ASX ANNOUNCEMENT

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Li-S Energy Limited – ASX Code: LIS

Friday, 21 August 2026

Li-S Energy Annual Report for the Year Ended 30 June 2026

Li-S Energy Limited ("Li-S Energy" or "the Company") today released its Appendix 4E – Preliminary Final Report and Annual Report, which includes an operating and financial review for the financial year ended 30 June 2026.

Key operational and financial highlights for the financial year:

- **Power Cell Development** – Developed the Company's next-generation Power Cell architecture, delivering continuous discharge rates of 2C on a commercial 10Ah cell with minimal reduction in energy density – resulting in around 10 times the typical power output of high energy density lithium sulfur cells. The Power Cell significantly expands the addressable market for the Company to include multi-rotor drones, counter-UAV interceptors, robotics and other high-power applications, and was incorporated into partner battery packs during the year.

- **International Shipping Approvals –** Acquired AUKUS authorisation and secured CASA, PHMSA and FAA approvals, completing the certifications required to airfreight cells to the United States. The culmination of over 18 months of work, these approvals enable the Company to supply evaluation cells directly to the world's largest defence market.

- **ARENA $7.8m Grant and Pathway to Manufacturing Scale** – Awarded a $7.8 million grant, and received the first $1.9 million from the Australian Renewable Energy Agency (ARENA) to support the scale-up of advanced battery manufacturing and related technology development. The grant enabled the appointment of Hatch to commence the Phase 4 FEL-1 feasibility study to develop commercial manufacturing scale during the reporting period.

- **Strategic Defence Partnerships –** New collaboration agreements with UK-based undersea systems specialist MSubs, with cell testing commencing under simulated deep-ocean conditions to depths of up to 1,000 metres, and with Praetorian Aeronautics, who are targeting production of counter-UAV interceptor drones in Australia.

- **Lithium Foil Production and first sale** – Commissioned an integrated lithium metal foil production line, obtained ISO 9001:2015 quality management systems certification, and successfully produced Australia's first lithium metal foils – a sovereign manufacturing capability which significantly strengthens our supply chain, and completed the first (modest) commercial sale of Australian made lithium foil to a major Australian battery research institution.

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- **Battery Pack and BMS Development** – Continued progress on battery pack integration, and battery management systems (BMS), including the design, assembly, and delivery of the Company's first battery packs (including BMS) to V-TOL Aerospace under the EATP programme.

- **Expanded Test Capability** – Doubled the floor area of the Battery Testing Centre, adding a further 88 cell cycling channels, including 64 channels of 100A power cyclers, blast-proof thermal chambers, a battery pack construction workshop, temperature-controlled cell storage and high-pressure containment for undersea testing.

At 30 June 2026, Li-S Energy had total cash and other short-term investments of $15.6m (not including further grant monies to be received) and hence is well-positioned to continue to fund the Company's operations and developments for the next financial year.

Further details are contained in the Appendix 4E and Annual Report released today.

Comments by the Chair and MD

Dr Lee Finniear, Chief Executive Officer and Managing Director, said:

"FY26 has been a critically important year for Li-S Energy as we drive forward toward scaled production, while broadening and deepening our market opportunities and building demand.

Key to this has been the development of our new Power Cell. Capable of delivering ten times the continuous power output of traditional lithium sulfur batteries, it has opened a new scale of opportunity in higher power applications including multi-rotor drones, robotics and communications.

Across the year, allied governments have moved rapidly to expand defence drone and counter-drone capability with budget commitments reaching $100 billion. And critical to a drone's performance is its battery.

As a result, today our near-term pipeline is almost entirely in defence, across unmanned systems from the stratosphere to deep underwater, and the rapid growth of this market is unlike any I have seen in my career. Our cells can increase drone range, operating time and payload, while also offering the added advantage of a sovereign supply chain free of lithium-ion battery materials like graphite, cobalt and nickel that are overwhelmingly manufactured by non-allied countries.

This year we have locked down our first product designs, gained regulatory approvals to ship cells internationally, and we are rapidly building our partnerships and presence in key international and domestic defence markets. This core capability provides us with an ideal springboard to leverage our technology advantages into this rapidly growing market."

Ben Spincer, Chairman, added:

"The Company continued its progress in commercialising our novel world-leading science and engineering capability through the development of our Power Cell technology during the year. The final pieces of our commercialisation jigsaw are falling into place.

We can now manufacture our own lithium foil, we can ship our cells internationally, and we have Federal Government support through ARENA to plan the scale up of manufacturing to commercial scale.

Li-S Energy enters FY27 with a clear strategy across our financial, operational, technical and commercial priorities, and we look forward to engaging with potential strategic partners, existing investors, government agencies, and project financiers as we develop our capital and funding plans to finance our planned scale-up of manufacturing capability."

This announcement has been authorised by the Board.

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About Li-S Energy:

Li-S Energy (ASX: LIS) is commercialising next-generation lithium-sulfur and lithium-metal battery cells with twice the energy density of traditional lithium-ion batteries. Its technology - incorporating BNNTs and Li-Nanomesh™ - is designed for high-performance sectors such as drones, electric aviation, and defence. Visit: www.lis.energy