

# ilika

## **Enabling the Future in Transportation and Healthcare**

ANNUAL REPORT AND  
ACCOUNTS 2024



## Our purpose

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

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## HIGHLIGHTS

### OPERATIONAL HIGHLIGHTS

During the period, Ilika continued to develop and commercialise its thin-film Stereax® miniature solid state batteries ('SSBs') for powering implantable medical devices and industrial wireless sensors in specialist environments, and significantly progressed the transfer of manufacturing to US-headquartered Cirtec Medical LLC ('Cirtec'). During the financial year, Ilika also achieved significant milestones in the development roadmap of its large-format Goliath cells for electric vehicles ('EV') and cordless appliances.

#### Progress includes:

##### Stereax

- First customer shipments of M300 batteries from UK pilot manufacturing facility.
- Entered 10-year licensing agreement and technology transfer with Cirtec.
- Despatched key equipment and substantially completed installation in the Cirtec facility to enable manufacture of the Stereax cells.
- Continued collaboration with Cirtec to support the development plans and launch schedules of 21 Stereax customers.

##### Goliath

- Reached significant development milestones
  - Achieved D4 design freeze and Li-ion energy density parity, making strong progress on the technology roadmap and meeting development milestones on time.
- Strong scale-up progress
  - Faraday Battery Challenge: 24-month, £8.2m grant-funded HISTORY project, with input from BMW and Fortescue WAE.
  - Automotive Transformation Fund 16-month, £2.7m grant-supported SiSTEM project, collaborating with Mpac plc and UK Battery Industrialisation Centre ('UKBIC').
  - Welcomed Agratas (Tata Group's global battery business) as a full partner to the SiSTEM project.
- Production-intent equipment trialled at vendor sites and installed at pilot facility to provide larger volumes of evaluation cells to customers.
- Bi-lateral 12-month technology collaboration agreement with Agratas, and agreement outlining potential longer-term collaboration through to gigafactory implementation.
- Continued interaction with automotive and consumer OEMs globally - pipeline of evaluation agreements with 17 companies.
- Portfolio of 62 granted patents, with 10 new grants in the reporting period; four additional international filings submitted.

› See more about our progress on [pages 7 to 10](#)

### FINANCIAL HIGHLIGHTS

- Turnover £2.1m (2023: £0.7m) with other income of £0.5m (2023: £0.1m) giving a total income of £2.6m (2023: £0.8m).
- EBITDA loss adjusted for share-based payments for the year £4.1m (2023: £7m).
- Loss per share 3.03p (2023: 4.61p).
- Cash, cash equivalents and bank deposits of £11.9m (2023: £15.9m).

### POST-PERIOD END HIGHLIGHTS

- Commenced testing of initial batch of P1 Goliath prototype batteries in a customer-sponsored programme following the successful completion of production and in-house testing.
- Successful £2.3 million (gross) fundraising to support the Goliath roadmap and Stereax commercialisation.
- Completed the delivery of its first batch of P1 Goliath batteries for customer testing by a tier 1 automotive company.

### OUTLOOK

- Cirtec contract represents most immediate commercialisation opportunity, allowing fulfilment of order book and creation of further commercial opportunities.
- Stereax to focus, post US installation, on commissioning activities and engineering lots to fully qualify the process in readiness for production of commercial samples, expected in late CY 2024.
- Plans to increase commercial collaboration alongside Cirtec in the year ahead.
- Clear Goliath roadmap: aim to reach the D8 development milestone by the end of the HISTORY programme grant in Q1 2025, underpinning licensing opportunities.
- Pre-pilot production facility targets capacity increase to 1.5 MWh/a.
- Commercial interest and government grant support expected to intensify as the Goliath product continues to mature.

› Read our ESG section on [pages 18 to 27](#)

## FINANCIAL

### Total income

£2.6m

(2023: £0.8m)

### EBITDA loss

£4.1m

(2023: £7m)

### Loss per share

3.03p

(2023: 4.61p)

### Cash

£11.9m

(2023: £15.9m)

## 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

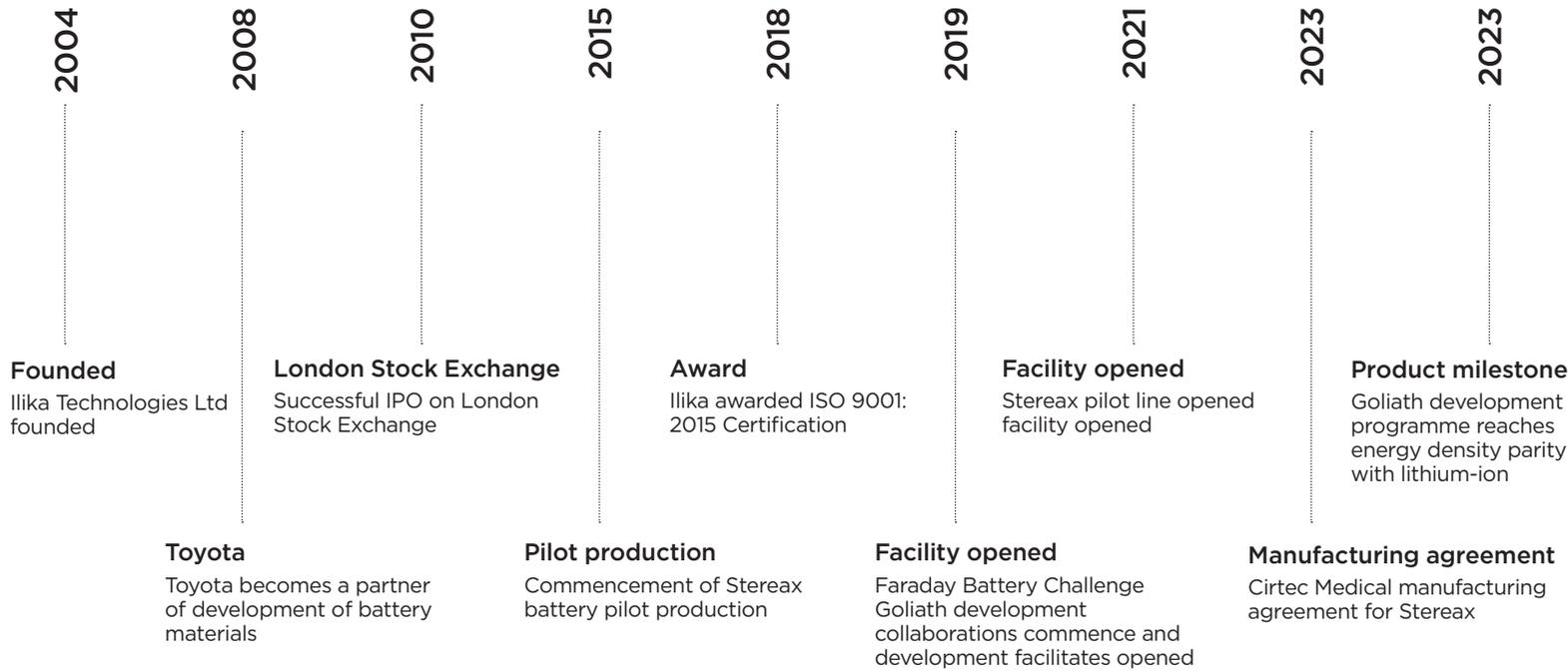
**Better Recyclability:** Goliath can be safely recycled

**Lithium Efficiency:** Lower lithium content v sulfide-based SSB technologies

TWENTY YEARS OF ILIKA

# 2004-2024

Ilika is a leading authority for the design and manufacture of solid state battery technology for the past 20 years.



## 2023/4

**Significant targets met**  
The main targets laid out in last year's annual report have all been delivered:

1. MOU with Cirtec converted into a full agreement for Stereax manufacturing.
2. Goliath D4 development milestone met as a precursor to P1 prototypes.
3. Goliath lithium-ion energy density parity met.

CHAIRMAN'S STATEMENT

# Industrial partnerships for Goliath and first customer shipments of Stereax



This financial year was one of significant operational progress for Ilika as it continues to develop its solid state battery technology.

This financial year was one of significant operational progress for Ilika as it continues to develop its solid state battery technology. The Board remains excited by the opportunity ahead and is confident in the Company's commercialisation strategy and future potential.

Goliath batteries meeting the Li-ion energy density cannot be understated. Firstly, the achievement opens the expectation of batteries which can be developed to outperform conventional batteries for energy density, with the inherent additional benefits of a wider range of operating temperatures and a stable chemistry allowing simplification of battery packages. For customers, this creates opportunities for smaller, lighter and higher performance solutions for vehicle and device applications. Secondly, the intricacies of solid state battery should not be underestimated.

**CHAIRMAN'S STATEMENT** CONTINUED

This allows us to build a wide portfolio of intellectual property, including patents, trade secrets and know-how, which protects our business and our investors' commitments. Those same intricacies make the development and timing of the technology complex. The team is constantly working on not just its technical understanding but also on the most effective development and planning processes to deliver technical advances.

The D4 batteries arrived and met expectations in a timely manner. Our team's ability and commitment, and their effort and success in creating improved development processes and controls, continue to be excellent. Development of these batteries is also very much a wider aligned effort and the importance and value of grant funding from the Faraday Battery Challenge and the Automotive Transformation Fund is clear. The contribution from our suppliers and collaboration partners like MPAC and UK BIC and project steering from BMW, Fortescue WAE and Agratas joining as partner on SISTEM, and the potential collaboration on a gigafactory ensure our efforts are well aligned with market requirements.

Regarding Stereax, the Cirtec license agreement shortens and clarifies the route to market for medical devices. Device companies want a platform with an integrated battery, and Cirtec can do this using our batteries, providing platforms to end users. These integrated platforms allow for an optimised and physically minimised solution, essential for medical applications, and fully exploiting our USPs. While the technology transfer of our equipment to Cirtec (excluding cathode production) is time consuming and complex, given we have developed so much know-how and IP around the equipment and process, we remain confident this approach will create the best product opportunities and licence returns for the Company and our shareholders. As always, and as I have come to expect, the Ilika team has worked tirelessly on the technology and subsequent equipment transfer, and to train the relevant personnel at Cirtec. The focus is now on completion of the transfer, producing the platforms and validating the customer expectations.

**Outlook**

Ilika's signed contract with Cirtec represents the most immediate commercialisation opportunity, which will enable fulfilment of the order book and create further opportunities for commercial engagement. The installation of Ilika's Stereax manufacturing equipment in Cirtec's US facility is nearing completion, at which point the focus will shift to the finalisation of commissioning activities and running engineering lots to fully qualify the Stereax manufacturing process in readiness for commencement of commercial sample production for its customers, which is estimated to begin towards the end of CY 2024.

The Company has demonstrated strong progress as a result of its strategy and has a clear development roadmap for its Goliath cells. MVP aims to reach the D8 development milestone by the end of the HISTORY programme grant in Q1 CY 2025, which will underpin future licencing opportunities.

The Board expects both commercial interest and government grant support to intensify as the Goliath product continues to mature.

In parallel, Ilika plans to increase the capacity of the Company's existing pre-pilot production facility using automation and larger scale items of equipment. It is anticipated that it will reach an installed capacity of 1.5 MWh/a, which will allow Ilika to scale production volumes and mature its technology to the level required to respond to automotive requests for quotation ('RFQs') by the end of calendar year 2025.

**KEITH JACKSON**  
CHAIRMAN

## REASONS TO INVEST

### UNIQUE 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 62 granted patents, as well as trade secrets in solid state batteries.

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62

granted patents portfolio

› Read more on IP & Technology on page 10

### BROADER CUSTOMER RELATIONSHIPS

We develop our products in collaboration with partners and customers. For our Stereax business we have a portfolio of 21 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.

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Stereax customers

Continued collaboration with Cirtec to support the development plans and launch schedules of the portfolio.

› Read more on Customer Relationships on pages 8 to 10

### LEADING EXPERTISE

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

By mixing long-term plans with timely pivots, Ilika has created solid foundations for future growth, uniqueness and innovation.

Ilika accepts and acknowledges that we have a corporate responsibility towards society not only by paying taxes and creating and maintaining jobs but also by using our unique research skills to develop knowledge, skills and products which will ultimately benefit society.

We actively support and encourage the study of science at all levels from pre-GCSE through to post-doctoral level. We have an active Outreach department and participate in many activities designed to encourage and support the study of science.

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world-class researchers and scientists with academic backgrounds, re-enforced with colleagues with industrial experience.

› Read more on People & Skills on pages 12 to 13

### DEMONSTRATED COMMERCIALISATION

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

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10 years

to transfer under license Stereax mm-scale battery manufacturing to Cirtec's facility in Lowell, Massachusetts, U.S.

› More details in our Business Model on page 11

## CHIEF EXECUTIVE'S REVIEW

# Both of our product lines, Stereax and Goliath, have seen significant operational progress as we continue to work towards commercialisation.

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## GRAEME PURDY

CHIEF EXECUTIVE



Our relationship with Cirtec represents a significant opportunity to scale Stereax. Also, further discussions with commercial and grant partners are in progress to support the roll-out of Goliath.

Total income

# £2.6m

(2023: £0.8m)

Cash

# £11.9m

(2023: £15.9m)

### Principal activities

Ilika has continued to develop and commercialise its cutting-edge solid state batteries. The Company's mission is to rapidly develop leading-edge IP, and 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. It will achieve this using ceramic-based lithium-ion technology that is inherently safe in manufacture and usage, has higher thermal tolerance and is easier to recycle, which differentiates Ilika's 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 and initial deliveries of batteries were made in H1 CY 2023.

Ilika has entered into a 10-year agreement 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.

To support Ilika's commitment to ESG, it maintains an ESG Committee with Board-level leadership. Taking a risk-managed approach, all aspects of the business incorporate 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 two product lines:

- 1) Miniature solid state devices designed for powering wireless sensor applications (Industrial IOT) and medical devices (Stereax);
- 2) Large format cells for consumer appliances and automotive power (Goliath).

## CHIEF EXECUTIVE'S REVIEW CONTINUED

# Our agreement with Cirtec represents an enormous opportunity to scale Stereax at pace.

## 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 by 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 August 2023, Ilika announced a 10-year agreement with Cirtec, an industry-leading strategic outsourcing partner of complex medical devices including minimally invasive and active implantable devices, to transfer, under license, Stereax mm-scale battery manufacturing to Cirtec's facility in Lowell, Massachusetts, US.

Contract headlines include:

- Exclusivity for Cirtec in the field of medical devices designed to drive full utilisation of Cirtec's installed capacity.
- Profit sharing during the initial period followed by royalty-bearing manufacturing aligned with industry norms, calculated on individual battery volumes.
- Retention of the cathode deposition process and back-end battery formation at Ilika's UK pilot facility as a sub-contract service to Cirtec.
- Transfer of machine sets to the US for Cirtec to operate on loan, to enable a quicker technology transfer and qualification process.

Ilika is focusing on advanced technology development and IP licensing to support 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.

## CHIEF EXECUTIVE'S REVIEW CONTINUED

Once the agreement was signed, Ilika shipped its Stereax manufacturing equipment to Cirtec to enable rapid commencement of operations. The equipment has now been safely received by Cirtec and installation is substantially complete. Cirtec is now finalising commissioning of the equipment and shortly intends to start production of engineering lots. Once the process is established at the Cirtec facility, batches of products will be produced 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. Production of customer samples is expected to commence by the end of CY 2024.

Ilika continues to work with Cirtec to support a portfolio of 21 current Stereax customers. Demand from applications such as smart orthopaedics, orthodontics, neurostimulation and smart contact lenses has created opportunities in the medical device sector, which is the sector generating the strongest demand and, accordingly, the Company is increasing its commercial collaboration alongside Cirtec in the year ahead. Commercial ramp-up in this space usually takes three to five years, depending on the regulatory classification of the device. As demand for Stereax increases over the coming years, Cirtec intends to expand Stereax production capacity.

### LARGE FORMAT GOLIATH BATTERIES

Ilika's Goliath batteries are differentiated from other solid state prototype cells through the Company's choice of materials, cell architecture and manufacturing process. The key materials choices to be made by SSB developers relate to the selection of cathode, electrolyte and anodes. Different developers have selected distinct combinations of these materials to achieve an outcome suitable for their target markets. Ilika has chosen materials that have the potential to enable longer range vehicles with battery packs that last longer and can be recycled more easily.

Ilika's initial target market for Goliath in automotive is the luxury performance market, which is less cost-sensitive than higher volume segments and is willing to pay a premium for the enhanced vehicle range.

To address this market, Ilika is driving forward its Goliath development programme. In November 2023, Ilika reached a point of maturity it refers to as its D4 development point, which is a design-freeze milestone in the Goliath roadmap upon which Ilika's first prototype for customer release, P1, is based. The P1 prototype is an intermediate milestone on Ilika's roadmap to its minimum viable product ('MVP') in 2025. The P1 Goliath prototype is a solid state pouch cell made from readily available materials, including a lithium-nickel-manganese-cobalt oxide ('NMC') cathode and a silicon anode.

Reaching the D4 development point is an important milestone for the Company, effectively marking the start of Goliath's productisation journey; it means that a number of key data sets, including energy density and power density, have been met while showing that the Company is on track to achieve further improvements. Given the data sets that are now achievable, the Company is able to create P1 samples, which comprise multilayer stacks, for sale to OEMs for testing.

Over the first six months of CY 2024, Ilika has manufactured and tested batches of pouch cells based on the D4 development point prior to delivering fully characterised P1 cells to customers in H2 2024.

In parallel, Ilika has continued to progress its roadmap, and in December 2023 it was able to announce it had reached its 2023 stated intermediate technology development target of parity with lithium-ion energy density.

Ilika is currently in discussions with its customer base for Goliath batteries, which is primarily automotive OEMs, but also includes Tier 1 automotive suppliers and consumer appliance companies.

Work is continuing on Ilika's roadmap through to MVP, for which the corresponding D8 development point will be achieved by the end of the HISTORY project in Q1 2025. The MVP, or P2 prototypes, will be cells meeting customer-agreed specifications for EVs, underpinning licensing opportunities.

Ilika is currently implementing a plan to increase the capacity of its existing pre-pilot production facility using automation and larger scale items of equipment, such as a roll-to-roll coater, to provide larger volumes of evaluation cells to customers. Ilika is targeting an installed capacity of 1.5 MWh/a to allow it to scale production volumes and mature its technology to the level required to respond to automotive requests for quotation ('RFQ') by the end of 2025. Ilika's experience working with automotive partners has shown that the industry expects suppliers to have reached what it defines as A-Sample readiness to respond to RFQs. Beyond 1.5 MWh/a, at B- and C-Sample readiness and volumes, Ilika intends to work with manufacturing partners such as UKBIC to scale to higher levels of production capacity on production-intent equipment; i.e., equipment that could be used for mass production.

### GOLIATH FUNDING

Ilika has financed its Goliath technology development programme with equity funding supplemented by grant funding from the Faraday Battery Challenge ('FBC') and the Advanced Propulsion Centre ('APC'). In the first half of the current financial year, Ilika's development efforts have been supported specifically by the continuation of the FBC 24-month, £8.2m grant-funded HISTORY project, steered with input from BMW and Fortescue WAE, to integrate high silicon content electrodes into Goliath. In parallel, Ilika has been trialling production-intent equipment at vendor sites and its pilot facility in the UK. Since October 2023, this scale-up work has been supported by the Automotive Transformation Fund 16-month, £2.7m grant-supported SiSTEM project, in which Ilika is collaborating with Mpac plc and UKBIC. Tata Sons subsidiary Agratas joined the SiSTEM project in April 2024. Ilika and Agratas also announced that they had entered into a bi-lateral technology collaboration agreement and a Heads of Terms covering a potential longer-term collaboration through to gigafactory implementation.

Furthermore, Ilika continues to interact with a portfolio of 17 automotive and consumer appliance OEMs globally, with a view to intensifying interactions through both grant-supported and commercially funded collaborations as the Goliath technology matures.

**CHIEF EXECUTIVE'S REVIEW** CONTINUED**GEO-POLITICAL TENSIONS AND CONFLICTS**

Conflicts in Ukraine and the Middle East have created inflationary pressures across the supply chain, but there is no specific consumable or product from conflict regions 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 pilot facility, 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 62 granted patents, and holds 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 recognized 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')**

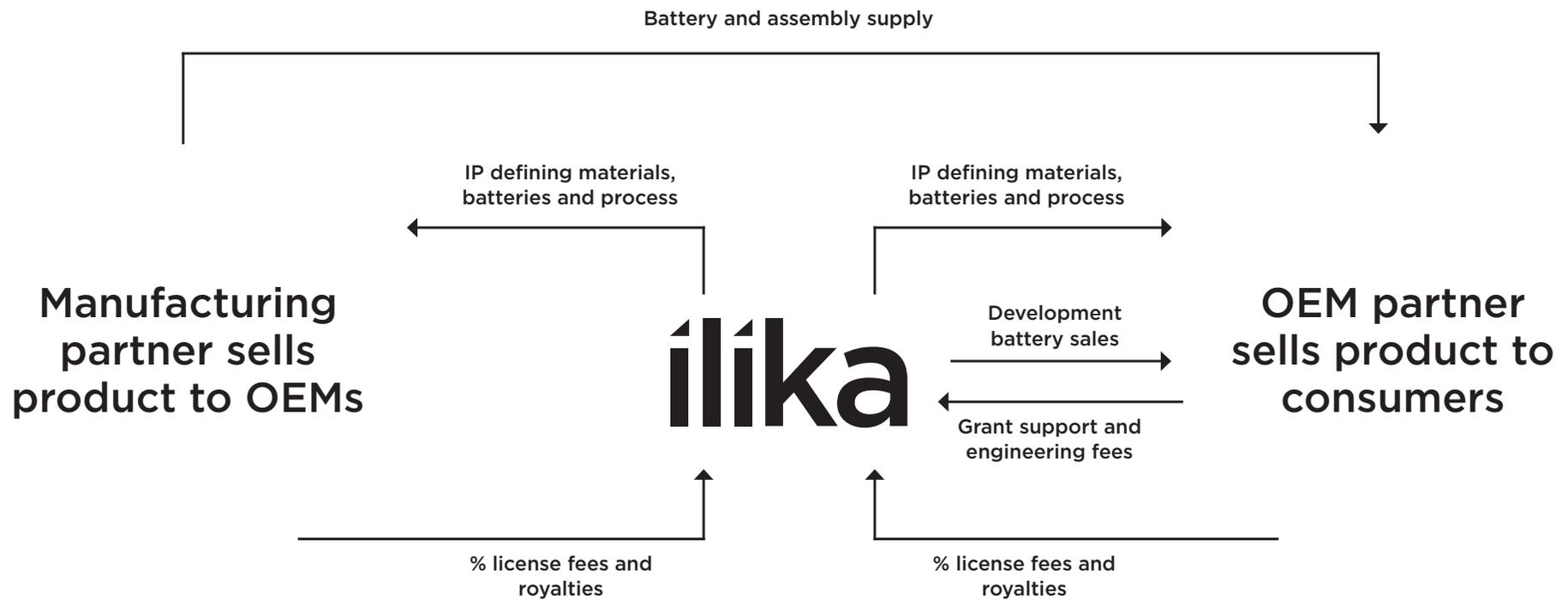
The Board monitors the Group's progress against a set of KPIs. Technical KPIs benchmark battery development milestones and patent applications. Commercial KPIs link the technical development programmes to the sales pipeline and engagement of commercialisation partners. Operational KPIs ensure that overheads 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 are considered in the financial review.

**GRAEME PURDY**  
**CHIEF EXECUTIVE OFFICER**  
 10 July 2024

## BUSINESS MODEL

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



Q&A

# Technology, people and skills

“

The technical team at Ilika has gradually evolved from its initial core of scientists focused on materials selection to a team with more engineering and operational skills.

**Q> What is Ilika's competitive advantage?**

**A>** When Ilika was first formed in 2004, we specialised in the use of high throughput techniques to make and screen large libraries of systematically varying functional materials. During this period of the Company's development we screened many different families of solid state electrolytes and used this information to select the most promising candidates for designing our batteries. We believe we have selected materials which offer the best combination of performance, safety and manufacturing cost. Using those best-in-class materials, we have designed solid state batteries with unique properties, differentiating them from the competition.

## Q&amp;A CONTINUED

**Q> What is the risk of Ilika being beaten to the finishing line on EV battery solutions?**

**A>** Ilika is in the leading cohort of solid state battery developers globally. While other technology developers are active in the field, we believe that we have a differentiated offering that will find strong acceptance for some EV applications. As with current Li-ion batteries, there will be a variety of solutions with different combinations of cathodes, electrolytes, anodes and packaging that are selected for different sectors within the EV market.

**Q> What are the skills you have assembled at Ilika?**

**A>** The technical team at Ilika has gradually evolved from its initial core of scientists focused on materials selection to a team with more engineering and operational skills. In addition, we have built expertise around quality management as well as adding the resources necessary to build commercial momentum.

**Q> How do you attract and retain a motivated workforce?**

**A>** Working in the batteries sector is an exciting opportunity for employees at any stage of their career. It's a growth industry with lots of customer interest in a fast-moving technical field. Our employees believe that working at Ilika is an excellent environment to address these opportunities, combined with the associated professional recognition, career progression and benefits that we can provide.

**Q> Many of Ilika's competitors which are developing EV batteries can deploy more resources. How does Ilika compete with this?**

**A>** Many commentators on innovation recognise that technology development is often done most effectively in small teams. Comparing the progress we've made in the sector to other better funded organisations, we believe that we are achieving a much more efficient deployment of capital and therefore a better return on shareholder investment.

**Q> What is the culture at Ilika?**

**A>** At Ilika we take the advice offered by the leading authorities on intrinsic motivation. We promote autonomy, competence and relatedness in our workforce. This means that we expect our team to be self-starting and continually improve their professional competence, while seeking and taking on board feedback from their peers. This results in a loyal workforce and one of lowest staff turnover rates in the sector.

**Number of staff**

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## PRODUCT REVIEW

# 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 new 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.

— 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

## PRODUCT REVIEW CONTINUED

# Goliath scale-up with systematic risk reduction

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



## PRODUCT REVIEW CONTINUED

# 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

## — MEDTECH

### Application areas

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.

## — 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.

## PRODUCT REVIEW CONTINUED

# 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

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**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

**Introduction**

I am pleased to present the FY24 Environmental, Social and Governance ('ESG') report. During the year, we have made good progress in all three aspects.

With our scale-up progressing, health and safety remains at the centre of our attention. We continue to work with the entire workforce to maintain a safety-first mindset and report zero RIDDOR reportable accidents.

We have refreshed our materiality matrix, established an ESG Framework, added climate-related risks into our risk register and renewed our ISO 9001 and ISO 14001 certifications. We are continuing to measure our carbon footprint and ethical supply chain and sourcing remains a priority for us. We are proud that we can report this year we have partnered with an organisation to recycle our cobalt waste.

Ilika's workforce is its greatest asset. During the year, we have launched a Development and Opportunities Framework, linking with Company values, autonomy, relatedness and competence supporting team development and progression, alongside strategic and succession planning.

Check out our ESG video using the QR code below.

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

**MONIKA BIDDULPH**

NON-EXECUTIVE DIRECTOR  
CHAIR ESG COMMITTEE



Sustainability remains a key focus alongside delivering on our business strategy.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE CONTINUED

# Towards sustainable strategy

## Materiality

Identifying risks to the business and opportunities for improvement underpins our long-term strategy of delivering a cleaner future.

Ilika performed its first materiality assessment in 2023, to understand the risks and opportunities facing the business in the context of ESG. 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.

We are focusing our efforts on the most material items in our ESG Framework, with full oversight, leadership and support from the Board. ESG performance is reported at all levels within the organisation and monitored at Board level.

## 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 we are ahead of reporting requirements.

Ilika will continue to 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

Visit page 20

### Supply chain

Visit page 22

### People

Visit page 24

### Risk and Governance

Visit page 26

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

# Environmental

Working towards a  
cleaner world

## Introduction to environment

Climate resilience and commitment to reducing emissions is critical to our success and we are dedicated to ensuring a cleaner future while meeting the battery market needs of today. Our commitment to reducing emissions and environmental strategy is reflected in every aspect of our business, including responsible sourcing, waste management and emissions reduction programmes.

Our communication programmes are designed to empower and educate on eco-friendly choices and sustainable travel, bringing together business and community on our environmental roadmap.

ISO 14001:2015 recertification was conducted in 2024

Reinforcing our commitment to robust environmental management and control

## Carbon footprint

Ilika undertakes carbon footprint reporting using an independent auditor to provide verification and review of the results and analysis undertaken by the Company. Auditing for Scope 1 and 2 has been undertaken since 2019 with Scope 3 indirect emissions being audited in 2024.

- During 2019-2020, Ilika moved from its initial offices to a new, larger location and completed the first carbon footprint audit. The Company continued to use the University of Southampton for some operations
- During 2020-2021, Ilika shifted to renewable electricity suppliers for main sites. Electric vehicle charging points were installed at the head office.
- In 2021-2022, Ilika doubled its facilities with the introduction of the Stereax micro fabrication scale-up facility. During the set-up, an on-site diesel generator was required to bridge a delay while additional grid connectivity and electricity supply upgrade was installed.
- 2022-2023 saw a stable year-on-year physical footprint with the removal of the on-site generator and consumption of renewable energy, resulting in a reduction in market-based emissions.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE CONTINUED

## Environmental Progress and initiatives in 2024

### Emissions

Ilika was awarded carbon reduced organisation status in 2024 following its annual Carbon Footprint Report. Emissions reduction and improvement techniques continue to be explored and a sustainable travel policy was implemented in 2024.

### 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.

We will ensure energy efficiency is at the forefront of decision making for equipment purchases. We completed Technology Transfer processes for Stereax operations, resulting in a significant reduction in energy intensity.

### Engagement

Our Green Champions are a team of enthusiasts who lead the way for environmental engagement and improvements. In 2024, our Green Champions focused on recycling plastic waste, working with and communicating with local businesses, cycle rides and a Company weeding activity with the local council. Our Green Champions remain committed to reducing environmental impact.

### Statistics 2023/24

0%

Waste to landfill

11%

Employees used green travel initiatives

## Our future environmental priorities

### Life cycle assessment

Complementing our environmental strategy, Ilika will include life cycle analysis and assessment for Goliath technology development.

### Sustainability and Net Carbon Neutral 'NCN' planning

Ilika will continue to implement recommendations from our annual carbon audit. Following completion of Scope 3 analysis in 2024, recommendations will be integrated into our emission reduction framework and NCN planning.

## — CASE STUDY

### Environmental engagement

Ilika employees undertook an environmental volunteer day whereby we performed weeding of ragwort with the local council

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

# Supply chain

Our commitment to sustainable and ethical procurement

## Supply chain

Ilika continues to implement our Ethical Supply Chain Programme in all supply chain activities. Compliance and human rights are at the forefront of supplier selection, followed by sustainable practices in conjunction with business operations.

With the rapidly changing landscape of battery material supply and geopolitical restrictions, we proactively review and develop our supply chain practices to always remain agile and compliant. We continue to operate with integrity and expect suppliers to operate in this manner.

Ilika selects the most appropriate environmentally friendly route for shipments, balancing the need for specific compliant transport while minimising our environmental impact.

## Conflict minerals

We assess and select suppliers for cathode and anode material based on transparency and availability of information, prioritising leading suppliers who are fully aligned and participants in the Global Battery Alliance and are therefore well positioned to support us in providing product supporting the circular economy.

We pursue active recycling of our cobalt material and source only from those companies who can provide full transparency of their supply chain, ensuring conflict mineral compliance.

We are actively engaged with seeking new suppliers in jurisdictions with high legislative and ethical requirements to ensure that our supply chain is managed not only from our review and audit of their activities but also by the regulatory environment within which they reside.

## Future supply chain priorities

### Battery passport

Following the Battery Regulation requirements inclusion on our development roadmap, Ilika will investigate battery passport programme methodologies and applications for inclusion within our development roadmap.

### Ethical supply chain

Continue to monitor our approved supplier list as new suppliers become active. Review and expand on evidence requests to enhance supply chain activities.

We will visit key suppliers in the Ilika supply chain to ensure compliance and develop a deeper collaboration and understanding of our suppliers' ESG activity.

**ENVIRONMENTAL, SOCIAL AND GOVERNANCE** CONTINUED

**Sustainable and ethical procurement:  
Progress and initiatives in 2024**

**Supply chain programme**

We conducted a full review of all our suppliers and obtained evidence in line with our revised ethical and sustainable supplier categorisation to enhance our supplier selection and procurement.

**Human rights**

Zero human rights violations were reported in 2024.

**Packaging**

Ilika continues to monitor packaging usage both in the goods supplied to us and in our own expanding requirements when shipping battery cells. Supplier packaging continues to be reused within our supply chain to eliminate cost and waste.

We factor sustainability into our discussions with suppliers on material supply and liaise with our suppliers to further improve packaging and material selection.

**Statistics 2023/24**

**95%**  
Goods in recyclable packaging\*

**100%**  
Conflict mineral compliance

**CASE STUDY**

**Supplier inspections**

We have commenced supplier onsite inspections to ensure that, as new supply routes come onstream in this emerging market, we continue to select those companies with not only the best materials, but who are also the most compliant to our ethical supply chain programme.

\* Supplier survey response rate 46%

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE CONTINUED

# People

Developing our people

## Our people are our greatest asset

Our company values are competence, autonomy and relatedness, and our Development and Opportunities Framework was initiated in 2024 alongside these values. Our company and employee goals are synchronised, ensuring alignment and commitment to long-term success.

We believe in open communication and encourage 360 feedback. We commit to treating all employees equally and guaranteeing equal opportunities to everyone, with clearly defined team roles and responsibilities, equity and equality practices and principles are applied throughout the business.

Our remuneration policies are designed to reward achievement, encourage staff retention and encompass a range of benchmarked elements to support this including, Share Options, CIC, DIS, EAP, company pension scheme, performance related bonus and PMI.

Ilika remains proud of its diverse workforce, with 19 different nationalities making up our employee base. Thirty-one percent of our employees are female\* with representation at Board and management level. We acknowledge that more can continue to be done, our employee framework will continue to expand, and we will continue to develop our employees.

## People progress and initiatives in 2024:

### Development and opportunities

Talent management and retention is important to Ilika, and we initiated a Development and Opportunities Framework in 2024, supporting teams with identifying progression routes, strategic and personal development, and succession planning.

Following an extensive search, we appointed our new VP Product Development from within, bringing through a new generation of managers and individuals into the business.

While the promotional opportunities have resulted in a corresponding reduced score this year, we are actively embarking on training and upskilling for these individuals over the forthcoming period.

### Wellbeing

We committed to providing 2 additional qualified mental health first aiders in FY 2023/24 and this was conducted, bringing our total to 4 mental health first aiders within Ilika. We declared we would expand mental health awareness training for our managers and achieved the target of 65%.

We will continue to expand our mental health training and awareness.

We recognise the importance of a work/life balance and therefore all employees have the opportunity to adopt flexible working policies where appropriate.

To further support our employees' health and wellbeing, we offered all employees private medical insurance (PMI) with a 91% uptake.

### Statistics 2023/24

65%

Managers trained in mental health awareness

87%

of our managers have attended management training

**ENVIRONMENTAL, SOCIAL AND GOVERNANCE** CONTINUED

**Gender split**

Female	Male
<b>31%</b>	<b>69%</b>

**Nationalities**

Different nationalities\*  
**19**

**Our future people priorities**

**Development and Opportunities Framework**

The Development and Opportunities Framework will be integrated into the wider business and align with recruitment strategy, ensuring provision of mentors for employees and enhanced management training.

**Wellbeing Strategy**

We will continue to embed the wellbeing strategy and implement employee suggestion forums to support strategic planning and improvement opportunities.

**CASE STUDY**

**Ilika virtual triathlon**

Ilika ran its first virtual triathlon over 6 weeks with a target of 8,677km.

Swimming, cycling and walking were included in the interests of health and wellbeing and to encourage green travel.

Group cycle rides took place, and 34 employees participated in the triathlon, with some walking over 550km, and 20km of swimming.

\* 2023 Diversity survey (internal employees) and ongoing monitoring

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE CONTINUED

# Risk and Governance

Our commitment to sustainable and ethical procurement

## Risk and governance is intertwined in everything we do

Robust risk management is integral to governance and Ilika proactively identifies, assesses, audits and reviews risks to ensure our operations remain resilient. This safeguards our processes and stakeholders, and strengthens quality and innovation.

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.

The Board remains engaged and cognisant of emerging risks, including cyber security and climate change, and proactively works to understand the implications on the current operations and future strategy of the business.

We have the following policies in place for compliance and governance:

- Whistleblowing
- Modern Slavery
- Anti-Bribery and Corruption
- Code of Conduct
- Information Systems and Data Security

Our CFO and Sustainability, Quality and Business Compliance Director ensure governance practices and risk management are at the forefront of business activities.

› See our approach to risk management on **pages 29 to 30**

ISO 9001:2015 recertification was conducted in FY 2023/24

Reinforcing our commitment to product development with a strong focus on quality and customer

## Risk and governance: progress and initiatives in 2024

### Strategy

Ilika takes a risk-based approach, and a Board and Business Level Risk Register is routinely reviewed. Verification and validation of the most material items was undertaken in 2024 and will continue as we embed the ESG Framework.

Board members are given the opportunity to participate in operational-level committees, and have access to the full workforce for effective liaison with all levels of the business.

### Performance

Health, safety and ESG is on the agenda at each Board meeting and is of paramount importance to the business. The Board is notified of all incident investigations and monitor health and safety performance, formalising the commitment to high standard of health and safety.

We remain ahead of ESG reporting requirements, evidencing our commitment. The 2024 ESG Framework achieved a score of 96% completion against a target of 90%.

### Compliance

Zero compliance concerns, reports or complaints occurred in 2024. We recorded no administrative or criminal sanctions, financial or otherwise, or failure to comply with applicable laws.

› See our Governance section on **pages 34 to 36**

**ENVIRONMENTAL, SOCIAL AND GOVERNANCE** CONTINUED

0

Compliance concerns, complaints or reports made

0

Required reportable incidents to the authorities in FY 23/24

**Future risk and governance priorities**

**Business continuity planning**

We will continue to enhance our Business Continuity and Disaster Recovery Plan to ensure the safety of the business and continuity of our activities, including understanding the implications and mitigations required to handle the increasing energy densities of our batteries as we complete our development roadmap.

**ESG monitoring and reporting**

Ilika will continue to monitor ESG performance in line with reporting requirements. Benchmarking and periodic reviews will continue against requirements and the most material items.

As part of our continuous improvement approach, we will expand ethics and whistleblower training for all staff.

**CASE STUDY**

**Safety**

All managers attended IOSH Managing Safely between 2023 and 2024, cementing Ilika’s commitment to health and safety.

## 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 50 to 70. 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 66 to 70.

### STATEMENT OF COMPREHENSIVE INCOME

#### Turnover

Turnover, all from continuing activities, for the year ended 30 April 2024 was £2.1m (2023: £0.7m). This includes £2.1m of grant income recognised from 2 projects that the Company has in progress with Innovate UK (2023: £0.7m from 4 programmes). Non-grant turnover in the year was £0.0m (2023: £0.0m).

#### Other operating income

The Company has benefitted from Research & Development Expenditure Credit (RDEC) of £0.5m (2023: £0.1m).

#### Administrative expenses and losses for the period

Administrative costs for the year reduced from £8.9m in 2023 to £7.4m in 2024. Direct R&D expenditure has reduced to £3.5m (2023: £4.1m). The implementation of the Stereax licencing agreement and the reduction in costs associated with enacting the technology transfer elements of the contract have enabled a reduction in the operational costs of the Stereax activity, contributing to the reduction in overall expenditure. Staff costs reduced from £5.2m in 2023 to £4.8m in 2024, reflecting the Stereax licencing and associated adjustment in staffing levels to support the ongoing needs of both Stereax and Goliath R&D activities.

Average staff numbers during the year reduced from 72 to 68, which reflects a reduction in the staff required to support ongoing R&D activities for Stereax following the Cirtec licencing agreement, offset by growth in the Goliath team as we scale this product line towards commercialisation.

Development costs of £0.8m were capitalised in the year compared to £1m in 2023. The share-based payment charge reduced from £442k in 2023 to £383k in 2024, reflecting the timing of options being issued and the departure of a number of long standing employees.

The underlying level of loss that is measured by earnings before interest, tax, depreciation and amortisation and share-based payments (adjusted EBITDA) shows a reduction in loss from £7m in 2023 to a loss of £4.1m in 2024.

### STATEMENT OF FINANCIAL POSITION AND CASH FLOWS

At 30 April 2024, current assets amounted to £14.8m (2023: £19.1m), including cash, cash equivalents and bank deposits of £11.9m (2023: £15.9m).

The principal elements of the £4.4m decrease in net assets were:

- Operating cash outflow of £4.1m (2023: £7m);
- Capital expenditure on intangible development costs, plant, property and equipment of £1.7m (2023: £1.4m) which mostly relates to the capitalisation of Stereax R&D expenditure;
- Increased recovery of R&D tax claims of £1.7m (2023: £1.4m).

## PRINCIPAL RISKS AND UNCERTAINTIES

# Risk identification and mitigation

**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.

**KEITH JACKSON**  
NON-EXECUTIVE CHAIRMAN

**GRAEME PURDY**  
CHIEF EXECUTIVE OFFICER

**PRINCIPAL RISKS AND UNCERTAINTIES** CONTINUED**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.

**CONFLICT RISK**

The ongoing conflicts in Ukraine and the Middle East have created inflationary pressures across the supply chain, but there is no specific consumable or product from the regions upon which Ilika is particularly reliant. Current inflation forecasts have been factored into the forward-looking financial forecasts.

**ENVIRONMENTAL, SOCIAL AND GOVERNANCE RISKS**

The Group has developed products which rely on materials and supply chains which may be impacted by changes in environmental, social and governance factors. Changing regulatory requirements may bring additional cost to the development and implementation of our products.

The Group seeks to minimise risks by following a proactive approach to all ESG items, ensuring that we source from appropriate supply chain partners who match our own ethos and values. The Group engages industry experts to advise and support our ongoing development and to remain informed on all current and potential future legislation and governance matters in this sector which may affect the Group. The global drive for decarbonisation and environmentally supportive technologies may impact the legislative and governance of the Group; however, it also represents an opportunity in the legislative-driven change and adoption of EVs providing a growing market for our Goliath product.

By order of the Board

**JEREMY MILLARD**  
DIRECTOR

**GRAEME PURDY**  
CEO

10 July 2024

## 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
<p><b>Investors</b></p> <p>To communicate and secure support for our long-term strategic objectives effectively and to promote long-term holdings.</p>	<p>AGM, analyst presentations, institutional investor presentations. Use of Investor Meet Company and Directors' Talk platforms to extend reach to retail investors.</p> <p>Trading on OTCQX best market to extend coverage to US retail investors.</p>	<p>Decision to hold a Capital Markets Day for investors, prospects and analysts.</p> <p>Successful equity placing to support continued collaboration with Cirtec and to support the grant-assisted development of Goliath through to partner commercial prototypes (A-Samples).</p>
<p><b>Employees</b></p> <p>To deliver our long-term strategic objectives. To promote our culture, purpose and values and support their wellbeing while maintaining low turnover and high productivity rates.</p>	<p>Transparent cascading key performance indicators that link directly to the company objectives.</p> <p>Twice yearly performance evaluations with objective setting and reviews.</p> <p>Formal policies and procedures.</p> <p>Quarterly all-company update meetings.</p>	<p>Issue of EMI stock options.</p> <p>Performance related pay review.</p> <p>Implementation of private medical insurance.</p>
<p><b>Community and environment</b></p> <p>To ensure activities are socially and environmentally responsible and meet the highest standards.</p>	<p>Promotion of the employee-led Green Champions, a cross-company working group to ensure green initiatives are raised and followed through.</p>	<p>Maintained ISO accreditations (9001 and 14001). Continued use of electricity solely from renewable sources.</p> <p>Maintained an electric vehicle salary sacrifice scheme.</p> <p>Undertook carbon offset programme to minimise carbon footprint.</p>
<p><b>Business relationships</b></p> <p>To enable balanced decisions which incorporate viewpoints of customers, suppliers and regulators and ensure Company's integrity, brand and reputation are upheld.</p>	<p>Attendance at conferences and customer and supplier meetings.</p>	<p>Ten-year agreement with Cirtec Medical for Stereax manufacturing.</p> <p>Grant-supported SiSTEM collaboration with Mpac, UKBIC and Agratas.</p> <p>Bi-lateral 12-month technology collaboration agreement with Agratas and Heads of Terms for potential longer-term collaboration through to gigafactory implementation.</p>

## BOARD OF DIRECTORS

**PROF.  
KEITH JACKSON**  
NON-EXECUTIVE CHAIRMAN

**GRAEME PURDY**  
CHIEF EXECUTIVE OFFICER

**JASON STEWART**  
CHIEF FINANCIAL OFFICER

**APPOINTED**

November 2014, appointed Chairman  
January 2019

May 2004

September 2023

**EXPERIENCE**

Keith has had a wide-ranging 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 a Non-Executive Chairman of 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 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 is a CIMA qualified accountant, senior Finance Director and Executive, joining Ilika in January 2023 and 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.

**BOARD OF DIRECTORS** CONTINUED**JEREMY MILLARD**

SENIOR NON-EXECUTIVE DIRECTOR

October 2018

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 Cambridge Nutritional Sciences plc (AIM: CNSL). Jeremy has previously held NED roles with private companies Blackbullion Ltd (EdTech) and CFPro Ltd (specialist accounting services).

**MONIKA BIDDULPH**

NON-EXECUTIVE DIRECTOR

September 2019

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 Celebrus Technologies Plc, AFC Energy Plc and Power Roll Limited. 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: [www.ilika.com/investors/corporate-governance](http://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 7.
Promote a corporate culture that is based on sound ethical values and behaviours.	See the 'Promoting ethical values and behaviours' section in the Corporate Governance Statement.
Seek to understand and meet shareholder needs and expectations.	See the 'Shareholder engagement' section in the Corporate Governance Statement.
Take into account wider stakeholder and social responsibilities and their implications for long-term success.	See the 'Shareholder engagement' section in the Corporate Governance Statement. Further information can be found on the Ilika website.
Embed effective risk management, considering both opportunities and threats, throughout the organisation.	See risk management and internal control section in the Corporate Governance Statement.
Maintain the board as a well-functioning, balanced team led by the chair.	See the 'Board of directors' section in the Corporate Governance Statement, and further information in the Nominations Committee report found on pages 37 to 38.
Ensure that, between them, the directors have the necessary up-to-date experience, skills and capabilities.	See the 'Board experience' section in the Corporate Governance Statement and further information in the Nominations Committee report found on pages 37 to 38.
Maintain governance structures and processes that are fit for purpose and support good decision making by the board.	See the 'Board Committees' section in the 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 the Corporate Governance Statement and further information in the Nominations Committee report found on pages 35 and 37 to 38.
Establish a remuneration policy which is supportive of long-term value creation and the company's purpose, strategy and culture.	See the Directors' Remuneration Report, including the Directors' Remuneration Policy found on pages 40 to 43.
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 electronic submission prior to the meeting or by 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. 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. Further information on the Board performance evaluation can be found in the Nominations Committee report on pages 37 to 38.

**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. For further information, see the Audit Committee report which can be found on page 39.

**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. For further information, see the Director remuneration report which can be found on pages 40 to 43.

**iii) Nominations Committee**

The Nominations 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. For further information, see the Nominations Committee report which can be found on pages 37 to 38.

**CORPORATE GOVERNANCE STATEMENT** CONTINUED**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 12 days per annum to the Company. During the year, the Directors attended the following Board and Committee meetings:

Attendance	Board	Audit	Nominations	Remuneration
Mr. J. Stewart	7/7	-	-	-
Mr. G. Purdy	7/7	-	-	-
Prof. K. Jackson	7/7	2/2	1/1	3/3
Mr. J. 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

**JEREMY MILLARD**  
DIRECTOR  
10 July 2024

**REPORT OF THE NOMINATIONS COMMITTEE**

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**PROFESSOR KEITH JACKSON**  
CHAIR NOMINATIONS COMMITTEE

Introduction from the Nominations Committee  
Chair, Prof. Keith Jackson

I am pleased to present this report covering the work of the Nominations Committee in the year to April 2024. One of the main features of the role of the Chairman of the Board is to take a leading role in determining the composition and structure of the Board. I am fortunate to have an engaged and well-balanced Board with a good mix of skills and experience. Within the wider business, I and the Nominations Committee are cognisant of the relative immaturity of the UK battery industry and this leads to a number of challenges in ensuring that we can source and retain excellent individuals at all levels of the business. The Board is actively engaged in appointments not only at the Board level but also within the Executive management team and have participated in the interview and selection process of candidates over the last year.

The Nominations Committee primary function is to enable the Board to put the right people in the right places, both at Board and senior management level. It must do so in a way that is transparent and procedurally fair to ensure the avoidance of bias and I am pleased that the Committee has been engaged and challenged throughout the year. The Nominations Committee comprises 3 Non-Executive members of the Board but have active support and consultation with the Executive team and HR professionals within the Ilika business.

**APPOINTMENTS**

- During the year, the priority for the Board and Nominations Committee was the onboarding and embedding of Jason Stewart who joined as CFO at the end of the 2022/23 financial year and was formally approved to the Board during the September 2023 AGM. Jason joins Ilika with significant amount of relevant experience and can draw on his manufacturing background to support Ilika as it commercialises both Goliath and Stereax product lines.
- The Committee was also involved with new appointments to the Executive Committee with the appointment of Dr Louise Turner to the role of VP Product Development in September 2023, which demonstrated the Board’s desire to celebrate success and promote talent from within.

**BOARD TENURE AND INDEPENDENCE**

The Nominations Committee and the Board as a whole take the responsibility to maintain a balanced Board with a combination of Executive and Non-Executive roles to ensure that balance, independence and objectivity remain at the heart of the Company. In order to maintain independence, the Non-Executive members of the Board do not participate in performance-related pay and have no additional paid-for roles in supporting the Company.

The Board remains sensitive to the subject of independence and the Nominations Committee undertakes periodic review and reflection on the positions, actions and perceived independence of the members of the Board. In considering independence, the Nominations Committee has considered factors, including length of Board tenure, roles outside of the Company, size of shareholding, prior and/or current commercial or contractual relationships with the Company, prior and/or current commercial or contractual relationships with Executive Directors, significant incentive pay arrangements beyond a director’s fee.

The current tenure of Ilika Board members is shown in the table below:

Board Tenure	Years Since AGM Appointment	Years in role
<b>INDEPENDENT NON-EXECUTIVE DIRECTORS</b>		
Prof. K. Jackson	10	4
J. Millard	6	6
Dr. M. Biddulph	4	4
<b>EXECUTIVE DIRECTORS</b>		
G. Purdy	20	20
J. Stewart	1	1

**REPORT OF THE NOMINATIONS COMMITTEE** CONTINUED

The Nominations Committee has taken into account best practice and guidance under the QCA Code and reviewed the matter of independence in regard to the Chairman, given his length of service as a Non-Executive member of the Board. The overall tenure of the Chairman was considered in great detail alongside all other factors as well as the significant advantages and benefits brought to the Company by the Chair through his broad range of skills and experience.

It is the conclusion of the Nominations Committee that all Non-Executive members of the Board remain independent and continue to represent the rights of the shareholders among the many varied stakeholders of the Company.

**COMPOSITION AND DIVERSITY**

The Nominations Committee remains mindful of the importance of diversity, inclusion and the benefits that it brings to our teams. Ilika follows the QCA Corporate Governance Code, thus takes its responsibility to reflect on the levels of diversity on the Board and within the wider Company seriously. As highlighted by the QCA Code, although diversity is desirable, of most importance is ensuring the Board possesses the necessary knowledge and skillset while avoiding groupthink.

Across the business, recruitment is undertaken with a view to securing the best talent to deliver the Company goals and shareholder value creation. The Company employees represent a wide range of socio-economic backgrounds, nationalities, educational attainments, genders, ethnicities and ages. The Science, Technology, Engineering, and Maths ('STEM') industry sectors in general, and battery technology sector specifically, does not benefit from the same diversity distribution that can be seen in the wider population, which makes securing candidates who meet both technical capabilities and diversity characteristics difficult. In scouring the globe for the best talent available, Ilika is proud that it boasts employees of 19 different nationalities and will continue with a global search pattern going forward. The Board currently has 20% female representation and continues to look for opportunities to increase this moving forward, as long as the candidates can bring the variety of skills and industry expertise required to drive shareholder value and further the Ilika Company strategic goals.

**BOARD EVALUATION**

In line with the Board's stated practice, we conducted an internal review of Board effectiveness in 2023. The Board evaluates its performance in several areas in both a quantitative and qualitative manner and this is used to identify areas for optimisation in the coming year. The evaluation looks at a range of areas, including:

- Purpose and strategy (vision and values)
- Performance management (target setting, documentation and accessibility)
- Risk management (appetite, assessment and mitigation)
- Committees (relevance, performance and focus)
- Stakeholder (engagement and representation)
- Team (skills and continuous improvement)
- Nominations Committee evaluation

These competencies are assessed through an evaluation questionnaire covering 69 individual questions.

All members were requested to score Board performance in each of the areas and in addition given the opportunity to provide more qualitative feedback on any areas where opportunities for development could be identified.

Observations and scoring were collated and reported with reference to prior scoring to identify trends. The report was presented and discussed at the Nominations Committee and the Board in November 2023.

Recommendations and actions were collated for implementation by the Board.

**SKILLS AND EXPERIENCE MATRIX**

The Nominations Committee used a skills matrix when assessing its Non-Executive and Executive Director skillset and this can be applied to future succession planning and recruitment to ensure balance is maintained. The matrix highlights where the skills and experience of our Directors are particularly strong, where there are opportunities to further grow the Board's collective knowledge, and to inform the Board's future composition as Non-Executive Directors naturally rotate off the Board.

**CONCLUSIONS, RECOMMENDED AREAS FOR DEVELOPMENT AND ACTIONS GOING FORWARD**

The Nominations Committee evaluation demonstrated that the Committee continues to deliver on its objectives and role. The Committee receives effective support as and when required from the Company Secretary and other advisers and it liaises well with the Board and other Committees. The Chair and CEO in consultation with the Nominations Committee are developing and implementing actions and activities highlighted in the review. These will include recommendations relating to:

- Development and training
- Recruitment, retention and employee engagement
- Board succession

**KEITH JACKSON**  
CHAIRMAN OF THE NOMINATIONS COMMITTEE

**REPORT OF THE AUDIT COMMITTEE**

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**JEREMY MILLARD**

CHAIR 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 Company's compliance with laws and regulations. Its terms of reference and its current membership are outlined in the Corporate Governance Statement on pages 34 to 35.

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 pages 32 to 33.

The attendance of the individual members of the Audit Committee is detailed in the summary of Board attendance as detailed on page 36.

**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, the Committee is in line with best practice and 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 2024, with all members present. The Committee undertakes review of the principal 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 auditors and considers their performance in relation to the requirements of internal and external stakeholders.
- It considers the appropriateness of the auditors in respect of objectivity and independence.
- The Committee reviews the duration of 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 auditors or the needs to tender audit services.

**MATTERS COVERED DURING THE YEAR ENDED 30 APRIL 2024:**

- July 2023: Audit completion meeting for the 2023 year-end audit.
  - Review the financial forecast to support the Group's ability to account on a going concern basis.
  - Review of the auditors' report on the audit, including materiality levels and any significant matters or specific recommendations from the auditors.
  - Review of the Annual Report and financial statements to ensure they represent a fair and balanced portrayal of the Group's performance.
- January 2024: 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 and Risk Committee prior to engagement to ensure adherence to their independence. This policy safeguards auditor objectivity and independence.

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

Payments made to the auditors are detailed in note 3 to the financial statements and can be found on page 58.

**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 35. 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 established a remuneration policy which will enable it to attract and retain individuals of the highest calibre to run the Group. The Committee is committed to ensuring that the Group reward framework continues to align Executive performance with shareholder expectations, as well as with the customer experience, while ensuring that pay remains competitive to retain the right talent and aligned to the strategy of the Group over the short and long term.

The Committee seeks independent validation and recommendations on the remuneration policy and levels by way of a bi-annual benchmarking exercise taking into account factors including, but not limited to: individual performance, the individual's experience, regulatory developments, and/or any significant changes in an individual's role and responsibilities.

#### (ii) Chairman and Non-Executive Director remuneration

The Chairman, Keith Jackson, receives a fixed fee of £71,341 per annum. Jeremy Millard and Monika Biddulph receive a fixed fee of £35,938 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. Non-Executive contracts will continue until terminated by either party.

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

### Components of remuneration

Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics
<b>Base salary</b>			
Externally competitive base pay allows us to attract and retain high-calibre Executives with the skill to develop, lead and deliver the business strategy.	Reflects the role of the individual within the Company, taking account of responsibilities and experience. Base pay may be reviewed from time to time, but at no greater frequency than once annually. Any increase to base pay is subject to approval by the Remuneration Committee and would normally be applicable from 1 January.	Base pay is not capped. Increases to base pay for Directors may be considered, taking into account practice for employees generally across the Company, regulatory requirements, consultation feedback and any relevant market information.	Take into account Group and individual performance, external benchmark information and internal relativities.
<b>Pension</b>			
The pension provides an important and competitive benefit within the overall remuneration package for Executive Directors.	Executive Directors are eligible to participate in the Group pension scheme. They can make voluntary additional contributions via a salary sacrifice arrangement.	The maximum pension contribution is 10% of base salary. The Company will contribute the ERNI benefit from the salary sacrifice arrangement.	n/a

**DIRECTORS' REMUNERATION REPORT CONTINUED**

Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics
<b>Annual Incentive Plan (AIP) and Deferred Bonus Plan (DBP)</b>			
<p>To motivate Executive Directors to achieve and exceed the business plan, rewarding annual financial and strategic targets and adherence to Company Values, within the Company's risk appetite.</p>	<p>Annual bonus awards are discretionary and are determined by reference to the Company's performance against a scorecard of financial and strategic goals. Awards may be made in cash and shares/share-like instruments. Fifty percent of the award will be made in shares/share-like instruments. Deferral of part of the annual bonus is applied in accordance with the requirements of the Remuneration Committee. The level of deferral for the Executive Directors is as per the Remuneration Committee. Malus and clawback provisions apply to share/share-like instrument awards, including the deferred elements.</p>	<p>The maximum award opportunity under the AIP will normally be no more than 100% of salary in respect of any financial year, including any deferred element. Annual bonus awards can be made up to 100% of total fixed remuneration in respect of any financial year, less any other variable remuneration awarded in respect of that financial year.</p>	<p>An annual corporate scorecard based on targets for financial and strategic measures is developed for review and agreement at the start of each year by the Remuneration Committee. This forms the basis of the bonus pool. These measures include a combination of financial, technical and strategic goals aligned to the Company's strategic plan. Financial measures may include, but are not restricted to, such measures as underlying income, operating expenses, capital expenditure and cash management. Technical measures may include development milestones for each of the Stereax and Goliath product lines. Strategic goals may include commercial engagement, ESG compliance, among other metrics.</p>
<b>Long Term Incentive Plan - restricted share unit awards</b>			
<p>To incentivise senior management to deliver a sustainable Company, by providing over the longer term value to shareholders, regulatory stability and, for customers, employees and other stakeholders, promoting the principles enshrined in the Company's Values.</p>	<p>The Committee will determine the award levels to be granted in respect of any financial year, in compliance with regulatory requirements and the Ilika plc Long Term Incentive Plan 2018 (the 'LTIP'), which was adopted by shareholders at the 2018 AGM. Awards will be made in the form of share/share-like instruments. Following grant, the award is subject to a three-year vesting period throughout which the overall value will fluctuate dependent on performance conditions and/or the value of the Company share price. Malus and clawback provisions apply to awards in full and are explained in more detail in the notes to the policy below.</p>	<p>The maximum award opportunity under the LTIP will normally be 100% of base salary in respect of any financial year.</p>	<p>Performance measures for the LTIP are based on development of long-term shareholder value through share price growth as agreed by the Committee in line with the Company's long-term priority of delivering sustainable returns to shareholders. Before any part of any LTIP award may vest, the Committee must be satisfied that the Company's underlying financial performance justifies such vesting. This will be assessed by the Remuneration Committee. Performance measures for LTIP awards may be subject to change to ensure continued alignment with the business strategy and any future regulatory review or requirements.</p>
<b>Benefits</b>			
<p>Benefits are provided to attract and retain executives with the appropriate skills to drive the business and to ensure that the overall package is competitive in the market.</p>	<p>Executive Directors receive a benefits package generally set by reference to market practice in companies of a similar size and complexity and/or business scope. Benefits provided include private medical insurance, life insurance, and income protection. Relocation support may be provided if required upon the appointment of a new Executive Director. The Committee may periodically amend the benefits available to all employees. The Executive Directors are eligible to receive such benefits on similar terms to other Senior Executives.</p>	<p>Benefits are set taking into account affordability and market practice for comparable roles. Costs may vary by provider from year to year. The Committee keeps the benefits and levels under review. It may remove benefits that Executive Directors receive or introduce other benefits if it considers it is appropriate to do so.</p>	<p>n/a</p>

**DIRECTORS' REMUNERATION REPORT** CONTINUED**DIRECTORS' REMUNERATION**

The aggregate remuneration received by Directors who served during the year ended 30 April 2024 and 30 April 2023 was as follows:

	Basic salary £	Benefits in kind £	Bonus £	Total short-term benefits £	Pension £	Total £
<b>Year to 30 April 2024</b>						
G. Purdy	214,537	2,504	47,947	264,988	69,549	334,537
J. Stewart	135,173	941	5,783	141,897	45,208	187,105
K. Jackson	71,341	-	-	71,341	-	71,341
J. Millard	35,938	-	-	35,938	-	35,938
M. Biddulph	35,938	-	-	35,938	-	35,938
	<b>492,927</b>	<b>3,445</b>	<b>53,730</b>	<b>550,102</b>	<b>114,757</b>	<b>664,859</b>
<b>Year to 30 April 2023</b>						
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

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

Benefits in kind include critical illness cover and private medical insurance.

**DIRECTORS' REMUNERATION REPORT CONTINUED**

**SHARE OPTIONS**

The share options of the Directors are set out below:

<b>Unapproved</b>	Type	2023 Number	<b>2024 Number</b>	Exercise price (p)	Min vesting Price (a)	Full vesting price (b)	Expiry date
G. Purdy	Bonus	75,810	75,810	1	N/A	N/A	Aug-27
G. Purdy	LTIP	1,127,777	1,127,777	1	27	54	Jan-29
G. Purdy	Bonus	207,229	207,229	1	N/A	N/A	Aug-29
G. Purdy	LTIP	606,014	-	1	51	102	Mar-30
G. Purdy	Bonus	65,812	65,812	1	N/A	N/A	Sep-30
G. Purdy	LTIP	92,536	-	1	336	672	Feb-31
G. Purdy	Bonus	33,394	33,394	1	N/A	N/A	Sep-31
G. Purdy	LTIP	153,541	153,541	1	202.5	405	Feb-32
G. Purdy	LTIP	-	416,954	1	78	156	Jan-33
G. Purdy	Bonus	-	131,005	1	N/A	N/A	Sep-33
G. Purdy	LTIP	-	492,764	1	66	132	Dec-33
J. Stewart	Bonus	-	15,799	1	N/A	N/A	Sep-33
J. Stewart	LTIP	-	140,909	1	66	132	Dec-33

<b>Approved</b>	Type	2023 Number	<b>2024 Number</b>	Exercise price	Vesting price (a)	Full vesting price (b)	Expiry date
J. Stewart	EMI	300,000	300,000	52	52	69.2	Jan-33
J. Stewart	EMI	-	213,636	44	44	58.6	Dec-33

Approved EMI shares are offered in lieu of LTIP options where the individual has not fully utilised the approved allowance under the HMRC EMI scheme rules. EMI shares have a three year vesting period and the vesting price has been set to support long-term shareholder returns through the delivery of strategic milestones. Option awards vest on a straight-line basis between the minimum vesting price (a) and full vesting price (b).

A total of 698,550 options lapsed during the year

Share based payment charge attributable to directors in the year was £281,766 (2023: £256,036).

**KEITH JACKSON**  
**CHAIRMAN OF THE REMUNERATION COMMITTEE**

Unapproved Executive Bonus options are granted as specified in the Directors' Remuneration policy shown on pages 40 to 41 of this report. Bonus options are awarded in lieu of cash payment and are subject to a 1-year vesting period. Executive bonus options are awarded in relation to the achievement of Company KPI targets in respect of financial performance, technical development for both Stereax and Goliath products, the creation of new patents and other company KPIs. These KPI targets are set by the Board annually.

Unapproved Executive LTIP options are granted as specified in the Directors' Remuneration policy shown on page 41 of this report. Options are awarded with a 3-year vesting period and the vesting price has been set to support long-term shareholder returns through the delivery of strategic milestones. Option awards vest on a straight-line basis between the minimum vesting price (a) and full vesting price (b).

## 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. J. Stewart (CFO)

#### Non-Executive

Prof. K. Jackson (Chairman)

Mr. J. Millard (Senior Independent Director)

Dr. M. Biddulph

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 £3,506,193 in the year (2023: £4,131,407). In addition, amounts totalling £819,254 (2023: £1,027,512) 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 6.

### 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 2024, had the following interests in the Ordinary Shares of the Company:

	Number of shares	
	30 April 2023	30 April 2024
G. Purdy	782,927	782,927
K. Jackson	102,142	102,142
M. Biddulph	16,071	16,071
J. Millard	-	-
J. Stewart	-	-

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

### SUBSTANTIAL SHAREHOLDINGS

On 20 June 2024, the Company had been notified of the following holdings of 3% or more of the issued share capital of the Company.

Shareholder	No. of Ordinary Shares	% shareholding
GPIM	20,440,658	12.22
Charles Schwab, New York (ND)	14,647,156	8.75
Schroder Investment Management	10,281,680	6.15
Janus Henderson Investors	9,917,148	5.93
Hargreaves Lansdown, stockbrokers (EO)	9,910,881	5.92
Baillie Gifford	9,142,197	5.46
Interactive Investor (EO)	8,714,193	5.21
Herald Investment Management	8,578,752	5.13
National Financial Services (EO)	6,505,167	3.89

### POST BALANCE SHEET EVENTS

Following the end of the financial period on 30 April 2024, the Group completed a fund raise comprising an institutional placing and open offer, resulting in £2.1m of additional funds net of costs. This transaction was completed on 31 May 2024 with the funds remitted to the Group and the new shares admitted to trading on the AIM market.

### 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 are required 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 and Company 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and 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 Company'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 Company'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, current cash resources, and the recently completed fund raise of £2.1m net of fees, 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 12 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**  
 10 July 2024

## 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 2024 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 2024 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 2025, 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 12 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

<b>Coverage</b>	<i>100% (2023: 100%) of Group loss before tax</i>	
	<i>100% (2023: 100%) of Group revenue</i>	
	<i>100% (2023: 100%) of Group total assets</i>	
<b>Key audit matters</b>	<b>2024</b>	<b>2023</b>
	Capitalisation of development expenditure	✓
<b>Materiality</b>	<i>Group financial statements as a whole</i>	
	<i>£410,000 (2023: £446,000) based on 2% of net assets (2023: 5% of loss before tax)</i>	

### 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 2024, 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.

**INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF ILIKA PLC CONTINUED**

**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><b>Capitalisation of development expenditure</b></p> <p>Please refer to note 7, and accounting policies and key sources of estimation and uncertainty in note 1.</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>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><b>Key observations:</b></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	
	2024 £	2023 £	2024 £	2023 £
<b>Materiality</b>	410k	446k	200k	223k
<b>Basis for determining materiality</b>	2% of net assets	5% of loss before tax	49% of Group materiality	50% of Group materiality
<b>Rationale for the benchmark applied</b>	We considered 2% of net assets to be a key performance benchmark for the Group and the users of the financial statements in assessing financial performance.	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.	
<b>Performance materiality</b>	308k	335k	150k	167k
<b>Basis for determining performance materiality</b>	On the basis of our risk assessment, together with our assessment of the Group’s control environment, and previous low level of misstatements our judgement is that performance materiality for the financial statements should be 75% of materiality.			
<b>Rationale for the percentage applied for performance materiality</b>	See above	See above	See above	See above

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

### 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 98% (2023: 92%) 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 £400k (2023: £410k). We further applied performance materiality levels of 75% (2023: 75%) of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

### Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £16k (2023: £13k). 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 financial statements 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 the 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 opposite:

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ILIKA PLC** CONTINUED**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 end by agreeing to supporting documentation, and considering if they had any impact on the year to April 2024;
- Assessing significant estimates made by management for bias.

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](http://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, UK, BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

COMPANY NUMBER 07187804

	Notes	Year ended 30 April	
		2024 £000's	2023 £000's
<b>Turnover</b>	2	<b>2,090.6</b>	702.0
Revenue		<b>20.1</b>	33.8
UK grants		<b>2,070.5</b>	668.2
Cost of sales		<b>(1,081.9)</b>	(404.0)
<b>Gross profit</b>		<b>1,008.7</b>	298.0
Other operating income	2	<b>532.4</b>	79.0
Total administrative expenses			
Administrative expenses		<b>(7,397.8)</b>	(8,932.7)
Share-based payment charge		<b>(383.1)</b>	(441.8)
		<b>(7,780.9)</b>	(9,374.5)
<b>Operating loss</b>	3	<b>(6,239.8)</b>	(8,997.5)
Income from short-term deposits		<b>507.0</b>	105.7
Interest payable		<b>(33.0)</b>	(36.6)
<b>Loss before tax</b>		<b>(5,765.8)</b>	(8,928.4)
Taxation	5	<b>952.4</b>	1,632.6
<b>Loss for period/total comprehensive expense</b>		<b>(4,813.4)</b>	(7,296.0)
<b>Loss per share from continuing operations</b>	6		
Basic		<b>(3.03)p</b>	(4.61)p
Diluted		<b>(3.03)p</b>	(4.61)p

The notes on pages 54 to 65 form part of these financial statements.

**CONSOLIDATED BALANCE SHEET**

COMPANY NUMBER 07187804

	Notes	As at 30 April	
		2024 £000's	2023 £000's
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	7	3,721.0	2,943.5
Property, plant and equipment	8	3,758.6	4,263.6
Right-of-use assets	9	569.6	630.9
<b>Total non-current assets</b>		<b>8,049.2</b>	<b>7,838.0</b>
<b>Current assets</b>			
Trade and other receivables	10	2,304.2	1,938.5
Current tax receivable	5	526.4	1,261.1
Other financial assets - bank deposits	11	4,180.9	772.7
Cash and cash equivalents	12	7,764.4	15,101.0
<b>Total current assets</b>		<b>14,775.9</b>	<b>19,073.3</b>
<b>Total assets</b>		<b>22,825.1</b>	<b>26,911.3</b>
<b>Issued capital and reserves attributable to owners of Parent</b>			
Issued share capital	16	1,591.4	1,590.6
Share premium		64,953.5	64,936.6
Capital restructuring reserve		6,486.1	6,486.1
Accumulated losses		(52,671.4)	(48,241.1)
<b>Total equity</b>		<b>20,359.6</b>	<b>24,772.2</b>

	Notes	As at 30 April	
		2024 £000's	2023 £000's
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	13	1,590.7	1,271.1
Lease liabilities	9	288.7	260.8
<b>Total current liabilities</b>		<b>1,879.4</b>	<b>1,531.9</b>
<b>Non-current liabilities</b>			
Lease liabilities	9	336.6	357.7
Provisions	14	249.5	249.5
<b>Total non-current liabilities</b>		<b>586.1</b>	<b>607.2</b>
<b>Total liabilities</b>		<b>2,465.5</b>	<b>2,139.1</b>
<b>Total equity and liabilities</b>		<b>22,825.1</b>	<b>26,911.3</b>

The notes on pages 54 to 65 form part of these financial statements.

These financial statements were approved and authorised for issue by the Board of Directors on 10 July 2024.

**MR. J. MILLARD**  
**DIRECTOR**

## CONSOLIDATED CASH FLOW STATEMENT

	Year ended 30 April			Year ended 30 April	
	2024 £000's	2023 £000's		2024 £000's	2023 £000's
<b>Cash flows from operating activities</b>			<b>Cash flows from investing activities</b>		
Loss before taxation	(5,765.8)	(8,928.4)	Interest received	507.0	105.6
<i>Adjustments for:</i>			Purchase of intangible assets	(819.3)	(1,027.5)
Amortisation	41.7	42.2	Purchase of property, plant and equipment	(842.5)	(374.0)
Depreciation	1,694.4	1,552.8	Sale of property, plant and equipment	7.8	0.8
Equity-settled share-based payments	383.1	441.8	Increase in other financial assets – bank deposits	(3,408.2)	-
Loss/(profit) on disposal of plant, property and equipment	14.8	(0.8)	<b>Net cash used in investing activities</b>	<b>(4,555.2)</b>	<b>(1,295.1)</b>
Net financial (income)	(474.0)	(69.1)			
			<b>Cash flows from financing activities</b>		
<b>Operating cash flow before changes in working capital, interest and taxes</b>	<b>(4,105.8)</b>	<b>(6,961.5)</b>	Proceeds from issuance of Ordinary Share capital	17.7	190.0
Increase in trade and other receivables	(365.6)	(454.0)	Cost of share issue	-	-
Increase/(decrease) in trade and other payables	319.6	(136.3)	Lease payments – capital	(301.4)	(229.1)
Increase in provisions	-	9.2	Lease payments – interest	(33.0)	(36.6)
			<b>Net cash (used in) financing activities</b>	<b>(316.7)</b>	<b>(75.7)</b>
<b>Cash utilised by operations</b>	<b>(4,151.8)</b>	<b>(7,542.6)</b>	<b>Net (decrease) in cash and cash equivalents</b>	<b>(7,336.6)</b>	<b>(7,525.3)</b>
Tax received	1,687.1	1,388.1	Cash and cash equivalents at the start of the period	15,101.0	22,626.3
<b>Net cash flow used in operating activities</b>	<b>(2,464.7)</b>	<b>(6,154.5)</b>	Cash and cash equivalents at the end of the period	7,764.4	15,101.0

The notes on pages 54 to 65 form part of these financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Share capital £000's	Share premium account £000's	Capital restructuring reserve £000's	Accumulated losses £000's	Total attributable to equity holders of Parent £000's
<b>As at 30 April 2022</b>	1,582.3	64,754.9	6,486.1	(41,386.9)	31,436.4
Share-based payment	-	-	-	441.8	441.8
Issue of shares	8.3	181.7	-	-	190.0
Cost of share issue	-	-	-	-	-
Loss and total comprehensive expense	-	-	-	(7,296.0)	(7,296.0)
<b>As at 30 April 2023</b>	1,590.6	64,936.6	6,486.1	(48,241.1)	24,772.2
Share-based payment	-	-	-	383.1	383.1
Issue of shares	0.8	16.9	-	-	17.7
Cost of share issue	-	-	-	-	-
Loss and total comprehensive expense	-	-	-	(4,813.4)	(4,813.4)
<b>As at 30 April 2024</b>	<b>1,591.4</b>	<b>64,953.5</b>	<b>6,486.1</b>	<b>(52,671.4)</b>	<b>20,359.6</b>

**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 54 to 65 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 figures presented in the financial statements are shown in thousands.

The individual financial statements of Ilika plc are shown on pages 66 to 70.

#### 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, short and long-term bank deposits, which, at 30 April 2024, amounted to £11,945,282 (2023: £15,873,631). 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 12 months from the date of this report), and for this reason the financial statements have been prepared on a going concern basis.

Following the completion of the 2023/24 accounting period the Company successfully raised an additional £2.3m gross funds through an equity placing of Ordinary Shares to institutional and retail shareholders. This additional capital further strengthens the balance sheet and underpins the ongoing support from shareholders.

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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** CONTINUED

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, £819,254 (2023: £1,027,512) 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 and 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 cashflows 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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** CONTINUED**1 ACCOUNTING POLICIES CONTINUED****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 12 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. 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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** CONTINUED

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 £819,254 lower.

**Recoverability of development costs**

The Directors have considered the recoverability of the capitalised costs by reference to third party market analysis and the signed contract 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 three territories of focus, Asia, North America and Europe (with the UK further split out below).

	Year ended 30 April	
	2024 £000's	2023 £000's
<b>Turnover</b>		
Analysis by geographical market:		
<i>By destination</i>		
Asia	5.3	20.4
Europe	-	-
North America	2.1	0.6
UK	2,083.2	681.0
	<b>2,090.6</b>	702.0

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	
	2024 £000's	2023 £000's
<b>Turnover</b>		
Goods and services	20.1	33.8
UK grants	2,070.5	668.2
	<b>2,090.6</b>	702.0

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	
	2024 £000's	2023 £000's
<b>Turnover</b>		
UK grants	2,070.5	668.2
Customers less than 10%	20.1	33.8
	<b>2,090.6</b>	702.0

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

	Year ended 30 April	
	2024 £	2023 £
Other operating income		
RDEC	532.4	79.0
	<b>532.4</b>	79.0

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

## 3 OPERATING LOSS

	Year ended 30 April	
	2024 £000's	2023 £000's
<b>This is arrived at after charging:</b>		
Research and development expenditure in the year	<b>3,506.2</b>	4,131.4
Depreciation of property, plant and equipment	<b>1,324.4</b>	1,292.5
Depreciation of right-of-use assets	<b>369.5</b>	260.3
Amortisation of intangible assets	<b>41.7</b>	42.2
Auditors' remuneration:		
Fees payable to the Group's auditors for the audit of the Group's accounts	<b>42.2</b>	43.5
Fees payable to the Group's auditors for other services:		
The Audit of the Group's subsidiaries	<b>9.5</b>	9.8
Audit assurance services	<b>-</b>	4.0
Foreign exchange differences	<b>2.7</b>	10.4
Share-based payment	<b>383.1</b>	441.8

## 4 EMPLOYEES

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

	Year ended 30 April	
	2024 Number	2023 Number
Administration	<b>6</b>	6
Materials synthesis	<b>62</b>	66
	<b>68</b>	72

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

	Year ended 30 April	
	2024 £000's	2023 £000's
Wages and salaries	<b>3,548.7</b>	4,043.8
Social security costs	<b>380.6</b>	473.3
Share-based payment expense	<b>383.1</b>	441.8
Pension costs	<b>488.5</b>	280.0
	<b>4,800.9</b>	5,238.9

Included in the above are amounts totalling £752,332 (2023: £935,669) which have been capitalised.

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

	Year ended 30 April	
	2024 £000's	2023 £000's
Wages and salaries	<b>550.1</b>	558.3
Pension costs	<b>114.8</b>	26.9
Directors' emoluments	<b>664.9</b>	585.2
Social security costs	<b>71.8</b>	72.7
Share-based payment expense	<b>281.8</b>	256.0
Key management personnel	<b>1,018.5</b>	913.9

The Directors represent key management personnel and further details are given in the Directors' Remuneration Report on pages 40 to 43. The highest paid Director received remuneration of £334,537 (2023: £341,340) including pension contributions of £69,549 (2023: £22,056).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** CONTINUED

**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	
	2024 £000's	2023 £000's
R&D tax credits	<b>526.4</b>	1,261.1
Adjustments to prior period	<b>426.0</b>	371.5
	<b>952.4</b>	1,632.6

**(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 2024 and 19% from April 2024 under the Small ring-fenced profits rate (2023: 19%). The differences are reconciled below:

	2024 £000's	2023 £000's
Loss on ordinary activities before tax	<b>(5,765.8)</b>	(8,928.4)
Loss on ordinary activities before tax multiplied by the standard rate of corporation tax in the UK of 19% (2023: 19%)	<b>(1,095.5)</b>	(1,696.4)
Effects of:		
Expenses not deductible for corporation tax	<b>96.2</b>	90.7
R&D relief	<b>(135.8)</b>	(468.0)
Origination of unrecognised tax losses	<b>608.7</b>	812.6
Adjustments to prior period	<b>(426.0)</b>	(371.5)
<b>Total tax credit for the year</b>	<b>(952.4)</b>	(1,632.6)

**Unrecognised deferred taxation**

There are tax losses available for carry forward against future trading profits of approximately £42.6m (2023: £40m). A deferred tax asset in respect of these losses, net of fixed asset timing differences, of approximately £9.6m (2023: £9.1m) 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	
	2024 No.	2023 No.
Weighted average number of equity shares	<b>159,036,098</b>	158,395,116
	£000's	£000's
Losses after tax	<b>(4,813.4)</b>	(7,295.9)
	Pence	Pence
Loss per share	<b>(3.03)</b>	(4.61)

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 2024, there were 8,316,157 options outstanding (2023: 6,978,331) as detailed in notes 16 and 20.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

## 7 INTANGIBLE ASSETS

	Development expenditure £000's	Software licences £000's	Intellectual property £000's	Total £000's
<b>Cost</b>				
<b>As at 30 April 2022</b>	1,793.0	269.9	75.0	2,137.9
Additions	1,027.5	-	-	1,027.5
<b>As at 30 April 2023</b>	2,820.5	269.9	75.0	3,165.4
Additions	819.2	-	-	819.2
<b>As at 30 April 2024</b>	<b>3,639.7</b>	<b>269.9</b>	<b>75.0</b>	<b>3,984.6</b>
<b>Amortisation</b>				
<b>As at 30 April 2022</b>	-	104.7	75.0	179.7
Provided for the year	-	42.2	-	42.2
<b>As at 30 April 2023</b>	-	146.9	75.0	221.9
Provided for the year	-	41.7	-	41.7
<b>As at 30 April 2024</b>	<b>-</b>	<b>188.6</b>	<b>75.0</b>	<b>263.6</b>
<b>Net book value</b>				
<b>As at 30 April 2023</b>	2,820.5	123.0	-	2,943.5
<b>As at 30 April 2024</b>	<b>3,639.7</b>	<b>81.3</b>	<b>-</b>	<b>3,721.0</b>

The amortisation charge of £41,668 (2023: £42,203) is included within administrative expenses.

Development expenditure has not yet been amortised awaiting full commercialisation and completion of the technology transfer of the Stereax business to Cirtec under licence.

## 8 PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements £000's	Plant, machinery and equipment £000's	Fixtures and fittings £000's	Total £000's
<b>Cost</b>				
<b>As at 30 April 2022</b>	392.4	8,538.1	103.0	9,033.5
Additions	1.4	478.5	3.9	483.8
Disposals	-	(119.7)	-	(119.7)
<b>As at 30 April 2023</b>	393.8	8,896.9	106.9	9,397.6
Additions	38.9	802.6	1.0	842.5
Disposals	-	(153.6)	-	(153.6)
<b>As at 30 April 2024</b>	<b>432.7</b>	<b>9,545.9</b>	<b>107.9</b>	<b>10,086.5</b>
<b>Depreciation</b>				
<b>As at 30 April 2022</b>	80.9	3,836.3	44.1	3,961.3
Provided for the year	78.7	1,190.9	22.8	1,292.4
Disposals	-	(119.7)	-	(119.7)
<b>As at 30 April 2023</b>	159.6	4,907.5	66.9	5,134.0
Provided for the year	81.1	1,230.8	13.0	1,324.9
Disposals	-	(131.0)	-	(131.0)
<b>As at 30 April 2024</b>	<b>240.7</b>	<b>6,007.3</b>	<b>79.9</b>	<b>6,327.9</b>
<b>Net book value</b>				
<b>As at 30 April 2023</b>	234.2	3,989.4	40.0	4,263.6
<b>As at 30 April 2024</b>	<b>192.0</b>	<b>3,538.6</b>	<b>28.0</b>	<b>3,758.6</b>

At the year end, deposits totalling £414,183 (2023: £223,751) 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 Group has capital commitments totalling £515,722 (2023: £314,531) as disclosed in note 18.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** CONTINUED

**9 LEASES**

The Group has leases for its premises in Romsey and Chandler's Ford and for a company van. 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 between 4% and 7.5%, 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 between 3 and 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 £000's	Plant and equipment £000's	Total £000's
<b>Cost</b>			
<b>As at 1 May 2022</b>	1,046.5	229.2	1,275.7
Additions	-	-	-
<b>As at 30 April 2023</b>	1,046.5	229.2	1,275.7
Additions	298.0	10.2	308.2
<b>As at 30 April 2024</b>	<b>1,344.5</b>	<b>239.4</b>	<b>1,583.9</b>
<b>Depreciation</b>			
<b>As at 1 May 2022</b>	365.4	19.2	384.6
Provided for the year	209.3	50.9	260.2
<b>As at 30 April 2023</b>	574.7	70.1	644.8
Provided for the year	209.3	160.2	369.5
<b>As at 30 April 2024</b>	<b>784.0</b>	<b>230.3</b>	<b>1,014.3</b>
<b>Net book value</b>			
<b>As at 30 April 2023</b>	471.8	159.1	630.9
<b>As at 30 April 2024</b>	<b>560.5</b>	<b>9.1</b>	<b>569.6</b>

**Lease liabilities**

	2024 £000's	2023 £000's
<b>As at 1 May</b>	<b>618.5</b>	847.6
Additions	<b>308.2</b>	-
Cashflows:		
Lease payments	<b>(334.4)</b>	(265.7)
Interest expense	<b>33.0</b>	36.6
<b>As at 30 April</b>	<b>625.3</b>	618.5

## Maturity analysis of lease payments:

	As at 30 April	
	2024 000's	2023 £000's
0-3 months	<b>58.2</b>	57.8
3-12 months	<b>230.5</b>	203.0
Due in less than one year	<b>288.7</b>	260.8
1-2 years	<b>194.1</b>	207.7
2-5 years	<b>142.5</b>	150.0
<b>Lease payments</b>	<b>625.3</b>	618.5

**10 TRADE AND OTHER RECEIVABLES**

	As at 30 April	
	2024 £000's	2023 £000's
Trade receivables	<b>2.1</b>	19.3
Prepayments	<b>1,144.0</b>	970.1
Other receivables	<b>432.3</b>	481.6
Accrued income	<b>725.8</b>	467.5
	<b>2,304.2</b>	1,938.5

## 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	
	2024 £000's	2023 £000's
0-29 days	-	19.3
30+ days	2.1	-

The accrued income of £725,778 (2023: £467,495) relates to performance obligations satisfied but not invoiced, all of which is due to be settled within the next 12 months. The change in accrued income reflects the level of grants underway at the current year end compared to the previous year and the change to the R&D tax credit scheme with additional recovery through the RDEC element for the 2023/24 financial year.

## 11 OTHER FINANCIAL ASSETS - BANK DEPOSITS

	As at 30 April	
	2024 £000's	2023 £000's
Short-term deposits with more than 3 months' maturity	4,180.9	772.7

## 12 CASH AND CASH EQUIVALENTS

	As at 30 April	
	2024 £000's	2023 £000's
Current bank accounts	1,010.0	739.5
Short-term deposits with less than 3 months' maturity	6,754.4	14,361.5
	7,764.4	15,101.0

## 13 TRADE AND OTHER PAYABLES

	As at 30 April	
	2024 £000's	2023 £000's
Trade payables	286.9	294.1
Other payables	39.2	39.0
Other taxes and social security costs	91.5	92.7
Accruals and deferred income	1,173.1	845.3
	1,590.7	1,271.1

The ageing of financial liabilities is as follows:

	As at 30 April	
	2024 £000's	2023 £000's
0-29 days	855.3	680.3
30-59 days	1.5	85.5
60-89 days	630.5	383.2
90+ days	11.9	29.4
	1,499.2	1,178.4

Within Accruals and deferred income is deferred income of £11,886 (2023: £10,000) which represents unfulfilled performance obligations on grants and product sales to be satisfied in the next 12 months.

## 14 PROVISIONS

	Leasehold Dilapidations £000's
As at 1 May 2023	249.5
Provided	-
As at 30 April 2024	249.5

Leasehold dilapidations relate to the estimated cost of returning 2 leasehold properties to their original state at the end of the lease in accordance with the lease terms.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

## 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 2024 was £2,661 (2023: £10,436).

**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 1 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 2024 had a weighted average period to maturity of 45 days (2023: 7 days) and a weighted average annualised rate of interest of 3.71%. (2023: 2.73%).

**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 2024 by approximately £507,038 (2023: £105,696).

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 2024 by approximately £119,453 (2023: £158,699).

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	
	2024 £000's	2023 £000's
<b>Authorised</b>		
158,975,667 (2023: 158,474,367) Ordinary Shares of £0.01 each	<b>1,589.8</b>	1,584.7
1,355,100 (2023: 1,781,400) Convertible Preference Shares of £0.01 each	<b>13.6</b>	17.8
<b>Allotted, called up and fully paid</b>		
158,975,667 (2023: 158,474,367) Ordinary Shares of £0.01 each	<b>1,589.8</b>	1,584.7
162,100 (2023: 588,400) Convertible Preference Shares of £0.01 each	<b>1.6</b>	5.9
	<b>1,591.4</b>	1,590.6

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** CONTINUED**15 FINANCIAL INSTRUMENTS** 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 75,000 options over Ordinary Shares of £0.01 each were exercised for a total consideration of £19,125.

During the year, a total of 426,300 Preference Shares were converted to Ordinary Shares of £0.01 each.

**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 £495,220 (2023: £280,021). Included within other creditors is £37,207 (2023: £37,429) relating to outstanding pension contributions.

**18 CAPITAL COMMITMENTS**

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

	2024 £000's	2023 £000's
Contracted for but not provided in these financial statements	<b>515.7</b>	314.5

**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 58 and 42.

Included within these statements, as shown in note 10 and note 27, are amounts totalling £91,593 (2023: £127,403) relating to employee share option exercises which were owed as at April 30 2024.

**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 2024, 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	Vesting date	Exercise price per share
08/02/18	78,375	10 years	08/02/21	£0.21
24/01/19	390,500	10 years	18/01/22	£0.182
09/07/19	238,983	10 years	09/07/22	£0.295
19/03/20	677,000	10 years	19/03/23	£0.255

**Unapproved share options:**

Date of grant	Number of shares	Period of option	Vesting date	Exercise price per share
15/08/2017	84,021	10 years	15/08/18	£0.01
24/01/2019	1,840,171	10 years	23/01/22	£0.01
29/08/2019	268,125	10 years	29/08/20	£0.01
26/03/2020	60,000	10 years	19/03/23	£0.01
22/09/2020	81,575	10 years	22/09/21	£0.01

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** CONTINUED

**Black-Scholes valuation**

	Weighted average exercise price		Number	
	2024 £	2023 £	2024	2023
Outstanding:				
At start of the period	<b>0.2213</b>	0.1840	<b>6,978,331</b>	6,673,840
Granted in the period	<b>0.4377</b>	0.3844	<b>2,832,777</b>	1,579,140
Exercised in the period	<b>0.2550</b>	0.2293	<b>(75,000)</b>	(828,500)
Lapsed in the period	<b>0.4057</b>	0.2270	<b>(1,419,951)</b>	(446,149)
At the end of the period	<b>0.2632</b>	0.2213	<b>8,316,157</b>	6,978,331

The exercise price of options outstanding at the end of the period ranged between £0.01 and £0.52 and their weighted average contractual life was 7.3 years (2023: 7.1 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 2024, 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	Vesting date	Exercise price per share
08/02/18	78,375	10 years	08/02/21	£0.21
24/01/19	390,500	10 years	18/01/22	£0.182
09/07/19	238,983	10 years	09/07/22	£0.295
19/03/20	677,000	10 years	19/03/23	£0.255
26/01/23	1,104,786	10 years	26/01/26	£0.52
14/12/23	2,032,300	10 years	14/12/26	£0.44

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 England interest base rate at the time of grant and an expected period to maturity of 3 years.

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

294,100 options lapsed in the year and 75,000 options were exercised.

**Ilika plc unapproved share options**

At 30 April 2024, the following share options were outstanding in respect of Ilika plc unapproved share options:

Date of grant	Number of shares	Period of option	Vesting date	Exercise price per share
15/08/17	84,021	10 years	15/08/18	£0.01
24/01/19	1,840,171	10 years	23/01/22	£0.01
29/08/19	268,125	10 years	29/08/20	£0.01
26/03/20	60,000	10 years	19/03/23	£0.255
22/09/20	81,575	10 years	22/09/21	£0.01
22/09/21	42,105	10 years	22/09/22	£0.01
07/02/22	197,985	10 years	07/02/25	£0.01
26/01/23	419,754	10 years	26/01/26	£0.01
20/09/23	146,804	10 years	20/09/24	£0.01
14/12/23	653,673	10 years	14/12/26	£0.01

1,125,851 options lapsed in the year and no options were exercised.

There is a total of 3,760,855 options from both schemes which were capable of being exercised as at 30 April 2024.

	2024 £000's	2023 £000's
Share-based payment expense		
Black-Scholes calculation	<b>383.1</b>	441.8

**21 POST BALANCE SHEET EVENTS**

Following the end of the financial year on 30 April 2024, the Company completed a fund raise by way of equity placing, open offer and Director subscriptions of 8,327,424 new Ordinary Shares at £0.28 per share, resulting in gross proceeds of £2.3m.

**22 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	
		2024 £000's	2023 £000's
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investments in subsidiary undertaking	25	66,429.7	66,429.7
Amount due from subsidiary undertaking	26	603.5	218.5
		<b>67,033.2</b>	66,648.2
<b>Current assets</b>			
Trade and other receivables	27	145.7	169.6
<b>Total assets</b>		<b>67,178.8</b>	66,817.8
<b>Equity</b>			
Issued share capital	16	1,591.4	1,590.6
Share premium		64,932.7	64,915.8
Retained earnings		337.1	301.5
		<b>66,861.2</b>	66,807.9
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	28	317.6	9.9
<b>Total liabilities</b>		<b>317.6</b>	9.9
<b>Total equity and liabilities</b>		<b>67,178.8</b>	66,817.9

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 £347,473 (2023: loss of £475,438).

The notes on pages 69 to 70 form part of these financial statements.

These financial statements were approved and authorised for issue by the Board of Directors on 10 July 2024.

**MR. J. MILLARD**  
DIRECTOR

**COMPANY CASHFLOW STATEMENT**

	Year ended 30 April	
	2024 £000's	2023 £000's
<b>Cash flows from operating activities</b>		
Loss before tax	<b>(347.5)</b>	(475.4)
<i>Adjustments for:</i>		
Equity-settled share-based payments	<b>383.1</b>	441.8
<b>Operating cash flow before changes in working capital, interest and taxes</b>	<b>35.6</b>	(33.6)
Decrease/(increase) in trade and other receivables	<b>23.9</b>	(128.0)
Increase/(decrease) in trade and other payables	<b>307.7</b>	(5.4)
<b>Cash generated from/(used in) operations</b>	<b>367.2</b>	(167.0)
<b>Cash flows from investing activities</b>		
(Increase) in amounts due from subsidiary undertaking	<b>(384.9)</b>	(22.9)
<b>Net cash used in investing activities</b>	<b>(384.9)</b>	(22.9)
<b>Cash flows from financing activities</b>		
Proceeds from issuance of Ordinary Share capital	<b>17.7</b>	189.9
<b>Net cash from financing activities</b>	<b>17.7</b>	189.9
<b>Net increase in cash and cash equivalents</b>	<b>-</b>	<b>-</b>
Cash and cash equivalents at the start of the year	<b>-</b>	<b>-</b>
Cash and cash equivalents at the end of the year	<b>-</b>	<b>-</b>

The notes on pages 69 to 70 form part of these financial statements.

**COMPANY STATEMENT OF CHANGES IN EQUITY**

	Share capital £000's	Share premium account £000's	Retained earnings £000's	Total attributable to equity holders £000's
<b>As at 30 April 2022</b>	1,582.3	64,734.1	335.1	66,651.6
Issue of shares	8.3	181.7	-	189.9
Cost of issue	-	-	-	-
Share-based payment	-	-	441.8	441.8
Loss and total comprehensive expense	-	-	(475.4)	(475.4)
<b>As at 30 April 2023</b>	1,590.6	64,915.8	301.5	66,807.9
Issue of shares	0.8	16.9	-	17.7
Cost of issue	-	-	-	-
Share-based payment	-	-	383.1	383.1
Loss and total comprehensive expense	-	-	(347.5)	(347.5)
<b>As at 30 April 2024</b>	<b>1,591.4</b>	<b>64,932.7</b>	<b>337.1</b>	<b>66,861.2</b>

**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 69 to 70 form part of these financial statements.

## NOTES TO THE COMPANY FINANCIAL STATEMENTS

### 23 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 (2023: £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 independent financial modelling by market analysts that evaluates a range of potential outcomes from what are considered the key variables, including the probability and timing 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 impact the conclusion of the review.

### 24 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 40 to 43, which are ascribed as forming part of these financial statements.

### 25 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 £4,465,976 (2023: £6,820,517) and had net assets as at 30 April 2024 of £19,928,044 (2023: £24,394,019).

Shares in Group undertakings (at cost)	2024 £000's	2023 £000's
At 1 May	66,429.7	66,429.7
Additions	-	-
At 30 April	66,429.7	66,429.7

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.

### 26 AMOUNT DUE FROM SUBSIDIARY UNDERTAKING

	2024 £000's	2023 £000's
Ilika Technologies Ltd	603.5	218.5

### 27 TRADE AND OTHER RECEIVABLES

	2024 £000's	2023 £000's
Other receivables	104.4	127.4
Prepayments	41.3	42.2
	145.7	169.6

**NOTES TO THE COMPANY FINANCIAL STATEMENTS** CONTINUED**28 TRADE AND OTHER PAYABLES**

	2024 £000's	2023 £000's
Trade payables	40.2	1.3
Accruals	277.4	8.6
	<b>317.6</b>	9.9

**29 RELATED PARTY TRANSACTIONS**

During the year, the Company recharged costs totalling £557,692 (2023: £229,734) to its subsidiary, Ilika Technologies Ltd. Amounts owed by Ilika Technologies Ltd are disclosed in note 26.

Included within these statements, as shown in note 10 and note 27, are amounts totalling £91,593 (2023: £127,403) relating to employee share option exercises which were owed as at 30 April 2024.

Details of key management personnel and their compensation are given in note 4 and in the Directors' Remuneration Report on pages 58 and 42.

The Directors consider that no one party controls the Company.

**30 POST BALANCE SHEET EVENTS**

Following the end of the financial year on 30 April 2024, the Company completed a fund raise by way of equity placing, open offer and Director subscriptions of 8,327,424 new Ordinary Shares at £0.28 per share, resulting in gross proceeds of £2.3m.

**CORPORATE DIRECTORY**

<b>Company number</b>	7187804	<b>Advisers</b>	BDO LLP Arcadia House Maritime Walk Ocean Village Southampton SO14 3TL
<b>Directors</b>		Independent auditors	
Executive	Graeme Purdy Jason Stewart		
Non-Executive	Professor Keith Jackson (Chairman) Jeremy Millard Monika Biddulph	Joint brokers	Panmure Liberum Capital Limited (joint broker) Ropemaker Place 25 Ropemaker Street London EC2Y 9LY
<b>Secretary</b>	Mandy Petitt		Joh. Berenberg, Gossler & Co. KG (joint broker) 60 Threadneedle Street London EC2R 8HP
<b>Registered office</b>	Unit 10a, The Quadrangle, Abbey Park Industrial Estate, Romsey, SO51 9DL		
<b>Website</b>	www.ilika.com	Nominated adviser	Panmure Liberum Capital Limited Ropemaker Place 25 Ropemaker Street London EC2Y 9LY
		Registrars	Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol BS13 8AE
		Public relations	Walbrook PR Ltd 75 King William Street London EC4N 7BE
		Remuneration consultants	FIT Remuneration Consultants LLP 5 Fitzhardinge Street London W1H 6ED

**NOTES**



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The paper is Carbon Balanced with World Land Trust, an international conservation charity, who offset carbon emissions through the purchase and preservation of high conservation value land. Through protecting standing forests, under threat of clearance, carbon is locked-in, that would otherwise be released.

# ilika

**ILIKA PLC**

Unit 10a, The Quadrangle,  
Abbey Park Industrial Estate,  
Romsey,  
SO51 9DL

E [info@ilika.com](mailto:info@ilika.com)  
T +44 (0)23 8011 1400

[www.ilika.com](http://www.ilika.com)