

**ASX ANNOUNCEMENT****FOR IMMEDIATE RELEASE TO THE MARKET****Li-S Energy Limited – ASX Code: LIS****Thursday 29 January 2026****Quarterly Activities and Cashflow Reports**

Li-S Energy Limited (ASX: LIS) (“LIS” or “the Company”) is pleased to provide its December 2025 Quarterly Activities and Cashflow Reports.

This announcement has been authorised by the Board.

**For further information contact:**

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DECEMBER 2025

# QUARTERLY REPORT



*MSubs' autonomous submarine XV Excalibur*



**Li-S Energy**

# MANAGING DIRECTOR'S REPORT

During the December quarter, Li-S Energy continued to build on its technical, operational and commercial momentum, with strategic product integration agreements underpinned by key advancements in the Company's proprietary manufacturing capability, and strong engagement with government and industry partners.

## Strategic Industry Partnerships

LIS continues to attract strong interest from industry counterparties for key commercial & defence applications. Major partnerships announced during the quarter include MSubs and Praetorian:

### MSubs – Large Unmanned Submarines

MSubs is a leading UK-based manufacturer of submarines and large unmanned underwater vehicles (UUVs) for US SOCOM, US Navy and UK MoD and commercial use. LIS and MSubs will pressure test LIS cells to depths of up to 1000 metres. The cells are being evaluated for large scale propulsion battery systems for MSubs' extra-large UUVs and other platforms for multi-day missions.

### Praetorian – Counter-Drone Interceptors

South Australia's Praetorian Aeronautics is scaling production of its Dagger counter-drone interceptor UAVs. Praetorian is evaluating LIS batteries for both the Dagger and future Praetorian UAVs. With planned production of up to 10,000 Dagger UAVs per year, this represents a significant commercial opportunity for LIS.

### \$7.8 Million ARENA Grant

In November LIS was awarded a \$7.8m grant from ARENA. The grant provides matched funding to complete the feasibility and front-end engineering design (FEED) for our planned Phase 4 manufacturing plant, targeting commercial staged development up to 1GWh of annual production, which will substantially advance Australia's sovereign battery manufacturing capability.

### Federal Minister Bowen Visits LIS Facility

After awarding the \$7.8m ARENA Grant, Minister Chris Bowen, Federal Minister for Energy and Climate Change, toured the LIS production facility in Geelong and offered his personal congratulations to the entire LIS team.

## Lithium Foil Production & Power Cell

LIS has successfully commissioned Australia's first lithium foil production line, establishing a sovereign supply to support LIS's internal cell manufacturing and creating an opportunity to supply lithium foil to international markets.

In addition, the LIS team has confirmed encouraging preliminary results from the development of a new lithium-sulfur "power cell". Designed to support higher-power applications, this cell architecture has the potential to significantly expand LIS's addressable markets, including applications such as small multi-rotor drones and wearable technologies.

## R&D Tax Refund

Li-S Energy confirmed receipt of a \$3.0m refund under the Federal Government's R&D Tax Incentive program, providing additional balance sheet strength and reflecting ongoing government support for product development.

## Global Market Engagement

The Company continues to maintain high visibility at global events. During the quarter we exhibited on the Australia stand at the AUSA Exposition in Washington DC, supported by Austrade, as well as at Indo Pacific in Sydney where we were represented at the Victoria Pavillion, courtesy of Invest Victoria. These events continue to grow our partner and prospective customer pipeline in our key target markets.



Dr Lee Finniear  
Managing Director &  
Chief Executive Officer



**DECEMBER  
QUARTER  
2025**

# Highlights, material developments and changes



We welcomed the Hon Chris Bowen MP to tour our facility and share what's ahead with our ARENA Grant.



Power Cell Development delivers promising results - expanding LIS Markets



\$17.4 million in cash, cash equivalents, short term investments, and loans receivable at 31 December 2025



Two strategic collaboration agreements signed. Partnering with MSubs and Praetorian Aeronautics to test our cells across multiple platforms



\$7.8 Million ARENA Grant secured to accelerate advanced Australian battery manufacturing facility



Successful installation of Australia's first lithium foil production line, creating a new sovereign capability

# OPERATIONAL & TECHNICAL DEVELOPMENTS

## Li-S Energy Secures \$7.8 Million ARENA Grant

In November 2025, Li-S Energy was awarded a \$7.8 million grant through the Australian Renewable Energy Agency's Advancing Renewables Program (ARP), marking a significant milestone in the Company's progression towards commercial-scale lithium-sulfur battery cell manufacturing. This funding will support a comprehensive program of manufacturing optimisation, feasibility assessments and front-end engineering design (FEED) for a staged development of our proposed advanced cell production facility in Australia. The planned facility is designed for an eventual production capacity of up to 1 GWh per year, representing up to a 500-fold increase over our current automated production line in Geelong.

The ARP grant, administered by ARENA, is aligned with national priorities to bolster sovereign capability in renewable energy technologies and strengthen domestic supply chains for advanced energy storage solutions. By enabling targeted engineering and commercial readiness activities, this support positions Li-S Energy to accelerate the transition from prototype and pilot scale operations to a commercially viable manufacturing pathway.

Following this announcement, the Hon. Chris Bowen MP, Minister for Climate Change and Energy, visited our facility in December 2025, underscoring the strategic importance of advanced battery technologies to Australia's clean energy future. During his visit, Minister Bowen addressed our team and reaffirmed the Australian Government's commitment to fostering innovation and industrial capability in the renewable energy sector, particularly in areas that support energy storage, decarbonisation, and enhanced export competitiveness. This engagement highlights the strong alignment between Li-S Energy's growth objectives and national energy transition goals.



*Minister Bowen addressing the LIS team*



*(L-R): Minister Chris Bowen MP and Ms Libby Coker, MP hold a pure lithium metal ingot in the LIS Dry Room with Dr Lee Finniear – LIS MD & CEO*

## MSubs Collaboration

During the quarter Li-S Energy announced a strategic collaboration with UK-based underwater systems specialist MSubs Ltd, a globally recognised designer and manufacturer of advanced uncrewed and crewed underwater platforms serving defence and commercial markets, including the UK Ministry of Defence and key U.S. defence programmes.

Under this agreement, Li-S Energy and MSubs will jointly evaluate the performance and suitability of the Company's next-generation lithium-sulfur battery cells for use in unmanned undersea vehicle (UUV) and related marine systems, targeting one of the most demanding operational environments for energy storage.

Initial testing will assess cell integrity, performance and safety under simulated deep-ocean pressures at Li-S Energy's Geelong facility, followed by endurance trials replicating multiday UUV mission profiles to generate critical data on cycle life and energy delivery. Subject to successful outcomes, the program will progress to evaluating full Li-S battery integration as a primary propulsion power source in selected MSubs platforms.

The collaboration supports Li-S Energy's strategy to expand commercialisation pathways into high-value defence and autonomous marine markets, leveraging the technology's high energy density, enhanced safety and buoyancy advantages over conventional battery chemistries.



*Designed by MSubs for the UK MoD's Project Cetus, the battery-powered XL uncrewed underwater vehicle XV Excalibur was formally named at HM Naval Base Devonport on 15 May 2025. [Crown Copyright]*

## Praetorian Agreement



*Praetorian Dagger counter-UAV interceptor drone ready to launch*

Also during the quarter, Li-S Energy signed a Collaboration Agreement with Praetorian Aeronautics, a South Australia based defence technology company specialising in autonomous aerial systems and battle management software. The agreement provides a framework to assess the integration of Li-S Energy's lightweight, high-energy-density battery cells into Praetorian's AI-driven counter-UAV interceptor drones and airborne platforms.

The Collaboration Agreement provides a framework for both companies to undertake joint technical evaluations, testing, and potential product integrations, with commercial outcomes to be determined based on the results. Praetorian is targeting the manufacture up to 10,000 Dagger counter-UAV interceptor drones per year, representing a significant opportunity for LIS battery sales in the event of successful product testing initiatives.

## Completion of Australia's First Lithium Foil Production Line

Operational developments were highlighted by the successful installation of a lithium foil roller & laminator to complete Australia's first lithium foil production line at Li-S Energy's Geelong-based manufacturing facility.

During commissioning, the LIS team produced Australia's first 20-micron lithium foils (around one-fifth the thickness of a human hair), and a range of lithium coated copper laminate foils. The new line significantly advances Australia's sovereign manufacturing capability for critical battery materials, with the potential to provide LIS with export sales opportunities while ensuring Li-S has security of lithium foil supply for its own lithium sulfur and lithium metal battery cell production.

Lithium foil is an essential material for lithium sulfur and lithium metal batteries as it is used to make the ultra-high energy density anodes in each cell. The new foil production line provides precise control of thickness, purity and surface quality, eliminating reliance on poor quality foreign produced foils and enabling the Company to fine-tune foil specifications to maximise energy density and performance of the cells it manufactures.



*Li-S Energy staff monitoring the laminating process housed inside the Li-S Energy production dry room*

## Power Cell Development

At the 2025 Annual General Meeting, Li-S Energy announced the development of its Power Cell, a next-generation lithium-sulfur battery platform designed to deliver high power output alongside the intrinsic gravimetric energy-density advantages of Li-S chemistry.

The Power Cell has been engineered to address applications where peak power, rapid discharge and system responsiveness are critical, including, multicopter drones, aerospace, defence, high-performance mobility and specialist industrial uses.

# MARKET ENGAGEMENT

## AUSA 2025

The Association of the United States Army ([AUSA](#)) Annual Meeting & Exposition is the largest land-power defence exhibition in North America, bringing together senior military leaders, defence policymakers, prime contractors and global technology innovators.

Li-S Energy participated as part of the Australia Pavillion, supported by Austrade and Defence Team Australia, providing a strong platform to showcase the Company's advanced lithium-sulfur and lithium-metal battery technologies to international defence stakeholders. The event enabled direct engagement with key decision-makers and potential partners across the U.S. and allied defence markets.

Li-S Energy was represented by Joe Urii, Head of Strategic Partnerships, and supported by Paladin Defence Services, advancing strategic discussions aligned with the Company's defence commercialisation strategy and long-term growth objectives.

Participation in AUSA reflects Li-S Energy's commitment to advancing its presence in the defence sector, accelerating commercial and government interest in its disruptive battery technologies, and driving value creation for shareholders through strategic exposure to high-growth defence and security markets.



Above: Austrade - Team Defence Australia Delegation AUSA 2025 Washington DC



Above (L-R): Alex, Joe, Ryan



Paladin Defence (L-R): Ryan, Chuck, Alex, Harry.

## Indo Pacific 2025

The Company was also represented at Indo Pacific 2025 (ICC Sydney, 4–6 Nov 2025), the Asia Pacific region's flagship maritime and naval defence gathering. The three-day expo featured more than 800 exhibitors and 90 conferences, forums and presentations from 20+ nations. We were supported by the Victorian State Government as a roving exhibitor at the Invest Victoria Pavillion, commanding a prominent location in the exhibition hall.



# CORPORATE AND GOVERNANCE

## Changes to Board Composition

During the quarter, Ms Hedy Cray retired as a Non-Executive Director of the Company, effective 18 November 2025. Ms Cray served on the Board since April 2021 and made a significant contribution to the Company, including playing a key role in Li-S Energy's listing on the ASX in September 2021.

Concurrently, Dr Lee Finniear was appointed Managing Director of the Company, expanding on his responsibilities as Chief Executive Officer and strengthening leadership continuity and execution capability.

“ Hedy's experience and insights have been critical to the development of the Li-S Energy business since prior to our IPO in 2021. Her contributions to the Board and as Chair of our Audit and Risk Committee have been invaluable and much appreciated by the Board ”

*Mr. Ben Spincer, Chairman*

## R&D Tax Refund

During the quarter, the Company received a \$3.0 million refund under the Australian Government's Research and Development Tax Incentive Program. The refund reflects eligible research and development activities undertaken during the 2025 financial year and strengthens the Company's cash position to support our ongoing technology development.

## 2025 AGM

We successfully held the 2025 Annual General Meeting (AGM) for shareholders on 18 November. All resolutions put to the meeting were passed. The AGM presentation is available at the following link:

[Chairman's Statement and CEO Presentation](#)



# SUMMARY OF EXPENDITURE

Please refer to the Appendix 4C for the detailed quarterly cash flow report, including a summary of the Company's expenditure on the above activities.

Net cash inflows generated from operating activities during the quarter were \$970,000. This was primarily driven by:

- Proceeds from FY25 R&D Tax Refund of \$1,970,000 (operating activities share of total \$3.0 million refund), quarterly BAS refund of \$326,000, and interest income of \$283,000; partly offset by:
- Payments for staff costs for the quarter of \$1,118,000, reduced by the reallocation of \$691,000 to investing activities, reflecting staff costs capitalised against intellectual property and property, plant and equipment;
- Payments for research and development associated with government grants received of \$79,000; and
- Payments for administration and corporate costs of \$1,087,000, consisting of payments for management support services to a subsidiary of PPK Group Limited of \$150,000, and other administration and corporate costs of \$937,000.

The net cash inflows generated from investing activities during the quarter were \$334,000, consisting primarily of:

- Proceeds from government grants of \$1,293,000, comprising the investing activities allocation of the Company's \$3.0 million FY25 R&D tax refund and other grant reimbursements for eligible expenditure on intellectual property and plant and equipment; and
- Proceeds from disposal of investment of \$200,000; partly offset by:
- Payments for property, plant and equipment of \$475,000, primarily related to equipment purchases associated with the phase 3 production facility of \$120,000, and capitalisation of employee costs of \$355,000; and
- Payments for intellectual property of \$684,000, mainly reflecting payments to Deakin University for development activities of \$274,000, capitalisation of employee costs incurred in development activities of \$338,000, and payments associated with other government grant programs of \$72,000.

The net cash outflows from financing activities for the quarter consists of repayments to lease liabilities of \$57,000, accounted for in accordance with AASB 16 *Leases*.

## Payments to associates or related parties

In accordance with Listing Rule 4.7C.3, the Company advises that it paid \$595,000 to related parties of the Company during the quarter, consisting of:

- Payment to Deakin University of \$274,000 relating to project activities undertaken in relation to the Recycling and Clean Energy Commercialisation Hub Research Framework Agreement, which forms part of the Federal Government's Trailblazer Universities Program;
- Payments to Deakin University of \$137,000 relating to various lease agreements for production bays (including outgoings) at Deakin's ManuFutures advanced manufacturing hub in Geelong, Victoria;
- Payments to a subsidiary of PPK Group Limited of \$150,000 for management support services provided in accordance with the relevant agreement, and as disclosed in section 12.6 of the Prospectus; and
- Payments to subsidiaries of PPK Group Limited of \$34,000 for purchase of nanomaterials, recovery of contracted labour costs, and pass through of costs incurred on behalf of the Company.



## CORPORATE DIRECTORY (as at 31 December 2025)

Li-S Energy Ltd ABN 12 634 839 857

A public company incorporated in Queensland and listed on the ASX (code: LIS)

Managing Director & Chief Executive Officer	Dr Lee Finniear
Chief Financial Officer	Mr Andrew Davies
Board of Directors	Mr Ben Spincer (Non-Executive Chairman) Mr Rick Francis (Non-Executive Director) Dr Lee Finniear (Managing Director)
Company Secretaries	Mr Will Shiel Mr Liam Fairhall
Registered Office	Level 13 120 Edward St Brisbane QLD 4000 p +61 7 3054 4555 e info@lis.energy w lis.energy
Stock Exchange Listing	Australian Stock Exchange (code: LIS)
Auditor	Ernst & Young
Share Registry	Automic Share Registry Level 5, 126 Phillip Street Sydney NSW 2000 www.automicgroup.com.au
Investor & Media Enquiries	Six Degrees e Ben.Jarvis@sdir.com.au p +61 (0) 413 150 448

## Appendix 4C

### Quarterly cash flow report for entities subject to Listing Rule 4.7B

**Name of entity**

Li-S Energy Limited

**ABN**

12 634 839 857

**Quarter ended ("current quarter")**

31 December 2025

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) research and development	(79)	(157)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs <sup>1</sup>	(427)	(731)
(f) administration and corporate costs	(1,086)	(2,554)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	283	394
1.5 Interest and other costs of finance paid	(17)	(35)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	1,970	1,970
1.8 Other – GST refunds	326	326
<b>1.9 Net cash from / (used in) operating activities</b>	<b>970</b>	<b>(787)</b>

<sup>1</sup> Refer to the Summary of Expenditure on page 10 of the Quarterly Activities Report for more information.

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(475)	(1,138)
(d) investments	-	-
(e) intellectual property	(684)	(1,062)
(f) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	200	1,000
(e) intellectual property	-	-
(f) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (proceeds from government grants)	1,293	1,646
<b>2.6 Net cash from / (used in) investing activities</b>	<b>334</b>	<b>446</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	-	-
3.4 Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	(57)	(115)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (purchase of shares in Li-S Energy Limited by the employee share trust)	-	-
<b>3.10 Net cash from / (used in) financing activities</b>	<b>(57)</b>	<b>(115)</b>

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
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<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	13,152	14,855
4.2 Net cash from / (used in) operating activities (item 1.9 above)	970	(787)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	334	446
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(57)	(115)
4.5 Effect of movement in exchange rates on cash held	-	-
<b>4.6 Cash and cash equivalents at end of period</b>	<b>14,399</b>	<b>14,399</b>

<b>5. Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	14,399	13,152
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>14,399</b>	<b>13,152</b>

<b>6. Payments to related parties of the entity and their associates</b>	Current quarter \$A'000
6.1 Aggregate amount of payments to related parties and their associates included in item 1	321
6.2 Aggregate amount of payments to related parties and their associates included in item 2	274

*Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.*

<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>		
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 <b>Total financing facilities</b>	-	-
7.5 <b>Unused financing facilities available at quarter end</b>		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.	N/A	

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9) <sup>2</sup>	970
8.2 Cash and cash equivalents at quarter end (item 4.6)	14,399
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	14,399
8.5 <b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	N/A
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/A	
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: N/A	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

<sup>2</sup> Refer to the Summary of Expenditure on page 10 of the Quarterly Activities Report for more information.

## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 29 January 2026

Authorised by: .....The Board.....  
(Name of body or officer authorising release – see note 4)

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.