

ASX ANNOUNCEMENT

FOR IMMEDIATE RELEASE TO THE MARKET

Li-S Energy Limited – ASX Code: LIS

Thursday 29 October 2026

Quarterly Activities and Cashflow Reports

Li-S Energy Limited (ASX: LIS) (“LIS” or “the Company”) is pleased to provide its September 2026 Quarterly Activities and Cashflow Reports.

This announcement has been authorised by the Board.

For further information contact:

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SEPTEMBER 2026

QUARTERLY REPORT



Li-S Energy

MANAGING DIRECTOR'S REPORT

The September 2026 quarter was marked by the first delivery of our lithium sulfur cells to a United States Government agency, and by the successful flight testing of the EATP Pegasus long endurance drone, powered by a single Li-S Energy battery pack. Both are tangible demonstrations of our technology in the hands of customers and partners, and both illustrate the Company driving forward from technology development to commercial delivery.

First Cells Delivered to US Army DEVCOM

In August we delivered our first lithium sulfur cells to the US Army DEVCOM C5ISR Center for independent evaluation, the first time Li-S Energy cells have been delivered to a US Government agency and the first use of the CASA, PHMSA and FAA air transport approvals secured last quarter. The cells delivered are our new Power Cell design.

Successful EATP Pegasus Flight Testing

Pegasus, developed with V-TOL Aerospace and Halocell Energy under the Commonwealth Government's EATP programme, completed a series of successful test flights in Queensland, culminating in an endurance flight of almost two hours covering more than 75 kilometres on a single Li-S Energy battery pack.

The aircraft landed safely with battery capacity to spare, delivering 80% more range and flight time than an equivalent lithium polymer pack of the same cell weight. This completes the EATP project's flight test work, and the partners now intend to assess further commercial development of the platform.

Partners and Programmes

In September we signed a Collaboration Agreement with EPE Trusted to Protect, opening a pathway to EPE's defence and security customers and partners.

Depth testing of our cells with MSubs continued through the quarter, and the results will be reported to MSubs after quarter end.

Phase 4 Planning

The ARENA supported Phase 4 feasibility study led by Hatch, and the four Manufacturing Optimisation Studies, progressed on time and on budget, with the Hatch FEL-1 study nearing completion at quarter end.

Government Engagement

In September the Chairman and I were invited by Senator the Hon Tim Ayres, Minister for Industry and Innovation and Minister for Science, to represent and speak for the advanced battery industry at a Ministerial battery industry roundtable in Sydney, attended by the Minister and key government organisations including the National Reconstruction Fund Corporation and ARENA.

Market Engagement

In September we attended Europe's third largest defence exhibition, the Międzynarodowy Salon Przemysłu Obronnego (MSPO) in Kielce, Poland, with the Team Defence Australia delegation hosted by Austrade, meeting a wide range of drone and unmanned systems manufacturers, defence primes and suppliers from across Europe and allied nations. Shortly after quarter end the Company exhibited at Land Forces 2026 in Perth.

Looking Ahead

The December quarter will see our Annual General Meeting on 10 November, the start of joint evaluation and integration testing with Safesky Systems, and the reporting of results from the MSubs depth testing programme.



Dr Lee Finniear
Managing Director &
Chief Executive Officer



**SEPTEMBER
QUARTER
2026**

Highlights, material developments and changes



First Li-S Energy cells delivered to US Army DEVCOM for independent evaluation and testing – a major US defence commercialisation milestone.



Pegasus completes a near two-hour, 75+ km endurance flight on a single Li-S Energy battery pack, landing with capacity to spare.



\$12.7 million in cash, cash equivalents, short term investments at 30 September 2026



EPE. Trusted to Protect collaboration provides access to 60+ global defence OEMs and allied markets.



FY26 Annual Report released, highlighting defence engagement, commercialisation and manufacturing scale-up.



Scan to watch the EATP Pegasus endurance flight powered by Li-S Energy.

OPERATIONAL & TECHNICAL DEVELOPMENTS

Li-S Energy Cells Delivered to US Army DEVCOM

During the quarter, Li-S Energy achieved a landmark commercialisation milestone with the delivery of its lithium sulfur cells to the US Army DEVCOM C5ISR Center for independent evaluation and testing at Aberdeen Proving Ground in Maryland.

DEVCOM C5ISR Center is the US Army's principal research, development and engineering centre for command, control, communications, computers, cyber, intelligence, surveillance and reconnaissance technologies. It plays a central role in identifying and integrating advanced technologies, including power and energy systems, for US land force platforms, and serves as a recognised gateway into formal US Army procurement.

The engagement provides Li-S Energy with direct exposure to one of the world's leading defence organisations and represents an important step in the Company's US defence pipeline development.

Independent evaluation by DEVCOM is a valuable gateway to potential future adoption and procurement opportunities within the US defence market. The delivery also demonstrates the practical value of the international air transport approvals secured during the June quarter, enabling Li-S Energy to supply evaluation cells directly to US customers and partners.



Li-S Energy pouch cells, packaged ready for shipment

Phase 4 Feasibility and Manufacturing Optimisation Studies

The Australian Renewable Energy Agency (ARENA) supported Phase 4 feasibility study and the four manufacturing optimisation studies progressed on time and on budget during the quarter.

The feasibility study, known as FEL-1 (Front End Loading Level 1), is led by global engineering consultancy Hatch and supported by ARENA's \$7.8 million Advancing Renewables Programme grant. It is developing an initial framework assessment of the scale, infrastructure requirements, capital cost envelope and development timeline for a phased ramp up of Li-S Energy's manufacturing capacity towards 1 GWh per year.

The four manufacturing optimisation studies, covering cathode production, anode production, cell stacking and recycling, are designed to improve manufacturing processes and reduce production cost and complexity. Their results feed directly into the knowledge base informing the FEL-1 study.

The FEL-1 study continued to progress during the quarter, with findings expected to inform the Company's future manufacturing scale-up strategy. A draft report will be presented to the Board for review, providing a foundation for assessing future development priorities and manufacturing expansion plans.

FY26 Annual Report Released

Li-S Energy released its Annual Report for the year ended 30 June 2026 during the quarter, reflecting a year of significant progress as the Company advanced its technology, manufacturing capability and commercialisation strategy.

Key developments across FY26 included the development of the Company's high-performance Power Cell, expansion of strategic defence and aerospace collaborations, securing international transport and defence export approvals, commissioning Australia's first dedicated lithium metal foil production line and completing the first commercial sale of Australian made lithium foil.

Read the 2026 Annual Report on our website at:
www.lis.energy/portfolio/2026-annual-report/



Annual General Meeting

The Company's 2026 Annual General Meeting will be held as a fully virtual meeting on Tuesday 10 November 2026 at 11.00 am (AEST) / 12.00 pm (AEDT). The Notice of Meeting is available on the ASX Market Announcements Platform and the Company's website at www.lis.energy.

PARTNERS & PROJECTS

EATP Pegasus Achieves Near Two-Hour Endurance Flight

The EATP Pegasus long endurance drone completed a successful series of flight tests in Queensland during the quarter, culminating in an endurance flight of almost two hours and more than 75 kilometres on a single Li-S Energy battery pack.

The five-metre wingspan Pegasus was developed under the Commonwealth Government's Emerging Aviation Technology Partnership (EATP) programme through a collaboration between Li-S Energy, V-TOL Aerospace and Halocell Energy. The programme combines V-TOL's aircraft and power systems, Li-S Energy's lithium sulfur battery system and Halocell's perovskite solar technology.



The EATP Pegasus in flight over Queensland

The project is supported by a grant of just over \$1.35 million from the Commonwealth Government under the EATP programme, matched by the collaboration partners, and is targeting the development of a family of long endurance surveillance drones powered by Li-S Energy batteries. This flight marks the culmination of the EATP project and the successful completion of its practical development and flight test work.

Flight Test Results

The flight test programme comprised several flights, culminating in the endurance flight on a single 382 Wh Li-S Energy battery pack. The twin motor, five metre wingspan aircraft met its expected flight performance throughout. On a same cell weight basis, the Li-S Energy cells delivered 80% more range and flight time than would have been achieved by an equivalent high performance professional lithium polymer UAV battery pack¹. The Company's battery management system was integrated with V-TOL's power management system, controlling battery power to the twin motors and control systems while simultaneously managing the feed-in from the solar array.



Pegasus on its launch ramp prior to take off (left); the Li-S Energy battery pack being installed in the Pegasus fuselage (right)



Halocell perovskite solar arrays fitted along the wings (left); Pegasus over the Queensland test range (right)

Towards Commercial Development

The V-TOL Aerospace Pegasus airframe was designed to accommodate two Li-S Energy battery packs. With the latest improvements to Halocell's solar array performance beyond those fitted to the current airframe, the partners expect the platform to be capable of flight missions of five to eight hours and 250 kilometres, suited to long endurance mapping and surveillance and to agricultural, utilities and environmental monitoring missions.

Demand for long endurance uncrewed aircraft continues to grow across commercial and defence markets, and both endurance and sovereign supply are decisive competitive strengths. With their integrated technologies now proven in flight, the collaboration partners intend to assess the potential for further commercial development.

During the project Li-S Energy filed two patent applications protecting innovative developments relating to the battery management system and battery pack design.

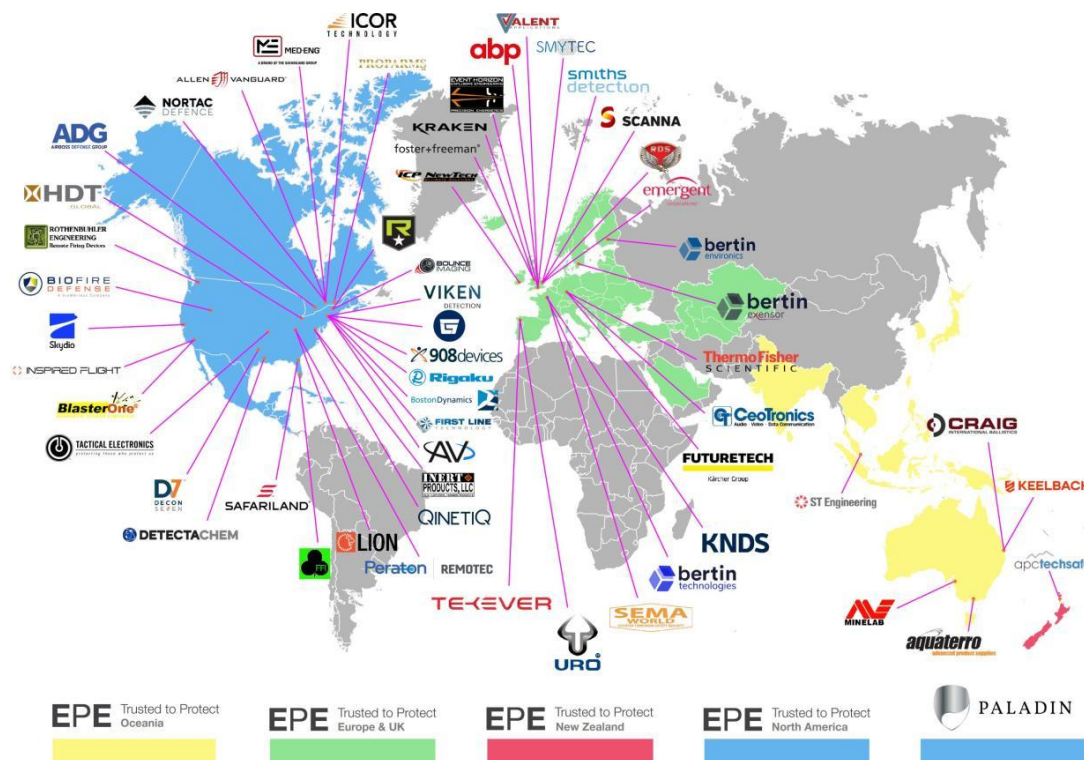
A one minute video of the flight is available at <https://lis.plus/EATP>

¹ Cell level comparison based on the 1.1 kg of lithium sulfur power cells (382 Wh) flown in the endurance flight. Reference: Tattu 16000 mAh 6S lithium polymer battery (355 Wh, approximately 1.85 kg, around 192 Wh/kg), one of the most widely used commercial batteries for large professional UAVs. Excludes weight of pack housing and BMS in each case and assumes flight time scales linearly with cell energy.

Collaboration with EPE. Trusted to Protect

On 2 September 2026 the Company announced a Collaboration Agreement with EPE. Trusted to Protect (EPE), a wholly Australian owned defence and national security company with more than 25 years' experience, operating across Australia, New Zealand, the United States, Europe and the United Kingdom, and a prime contractor to the Australian Department of Defence and the New Zealand Defence Force.

The non-exclusive Agreement provides a framework for the joint evaluation, qualification and introduction of Li-S Energy cells to EPE's customers and its partner ecosystem of more than 60 international defence and security OEMs, across platforms including drones, ground robotics, EOD robots, counter-drone systems and soldier electronics. Any commercial supply outcomes will depend on the results of evaluation and qualification programmes and on the procurement decisions of EPE's customers and partners.



EPE global partner ecosystem (source: EPE)

MSubs: Depth Testing Programme

During the quarter the Company carried out the first phase of cell qualification testing under its collaboration with MSUBS, the UK based designer and manufacturer of high performance manned and unmanned underwater vehicles for defence and commercial applications, whose platforms include the Project CETUS extra-large uncrewed underwater vehicle (XLUUV), XV Excalibur, for the Royal Navy, and vehicles for the US Navy and US Special Operations Command. The collaboration, announced in December 2025, is evaluating lithium sulfur technology for large scale propulsion battery systems in MSUBS' large uncrewed underwater vehicle platforms.

Li-S Energy 10 Ah lithium sulfur pouch cells, produced on the Company's Phase 3 production line, are being tested in the MSUBS pressure vessel at the Geelong Battery Testing Centre at different states of charge, both with and without a discharge current representing what each cell would deliver to provide the main propulsion for the vehicle. Each pressure test cycled the cells between surface pressure and the pressure found at 1,000 metres depth (100 bar), simulating a "porpoising" mission profile in which the vehicle dives, resurfaces and repeats.

Testing progressed significantly towards completion during the quarter, with the Company expecting to provide a final test report to MSUBS in the October–December quarter.

INDUSTRY & GOVERNMENT ENGAGEMENT

MSPO International Defence Industry Exhibition, Kielce, Poland

From 8 to 11 September 2026 we attended the MSPO in Kielce, Poland, one of Europe's largest defence exhibitions, as part of the Team Defence Australia delegation hosted by Austrade, whose support was instrumental to the success of the visit.

Over the four days the Company met with a wide range of drone and unmanned systems manufacturers, defence primes, subsystem suppliers and government bodies from across Europe and allied nations. Interest in Australian made lithium sulfur cells was strong, and follow-up discussions are under way with the most promising prospects. The Company thanks Austrade for hosting the delegation.

Minister's Battery Industry Roundtable, Sydney

On 25 September 2026 the Chairman and Managing Director were invited by Senator the Hon Tim Ayres, Minister for Industry and Innovation and Minister for Science, to represent and speak for the advanced battery industry at a battery industry roundtable in Sydney. The roundtable was attended by the Minister and key government organisations including the National Reconstruction Fund Corporation and ARENA.

The invitation reflects Li-S Energy's standing as a leading Australian developer and sovereign manufacturer of next generation battery cells, and provided an opportunity to put the priorities of the advanced battery sector, including government support for sovereign manufacturing, allied supply chains and defence supply imperatives, directly to the Minister and the agencies responsible for industry and energy investment.

Investor Presentation

On 16 September 2026 the Company released an updated Investor Presentation to the market, setting out its technology position, defence and aerospace partner pipeline, lithium foil capability and the pathway to Phase 4 scale up. The presentation is available on the Company's website at www.lis.energy/portfolio/2026-investor-update-presentation and on the ASX Market Announcements Platform.

SUMMARY OF EXPENDITURE

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

Net cash outflows used in operating activities during the quarter were \$2,052,000. This was primarily driven by:

- Net payments for staff costs for the quarter of \$574,000, comprised of gross staff costs of \$1,485,000 reduced by the reallocation of \$911,000 to investing activities, reflecting staff costs capitalised against intellectual property and property, plant and equipment.
- Payments for administration and corporate costs of \$1,742,000, consisting of payments for management support services to a subsidiary of PPK Group Limited of \$158,000, and other administration and corporate costs of \$1,584,000;
- Partly offset by interest income of \$164,000 and quarterly BAS refund of \$114,000.

The net cash outflows used in investing activities during the quarter were \$716,000, consisting primarily of:

- Payments for property, plant and equipment of \$407,000, related to equipment purchases associated with the phase 3 production facility of \$123,000, and capitalisation of employee costs of \$284,000;
- Payments for intellectual property of \$640,000, mainly reflecting capitalisation of employee costs undertaken for development activities of \$627,000, and payments associated with other government grant programs of \$13,000;
- Partly offset by proceeds from government grants received of \$231,000; and
- Proceeds from disposal of investment of \$100,000.

The net cash outflows from financing activities for the quarter consist of repayments to lease liabilities of \$65,000, accounted for in accordance with AASB 16 *Leases*.

Payments to associates or related parties

In accordance with Listing Rule 4.7C.3, the Company advises that it paid \$292,000 to related parties during the quarter, consisting of:

- Payments to Deakin University of \$125,000 relating to various lease agreements for production bays (including outgoings) at Deakin's ManuFutures advanced manufacturing hub in Geelong, Victoria;
- Payments to a subsidiary of PPK Group Limited of \$158,000 for management support services provided in accordance with the relevant agreement, and as disclosed in Note 29 of the FY26 Annual Report; and
- Payments to subsidiaries of PPK Group Limited of \$9,000 for purchase of nanomaterials, recovery of contracted labour costs, and pass through of costs incurred on behalf of the Company.



CORPORATE DIRECTORY (as at 30 September 2026)

Li-S Energy Limited ABN 12 634 839 857

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

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

Appendix 4C

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

Name of entity

Li-S Energy Limited

ABN

12 634 839 857

Quarter ended ("current quarter")

30 September 2026

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs ¹	(574)	(574)
(f) administration and corporate costs	(1,742)	(1,742)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	164	164
1.5 Interest and other costs of finance paid	(14)	(14)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other – GST refunds	114	114
1.9 Net cash from / (used in) operating activities	(2,052)	(2,052)

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(407)	(407)
	(d) investments	-	-
	(e) intellectual property	(640)	(640)
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	100	100
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (proceeds from government grants)	231	231
2.6	Net cash from / (used in) investing activities	(716)	(716)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(65)	(65)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (purchase of shares in Li-S Energy Limited by the employee share trust)	-	-
3.10	Net cash from / (used in) financing activities	(65)	(65)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
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4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	14,980	14,980
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,052)	(2,052)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(716)	(716)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(65)	(65)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	12,147	12,147

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	12,147	14,980
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	12,147	14,980

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	292
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

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

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9) ²	(2,052)
8.2	Cash and cash equivalents at quarter end (item 4.6)	12,147
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	12,147
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	5.9
	<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer: N/A	
8.6.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer: N/A	
8.6.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	Answer: N/A	
	<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

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

Compliance statement

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

Date: 29 October 2026

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

Notes

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