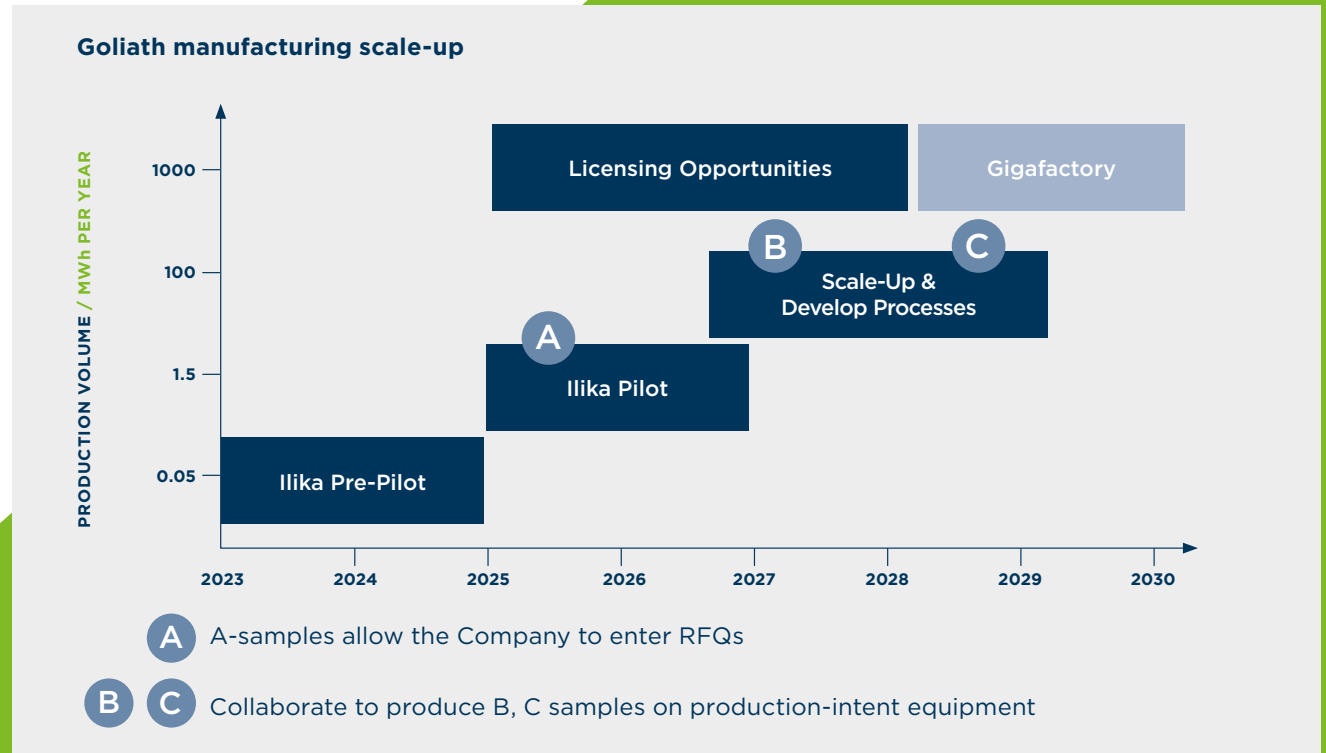


STRATEGY IN ACTION GOLIATH

Goliath scale-up with systematic risk reduction

Ilika is managing risk by carrying out scale-up in three steps:

1. Automation of its existing pre-pilot line
2. Transfer to mid-scale (mega-factory) production, preferably at the UK Battery Industrialisation Centre ('UK-BIC')
3. Licensing or joint venturing at giga-factory scale



PRODUCT REVIEW STEREAx

Stereax: Ilika's unique miniature battery

Stereax batteries are in demand to power active implantable medical devices and smart wearables which are set to secure significant market share for therapy and diagnosis as the adoption of electroceuticals accelerates.

Stereax is capable of revolutionising the medical implant industry through:

Reduced surgical intervention: Compact architecture offers higher energy density enabling smaller device designs

Improved Safety: No toxic fluid leakage possible

Higher Power Density: Delivers power pulses for therapy and communication chips

Application areas – MedTech

Using miniature mm-scale devices:

NERVE STIMULATION:

Stimulating the peripheral nervous system with nano-amp currents to offer pain relief, offset involuntary muscle spasms or stimulate organs.

ORTHOPAEDIC:

Sensors embedded in joint replacements to monitor post-operative physiotherapy to improve patient outcomes.

ORTHODONTIC:

Sensors integrated into retainers or aligners to monitor patient compliance or measure chemical indicators in saliva.

OPHTHALMIC:

Smart contact lenses, macular degeneration correction.

CARDIAC RHYTHM MANAGEMENT:

Miniature, self-charging devices for treating arrhythmia.

Application areas – IIoT

Using a combination of miniature footprint and high-temperature resilience:

SMART TAGGING:

Supply chain monitoring of high value goods.

CONDITION MONITORING:

Strain and vibration gauges.



STRATEGY IN ACTION STEREX

Stereax – Cirtec partnering

Cirtec Medical

An industry-leading vertically-integrated outsource partner for medical devices and components.

Partnership Benefits to Ilika:

VALIDATION

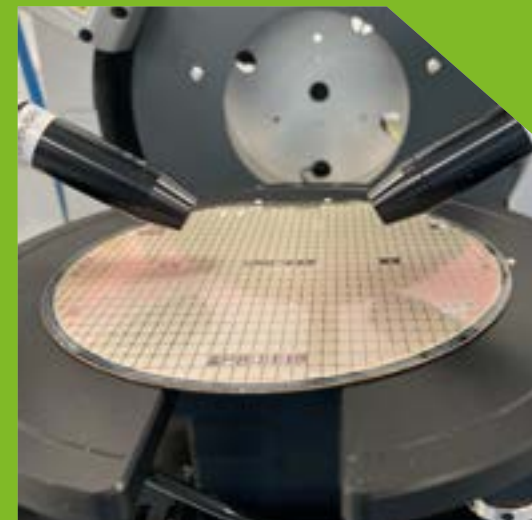
of Stereax product and process

MANUFACTURING

partnership with economy of scale and ability to ramp production

BUSINESS DEVELOPMENT

resources bringing additional commercial momentum





ENVIRONMENTAL, SOCIAL AND GOVERNANCE

A cleaner future



**MONIKA
BIDDULPH**
ESG COMMITTEE CHAIR

Introduction

We are committed to embedding sustainable and ethical practices into our everyday activities through culture, continuous improvement and monitoring, and I am proud to provide an update on our Environmental, Social and Governance (ESG) activities.

To operate ethically and with integrity, in an environmentally and socially responsible manner, is critical to the long-term success of Ilika and to the building of a cleaner future, and so sustainability remains a key focus alongside delivering on our business strategy.

Ilika has reinforced its ESG activities in 2023 and established an ESG Committee with representation from the Board, Company leadership and management; through this vertical integration we aim to further weave sustainability and social practices into all of our business activities.

Our first Materiality Matrix was completed in 2023, where topics with the biggest impact and of highest importance to stakeholders were ranked, providing a clear insight to the most material items to the company.

There is a firm commitment to accomplish more and to strengthen ESG as we continue to grow.



Ilika holds a Green Economy Classification and Mark, an initiative launched by the London Stock Exchange Group ('LSEG') which identifies London-listed companies and funds that generate over 50% of total annual revenues from products and services that contribute to the global green economy.

Our ESG Statement

- Make business decisions and policies in the interests of sustainable, responsible and compliant practices
- Comply with all relevant and applicable laws and regulations
- Operate in an environmentally responsible manner to reduce our impact on climate change and conserve natural resources
- Implement methodologies to understand what is material to our internal and external stakeholders
- Build a culture dedicated to ethical business behaviour and responsible corporate activity
- Foster an environment of diversity, inclusion and equal opportunities across the business
- Ensure an ethical supply chain and procurement process, seeking the same high level of commitment from external parties such as suppliers, contractors, partners and customers
- Implement and maintain a high standard of health, safety and wellbeing across the business
- Perform assessments and routine monitoring across our business and supply chain to improve ESG performance
- Integrate risk management into all aspects of our business activities
- Maintain internal resources required to deliver on ESG commitments
- Communicate ESG goals and associated frameworks to stakeholders



SUSTAINABILITY REMAINS A KEY FOCUS ALONGSIDE DELIVERING ON OUR BUSINESS STRATEGY.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE CONTINUED

Towards sustainable strategy

Our approach to materiality

Identifying risks to the business and opportunities for improvement underpins our long-term strategy of delivering a cleaner future. To progress this objective, Ilika performed its first materiality assessment this year to understand the risks and opportunities facing the business in the context of ESG.

The process involved consulting multiple internal and external stakeholders which included; the ESG Committee, site leadership, the Board, customers, suppliers and investors.

Of the 26 topics listed under the headings of Environmental, People, Risk and Governance and Supply Chain, 4 were listed as being most material and 8 identified as high importance.

The process had full oversight and support from the Board and allows us to focus our efforts on the most material items as we build our ESG Framework.

Reporting on progress

Our approach is to always report in line with compliance requirements and where there is no mandated reporting requirement, we will adopt best practice for internal and external reporting.

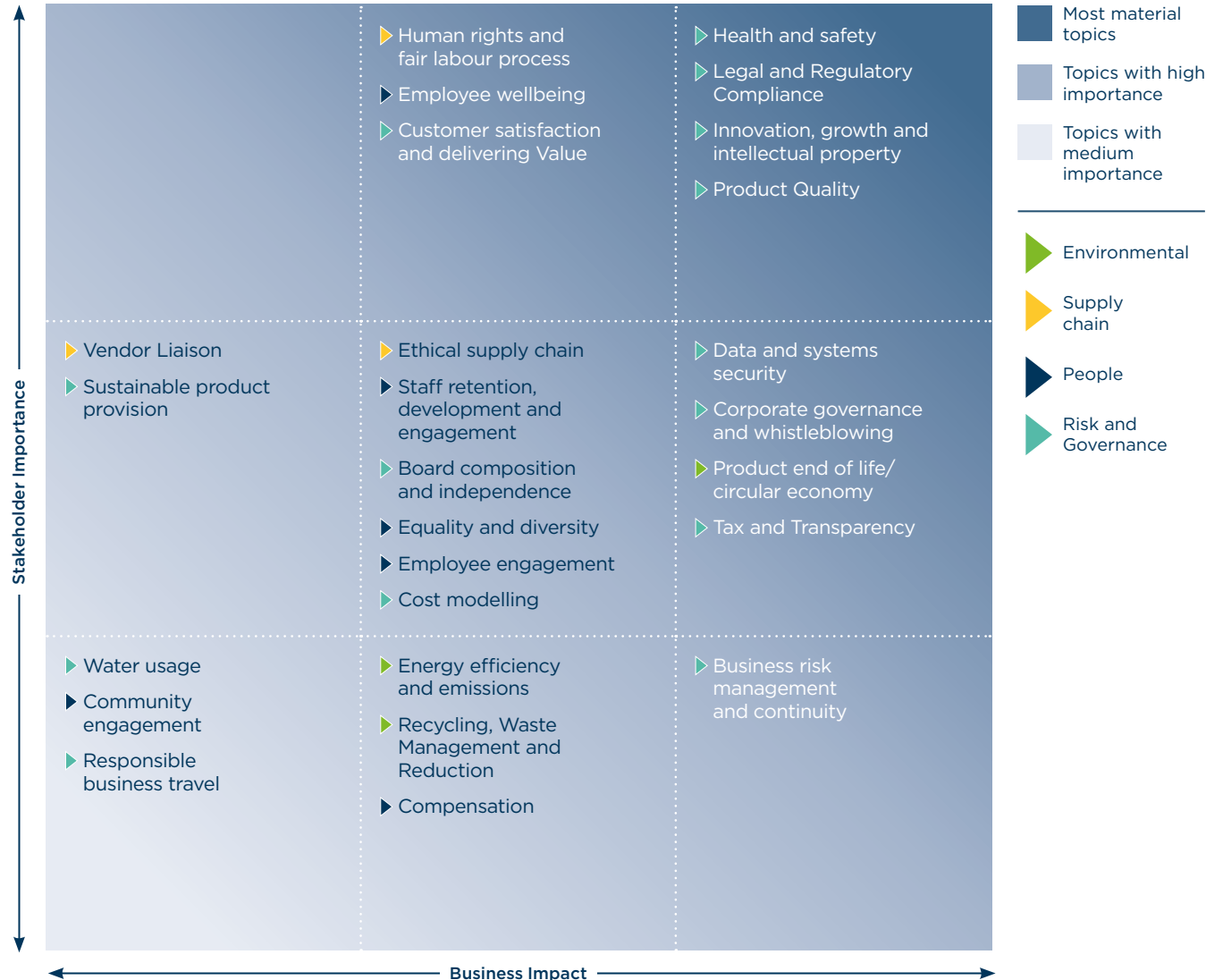
Through our commitment to ESG in the past 12 months we are ahead of reporting requirements.

Environmental Visit page 17	Supply chain Visit page 18
People Visit page 19	Risk and Governance Visit page 20

Future plans

Ilika will align itself with the relevant standards for ESG reporting and ensure transparency at all stages in the process.

In all circumstances, mandatory governance and compliance reporting will remain a priority.





► Environmental

Working towards and cleaner world

Introduction to environment

Environmental sustainability is fully integrated into Ilika's business strategy and processes. We have a comprehensive Environmental Management System ('EMS') and ISO 14001:2015 certification; however we acknowledge that environmental sustainability goes beyond an internal management system. We have developed processes to monitor emissions; we use renewable energy at our sites; and have worked with suppliers to reduce non recyclable material packaging. We recognise that there is much more to do, and we continue to keep our people and partners engaged on our sustainability journey.



Ilika continues to maintain ISO 14001:2015 certification for its Environmental Management System. An Aspects and Impacts register is continuously monitored to reduce our environmental impact through effective controls.



Carbon footprint: Progress and initiatives in 2023

Carbon reduced organisation status

Ilika is proud to announce that following our annual carbon footprint assessment, we have been awarded a carbon reduced organisation status from Carbon Footprint Ltd.

We have been assessed on an annual basis since 2021 and we continue to receive this award exemplifying our commitment to reducing our environmental impact through business activities.

Renewable energy

All of our electricity is from renewable sources and we continue to identify methods of further reducing our usage. We use natural lighting to illuminate common areas and parts of our offices to reduce electricity consumption. In addition we have localised monitoring systems for electricity, tool turn off procedures and motion lighting in laboratories and clean rooms.

Green champions

Our Green Champions are a team of volunteers from the business who actively promote initiatives to improve our local areas and environment including business education on water saving, solutions to prevention of plastic pollution and environmental talks.

Events including litter picks, tree seed collection and planting, Veganuary, cycle rides and green travel promotion have all been organised by the Green Champions and are well supported by employees and their families.

Case study

10% of our employees have participated in Green Travel initiatives, including a Cycle to Work scheme and EV Leasing, reducing their carbon footprint commuting to and from work

Our future environmental priorities

Monitoring our Scope 3 emissions

Ilika is committed to monitoring and reducing the carbon footprint of our activities and processes. In addition to Scope 1 and 2 emissions, in FY2023-24 we will be expanding our carbon footprint monitoring to include Scope 3 emissions which includes indirect emissions that occur in the upstream and downstream activities of an organisation.

Sustainability and Net Carbon Neutral ('NCN') Planning

Ilika will continue to implement recommendations from our annual carbon audit and take actions to increase recycling. Following completion of Scope 3 analysis, NCN planning will be integrated into our sustainability and emission reduction framework.





ENVIRONMENTAL, SOCIAL AND GOVERNANCE CONTINUED

► Supply chain

Our commitment to sustainable and ethical procurement

Sustainable Procurement helps to build a circular economy, which reduces adverse social, environmental, and economic impacts of purchased goods and services throughout their life.

The selection and control of suppliers at Ilika is carefully managed to ensure all developed products can be supported sustainably in both the short and long term. We expect our supply partners to share our desire and duty to provide ethical, sustainable supply chains reducing waste through a circular economy.

Sustainable and ethical procurement: Progress and initiatives in 2023

Cobalt supply

Our cobalt suppliers provide full transparency of their supply chain ensuring conflict mineral compliance. Cathode material supply is supported by leading producers who are fully aligned with our principles as well as being participants in the Global Battery Alliance, thereby ensuring they are well positioned to support us in providing products which support the circular economy.

Packaging

Ilika has recently driven change in the choice of its packaging materials. Working with our suppliers has enabled packaging to be reused and recycled within our supply chain, thereby significantly reducing costs and waste. We continue to work with our suppliers to further decrease waste.

90%

Of our sourced packaging materials are recyclable

100%

Conflict mineral compliance

Our future supply chain priorities

Ethical Supply Chain Programme

We will continue to develop an internal Ethical Supply Chain Programme to ensure that before engagement, all of our suppliers comply with international law, best ESG practice and in line with our values. At all times, we will operate with integrity, and expect our suppliers to share this desire.

Battery Passport

In line with our battery development we aim to align with a Battery Passport system to record the environmental and sustainability credentials of the constituent parts of our solid state batteries to support transparency within the supply chain as a whole.





► People

Developing our People

Ilika recognises the value that our people create for the business. Our strong commitment to training, personal development and remuneration policies are designed to reward achievement and encourage staff retention.

All employees are offered competitive contributions to a company pension scheme, a performance related bonus, EMI Share Options, CIC and DIS.

Our people have clear goals related to the delivery of the company's goals which are monitored regularly and reviewed annually. This ensures employees feel empowered to undertake their duties, have responsibility and accountability. We perform 360 reviews for all personnel at Ilika, with feedback from peers, direct reports, more senior colleagues and customers across the business to provide valuable insight into the past and understand how to be more effective in the future.

Ilika is proud to have a diverse workforce with 22 different nationalities making up our employee base.

32% of our employees are female*, with representation in management and at board level. We recognise that more can be done, and this year have made key female appointments including the VP Product Development and the Sustainability, Quality and Business Compliance Director, supporting our portfolio of women in management.

Gender split

Female

32%

Male

68%

* 2023 Diversity survey (internal employees), response rate 97%

Case study

National walking month

In the month of May, our employees were encouraged to take part in National Walking Month in a bid to celebrate the health and happiness benefits of walking. More than two thirds of the business participated in a virtual walk around the UK as part of an employee engagement programme



Employee development and wellbeing: Progress and initiatives in 2023

Management training

Ilika understands that investing in our people and prioritising management training will improve our business success. To date, 95% of our managers have attended management training. Within the next year, all managers will have attended IOSH Managing Safely.

As part of our health safeguarding, we have two qualified Mental Health First Aiders and aim to have another two by the end of the year. 30% of our managers are trained in mental health awareness giving them the tools to spot the signs of mental health issues at work and provide the necessary support. By the end of the year, 65% of managers will be trained in this area.

95%

of our managers have attended management training

30%

Managers are trained in mental health awareness

Our future people priorities

5 year Development and Opportunities Framework

We will focus on talent management and improving our recruitment and retention through succession and progression planning, new professional development opportunities and continuous learning and development, supported with mentoring and leadership programmes.

Wellbeing Strategy

We recognise the importance of evolving our wellbeing strategy further to ensure an engaged and healthy workforce and to support our company's wider business objectives. We will identify what matters to employees and what drives purpose and meaning in their work.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE CONTINUED

Risk and Governance

Introduction to Risk and Governance

Risk and governance are intertwined in everything we do as a business, from process and product risk assessments, through to project risk monitoring and risk registers held by the Board. Ilika takes a holistic approach to Risk Management, including Compliance Reporting, Financial, Health and Safety, Quality and Innovation, and understand these are all critical to business success.

See our approach to risk management on page 23

We have the following policies in place to continue compliance and commitment to governance; Whistleblowing, Modern Slavery, Anti-Bribery and Corruption, Code of Conduct, Information Systems and Data Security.

See our governance section on pages 25 to 33

Health and Safety at Ilika

Health and Safety is of paramount importance to Ilika and is on the agenda at each board meeting. Ilika's health and safety policies formalise our commitment to high standards of Health and Safety performance.

The organisation operates a '4 Pillar' approach under its Health and Safety framework, covering Compliance, Commitment, Culture and Continuous Improvement. The Framework achieved 95% completion in 2023 against a target of >90%, with all Compliance actions met.

To further understand our safety culture, a Health and Safety Culture survey was performed with an overall survey score of 91.5% neutral to positive* and 98.2% of respondents agreeing that Health and Safety is a top priority to the CEO".

* 2022 Health and Safety Culture Survey, 80% positive, 11.5% neutral.

** 2022 Health and Safety Culture Survey, 98.2% agreeing, 1.8% neutral.

Risk and Governance: progress and initiatives in 2023

In May 2023 Ilika expanded the risk management role to support business growth and company culture, and appointed our first Sustainability, Quality and Business Compliance Director, Sherry Cook.

Sherry has a strong background in development, operations and manufacturing, and is putting in place strategic plans, internal reporting frameworks and management of change processes to drive forward a culture of continuous improvement with a firm focus on risk management, continued compliance and opportunities.

Together, Sherry and Jason Stewart (CFO), will ensure risk management and governance practices remain at the forefront of business activities through compliance reporting, auditing, planning and frameworks.



Sustainability, Quality and Business Compliance Director, Sherry Cook



CFO, Jason Stewart

Our future Risk and Governance priorities

Risk and Governance register

We will focus on integrating our business risk register at all levels within Ilika and continue to report escalations to the Board. The most material items will have a comprehensive review performed internally to understanding further opportunities for improvement.

ESG Monitoring and reporting

We will monitor ESG performance in line with reporting requirements and where there is no mandatory requirement for reporting, we will adopt best practice and undertake benchmarking for the high priority material topics.

Health and safety is a key priority



Lost working time accidents in FY 22/23



Required reportable Incidents to the Authorities In FY 22/23





FINANCIAL REVIEW

The Financial Review should be read in conjunction with the consolidated financial statements of the Company and Ilika Technologies Limited (together the 'Group') and the notes thereto on pages 42 to 53. The consolidated financial statements are presented under international accounting standards in conformity with the requirements of the Companies Act 2006.

The financial statements of the Company continue to be prepared in accordance with International Financial Reporting Standards in conformity with the requirements of the Companies Act 2006 and are set out on pages 54 to 58.

STATEMENT OF COMPREHENSIVE INCOME

Turnover

Turnover, all from continuing activities, for the year ended 30 April 2023 was £0.7m (2022: £0.5m). This includes £0.7m of grant income recognised from four projects that the company has in progress with Innovate UK (2022: £0.4m from seven programmes). Non-grant turnover in the year was £0.0m (2022: £0.0m).

Other Operating Income

The Company has benefitted from Research & Development Expenditure Credit ('RDEC') of £0.1m (2022: £0m).

Administrative expenses and losses for the period

Administrative costs for the year increased from £8m in 2022 to £9m in 2023. While direct R&D expenditure has reduced to £4.1m (2022: £4.8m). The inflationary environment in the UK over the last 12 months has contributed to the increase in cost leading to the acceleration of Stereax licensing through the Cirtec MoU.

Staff costs increased from £4.7m in 2022 to £5.2m in 2023 associated with the increase in the average number of staff employed from 64 to 72 which reflects the increase in operational activities of the Stereax Fab and scale up of Goliath development.

Development costs of £1m were capitalised in the year compared to £0.8m in 2022. The share-based payment charge increased slightly from £430k in 2022 to £442k in 2023, due to an increased number of employees qualifying for the Company's share option scheme.

The underlying level of loss that is measured by Earnings Before Interest, Tax, Depreciation and Amortisation and share-based payments (adjusted EBITDA) shows an increase in loss from £6.4m in 2022 to £7m in 2023.

STATEMENT OF FINANCIAL POSITION AND CASH FLOWS

At 30 April 2023, current assets amounted to £19.1m (2022: £26m), including cash, cash equivalents and bank deposits of £15.9m (2022: £23.4m).

The principal elements of the £7.5m decrease in net funds were:

- Operating cash outflow of £7m (2022: £6.4m);
- Capital expenditure on intangible development costs, plant, property and equipment of £1.4m (2022: £4.8m) which mostly relates to the capitalisation of Stereax R&D expenditure; and
- Increased recovery of R&D tax claims of £1.4m (2022: £0.3m).



SECTION 172 STATEMENT

Section 172 of the Companies Act 2006 requires Directors to take into consideration the interests of stakeholders and other matters in their decision making. The Directors continue to have regard to the interests of the Group's employees and other stakeholders, the impact of its activities on the community, the environment and the Group's reputation for good business conduct, when making decisions. In this context, acting in good faith and fairly, the Directors consider what is most likely to promote the success of the Group for its members in the long term. The Board regularly reviews the Group's principal stakeholders and how it engages with them. This is achieved through information provided by management and also by direct engagement with stakeholders themselves.

Why engagement is important	Engagement process	Strategic decisions in the year
Investors		
To communicate and secure support for our long-term strategic objectives effectively and to promote long-term holdings.	AGM, analyst presentations, institutional investor presentations. Use of Investor Meet Company and Directors' Talk platforms to extend reach to retail investors. Trading on OTCQX best market to extend coverage to US retail investors.	Reduce cash burn to avoid a fundraise in 2023.
Employees		
To deliver our long-term strategic objectives. To promote our culture, purpose and values and support their wellbeing whilst maintaining low turnover and high productivity rates.	Transparent cascading Key Performance Indicators that link directly to the Company objectives. Twice yearly performance evaluations with objective setting and reviews. Formal policies and procedures. Quarterly, all-company, update meetings.	The Board undertook a business review and restructuring activity aligned to the Cirtec MoU. An interim pay review for those staff below UK median wage reflecting the inflationary environment in the UK.
Community and environment		
To ensure activities are socially and environmentally responsible and meet the highest standards.	Promotion of the employee-led 'Green Champions', a cross-company working group to ensure green initiatives are raised and followed through.	Maintained ISO accreditations (9001 and 14001). Continued use of electricity solely from renewable sources. Implemented an electric vehicle salary sacrifice scheme. Undertook carbon offset programme to minimise carbon footprint.
Business relationships		
To enable balanced decisions which incorporate viewpoints of customers, suppliers and regulators and ensure the Company's integrity, brand and reputation are upheld.	Attendance at conferences and customer and supplier meetings.	MOU with Cirtec Medical for Stereax manufacturing.



PRINCIPAL RISKS AND UNCERTAINTIES

COMMERCIAL RISK

The Group is subject to competition from competitors who may develop more advanced and less expensive alternative technology platforms, both for existing products and for those products currently under development.

The Group seeks to reduce this risk by continually assessing competitive technologies and competitors. The Group seeks to commercialise its batteries through multiple channels to reduce overreliance on individual partners and, in agreements with partners, it ensures that there are commercialisation milestones which must be met for the partner to retain the rights to commercialise the intellectual property.

FINANCIAL RISK

The Group is reliant on a small number of significant customers, partners and grant funding bodies. Termination of these agreements or grant polices could have a material adverse effect on the Group's results or operations or financial condition. The Group expects to incur further operating losses as progress on development programmes continue.

The Group seeks to reduce this risk by broadening the number of customers and partners and thereby reduce reliance on individual significant companies and by leveraging its IP and resources over multiple projects. The Group applies for Research and Development tax credits to help mitigate its investment in these activities.

INTELLECTUAL PROPERTY RISK

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

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

DEPENDENCE ON SENIOR MANAGEMENT AND KEY STAFF

Certain members of staff are considered vital to the successful development of the business. Failure to continue to attract and retain such highly skilled individuals could adversely affect operational results.

The Group seeks to reduce this risk by offering appropriate incentives to staff through competitive salary packages and participation in long-term share option schemes and a good working environment.

WAR IN UKRAINE RISK

The ongoing war in Ukraine has created inflationary pressures across the supply chain, but there is no specific consumable or product from the region upon which Ilika is particularly reliant. Current inflation forecasts have been factored into the forward looking financial forecasts. The Board continue to review spend at all levels of the business to identify efficiencies or cost savings which can be deployed to mitigate the inflationary environment. The Cirtec MOU will also lead, at the conclusion of the contract and commencement of technology transfer, to a reduction of cost to the Company as the responsibility for manufacturing is transferred to Cirtec.

By order of the Board

KEITH JACKSON
CHAIRMAN

GRAEME PURDY
CEO

12 July 2023



BOARD OF DIRECTORS



KEITH JACKSON

NON-EXECUTIVE CHAIRMAN

EXPERIENCE

Keith has had a wide ranging and successful career in companies varying from start-ups to multinationals. He founded and grew an automotive control systems company whose engine control systems are used on millions of vehicles worldwide. Following the sale of the company to a major OEM, he joined Rolls Royce Engines PLC where he worked as Chief Technology Officer ('CTO') in the electrical power and control systems group and later became the CTO at Meggitt PLC.

Keith is now the Non-Executive Chairman Libertine FPE and a Professor at Sheffield University's Automated Control and Systems Engineering department. He also advises a number of companies on their technologies and strategy. Keith is a Fellow of the Society of Automotive Engineers, a previous Rolls Royce Engineering Fellow and Royal Aeronautical Society Fellow. He is a Computer Science graduate from University College London.



GRAEME PURDY

CHIEF EXECUTIVE OFFICER

EXPERIENCE

Graeme was appointed to head up Ilika in May 2004, just before completion of the Company's seed round of funding. He led the Company through two successful rounds of venture funding before floating the company on AIM in 2010.

Prior to joining Ilika, Graeme was Chief Operating Officer of a high-technology company in the Netherlands and before that worked internationally in a variety of technical and commercial roles for Shell. Graeme holds a Master's degree in Chemical Engineering from Cambridge and an MBA from INSEAD business school in France. Graeme is a Chartered Engineer and a Sainsbury Management Fellow.



JASON STEWART

CHIEF FINANCIAL OFFICER

EXPERIENCE

Jason is a CIMA qualified accountant, senior Finance Director and Executive, joining Ilika in January 2023, bringing significant commercial experience in the manufacturing sector. Most recently, Jason spent 12 years at Sunseeker International in various senior roles including Interim CFO where he successfully managed the company through the COVID-19 crisis, managing costs and re-establishing production subsequent to the lockdown.

Prior to joining Sunseeker International Jason undertook roles across the broad spectrum of finance including B&Q Ltd and Kerry Foods Ltd where he completed his professional training. He brings with him a wealth of knowledge across financial functions, with particular expertise in project appraisals, performance management and business development.



JEREMY MILLARD

SENIOR NON-EXECUTIVE DIRECTOR

EXPERIENCE

After an early career in engineering, Jeremy trained as a chartered accountant in the late 1990s. Jeremy has over 20 years' investment banking experience and currently provides corporate finance advice to clients in the science and deep technology sectors via Iridium Corporate Finance Limited which he founded, prior to which he held senior roles in a number of corporate finance houses including heading up the technology practice at Rothschild in London. Jeremy is currently a Non-Executive Director and Chairman of the audit committee of UK listed company Omega Diagnostics Group plc (AIM: ODX), a Non-Executive Director of private company Blackbullion Ltd (EdTech).



MONIKA BIDDULPH

NON-EXECUTIVE DIRECTOR

EXPERIENCE

Monika has a wide range of experience in both the commercial and technical aspects of an international technology business. Until 2018, Monika was a member of the Senior Leadership Team IP Product Groups at Arm Holdings plc, responsible for driving the execution of the product roadmaps across all lines of business and central engineering, and previously holding various General Manager and licensing roles in the business. Currently Monika is also a Non-Executive Director on the board of D4t4 Solutions Plc and AFC Energy Plc. She was previously NED at Linaro Limited, an open source software organisation. Monika holds a PhD in Physics from the ETH Zurich.



CORPORATE GOVERNANCE STATEMENT

We confirm that our governance structures and practices are in agreement with the provisions of the Quoted Companies Alliance ('QCA') Corporate Governance Code (2018) for small and mid-size quoted companies. Our statement of compliance with the 10 principles of the QCA Corporate Governance Code is set out below and on our website: <https://www.ilika.com/investors/corporate-governance>.

Principle	Disclosure
Establish a strategy and business model which promotes long-term value for shareholders.	Business strategy outlined on page 5.
Seek to understand and meet shareholder needs and expectations.	See the "Meeting the needs and objectives of shareholders" section in Corporate Governance Statement.
Take into account wider stakeholder and social responsibilities and their implications for long term success.	See the 'Shareholder engagement' section in Corporate Governance Statement.
Embed effective risk management, considering both opportunities and threats, throughout the organisation.	See risk management and internal control section in Corporate Governance Statement.
Maintain the Board as a well-functioning, balanced team led by the Chair.	See the 'Board of Directors' section in Corporate Governance Statement.
Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities.	See the 'Board experience' section in Corporate Governance Statement.
Evaluate all elements of Board performance based on clear and relevant objectives, seeking continuous improvement.	See the 'Performance evaluation' section below in Corporate Governance Statement.
Promote a corporate culture that is based on sound ethical values and behaviours.	See the 'Promoting ethical values and behaviours' section in Corporate Governance Statement.
Maintain governance structures and processes that are fit for purpose and support good decision making by the Board.	See the 'Board Committees' section in Corporate Governance Statement.
Communicate how the Company is governed by maintaining a dialogue with shareholders and other relevant stakeholders.	See the 'Shareholder engagement' section in Corporate Governance Statement.

SHAREHOLDER ENGAGEMENT

The Board recognises the importance of communicating with its shareholders and maintains dialogue with institutional shareholders and analysts, presentations are made when financial results are announced. The Group retains the services of a professional financial public relations company, who assist with ensuring the accurate and timely communication of relevant corporate, financial and other regulatory news. The Annual General Meeting is the principal forum for dialogue with private shareholders who are given the opportunity to raise questions at the meeting, and to meet Directors and senior managers of the business who make themselves available after each meeting. The Company aims to send out the notice of the Annual General Meeting at least 21 working days before the meeting and publish the results of resolutions (which are usually voted on by a show of hands) in a Regulatory News Statement after the relevant meeting. Shareholders also have access to the Company's website and interactive Investor Meet Company web-based presentations.

MEETING THE NEEDS AND OBJECTIVES OF SHAREHOLDERS

The Board appreciates that the diverse shareholder base of the Group may have differing objectives for their investment in the business, and therefore the importance of ensuring that Non-Executive Directors ('NED') have an up to date understanding of these perspectives is well recognised. Directors will therefore routinely engage with both institutional and private investors and will seek out opinions on unusual or potentially controversial matters before adopting policy changes or tabling shareholder resolutions. The Board will always review written feedback reports from investors following financial results 'roadshows' and will always consider information received from institutional voter advisory firms.

CORPORATE GOVERNANCE STATEMENT CONTINUED**PROMOTING ETHICAL VALUES AND BEHAVIOURS**

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

BOARD OF DIRECTORS

The Board of Directors (the 'Board') consists of a Non-Executive Chairman, two Executive Directors and two Non-Executive Directors.

The responsibilities of the Non-Executive Chairman and the Chief Executive Officer are clearly divided. The Chairman is responsible for overseeing the formulation of the overall strategy of the Company, the running of the Board, ensuring that no individual or group dominates the Board's decision making and ensuring that the Non-Executive Directors are properly briefed on matters. Prior to each Board meeting, Directors are sent an agenda and Board papers for each agenda item to be discussed. Additional information is provided when requested by the Board or individual Directors.

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

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

The Senior Non-Executive Director is responsible for providing a sounding board to the Chair and to act as an intermediary for other Directors and stakeholders outside of the normal channels of communication.

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

The Company Secretary is responsible to the Board for ensuring that Board procedures are followed and that the applicable rules and regulations are complied with. All Directors have access to the advice and services of the Company Secretary, and independent professional advice, if required, at the Company's expense. Removal of the Company Secretary would be a matter for the Board.

PERFORMANCE EVALUATION

The Board has a process for evaluation of its own performance, based on clear and relevant objectives to ensure continuous improvement. The Board undertakes this through a reflective review process completed at the conclusion of each Board meeting to ensure timely capture of any feedback and to allow for rapid implementation of improvements in addition to a comprehensive annual reflective review assessing the performance and understanding of the Board in relation to key goals and stakeholder needs. All members of the Board engaged freely and openly with the reviews and demonstrated the expected level of commitment and held the appropriate level of skills, experience and expertise to guide the business and represent all stakeholder interests.

BOARD COMMITTEES

As appropriate, the Board has delegated certain responsibilities to Board Committees. These committees are made up of Non Executive Directors to ensure that they remain independent from the day to day operations of the Company. The responsibilities of the individual committees are as follows:

i) Audit Committee

The Audit Committee currently comprises Jeremy Millard (Chair), Professor Keith Jackson and Dr. Monika Biddulph.

The Committee monitors the integrity of the Group's financial statements and the effectiveness of the audit process. The Committee reviews accounting policies and material accounting judgements. The Committee also reviews, and reports on, reports from the Group's auditors relating to the Group's accounting controls. It makes recommendations to the Board on the appointment of auditors and the audit fee. It has unrestricted access to the Group's auditors. The Committee keeps under review the nature and extent of non-audit services provided by the external auditors in order to ensure that objectivity and independence are maintained.

ii) Remuneration Committee

The Remuneration Committee comprises Professor Keith Jackson (Chairman), Jeremy Millard and Dr. Monika Biddulph.

The committee is responsible for making recommendations to the Board on remuneration policy for Executive Directors and the terms of their service contracts, with the aim of ensuring that their remuneration, including any share options and other awards, is based on their own performance and that of the Group generally.

iii) Nomination Committee

The Nomination Committee comprises Professor Keith Jackson (Chairman), Jeremy Millard and Dr. Monika Biddulph.

It is responsible for providing a formal, rigorous and transparent procedure for the appointment of new Directors to the Board and reviewing the performance of the Board each year.



Attendance at Board meetings and committees

The Directors are expected to attend all Board committees of which they are a member and NEDs are expected to dedicate a minimum of twelve days per annum to the Company. During the year the Directors attended the following Board and committee meetings:

Attendance	Board	Audit	Nomination	Remuneration
Mr S. Boydell	1/1	-	-	-
Mr J Stewart	2/2	-	-	-
Mr G. Purdy	7/7	-	-	-
Prof K Jackson	7/7	2/2	1/1	3/3
Jeremy Millard	7/7	2/2	1/1	3/3
Dr. Monika Biddulph	7/7	2/2	1/1	3/3

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for the systems of internal control and for reviewing their effectiveness. The internal controls are designed to manage rather than eliminate risk and provide reasonable but not absolute assurance against material misstatement or loss. The Audit Committee reviews the effectiveness of these systems primarily by discussion with the external auditor and by considering the risks potentially affecting the Group.

The Board continues to improve the control of risk within the business through the appointment of established experts who can bring relevant industry and subject matter experience to develop better control environments. This has been accomplished with the recruitment of a Sustainability, Quality and Business Compliance Director, a Supply Chain Director with multiple years of advanced and complex supply chains within the automotive industry, a Financial Controller to provide additional financial review and an Operations Director once again bringing a lifetime of experience from the automotive area. These individuals bring developed control and risk management skills to provide hands on experience to developing the Company and as an additional route for the NED members of the Board to seek independent verification of the improvements being made.

The Group maintains both a strategic and business risk register as dynamic documents and as a route to track the developing risks to the Group. These risk registers are used to manage and mitigate emerging and established risks and escalate these to the appropriate level within the business to support a timely response.

The Board has assessed the risk management activity of the Board and Group to be appropriate for the business during its current phase of R&D and scale up development activity.

The Group does not consider it necessary to have an internal audit function due to the small size of the administration function. Instead there is a detailed Director review and authorisation of transactions. The annual audit by the Group auditor, which tests a sample of transactions, did not highlight any significant system improvements in order to reduce risk.

The Group maintains appropriate insurance cover in respect of actions taken against the Executive Directors because of their roles, as well as against material loss or claims of the Group. The insured values and type of cover are comprehensively reviewed on a periodic basis.

By order of the Board

KEITH JACKSON
CHAIRMAN

12 July 2023



REPORT OF THE AUDIT COMMITTEE

The Audit Committee has primary responsibility for ensuring that the financial performance of the Group is properly measured and reported on. It is responsible for providing oversight of the Company's financial reporting process, the audit process, the system of internal controls including business continuity, information technology, the identification and management of significant risks and the Companies compliance with laws and regulations. Its terms of reference and its current membership are outlined in the Corporate Governance Statement on page 26.

The Committee is chaired by an independent Director with significant experience in finance and financial markets. The experience and background of the individuals who make up the Audit Committee is detailed in the summary of Board experience on page 24.

The attendance of the individual members of the Audit Committee is detailed in the summary of Board attendance as detailed on page 27.

COMMITTEE INDEPENDENCE

The Audit Committee maintains its independence from the Group by being composed exclusively of Non Executive Directors thus ensuring the Committee's ability to effectively challenge the operations of the business. The Board is satisfied that in doing so that the Committee is in line with best practice and that all members are independent.

MATTERS COVERED BY THE COMMITTEE

The Committee, which is required to meet at least twice a year, met twice during the year ended 30 April 2023, with all members present. The Committee undertakes review of the principle risk matters and is responsible for making recommendations to the Board in relation to appropriate mitigations and control measures. The Committee reviews the risk matrix and verifies and challenges the processes for identifying new and emerging risks and the appropriateness of the risk severity rating.

The Committee considers the role of the independent auditors, their tenure and their report in relation to the Audit of Ilika Plc and Ilika Technologies Ltd.

- The Committee reviews the performance of the external auditor and considers their performance in relation to the requirements of internal and external stakeholders.
- It considers the appropriateness of the auditor in respect of objectivity and independence.
- The Committee reviews the duration on the audit and time to rotation of audit partner. BDO LLP were appointed as auditors of Ilika Plc and its subsidiary companies in 2011 and the audit partner is due for rotation in 2025.
- The Committee gives appropriate consideration to the reappointment of the external auditor or the needs to tender audit services.

MATTERS COVERED DURING THE YEAR ENDED 30 APRIL 2023:

- July 2022: Audit completion meeting for the 2022 year-end audit.
 - Review the financial forecast to support the Group's ability to account on a going concern basis.
 - Review of the auditor's report on the audit, including materiality levels and any significant matters or specific recommendations from the auditor.
 - Review of the Annual Report and financial statements to ensure they represent a fair and balanced portrayal of the Group's performance.
- January 2023: Half year report completion meeting. Approval of the release of the Half Year report.

AUDITOR INDEPENDENCE

The auditors supply only audit and assurance related services and do not provide any non-audit consultation services. Any assurance services provided are provided on an exceptional basis and reviewed by the Audit & Risk Committee prior to engagement to ensure adherence to their independence. This policy safeguards auditor objectivity and independence.

The external auditor may not undertake any work that may compromise its independence or is otherwise prohibited by any law or regulation.

Payments made to the auditor are detailed in note 3 to the financial statements and can be found on page 46.

INTERNAL AUDIT FUNCTION

The Group does not have an internal audit function, but the Committee considers that this is appropriate, given the size and relative lack of complexity of the Group. The Committee keeps this matter under review annually.

JEREMY MILLARD

CHAIR OF THE AUDIT COMMITTEE

DIRECTORS' REMUNERATION REPORT

REMUNERATION COMMITTEE

The Group's remuneration policy is the responsibility of the Remuneration Committee (the 'Committee'). The terms of reference of the Committee are outlined in the Corporate Governance Statement on page 26. The Committee members are Keith Jackson (Chairman), Jeremy Millard and Monika Biddulph, all of whom are independent Non-Executive Directors. The Chief Executive Officer and certain executives may be invited to attend Committee meetings to assist with its deliberations, but no executive is present when their own remuneration is being discussed.

REMUNERATION POLICY

(i) Executive remuneration

The Committee has a duty to establish a remuneration policy which will enable it to attract and retain individuals of the highest calibre to run the Group. Its policy is to ensure that the executive remuneration packages of Executive Directors and the fee of the Chairman are appropriate given performance, scale of responsibility, experience and consideration of the remuneration packages for similar executive positions in companies it considers to be comparable. Packages are structured to motivate executives to achieve the highest level of performance in line with the best interests of shareholders. A significant proportion of the total remuneration package, in the form of bonus and share options, is performance driven and has been constructed following consultation with major shareholders. The Committee engages external market leading remuneration consultants to benchmark the current remuneration policy to ensure that the shareholders interests are reflected in a balanced package offered to Board members.

(ii) Chairman and Non-Executive Director remuneration

The Chairman, Keith Jackson, receives a fixed fee of £69,424 per annum. Jeremy Millard and Monika Biddulph receive a fixed fee of £35,233 per annum. The fixed fee covers preparation for and attendance at meetings of the full Board and committees thereof. The Chairman and the Executive Directors are responsible for setting the level of non-executive remuneration. The Non-Executive Directors are also reimbursed for all reasonable expenses incurred in attending meetings.

All remuneration policies will be reviewed regularly using independent remuneration consultants to maintain adherence with best market practice as appropriate.

Components of remuneration

Component	Purpose and link to strategy	Operation	Performance metrics
Base salary	To attract and retain talent.	Reflecting individual's role, experience and performance. Base salaries are reviewed annually in January.	Take into account Group and individual performance, external benchmark information and internal relativities.
Benefits and Pension	To offer market competitive package.	Contribution to the Executive Director's individual money purchase scheme (at between 8% and 10% of base salary) and critical illness cover.	n/a
Short-Term Incentive Plan – annual performance related bonus	Rewards the achievement of short-term financial and strategic project milestones.	Maximum bonus of base salary: 100% CEO and 50% CFO. 50% of the bonus is payable in cash and 50% is deferred into shares (using nominal cost options) for one year, subject to continued employment.	Delivery of exceptional performance against a series of financial, commercial and technology objectives.
Long-Term Incentive Plan – restricted share unit awards	Incentivise, retain and reward the Executive Directors for successfully taking the Company through the next stage of its growth.	Iluka plc Long Term Incentive Plan 2018 (the 'LTIP'), was adopted by shareholders at the 2018 AGM. Single awards of share options with an exercise price of the nominal value of the shares were made which will vest after 3 years.	Awards vest to the extent that challenging share price targets have been met.
Shareholding guidelines	To increase shareholder alignment.	100% of the net of tax share awards which vest must be retained until the following guidelines are met: CEO 300% of salary CSO 250% of salary CFO 150% of salary	n/a



DIRECTORS' REMUNERATION REPORT CONTINUED

All remuneration policies will be reviewed regularly using independent remuneration consultants to maintain adherence with best market practice as appropriate.

DIRECTORS' REMUNERATION

The aggregate remuneration received by Directors who served during the year ended 30 April 2023 and 30 April 2022 was as follows:

	Basic salary £	Benefits in kind £	Bonus £	Total short-term benefits £	Pension £	Total £
Year to 30 April 2023						
G Purdy	211,238	1,497	106,549	319,284	22,056	341,340
S Boydell* (to July 22)	33,576	204	-	33,780	2,686	36,466
J Stewart (from Jan 23)	51,600	7	13,773	65,380	2,146	67,526
K Jackson	69,424	-	-	69,424	-	69,424
J Millard	35,233	-	-	35,233	-	35,233
M Biddulph	35,233	-	-	35,233	-	35,233
	436,304	1,708	120,322	558,334	26,888	585,222
Year to 30 April 2022						
G Purdy	210,459	720	53,667	264,846	21,046	285,892
S Boydell	139,298	476	20,546	160,320	11,143	171,463
B Hayden (to end Sept 21)	57,150	231	-	57,381	-	57,381
K Jackson	67,389	-	-	67,389	-	67,389
J Millard	34,200	-	-	34,200	-	34,200
M Biddulph	34,200	-	-	34,200	-	34,200
	542,696	1,427	74,213	618,336	32,189	650,525

* S Boydell resigned as Finance Director and Company Secretary leaving the company on 15 July 2022.

Benefits in kind include critical illness cover.



SHARE OPTIONS

The share options of the Directors are set out below:

Unapproved	2022 Number	2023 Number	Exercise Price	Expiry date	Performance Conditions
G Purdy	75,810	75,810	1p	August 2027	n/a
G Purdy	1,127,777	1,127,777	1p	January 2029	See note 1
G Purdy	207,229	207,229	1p	August 2029	n/a
G Purdy	606,014	606,014	1p	March 2030	See note 2
G Purdy	65,812	65,812	1p	September 2030	n/a
G Purdy	92,536	92,536	1p	February 2031	See note 3

Approved	2022 Number	2023 Number	Exercise Price	Expiry date	Performance Conditions
J Stewart	-	300,000	52p	August 2033	See note 4

S Boydell resigned as Director with effect from 15 July 2022, with all outstanding unexercised options, vested or unvested, lapsing at that date. The table below sets out the share options that he held up until 15 July 2022 along with the 30 April 2022 comparative.

Unapproved	2022 Number	15/07/22 Number	Exercise Price	Expiry date	Performance Conditions
S Boydell	196,619	196,619	1p	March 2030	See note 2
S Boydell	42,873	42,873	1p	February 2031	See note 3

Awards with performance conditions will vest on the achievement of the share price targets, assessed over a 3 year performance period:

- 1) (a) Less than 27p - no vesting
(b) 27p - 25% of the shares subject to award will vest
(c) 36p - 75% of the shares subject to award will vest
(d) 54p - 100% of the shares subject to award will vest
- 2) (a) Less than 51p - no vesting
(b) 51p - 25% of the shares subject to award will vest
(c) 68p - 75% of the shares subject to award will vest
(d) 102p - 100% of the shares subject to award will vest
- 3) (a) Less than 336p - no vesting
(b) 336p - 25% of the shares subject to award will vest
(c) 448p - 75% of the shares subject to award will vest
(d) 672p - 100% of the shares subject to award will vest
- 4) (a) Less than 52p - no vesting
(b) 56p - 25% of the shares subject to award will vest
(c) 65p - 75% of the shares subject to award will vest
(d) 69p - 100% of the shares subject to award will vest

Awards will vest between points (b) and (c) and between (c) and (d) on a straight-line basis.

Share-based payment charge attributable to Directors in the year was £256,036 (2022: £314,204).

KEITH JACKSON

CHAIRMAN OF THE REMUNERATION COMMITTEE



DIRECTORS' REPORT

DIRECTORS

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

Executive

Mr G. Purdy (CEO)

Mr S Boydell (FD and Company Secretary)
(Resigned 15 July 2022)

Mr J Stewart (CFO) (Joined 3 January 2023)

Non-Executive

Prof. K Jackson (Chairman)

Mr. J Millard (Senior Independent Director)

Dr. M. Biddulph

Please note: Mr S Boydell resigned as Company Secretary as of 13 July 2023 and Mrs M Petitt is current Company Secretary.

RESEARCH AND DEVELOPMENT COSTS

In accordance with the policy outlined in note 1, the Group incurred research and development expenditure of £4,131,407 in the year (2022: £4,786,225). In addition, amounts totalling £1,027,512 (2022: £807,331) were capitalised in the year. Commentary on the major activities is given in the Strategic Report.

FINANCIAL INSTRUMENTS

The use of financial instruments and financial risk management policies is covered in the Strategic Report and also in note 15 of the financial statements.

FUTURE DEVELOPMENTS

Information on the future developments of the business are included in the Strategic Report on page 3.

DIRECTORS INDEMNITIES

The Company has made no qualifying third part indemnity provisions during the year and no further provisions have been made at the date of this report.

POLITICAL DONATIONS

The Company has made no political donations during the period.

DIVIDENDS

The Directors do not recommend the payment of a dividend.

DIRECTORS' INTERESTS IN ORDINARY SHARES

The Directors, who held office at 30 April 2023, had the following interests in the ordinary shares of the Company:

	Number of shares	
	30 April 2022	30 April 2023
G Purdy	782,927	782,927
K Jackson	102,142	102,142
M Biddulph	16,071	16,071
J Millard	-	-
J Stewart	-	-

S Boydell resigned as director with effect from 15 July 2022. The table below sets out the interests in Ordinary Shares of the Company held as at 15 July 2022 and 1 May 2022.

	1 May 2022	15 July 2022
S Boydell	113,948	113,948

During the year, no Directors exercised options nor sold shares.

SUBSTANTIAL SHAREHOLDINGS

On 30 June 2023 the Company had been notified of the following holdings of more than 3% or more of the issued share capital of the Company.

Shareholder	No. of ordinary shares	% shareholding
GPIM	18,590,225	11.70
Charles Schwab, New York (ND)	11,260,387	7.09
Schroder Investment Management	11,008,797	6.93
Janus Henderson Investors	8,885,213	5.59
Hargreaves Lansdown, stockbrokers (EO)	8,804,362	5.54

POST BALANCE SHEET EVENTS

There are no significant post balance sheet events from the 30 April 2023 to the signing of this report.

AUDITORS

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

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

By order of the board

MANDY PETITT
COMPANY SECRETARY



STATEMENT OF DIRECTORS' RESPONSIBILITIES

IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group and Company financial statements in accordance with UK adopted international accounting standards. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with UK adopted international accounting standards subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

WEBSITE PUBLICATION

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

GOING CONCERN

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

By order of the Board

GRAEME PURDY
CHIEF EXECUTIVE

12 July 2023



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ILIKA PLC

OPINION ON THE FINANCIAL STATEMENTS

In our opinion:

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

We have audited the financial statements of Ilika plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 30 April 2023 which comprise the Consolidated statement of comprehensive income, the Consolidated balance sheet, the Consolidated cash flow statement, the Consolidated statement of changes in equity, the Company balance sheet, the Company cash flow statement, the Company statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

BASIS FOR OPINION

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

Independence

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

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- Reviewing Directors' assessment of going concern through analysis of the Group's cash flow forecast through to July 2024 including assessing and challenging the assumptions underlying the forecasts by reference to historic performance and our knowledge of future developments.

- Sensitising the forecasts further to ascertain the levels of revenue decline and cost increase that would cause a cash shortage at any point in Directors' post balance sheet assessment period. We also compared the level of expenditure included in the forecasts and compared this to previous periods.

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

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

OVERVIEW

Coverage	100% (2022: 100%) of Group loss before tax	
	100% (2022: 100%) of Group revenue	
	100% (2022: 100%) of Group total assets	
Key audit matters		
	2023	2022
Capitalisation of development expenditure	✓	✓
Materiality	Group financial statements as a whole	
	£446K (2022: £412K) based on 5% (2022: 5%) of loss before tax.	

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

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

At 30 April 2023 the group had two components whose transactions and balances are included in the consolidated accounting records. Both components, being Ilika plc and its subsidiary Ilika Technologies Limited, were considered to be significant components and were subject to a full scope audit.

All work was carried out by the group audit team.



Key audit matters

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

Key audit matter	How the scope of our audit addressed the key audit matter	
<p>Capitalisation of development expenditure</p> <p>The group has capitalised development expenditure in relation to their Stereax battery technology. This is the third full period in which the associated expenditure has been capitalised having been deemed to meet the criteria in the accounting standards in the previous year.</p> <p>There are a number of judgements involved in accounting for development expenditure, including whether the activities are appropriate for capitalisation in accordance with the criteria of the applicable accounting standard, the allocation of the relevant costs to the Stereax battery project, and the recoverability of the asset generated.</p> <p>Due to the level of judgement, there was also considered to be an inherent risk of management bias therefore this was considered to be an area of focus for our audit.</p> <p><i>Please refer to note 7 and accounting policies and key sources of estimation and uncertainty in note 1.</i></p>	<p>We considered the conditions under which development costs can be capitalised under the accounting standards and checked that these conditions have been met in respect of the Stereax battery technology.</p> <p>We discussed with management the Group's processes for identifying the relevant development costs. We reviewed the nature of the costs capitalised to check they were in line with our understanding of the work carried out in the year.</p> <p>We agreed a sample of capitalised costs to underlying supporting documentation to confirm the existence and accuracy of the costs. This included obtaining time records to corroborate the allocation of employee time spent on the Stereax battery technology and inspecting employee contracts to check that their stated job roles support their involvement in development activities. Employee costs were also agreed to the underlying payroll records.</p> <p>We assessed the ability of the asset to generate future economic benefits for the business, which must at least exceed the carrying value of the intangible asset. We have corroborated management's assessment to external market information and expectations.</p>	<p>Key observations:</p> <p>Based on the audit work performed we consider that development costs have been capitalised appropriately and in accordance with the Group's accounting policy.</p>

OUR APPLICATION OF MATERIALITY

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

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

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

	Group financial statements		Parent company financial statements	
	2023 £	2022 £	2023 £	2022 £
Materiality	446K	412K	223K	227K
Basis for determining materiality	5% of loss before tax	5% of loss before tax	50% of Group materiality	55% of Group materiality
Rationale for the benchmark applied	We considered 5% of loss before tax to be a key performance benchmark for the Group and the users of the financial statements in assessing financial performance.		Calculated as a percentage of Group materiality due to aggregated consideration of significant component materiality levels.	
Performance materiality	335k	308k	167k	170k
Basis for determining performance materiality	75% of materiality.			
Rationale for the percentage applied for performance materiality	Based on our risk assessment, together with our assessment of the Group's control environment and previous low level of misstatements.			

Component materiality

For the purposes of our Group audit opinion, we set materiality for each significant component of the Group, apart from the Parent Company whose materiality is set out above, based on a percentage of 92% (2022: 95%) of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality in respect of Ilika Technologies Limited was £410k (2022: £390k). We further applied performance materiality levels of 75% (2022: 75%) of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ILIKA PLC CONTINUED

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £13k (2022: £8k). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the annual report and accounts other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

OTHER COMPANIES ACT 2006 REPORTING

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

Strategic report and Directors' report In our opinion, based on the work undertaken in the course of the audit:

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

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

Matters on which we are required to report by exception We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

RESPONSIBILITIES OF DIRECTORS

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

Non-compliance with laws and regulations

Based on:

- Our understanding of the Group and the industry in which it operates;
- Discussion with management and those charged with governance and the Audit Committee;
- Obtaining and understanding of the Group's policies and procedures regarding compliance with laws and regulations;

we considered the significant laws and regulations to be the applicable accounting framework, UK tax legislation and the AIM Listing Rules etc.

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



Our procedures in respect of the above included:

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

Fraud

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

- Enquiry with management and those charged with governance including the Audit Committee regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to:
 - Detecting and responding to the risks of fraud; and
 - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meetings of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Assessing journal entries as part of our planned approach, with a particular focus on journal entries to key financial areas such as intangible assets and journals raised after the year end; and
- Considering significant management judgements, particularly in relation to the capitalisation of intangible assets.

Based on our risk assessment, we considered the areas most susceptible to fraud to be capitalisation of development costs and management override.

Our procedures in respect of the above included:

- Testing of the capitalisation of development costs (as detailed in the KAM above);
- Testing of all material journals raised post year by agreeing to supporting documentation, and considering if they had any impact on the year to April 2023;
- Assessing significant estimates made by management for bias by reference to external valuation reports in respect of the dilapidation provisions.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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

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

USE OF OUR REPORT

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

STEPHEN LE BAS (SENIOR STATUTORY AUDITOR)

FOR AND ON BEHALF OF BDO LLP, STATUTORY AUDITOR

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



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Year ended 30 April	
		2023 £	2022 £
Turnover	2	702,018	496,103
Revenue		33,848	30,878
UK grants		668,170	465,225
Cost of sales		(404,038)	(218,794)
Gross profit		297,980	277,309
Other Operating income	2	78,956	-
Total Administrative expenses			
Administrative expenses		(8,932,647)	(7,966,807)
Share-based payment charge		(441,796)	(429,686)
		(9,374,443)	(8,396,493)
Operating loss	3	(8,997,507)	(8,119,184)
Income from short-term deposits		105,696	5,590
Interest payable		(36,599)	(31,299)
Loss before tax		(8,928,410)	(8,144,893)
Taxation	5	1,632,455	1,016,331
Loss for period/total comprehensive expense		(7,295,955)	(7,128,562)
Loss per share from continuing operations	6		
Basic		(4.61)p	(4.65)p
Diluted		(4.61)p	(4.65)p

The notes on pages 42 to 53 form part of these financial statements.



CONSOLIDATED BALANCE SHEET

COMPANY NUMBER 07187804

	Notes	As at 30 April	
		2023 £	2022 £
ASSETS			
Non-current assets			
Intangible assets	7	2,943,462	1,958,153
Property, plant and equipment	8	4,263,579	5,072,280
Right to use assets	9	630,999	891,254
Total non-current assets		7,838,040	7,921,687
Current assets			
Trade and other receivables	10	1,938,555	1,594,326
Current tax receivable	5	1,261,082	1,016,822
Other financial assets – bank deposits	11	772,675	772,675
Cash and cash equivalents	12	15,100,956	22,626,280
Total current assets		19,073,268	26,010,103
Total assets		26,911,308	33,931,790
Issued capital and reserves attributable to owners of parent			
Issued share capital	16	1,590,628	1,582,342
Share premium		64,936,563	64,754,910
Capital restructuring reserve		6,486,077	6,486,077
Accumulated losses		(48,241,057)	(41,386,898)
Total equity		24,772,211	31,436,431

	Notes	As at 30 April	
		2023 £	2022 £
LIABILITIES			
Current liabilities			
Trade and other payables	13	1,271,083	1,407,398
Lease liabilities	9	260,836	223,644
Total current liabilities		1,531,919	1,631,042
Non-current liabilities			
Lease liabilities	9	357,643	623,952
Provisions	14	249,535	240,365
Total non-current liabilities		607,178	864,317
Total liabilities		2,139,097	2,495,359
Total equity and liabilities		26,911,308	33,931,790

The notes on pages 42 to 53 form part of these financial statements.

These financial statements were approved and authorised for issue by the Board of Directors on 12 July 2023.

MR. K JACKSON
CHAIRMAN



CONSOLIDATED CASH FLOW STATEMENT

	Year ended 30 April	
	2023 £	2022 £
Cash flows from operating activities		
Loss before taxation	(8,928,410)	(8,144,893)
<i>Adjustments for:</i>		
Amortisation	42,203	47,512
Depreciation	1,552,752	1,253,038
Equity settled share-based payments	441,796	429,686
(Profit) on disposal of plant property and equipment	(750)	(2,000)
Net financial (income)/expense	(69,097)	25,709
Operating cash flow before changes in working capital, interest and taxes	(6,961,506)	(6,390,948)
Decrease/(increase) in trade and other receivables	(454,046)	279,221
(Decrease)/Increase in trade and other payables	(136,314)	34,188
Increase in provisions	9,170	100,000
Cash utilised by operations	(7,542,696)	(5,977,539)
Tax received	1,388,195	329,509
Net cash flow used in operating activities	(6,154,501)	(5,648,030)

	Year ended 30 April	
	2023 £	2022 £
Cash flows from investing activities		
Interest received	105,696	5,590
Purchase of intangible assets	(1,027,512)	(942,606)
Purchase of property, plant and equipment	(373,980)	(3,491,671)
Sale of property, plant and equipment	750	2,000
Increase in other financial assets	-	(3,595)
Net cash used in investing activities	(1,295,046)	(4,430,282)
Cash flows from financing activities		
Proceeds from issuance of ordinary share capital	189,939	24,833,468
Cost of share issue	-	(885,414)
Lease payments - capital	(229,118)	(209,371)
Lease payments - interest	(36,598)	(31,299)
Net cash (used in)/from financing activities	(75,777)	23,707,384
Net (decrease)/increase in cash and cash equivalents	(7,525,324)	13,629,072
Cash and cash equivalents at the start of the period	22,626,280	8,997,208
Cash and cash equivalents at the end of the period	15,100,956	22,626,280

The notes on pages 42 to 53 form part of these financial statements.



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital £	Share premium account £	Capital restructuring reserve £	Accumulated losses £	Total attributable to equity holders of parent £
As at 30 April 2021	1,396,265	40,992,933	6,486,077	(34,688,022)	14,187,253
Share-based payment	-	-	-	429,686	429,686
Issue of shares	186,077	24,647,391	-	-	24,833,468
Cost of share issue	-	(885,414)	-	-	(885,414)
Loss and total comprehensive expense	-	-	-	(7,128,562)	(7,128,562)
As at 30 April 2022	1,582,342	64,754,910	6,486,077	(41,386,898)	31,436,431
Share-based payment	-	-	-	441,796	441,796
Issue of shares	8,286	181,653	-	-	189,939
Cost of share issue	-	-	-	-	-
Loss and total comprehensive expense	-	-	-	(7,295,955)	(7,295,955)
As at 30 April 2023	1,590,628	64,936,563	6,486,077	(48,241,057)	24,772,211

Share capital

The share capital represents the nominal value of the equity shares in issue.

Share premium account

When shares are issued, any premium paid above the nominal value is credited to the share premium reserve.

Capital restructuring reserve

The capital restructuring reserve arises on the accounting for the share for share exchange. It represents the difference between the value of the issued equity instruments of Ilika Technologies Ltd immediately before the share for share exchange and the equity instruments of Ilika plc along with the shares issued to effect the share for share exchange.

Accumulated losses

The accumulated losses reserve records the accumulated profits and losses of the Group since inception of the business.

The notes on pages 42 to 53 form part of these financial statements.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with UK adopted international accounting standards. The principal accounting policies adopted in the preparation of the consolidated financial statements are set out below. The policies have been consistently applied to all of the years presented.

The individual financial statements of Ilika plc are shown on pages 38 to 41.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company made up to the reporting date. The Company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns over the investee, and the ability of the investee to use its power to affect the variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Going concern

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

The Directors have prepared and reviewed financial forecasts. The Group meets its day to day working capital requirements through existing cash resources and bank deposits, which, at 30 April 2023, amounted to £15,873,631 (2022:£23,398,955). After due consideration of these forecasts and current cash resources and bank deposits, the Directors consider that the Company and the Group have adequate financial resources to continue in operational existence for the foreseeable future (being a period of at least twelve months from the date of this report), and for this reason the financial statements have been prepared on a going concern basis.

After taking account of all the above factors the Directors believe that as the market becomes more aware of the Company's prospects and the scale of the opportunities that the Company's technologies create the Company will continue to be able to raise any funds required to enable it to continue to trade and grow towards self-sufficiency.

Changes in accounting policies

(a) New standards, amendments to standards or interpretations

No new standards, interpretations and amendments adopted in the year have had a material impact on the Group.

(b) New standards, amendments to standards or interpretations not yet applied

There are no new standards, interpretations or amendments not yet applied which the Directors anticipate will have a material impact on the Group.

Turnover

Turnover comprises the amount of consideration to which the entity expects to be entitled for the sales of products or services, net of value added tax and is recognised as follows:

Sales of goods

Sales of Stereax batteries are recognised upon despatch to the customer at which point they have an obligation to pay in full and as such, control is considered to transfer at that point. Invoices are raised at the point purchase orders are made and subsequently upon delivery.

Government grants

Grants that compensate the Group for expenses incurred are recognised in the income statement on a systematic basis in the same periods in which the expenses are recognised. Submissions are made for pre-arranged time periods with timing differences recognised within accrued or deferred income.

Financial income

Income from short-term deposits is recognised in the income statement as it accrues, using the effective interest method.

Pension and other post-retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

Share-based payment transactions

The Group issues equity-settled share options to all employees. Equity-settled share options are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share options is expensed on a straight-line basis over the vesting period. At each period end, the Directors reassess the impact of non-market conditions and adjust the estimated share-based payment appropriately.

The fair value of options granted by the Group is measured by use of the Black-Scholes pricing model taking into account the following inputs: the exercise price of the option; the life of the option; the market price on the date of grant of the option; the expected volatility of the share price; the dividends expected on the shares; and the risk free interest rate for the life of the option. Where required market-based vesting and other conditions are also

considered in determining the fair value of new options granted in the year. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Foreign currency

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in profit or loss.

Research and development expenditure

Research expenditure is recognised as an expense when it is incurred.

Development expenditure is recognised as an expense except that costs incurred on development projects are capitalised as intangible assets to the extent that such expenditure is expected to generate future economic benefits. Development expenditure is capitalised if, and only if, an entity within the Group can demonstrate all of the following:

- i. its ability to measure reliably the expenditure attributable to the asset under development;
- ii. the product or process is technically and commercially feasible;
- iii. its future economic benefits are probable;
- iv. its ability to use or sell the developed asset;
- v. the availability of adequate technical, financial and other resources to complete the asset under development; and
- vi. its intention is to use or sell the developed asset.

During the year, £1,027,512 (2022: £807,331) of development expenditure has been capitalised in line with IAS 38 as a result of the conditions being met in respect of the Stereax battery project and the sales made in the year. This capitalisation had commenced in April 2020.

Taxation

Companies within the Group may be entitled to claim special tax allowances under the SME scheme in relation to qualifying research and development expenditure (e.g. R&D tax credits). The Group accounts for such allowances as tax credits, which means that they are recognised when it is probable that the benefit will flow to the Group and that benefit can be reliably measured. R&D tax credits reduce current tax expense and, to the extent the amounts due in respect of them are not settled by the balance sheet date, reduce current tax payable. Where companies are loss-making the company claims tax credits on their surrenderable losses, with an appropriate receivable recognised. A deferred tax asset is recognised for unclaimed tax credits that are carried forward as deferred tax assets.

Tax credits claimed under the RDEC scheme are accounted for under IAS 20 as government grants in line with the accounting policy noted above.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment less their estimated residual value. The estimated useful lives are as follows:

Leasehold improvements	lease term
Plant, machinery and equipment	2 – 5 years
Fixtures & fittings	3 – 5 years

Impairment

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated at the present value of the future expected cash flows associated with the impaired asset.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

Leases

All leases are accounted for by recognising a right-of-use asset and a lease liability except for leases of low value assets and leases with a duration of twelve months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

1 ACCOUNTING POLICIES CONTINUED

Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes: amounts expected to be payable under any residual value guarantee; the exercise price of any purchase option granted in favour of the Group if it is reasonably certain to exercise that option; and any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for: lease payments made at or before commencement of the lease, initial direct costs incurred, and the amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

Intangible assets

Computer software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised to administrative expenses using the straight line method over their estimated useful lives (1-5 years).

Intellectual property

Acquired intellectual property is included at cost and is amortised to administrative expenses on a straight-line basis over its useful economic life of 15 years.

Development expenditure

Development expenditure is capitalised at cost and is amortised to administrative expenses on a straight-line basis over its useful economic life of 10 years.

Financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument. The Group's financial assets are all carried at amortised cost. Impairment provisions for trade receivables

are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. The Group's financial liabilities are all classified as 'other' liabilities which are carried at amortised cost. Cash and cash equivalents comprise cash balances and call deposits. Deposits of over 3 months' maturity, judged at inception, are classified as Other Financial Assets.

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Provisions

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are either charged as an expense to income statement or capitalised within property, plant and equipment in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are made, they are charged to the provision carried in the balance sheet.

Key sources of estimation and uncertainty

The preparation of the Group's financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses at the date of the Group's financial statements. The Group's estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.



The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Capitalisation of development costs

During the year, costs have been capitalised in respect of the Stereax battery technology. The Directors have determined that the conditions to capitalise this associated expenditure have been met. Had these costs been considered research rather than development expenditure then the intangible assets would be £1,027,512 lower.

Recoverability of development costs

The Directors have considered the recoverability of the capitalised costs by reference to third party market analysis and the MOU and contract discussions with Cirtec and determined that the amounts are recoverable.

2 SEGMENT REPORTING

The Group operates in one area of activity, namely the production, design and development of solid state batteries. For management purposes, the Group is analysed by the geographical location of its customer base and business development Directors have been appointed to cover the Group's 3 territories of focus, Asia, North America and Europe (with the UK further split out below).

	Year ended 30 April	
	2023 £	2022 £
Turnover		
Analysis by geographical market:		
<i>By destination</i>		
Asia	20,451	-
Europe	-	2,720
North America	553	28,158
UK	681,014	465,225
	702,018	496,103

An analysis of turnover by type, demonstrating the changing focus of management from sales of services to sales of goods, is as follows:

	Year ended 30 April	
	2023 £	2022 £
Turnover		
Goods and services	33,848	30,878
UK Grants	668,170	465,225
	702,018	496,103

Customers might individually account for more than 10% of the total turnover of the Group. The turnover from these companies are indicated below:

	Year ended 30 April	
	2023 £	2022 £
Turnover		
UK Grants	668,170	465,225
Customers less than 10%	33,848	30,878
	702,018	496,103

The Company benefitted from the UK Government Research & Development Expenditure Credit ('RDEC') during the year:

	Year ended 30 April	
	2023 £	2022 £
Other Operating Income		
RDEC	78,956	-
	78,956	-



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

3 OPERATING LOSS

	Year ended 30 April	
	2023 £	2022 £
This is arrived at after charging:		
Research and development expenditure in the year	4,131,407	4,786,225
Depreciation of property, plant and equipment	1,292,497	1,024,624
Depreciation of right-of-use assets	260,255	228,414
Amortisation of intangible assets	42,203	47,512
Auditors remuneration:		
Fees payable to the Group's auditor for the audit of the Group's accounts	43,477	34,700
Fees payable to the Group's auditor for other services:		
The Audit of the Group's subsidiaries	9,773	7,800
Audit assurance services	4,000	-
Foreign exchange differences	10,436	23,510
Share-based payment	441,796	429,686

4 EMPLOYEES

The average number of employees during the year, including Executive Directors, was:

	Year ended 30 April	
	2023 Number	2022 Number
Administration	6	5
Materials synthesis	66	59
	72	64

Staff costs for all employees, including Executive Directors, consist of:

	Year ended 30 April	
	2023 £	2022 £
Wages and salaries	4,043,784	3,604,099
Social security costs	473,316	426,358
Share-based payment expense	441,796	429,686
Pension costs	280,021	223,669
	5,238,917	4,683,812

Included in the above are amounts totalling £935,669 (2022: £790,331) which have been capitalised.

The total remuneration of the Directors of the Group was as follows:

	Year ended 30 April	
	2023 £	2022 £
Wages and salaries	558,334	622,829
Pension costs	26,888	32,190
Directors' emoluments	585,222	655,019
Social security costs	72,727	101,834
Share-based payment expense	256,036	314,204
Key management personnel	913,985	1,071,057

The Directors represent key management personnel and further details, are given in the Directors' Remuneration Report on pages 29 to 31. The highest paid Director received remuneration of £341,340 (2022: £285,892) including pension contributions of £22,056 (2022: £21,046).

5 TAXATION

(a) Tax on loss from ordinary activities

There is no taxation charge due to the losses incurred by the Group during the year. The taxation credit represents R&D tax credit claims as follows:

	Year ended 30 April	
	2023 £	2022 £
R&D tax credits	1,261,082	1,016,822
Adjustments to prior period	371,373	(491)
	1,632,455	1,016,331

(b) Factors affecting current tax credit

The tax assessed on the loss on ordinary activities for the period is different to the standard rate of corporation tax in the UK of 19% up to April 2023 and 19% from April 2023 under the Small ring fenced profits rate (2022: 19%). The differences are reconciled below:

	2023 £	2022 £
Loss on ordinary activities before tax	(8,928,410)	(8,144,893)
Loss on ordinary activities before tax multiplied by the standard rate of corporation tax in the UK of 19% (2022: 19%)	(1,696,398)	(1,547,530)
Effects of:		
Expenses not deductible for corporation tax	90,718	82,435
R&D relief	(468,029)	(175,267)
Origination of unrecognised tax losses	812,627	623,540
Adjustments to prior period	(371,373)	491
Total tax credit for the year	(1,632,455)	(1,016,331)

Unrecognised deferred taxation

There are tax losses available for carry forward against future trading profits of approximately £40m (2022: £37.5m). A deferred tax asset in respect of these losses, net of fixed asset timing differences of approximately £9.1m (2022: £9.4m) has not been recognised in the accounts, as the full utilisation of these losses in the foreseeable future is uncertain.

6 LOSSES PER SHARE

Losses per Ordinary Share have been calculated using the weighted average number of shares in issue during the relevant financial periods. The weighted average number of equity shares in issue and the losses, being loss after tax, are as follows:

	Year ended 30 April	
	2023 No.	2022 No.
Weighted average number of equity shares	158,395,116	153,175,933
	£	£
Losses after tax	(7,295,955)	(7,128,562)
	Pence	Pence
Loss per share	(4.61)	(4.65)

The loss attributable to ordinary shareholders and weighted average number of Ordinary Shares for the purpose of calculating the diluted losses per Ordinary Share are identical to those used for basic losses per share. This is because the exercise of share options would have the effect of reducing the loss per Ordinary Share and is therefore not dilutive. At 30 April 2023, there were 6,978,331 options outstanding (2022: 6,673,840) as detailed in notes 16 and 20.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

7 INTANGIBLE ASSETS

	Development expenditure £	Software licences £	Intellectual property £	Total £
Cost				
As at 30 April 2021	985,652	134,575	75,000	1,195,227
Additions	807,331	135,275	-	942,606
As at 30 April 2022	1,792,983	269,850	75,000	2,137,833
Additions	1,027,512	-	-	1,027,512
As at 30 April 2023	2,820,495	269,850	75,000	3,165,345
Amortisation				
As at 30 April 2021	-	57,168	75,000	132,168
Provided for the year	-	47,512	-	47,512
As at 30 April 2022	-	104,680	75,000	179,680
Provided for the year	-	42,203	-	42,203
As at 30 April 2023	-	146,883	75,000	221,883
Net book value				
As at 30 April 2022	1,792,983	165,170	-	1,958,153
As at 30 April 2023	2,820,495	122,967	-	2,943,462

The amortisation charge of £42,203 (2022: £47,512) is included within administrative expenses. Development expenditure has not yet been amortised awaiting full commercialisation and completion of proposed technology transfer of the Stereax business to Cirtec under licence.

8 PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements £	Plant, machinery and equipment £	Fixtures and fittings £	Total £
Cost				
As at 30 April 2021	78,108	5,606,249	50,311	5,734,668
Additions	314,251	3,424,813	52,657	3,791,721
Disposals	-	(492,921)	-	(492,921)
As at 30 April 2022	392,359	8,538,141	102,968	9,033,468
Additions	1,400	478,450	3,946	483,796
Disposals	-	(119,716)	-	(119,716)
As at 30 April 2023	393,759	8,896,875	106,914	9,397,548
Depreciation				
As at 30 April 2021	19,920	3,376,592	32,973	3,429,485
Provided for the year	60,944	952,588	11,092	1,024,624
Disposals	-	(492,921)	-	(492,921)
As at 30 April 2022	80,864	3,836,259	44,065	3,961,188
Provided for the year	78,728	1,190,945	22,824	1,292,497
Disposals	-	(119,716)	-	(119,716)
As at 30 April 2023	159,592	4,907,488	66,889	5,133,969
Net book value				
As at 30 April 2022	311,495	4,701,882	58,903	5,072,280
As at 30 April 2023	234,167	3,989,387	40,025	4,263,579

At the year end, deposits totalling £223,751 (2022: £109,816) were paid in respect of property, plant and equipment and are held in prepayments. These will be transferred once the items have been received. Additionally, the Company has capital commitments totalling £314,531 (2022: £163,523) as disclosed in note 18.



9 LEASES

The Group has leases for its premises in Romsey and Chandler's Ford and for an item of equipment. These leases are accounted for by recognising a right-of-use asset and a lease liability.

The lease liabilities have been measured at the present value of the contractual payments due to the lessor over the lease terms using an incremental borrowing rate of 4%, which is the Group's estimate of the discount rate applicable to a property and an equipment lease. The lease terms have been determined to be 5 years, as this is the non-cancellable period before the Group has the option of a break. There is no reasonable certainty that the leases will continue beyond this point.

The right-of-use assets have been initially measured at the amount of the lease liabilities. Subsequent to initial measurement the lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for any lease payments made. Right-of-use assets are depreciated on a straight-line basis over the remaining term of the lease.

Right-of-use assets

	Land and buildings £	Plant and equipment £	Total £
Cost			
As at 1 May 2021	1,046,553	-	1,046,553
Additions	-	229,247	229,247
As at 30 April 2022	1,046,553	229,247	1,275,800
Additions	-	-	-
As at 30 April 2023	1,046,553	229,247	1,275,800
Depreciation			
As at 1 May 2021	156,132	-	156,132
Provided for the year	209,310	19,104	228,414
As at 30 April 2022	365,442	19,104	384,546
Provided for the year	209,311	50,944	260,255
As at 30 April 2023	574,753	70,048	644,801
Net book value			
As at 30 April 2022	681,111	210,143	891,254
As at 30 April 2023	471,800	159,199	630,999

Lease liabilities

	2023 £	2022 £
As at 1 May	847,596	827,720
Additions	-	229,247
Cash flows:		
Lease payments	(265,715)	(240,670)
Interest expense	36,598	31,299
As at 30 April	618,479	847,596

Maturity analysis of lease payments:

	As at 30 April	
	2023 £	2022 £
0-3 months	82,881	73,316
3-12 months	166,933	179,513
Due in less than one year	249,814	252,829
1-2 years	205,000	262,569
2-5 years	191,250	396,250
Lease payments	646,064	911,648

10 TRADE AND OTHER RECEIVABLES

	As at 30 April	
	2023 £	2022 £
Trade receivables	19,310	4,568
Prepayments	970,198	800,957
Other receivables	481,552	464,880
Accrued income	467,495	323,921
	1,938,555	1,594,326



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

10 TRADE AND OTHER RECEIVABLES CONTINUED

The ageing of trade receivables is as follows:

	As at 30 April	
	2023 £	2022 £
0-29 days	19,310	4,568

The accrued income of £467,495 (2022: £323,921) relates to performance obligations satisfied but not invoiced, all of which is due to be settled within the next twelve months. The increase in accrued income is due to the level of grants underway at the current year end compared to the previous year.

11 OTHER FINANCIAL ASSETS - BANK DEPOSITS

	As at 30 April	
	2023 £	2022 £
Short-term deposits with more than three months' maturity	772,675	772,675

12 CASH AND CASH EQUIVALENTS

	As at 30 April	
	2023 £	2022 £
Current bank accounts	739,522	618,230
Short-term deposits with less than three months' maturity	14,361,434	22,008,050
	15,100,956	22,626,280

13 TRADE AND OTHER PAYABLES

	As at 30 April	
	2023 £	2022 £
Trade payables	294,143	687,948
Other payables	39,027	38,643
Other taxes and social security costs	92,639	112,516
Accruals and deferred income	845,274	568,291
	1,271,083	1,407,398

The ageing of financial liabilities is as follows:

	As at 30 April	
	2023 £	2022 £
0-29 days	680,278	597,388
30-59 days	85,549	138,082
60-89 days	383,180	323,556
90+ days	29,437	235,856
	1,178,444	1,294,882

Within Accruals and deferred income is deferred income of £10,000 (2022: £10,000) that represent unfulfilled performance obligations on grants and product sales to be satisfied in the next twelve months.

14 PROVISIONS

	Leasehold Dilapidations £
As at 1 May 2022	240,365
Provided	9,170
As at 30 April 2023	249,535

Leasehold dilapidations relate to the estimated cost of returning two leasehold properties to their original state at the end of the lease in accordance with the lease terms. The provision in the year is in respect of work that would need to be carried out to reinstate an existing leased premise.



15 FINANCIAL INSTRUMENTS

The risks associated with financial instruments are set out below.

Foreign currency risk

The Group buys goods and services in currencies other than Sterling. The Group's non Sterling liabilities and cash flows can be affected by movements in exchange rates. Given the low value of non-Sterling transactions the Group considers there to be a low exposure to foreign currency risk. The Group has denominated some of its sales transactions in non-Sterling currencies. The foreign exchange loss recognised in the accounts in the year to 30 April 2023 was £10,436 (2022: £23,510).

Credit risk

The Group's credit risk is attributable to its trade receivables and banking deposits. The Group places its deposits with reputable financial institutions to minimise credit risk. The maximum exposure to credit risk for each period is the amount disclosed above as cash and cash equivalents, banking deposits and receivables. For the periods above there were no trade receivables which were past due or impaired. Risk is further mitigated through the use of credit limits, but also through the nature of the customers, who, for the most part, are large multinationals.

Liquidity risk

The Group's policy is to maintain adequate cash resources to meet liabilities as they fall due. All Group payable balances fall due for payment within one year. Cash balances are placed on deposit for varying periods with reputable banking institutions to ensure there is limited risk of capital loss. The Group does not maintain an overdraft facility.

Interest rate risk

The main risk arising from the Group's financial instruments is interest rate risk. The Group placed deposits surplus to short-term working capital requirements with a variety of reputable UK-based banks. These balances are placed at floating rates of interest and deposits have maturities of 1 to 12 months. The Group's cash and short-term deposits are set out in note 11 and 12. Floating-rate financial assets comprise cash on deposit and cash at bank. Short-term deposits are placed with banks and are categorised as floating-rate financial assets. Contracts in place at 30 April 2023 had a weighted average period to maturity of 7 days (2022: 18 days) and a weighted average annualised rate of interest of 2.73% (2022: 0.07%).

Interest rate risk sensitivity analysis

It is estimated that a change in base rate to zero would have increased the Group's loss before taxation for the year to 30 April 2023 by approximately £105,696 (2022: £6,000).

It is estimated that an increase in base rate by 1 percent would decrease the Group's loss before taxation for the year to 30 April 2023 by approximately £158,699 (2022: £228,000).

There is no difference between the book and fair value of financial assets and liabilities.

Capital management

The primary aim of the Group's capital management is to safeguard the Group's ability to continue as a going concern, to support its businesses and maximise shareholder value. The Group monitors its capital structure and makes adjustments as and when it is deemed necessary and appropriate to do so using such methods as the issuing of new shares. At present all funding is raised by equity.

16 SHARE CAPITAL

	As at 30 April	
	2023 £	2022 £
Authorised		
158,474,367 (2022: 157,645,867) Ordinary Shares of £0.01 each	1,584,744	1,576,459
1,781,400 Convertible Preference Shares of £0.01 each	17,814	17,814
Allotted, called up and fully paid		
158,474,367 (2022: 157,645,867) Ordinary Shares of £0.01 each	1,584,744	1,576,459
588,400 Convertible Preference Shares of £0.01 each	5,884	5,884
	1,590,628	1,582,343



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

16 SHARE CAPITAL CONTINUED

Share Rights

The Ordinary Share and Preference Shares rank pari passu in all respects other than:

- The losses which the Group may determine to distribute in respect of any financial period shall be distributed only among the holders of the Ordinary Shares. The Preference Shares shall not entitle the holders of them to any share in such distributions.
- On a return of capital or assets on a liquidation, reduction of capital or otherwise the surplus assets of the Group remaining after payment of its obligations shall be applied:
 - First, in paying to the holders of the Preference Shares the amount paid thereon, being the amount equal to the par value of the preference shares excluding any premium; and
 - Secondly, the balance of such surplus assets shall belong to and be distributed amongst the holders of the Ordinary Shares.

The Preference Shareholders have the right, at any time, to convert the Preference Shares held to the same number of Ordinary Shares. There are no further redemption rights.

During the year, a total of 828,500 options over Ordinary Shares of £0.01 each were exercised for a total consideration of £189,939.

Share options

Employee related share options are disclosed in note 20.

17 PENSIONS

The Group operates a defined contribution group personal pension scheme. The pension cost charge for the period represents contributions payable by the Group to the scheme and amounted to £280,021 (2022: £223,669). Included within other creditors is £37,429 (2022: £36,006) relating to outstanding pension contributions.

18 CAPITAL COMMITMENTS

At 30 April, the Group had capital commitments as follows:

	2023 £	2022 £
Contracted for but not provided in these financial statements	314,531	163,523

19 RELATED PARTY TRANSACTIONS

The Directors consider that no one party controls the Group.

Details of key management personnel and their compensation are given in note 4 and in the Directors' Remuneration Report on pages 29 to 31.

Included within these statements, as shown in note 10 and note 26, are amounts totalling £127,403 (2022: £0) relating to employee share option exercises which were owed as at 30 April 2023.

20 SHARE-BASED PAYMENTS EXPENSE AND SHARE OPTIONS

Share-based payment expense

The Group has incentivised and motivated staff through the grant of share options under the Enterprise Management Incentive (EMI) scheme and through unapproved share options.

At 30 April 2023, the following fully vested options, whose fair values have been fully charged to the consolidated statement of total comprehensive income, were outstanding:

Approved share options:

Date of grant	Number of shares	Period of option	Exercise Price per share
08/02/18	78,375	10 years	£0.21
24/01/19	629,483	10 years	£0.182
19/03/20	730,000	10 years	£0.255

Unapproved share options:

Date of grant	Number of shares	Period of option	Exercise Price per share
15/08/17	84,021	10 years	£0.01
24/01/19	1,840,171	10 years	£0.01
29/08/19	268,125	10 years	£0.01



Black-Scholes valuation

	Weighted Average Exercise Price		Number	
	2023 £	2022 £	2023	2022
Outstanding:				
At start of the period	0.1840	0.1894	6,673,840	7,369,729
Granted in the period	0.3844	0.0100	1,579,140	327,497
Exercised in the period	0.2293	0.1050	(828,500)	(933,886)
Lapsed in the period	0.2270	0.9093	(446,149)	(89,500)
At the end of the period	0.2213	0.1840	6,978,331	6,673,840

The exercise price of options outstanding at the end of the period ranged between £0.01 and £2.24 and their weighted average contractual life was 7.1 years (2022: 7.5 years). These share options are exercisable and must be exercised within 10 years from the date of grant.

Ilika plc Executive Share Option Scheme 2010

At 30 April 2023 the following share options were outstanding in respect of the Ilika plc Executive Share Option Scheme 2010:

Date of grant	Number of shares	Period of option	Exercise Price per share
08/02/18	78,375	10 years	£0.21
24/01/19	390,500	10 years	£0.182
09/07/19	238,983	10 years	£0.295
19/03/20	730,000	10 years	£0.255
10/02/21	239,500	10 years	£2.240
26/01/23	1,153,786	10 years	£0.52

All of the options have been valued using the Black-Scholes methodology, with an expected volatility rate of between 37.7% and 100%, the interest rate being the bank of interest base rate at the time of grant and an expected period to maturity of 3 years.

Members of staff in the Group have options in respect of Ordinary Shares in Ilika plc, which are conditional upon the achievement of a series of financial and commercial milestones.

85,200 options lapsed in the year and 828,500 options were exercised.

Ilika plc unapproved share options

At 30 April 2023 the following share options were outstanding in respect of Ilika plc unapproved share options:

Date of grant	Number of shares	Period of option	Exercise Price per share
15/08/17	84,021	10 years	£0.01
24/01/19	1,840,171	10 years	£0.01
29/08/19	268,125	10 years	£0.01
26/03/20	988,821	10 years	£0.01
26/03/20	60,000	10 years	£0.255
22/09/20	81,575	10 years	£0.01
10/02/21	137,303	10 years	£0.01
22/09/21	42,105	10 years	£0.01
07/02/22	197,985	10 years	£0.01
26/01/23	419,754	10 years	£0.01

360,949 options lapsed in the year.

There are 4,824,676 options which were capable of being exercised as at 30 April 2023.

	2023 £	2022 £
Share-based payment expense		
Black-Scholes calculation	441,796	429,686

21 COMPANY DETAILS

Ilika plc is a public limited company registered in England and Wales with company number 07187804 and whose registered office is Unit 10a, The Quadrangle, Premier Way, Romsey, England, SO51 9DL.

**COMPANY BALANCE SHEET OF ILIKA PLC**

COMPANY NUMBER 07187804

	Notes	As at 30 April	
		2023 £	2022 £
ASSETS			
Non-current assets			
Investments in subsidiary undertaking	24	66,429,684	66,429,684
Amount due from subsidiary undertaking	25	218,525	195,658
		66,648,209	66,625,342
Current assets			
Trade and other receivables	26	169,621	41,666
Total assets		66,817,830	66,667,008
Equity			
Issued share capital	16	1,590,628	1,582,342
Share premium		64,915,773	64,734,120
Retained earnings		301,474	335,116
		66,807,875	66,651,578
LIABILITIES			
Current liabilities			
Trade and other payables	27	9,955	15,430
Total liabilities		9,955	15,430
Total equity and liabilities		66,817,830	66,667,008

No profit and loss account is presented for the Company as permitted by Section 408 of the Companies Act 2006. The Company's loss for the year was £475,438 (2022: loss of £390,600).

The notes on pages 57 to 58 form part of these financial statements.

These financial statements were approved and authorised for issue by the Board of Directors on 12 July 2023.

MR. K JACKSON
CHAIRMAN



COMPANY CASH FLOW STATEMENT

	Year ended 30 April	
	2023 £	2022 £
Cash flows from operating activities		
Loss before tax	(475,438)	(390,600)
<i>Adjustments for:</i>		
Equity settled share-based payments	441,796	429,686
Operating cash flow before changes in working capital, interest and taxes	(33,642)	39,086
(Increase) in trade and other receivables	(127,955)	(18,275)
(Decrease) in trade and other payables	(5,475)	(396)
Cash generated (used in)/from operations	(167,072)	20,415
Cash flows from investing activities		
(Increase) in amounts due from subsidiary undertaking	(22,867)	(768,468)
Investment in subsidiary company	-	(23,200,000)
Net cash used in investing activities	(22,867)	(23,968,468)
Cash flows from financing activities		
Proceeds from issuance of Ordinary Share capital	189,939	24,833,468
Costs of share issue	-	(885,415)
Net cash from financing activities	189,939	23,948,053
Net increase in cash and cash equivalents	-	-
Cash and cash equivalents at the start of the year	-	-
Cash and cash equivalents at the end of the year	-	-

The notes on pages 57 to 58 form part of these financial statements.



COMPANY STATEMENT OF CHANGES IN EQUITY

	Share capital £	Share premium account £	Retained Earnings £	Total attributable to equity holders £
As at 30 April 2021	1,396,265	40,972,144	296,030	42,664,439
Issue of shares	186,077	24,647,391	-	24,833,468
Cost of issue	-	(885,415)	-	(885,415)
Share-based payment	-	-	429,686	429,686
Loss and total comprehensive expense	-	-	(390,600)	(390,600)
As at 30 April 2022	1,582,342	64,734,120	335,116	66,651,578
Issue of shares	8,286	181,653	-	189,939
Cost of issue	-	-	-	-
Share-based payment	-	-	441,796	441,796
Loss and total comprehensive expense	-	-	(475,438)	(475,438)
As at 30 April 2023	1,590,628	64,915,773	301,474	66,807,875

Share capital

The share capital represents the nominal value of the equity shares in issue.

Share premium account

When shares are issued, any premium paid above the nominal value is credited to the share premium reserve.

Retained earnings

The retained earnings reserve records the accumulated profits and losses of the Company since inception of the business.

The notes on pages 57 to 58 form part of these financial statements.



NOTES TO THE COMPANY FINANCIAL STATEMENTS

22 ACCOUNTING POLICES

Basis of preparation

These financial statements have been prepared in accordance with UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006.

Taxation, share-based payments and financial instruments

For the relevant accounting policies please see note 1.

Investments in subsidiary undertakings

Investments in subsidiary undertakings where the Company has control are stated at cost less any provision for impairment.

Key sources of estimation and uncertainty

The Company holds a significant investment in its subsidiary, Ilika Technologies Ltd, of £66.4m (2022: £66.4m). In assessing the carrying value of this asset for impairment, the Directors have exercised judgement in estimating its recoverable amount. The determination of the valuation for this asset is based on the discounted estimated future cash flows generated from out-licensing transactions. The valuation is derived from a financial model that evaluates a range of potential outcomes from what are considered the key variables, including the probability of licensing agreements being signed, the expected licensing terms that will be negotiated and the anticipated revenues generated as a result. Given the level of headroom indicated by the impairment review, the discount rate assumption is not considered to be sufficiently sensitive to change to impact the conclusion of the review.

23 DIRECTORS' REMUNERATION

The only employees of the Company are the Directors. In respect of Directors' remuneration, the disclosures required by Schedule 5 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 are included in the detailed disclosures in the audited section of the Directors' Remuneration Report on pages 29 to 31, which are ascribed as forming part of these financial statements.

24 INVESTMENT IN SUBSIDIARY UNDERTAKING

Investments in Group undertakings are stated at cost.

Ilika plc has a wholly owned subsidiary, Ilika Technologies Ltd. Ilika Technologies Ltd (Incorporated in the UK) made a loss for the year of £6,820,517 (2022: £6,737,962) and had net assets as at 30 April 2023 of £24,394,019 (2022: £31,214,536).

	2023 £	2022 £
Shares in Group undertakings (at cost)		
At 1 May	66,429,684	43,229,684
Additions	-	23,200,000
At 30 April	66,429,684	66,429,684

The registered address of Ilika Technologies Ltd is unit 10a, The Quadrangle, Premier Way, Abbey Industrial Park, Romsey, SO51 9DL. The Company registration number is 05048795.

25 AMOUNT DUE FROM SUBSIDIARY UNDERTAKING

	2023 £	2022 £
Ilika Technologies Ltd	218,525	195,658

26 TRADE AND OTHER RECEIVABLES

	2023 £	2022 £
Other receivables	127,403	4,369
Prepayments	42,218	37,297
	169,621	41,666

27 TRADE AND OTHER PAYABLES

	2023 £	2022 £
Trade payables	1,284	3,852
Accruals	8,671	11,578
	9,955	15,430



NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

28 RELATED PARTY TRANSACTIONS

During the year, the Company recharged costs totalling £229,734 (2022: £243,606) to its subsidiary, Ilika Technologies Ltd. Amounts owed by Ilika Technologies Ltd are disclosed in note 25 (2022: owed by Ilika Technologies Ltd in note 25).

Included within these statements, as shown in note 10 and note 26, are amounts totalling £127,403 (2022: £0) relating to employee share option exercises which were owed as at 30 April 2023.

Details of key management personnel and their compensation are given in note 4 and in the Directors' Remuneration Report on pages 29 to 31.

The Directors consider that no one party controls the Company.

**CORPORATE DIRECTORY****Company number** 7187804**Directors****Executive** Graeme Purdy
Jason Stewart**Non-Executive** Professor Keith Jackson (Chairman)
Jeremy Millard
Monika Biddulph**Secretary** Mandy Petitt**Registered office** Unit 10a, The Quadrangle,
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NOTES



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