

# FLASH REPORT

## NOVONIX Limited

Phillips 66 to acquire 16% in NVX

12-month target price rises 7% through project de-risking

Share Price  
& Estimated  
Future Price

Price in 12-months*	\$5.90
Current Price	\$3.92
Implied Change	+50%

\* Price at end FY21/beginning FY22

**NOVONIX (NVX) announces strategic investor** Phillips 66 (PSX) has entered into an agreement with NVX to acquire 77.9m new shares for US\$150m (A\$203m). PSX is the worlds largest producer of speciality petroleum coke a precursor for battery grade synthetic graphite anode materials found with an Enterprise Value of US\$47.5Bn and assets of US\$57Bn. Post investment, which is subject to shareholder approval, PSX will hold 16% of the expanded capital base of NVX and will have a Director nominated to the NVX Board. Given the Board, management and staff hold close to 50% of the NVX register, we consider it highly likely that shareholders will approve this transaction.

**Deal pricing** The last trade before the trading halt was A\$3.02/share. The deal price of \$2.60/share represents the intersection of the 10 and 30 day VWAPs at the time the deal was agreed. Wording here is important, as it seems the deal was agreed earlier last week before Biden's announced that 50% of all new car sales by 2030 will be EVs, sent the market into overdrive. The agreed price does represent a 10% discount to the recent share issuance price of \$2.90/share. However, the importance of this transaction cannot be overstated, as it largely removes feedstock supply risk. No financial advisors, brokers or other intermediaries were involved in this strategic capital raising, saving around US\$11m in transaction costs.

**How important is petroleum coke to NVX** – PSX is a premier producer of ultra pure needle coke. This is important, as the purer the petroleum or needle coke supply the purer the end product. In effect the high quality needle coke from PSX, which is low in toxic sulphur and has antioxidant properties, underwrites superior battery performance; a hallmark of NVX anode materials. This high quality supply of needle coke will not require purification before it feeds into a unique energy-efficient furnace system to yield the cleanest synthetic graphite on the market. PSX currently has global needle coke capacity of 370kt/year between its advanced facilities/refineries in Lake Charles, Louisiana and Humber, in the UK.

**Building a US supply chain** NVX is currently the only qualified graphitic anode materials supplier in the US. Its aim is to create a local supply chain by producing a high performance, environmentally friendly, cost competitive, synthetic anode material under the brand name NOVONIX Anode materials (NAM). Earlier this year, NVX announced it was negotiating a needle coke supply contract with US company PSX and this equity investment, we believe, significantly increases the likelihood that this contract will be formalised in due course.

**Use of funds** – Post investment from PSX, NVX cash reserves rise towards \$335m. As stated in our recent report ([CCR NOVONIX Limited Report](#)), NVX's Phase-1 development was already funded to 10kt of production by 2023 and Phase-2 funding to 40kt by 2025 was expected to come via the NASDAQ listing. Now it seems the NASDAQ listing might provide funds to accelerate the early development of the embryonic cathode business. In reality, funds will be blended and very likely topped up by low cost US Government loans.

**Valuation upside mirrors EV demand** – As we discussed in our very recent initiation, as positive announcements are made, our model de-risks and the 12-month target price increases. Major negative announcements would be expected to have the opposite effect.

Despite the PSX investment in NVX being an unexpected positive catalyst, the new funds injected will have the effect of lifting the probability that Phase-2 will proceed. We maintain Phase-1 at 80% probability but lift Phase-2 to from 50% to 65%. Given the price surge following Biden's recent sector support and the PSX, we increase our NASDAQ listing assumption from \$3.50 to \$5/share and given the likelihood shareholders will approve the PSX investment, we lift our 12-month target price to \$5.90/share (+7%).

**Analyst: Di Brookman (BSc Hons)**

dibrookman@corporateconnect.com.au

### Company Information

<b>ASX Ticker</b>	NVX
<b>OTC Ticker</b>	NVNXF
<b>ASX Price (/share)</b>	A\$3.92
<b>52-week Range (/share)</b>	A\$0.96-\$4.23
<b>Position Relative to 52-week High</b>	-7.3%
<b>Shares on Issue</b>	404.6m
<b>Fully Diluted Shares on Issue</b>	432.1m
<b>Market Capitalisation</b>	A\$1,586m
<b>OTC Av. Daily Volume (1yr)</b>	272,000

Source Factset

### Market Model versus Intrinsic Model

Current Market Capitalisation	A\$m	1,586
-Cash	A\$m	137
+Debt	A\$m	6
<b>Current Enterprise value (EV)</b>	<b>A\$m</b>	<b>1,455</b>

<b>Current Intrinsic Value (dcf based)</b>	<b>A\$m</b>	<b>3,040</b>
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<b>Net Cash % market cap</b>	<b>%</b>	<b>8%</b>
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Intrinsic Value includes dilution for Phillips 66 investment and NASDAQ listing

### Board, CEO & Advisors

Dr Chris Burns	CEO
Tony Bellas	Chairman & NED
Andrew Liveris (AO)	NED
Admiral Robert J Natter	ED
Trevor St Baker	NED
Robert Cooper	NED
Greg Baynton	NED
Dr Jeff Dahn	Scientific Advisor
Dr Mark Obrovac	Scientific Researcher

Source: NOVONIX

### NVX PRICE Chart



Source: Factset

## Company Summary - Building a Strong US Anode Supply Chain

### The only qualified supplier of graphitic anode materials in the US

There is no way of getting around it - graphite is derived from fossil carbon and makes up some 25% of the EV battery by weight. Until other less carbon intensive anode options, like solid-state lithium metal or silicon, become competitive, commercial and scalable, the graphitic anode remains. It is worth considering that it can take 10-20 years to commercialise a new battery material at scale. LIB was launched 28 years ago and Lithium Phosphate 24 years ago. BMI suggests graphitic anodes will still make up some 90% of LIBs by 2030, as solid-state and others, struggle to find scale in a market growing 10x.

The transition from Internal Combustion Engine (ICE) to EV relies on a carbon anode. Waiting for a carbonless new technology to scale is not an option.

**There are two types of graphite for LIBs** - natural graphite, which is mined and synthetic graphite, which is processed from carbon precursor that otherwise would have been burned as heavy or bunker fuel. China produces around 85% of the world's natural anode and 68% of the world's synthetic anode and, given over 64% of its energy is coal fired; both come with a high carbon footprint. With the US importing 100% of its anode and cathode requirements, primarily from China, its battery chain vulnerability is a value proposition for NVX.

An EV has a direct current (DC) battery with two electrodes. In a lithium ion battery, the anode is the oxidative and thus negative electrode and the cathode is the reducing thus positive electrode. The anode is made up of graphite, whilst the cathode is made up of metals such as nickel, manganese, cobalt, aluminium and iron. The electrolyte is the medium that helps the lithium ions move from one electrode to the other during charge and discharge cycling.

Lithium ions are sourced from the cathode and stored in the graphite anode until discharge is required. Graphite is highly conductive and is all about how much energy it can store (energy density) and release energy and for how long it can keep doing this at a high level.

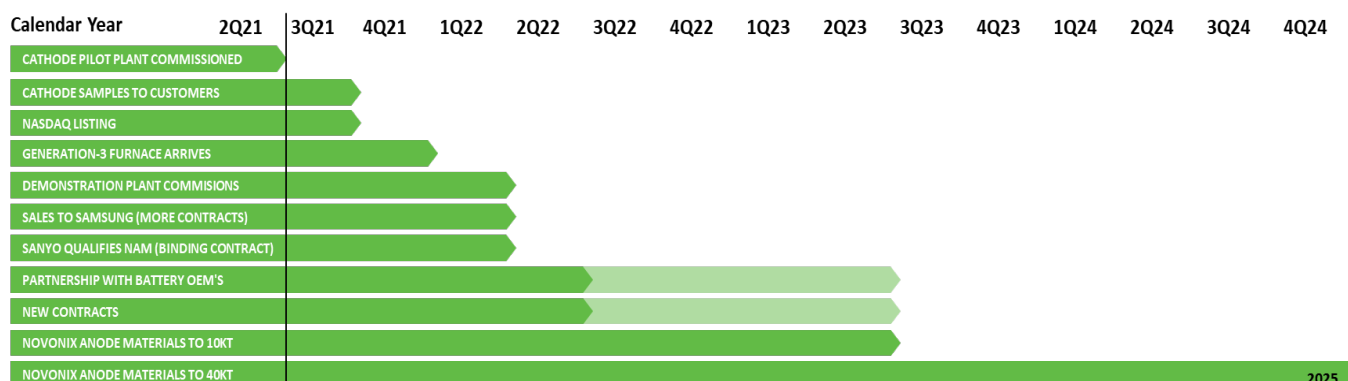
### Investment thesis – using a local by-product to synthesise a cleaner high performance anode material

NVX is presently the only qualified supplier of synthetic graphite anode materials in the US and with its advanced cell chemistries and unique furnace technology it aims to clean up, speed up and simplify the process flowsheet to bring a low carbon, low water, low waste, light footprint, relatively low-cost and high-value battery anode material to market. To do this, NVX will be using a by-product. The Tennessee Demonstration plant is under construction and conditional sales to Samsung SDI are expected to begin by the end of 2021. Sanyo, a subsidiary of Panasonic, has a non-binding Memorandum of Understanding (MOU) with NVX for undisclosed quantities. Scaling of modular furnaces could lift capacity to 2kt in 2022, 10kt by 2023, 40kt by 2025 and 150kt by 2030. NVX is also developing premium cathode powders using proprietary technology, which is undergoing product qualification with Tier-1 battery cell makers.

### Recent notable corporate announcements;

- Phillips 66 announces strategic investment in NOVONIX (Aug'21)
- Expansion of the NOVONIX Anode Materials Business (NAM, June'21)
- NOVONIX seeks NASDAQ listing (May'21)
- Equity Raising for Scale up of NOVONIX Anode Materials production (Feb'21)
- Emera and NOVONIX Partner on Innovative Battery Technology (Feb'21)
- New 5-year R&D Sponsorship Signed with Dalhousie University (Feb'21)
- US\$5.57m award from the US Department of Energy (Jan'21)
- Appointment of Dr Jeff Dahn as Chief Scientific Advisor (Jan'21)
- Strategic Alliance with Harper on Specialised Furnace Technology (Dec'20)
- Expanded Collaboration with Samsung SDI re Next Generation Furnace technology (Dec'20)

### Catalysts - timeline (source Corporate Connect Research)



## NOVONIX LIMITED

## EARNINGS FORECAST, CASHFLOW &amp; BALANCE SHEET - Risked (in A\$m)

PRICE: A\$ 3.92

Phase-1 = 80%, Phase-2 = 60%, Phase-3 = 15%

## PROFIT AND LOSS (Year End June)

Year ending 30 June	Unit	2020A	2021F	2022F	2023F	2024F	2025F
Revenue	A\$m	4	7	20	75	185	330
Expenses	A\$m	(18)	(28)	(30)	(58)	(111)	(179)
<b>EBITDA</b>	A\$m	<b>(14)</b>	<b>(21)</b>	<b>(10)</b>	<b>17</b>	<b>74</b>	<b>151</b>
Depreciation	A\$m	(1)	(1)	(3)	(6)	(15)	(31)
EBIT	A\$m	(16)	(22)	(13)	11	59	120
Net interest (expense)	A\$m	(5)	(0)	3	4	4	3
<b>PBT</b>	A\$m	<b>(21)</b>	<b>(22)</b>	<b>(9)</b>	<b>15</b>	<b>63</b>	<b>123</b>
Tax expense	A\$m	-	-	-	-	(10)	(34)
Grant Income	A\$m	1	6	-	-	-	-
<b>NPAT (pre-abnormal)</b>	A\$m	<b>(20)</b>	<b>(17)</b>	<b>(9)</b>	<b>15</b>	<b>53</b>	<b>89</b>
Abnormal items	A\$m	-	-	-	-	-	-
<b>Underlying Profit</b>	A\$m	<b>(20)</b>	<b>(17)</b>	<b>(9)</b>	<b>15</b>	<b>53</b>	<b>89</b>

## CASH FLOW

Year ending 30 June	Unit	2020A	2021F	2022F	2023F	2024F	2025F
<b>OPERATING CASHFLOW</b>							
<b>EBITDA</b>	A\$m	(14)	(21)	(10)	17	74	151
Non cash - Share payment ex	A\$m	8	8	9	9	9	9
Interest expense	A\$m	(5)	(0)	3	4	4	3
Tax paid	A\$m	-	-	-	-	(10)	(34)
Grant Income	A\$m	1	6	-	-	-	-
Change in working capital	A\$m	0	1	(22)	16	(9)	(12)
<b>Operating cash flow</b>	A\$m	<b>(11)</b>	<b>(6)</b>	<b>(20)</b>	<b>45</b>	<b>68</b>	<b>118</b>
<b>INVESTING CASHFLOW</b>							
Capex	A\$m	(5)	(17)	(42)	(96)	(162)	(131)
Sustaining capital	A\$m	-	-	-	(0)	(1)	(1)
Exploration & evaluation	A\$m	(0)	-	-	-	-	-
Rehabilitation charge	A\$m	-	-	-	-	-	-
<b>Investing cash flow</b>	A\$m	<b>(5)</b>	<b>(17)</b>	<b>(42)</b>	<b>(96)</b>	<b>(162)</b>	<b>(132)</b>
<b>FINANCING CASHFLOW</b>							
Share issues & NASDAQ list	A\$m	45	109	363	-	-	-
Project equity	A\$m	-	-	-	-	-	-
Project debt	A\$m	-	-	-	-	-	-
Other	A\$m	(1)	0	-	-	-	-
<b>Financing cash flow</b>	A\$m	<b>44</b>	<b>109</b>	<b>363</b>	<b>-</b>	<b>-</b>	<b>-</b>
Surplus Cashflow	A\$m	28	86	301	(50)	(94)	(14)

## BALANCE SHEET

Year ending 30 June	Unit	2020A	2021F	2022F	2023F	2024F	2025F
<b>ASSETS</b>							
Cash (incl. raising)	A\$m	39	125	425	375	281	267
PP&E (Capex less depreciat)	A\$m	10	26	65	155	302	402
Exploration & evaluation asse	A\$m	3	3	3	3	3	3
Inventories & other	A\$m	4	4	25	7	11	16
Intangibles	A\$m	18	18	18	18	18	18
Accounts receivable	A\$m	1	1	2	7	16	27
<b>Total Assets</b>	A\$m	<b>75</b>	<b>177</b>	<b>539</b>	<b>565</b>	<b>631</b>	<b>734</b>
Creditors	A\$m	3	4	4	6	10	15
Provisions	A\$m	3	3	3	3	3	3
Borrowings	A\$m	2	2	2	2	2	2
Other	A\$m	0	0	0	0	0	0
<b>Total liabilities</b>	A\$m	<b>9</b>	<b>10</b>	<b>9</b>	<b>11</b>	<b>15</b>	<b>20</b>
<b>SHAREHOLDER'S EQUITY</b>							
Share capital	A\$m	100	217	589	598	607	616
Reserves	A\$m	31	31	31	31	31	31
Retained earnings	A\$m	(64)	(81)	(90)	(75)	(22)	67
<b>Total equity</b>	A\$m	<b>67</b>	<b>167</b>	<b>530</b>	<b>553</b>	<b>615</b>	<b>714</b>
Diluted weighted average NoS	m	432	432	546	546	546	546

## RATIOS\*

ASSETS	Unit	2020A	2021F	2022F	2023F	2024F	2025F
Net Cash (Debt)	A\$m	37	122	423	373	279	265
Net Debt/ Equity	%	0%	0%	0%	0%	0%	0%
ROIC	%			-12%	6%	15%	19%
Ebitda margin	%		-280%	-50%	22%	40%	46%
EPS	cps	(0.05)	(0.04)	(0.02)	0.03	0.10	0.16
PE ratio	ratio	-90.8x	-109.0x	-247x	153.7x	43.4x	25.8x
EV/Sales ratio	ratio	342.1x	197.0x	73.7x	19.5x	7.8x	4.4x
EV/Ebitda ratio	ratio				87.9x	19.6x	9.6x

\* In big growth/build-out phase to 2030/2031

## NET PRODUCTION ESTIMATES (Year End June)

Year ending 30 June	Unit	2020A	2021F	2022F	2023F	2024F	2025F
<b>PROJECTS</b>							
NVX capacity target calenc	kt			-	10,000	-	40,000
CCR Target fiscal year	kt	-	-	2,500	9,000	25,000	40,000
Capacity utilisation	kt	-	-	50%	77%	79%	91%
<b>Unrisked - Production</b>	<b>kt</b>	<b>-</b>	<b>-</b>	<b>1,250</b>	<b>6,950</b>	<b>19,750</b>	<b>36,500</b>
<b>Risked - Production</b>	<b>kt</b>	<b>-</b>	<b>-</b>	<b>1,000</b>	<b>5,410</b>	<b>14,113</b>	<b>25,150</b>
-Anode Phase-1	kt	-	-	1,000	4,760	6,800	7,600
-Anode Phase-2	kt	-	-	-	650	7,313	17,550
-Anode Phase-3	kt	-	-	-	-	-	-
-Cathode	kt	-	-	-	-	-	-

## PRICING &amp; FOREX ASSUMPTIONS

Year ending 30 June	Unit	2020A	2021F	2022F	2023F	2024F	2025F
<b>PRICES</b>							
Petroleum Coke	US/kg		1.00	1.00	1.00	1.00	1.00
Anode Material	US/kg		9.00	9.00	9.00	9.00	9.00
Anode Material	US/t		9,000	9,000	9,000	9,000	9,000
Anode Material	A\$/t		12,051	12,000	12,000	12,000	12,000
<b>CURRENCY</b>							
Forex	A\$/US\$	0.69	0.75	0.75	0.75	0.75	0.75

## MARKET MODEL

Year ending 30 June	Unit	
Market cap	A\$m	1,586
Cash	A\$m	137
Debt	A\$m	6
<b>Enterprise value (EV)</b>	<b>A\$m</b>	<b>1,455</b>
<b>EV / NPV8 (as modelled by CCR)</b>		<b>0.5x</b>
<b>Cash % market cap</b>	<b>%</b>	<b>9%</b>
No of Diluted Shares*	m	432

## CCR Current INVESTMENT MODEL (using Scenario-1 ONLY: July 2022)

Pre-funding, Nominal NPV8 (Post tax)		Unrisked		Risking	Riskd	
		NPV (\$m)	\$/sh	Success	NPV (\$m)	\$/sh
Battery Technology Solution	AS\$M	234	0.54	100%	234	0.43
Novonix Anode Materials						-
Anode Phase-1	AS\$M	420	0.77	80%	336	0.62
Anode Phase-2	AS\$M	1,375	2.52	65%	894	1.64
Anode Phase-3	AS\$M	4,586	8.41	20%	917	1.68
Novonix Cathode Materials	AS\$M	440	0.81	100%	440	0.81
Total Asset Level Cashflow	AS\$M	7,054	13.04		2,820	5.17
-Corporate Costs	AS\$M	(293)	(0.68)	100%	(293)	(0.68)
+Net Cash(debt)	AS\$M	495	1.15	100%	495	1.15
+Working Capital	AS\$M	17	0.04	100%	17	0.04
Equity value	AS\$M	7,274	13.55		3,040	5.68

NoSh - diluted\*\* (m)

546

<b>Current Value</b>	<b>A\$/share</b>	<b>5.68</b>
<b>12-month value</b>	<b>A\$/share</b>	<b>5.90</b>

\* Value based on market capitalisation of Nano One Materials Corp.

\*\* Assumes US\$150m from Phillips 66 &amp; US\$120m raised through upcoming NASDAQ listing at A\$/US\$ 0.75

## VALUATION SENSITIVITIES

SYNTHETIC GRAPHITE PRICE		US\$/t	\$m	\$/sh	% diff
Base		9,000	3,040	5.68	
-2000*	Low	7,000	2,275	4.30	-24%
2000*	High	11,000	4,684	8.63	52%
EXCHANGE RATE (long term)		AUD/USD	\$m	\$/sh	% diff
Base		0.75	3,040	5.68	
+0.1	Low	0.85	2,797	5.25	-8%
-0.1	High	0.65	3,358	6.23	10%
WACC (post tax)			\$m	\$/sh	% diff
Base		8.0%	3,040	5.68	
	Low	6.0%	3,972	7.28	28%
	High	10.0%	2,521	4.62	-19%

\* Assumes price of US\$8/kg after 2030 is maintained

**Note:** The above is based on Scenario-1- Phase-1 @ 80%, Phase-2 @ 65% and Phase-3 @ 20%. As the risking changes so does the input to the P+L, Cashflow and Balance sheet

## EARNINGS FORECAST, CASHFLOW &amp; BALANCE SHEET - Risked (in US\$m)

**PRICE: US\$ 2.94**

**Phase-1 = 80%, Phase-2 = 50%, Phase-3 = 15%**

PROFIT AND LOSS (Year End June)							
Year ending 30 June	Unit	2020A	2021F	2022F	2023F	2024F	2025F
Revenue	US\$m	3	6	15	56	139	247
Expenses	US\$m	(13)	(21)	(22)	(44)	(83)	(134)
<b>EBITDA</b>	US\$m	(10)	(15)	(7)	12	56	113
Depreciation	US\$m	(1)	(1)	(2)	(4)	(11)	(24)
EBIT	US\$m	(11)	(16)	(9)	8	44	90
Net interest (expense)	US\$m	(4)	(0)	2	3	3	2
<b>PBT</b>	US\$m	(14)	(17)	(7)	11	47	92
Tax expense	US\$m	-	-	-	-	(7)	(25)
Grant Income	US\$m	1	4	-	-	-	-
<b>NPAT (pre-abnormal)</b>	US\$m	(14)	(12)	(7)	11	40	67
Abnormal items	US\$m	-	-	-	-	-	-
<b>Underlying Profit</b>	US\$m	(14)	(12)	(7)	11	40	67

CASH FLOW							
Year ending 30 June	Unit	2020A	2021F	2022F	2023F	2024F	2025F
<b>OPERATING CASHFLOW</b>							
<b>EBITDA</b>	US\$m	(10)	(15)	(7)	12	56	113
Non cash - Share payment ex	US\$m	5	6	6	7	7	7
Interest expense	US\$m	(4)	(0)	2	3	3	2
Tax paid	US\$m	-	-	-	-	(7)	(25)
Grant Income	US\$m	1	4	-	-	-	-
Change in working capital	US\$m	0	1	(16)	12	(7)	(9)
<b>Operating cash flow</b>	US\$m	<b>(7)</b>	<b>(4)</b>	<b>(15)</b>	<b>34</b>	<b>51</b>	<b>88</b>
<b>INVESTING CASHFLOW</b>							
Capex	US\$m	(4)	(13)	(32)	(72)	(121)	(98)
Sustaining capital	US\$m	-	-	-	(0)	(0)	(1)
Exploration & evaluation	US\$m	(0)	-	-	-	-	-
Rehabilitation charge	US\$m	-	-	-	-	-	-
<b>Investing cash flow</b>	US\$m	<b>(4)</b>	<b>(13)</b>	<b>(32)</b>	<b>(72)</b>	<b>(122)</b>	<b>(99)</b>
<b>FINANCING CASHFLOW</b>							
Share issues	US\$m	31	81	272	-	-	-
Project equity	US\$m	-	-	-	-	-	-
Project debt	US\$m	-	-	-	-	-	-
Other	US\$m	(0)	0	-	-	-	-
<b>Financing cash flow</b>	US\$m	<b>30</b>	<b>81</b>	<b>272</b>	<b>-</b>	<b>-</b>	<b>-</b>
Surplus Cashflow	US\$m	19	64	226	(38)	(71)	(10)

BALANCE SHEET							
Year ending 30 June	Unit	2020A	2021F	2022F	2023F	2024F	2025F
<b>ASSETS</b>							
Cash (incl. raising)	US\$m	27	93	319	281	211	201
PP&E (Capex less depreciat	US\$m	7	19	49	116	226	301
Exploration & evaluation asse	US\$m	2	2	2	2	2	2
Inventories & other	US\$m	3	3	18	5	8	12
Intangibles	US\$m	13	14	14	14	14	14
Accounts receivable	US\$m	1	1	2	5	12	21
<b>Total Assets</b>	<b>US\$m</b>	<b>52</b>	<b>132</b>	<b>404</b>	<b>423</b>	<b>473</b>	<b>551</b>
Creditors	US\$m	2	3	3	5	8	11
Provisions	US\$m	2	2	2	2	2	2
Borrowings	US\$m	2	2	2	2	2	2
Other	US\$m	0	0	0	0	0	0
<b>Total liabilities</b>	<b>US\$m</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>8</b>	<b>11</b>	<b>15</b>
<b>SHAREHOLDER'S EQUITY</b>							
Share capital	US\$m	69	162	442	448	455	462
Reserves	US\$m	21	23	23	23	23	23
Retained earnings	US\$m	(44)	(60)	(67)	(56)	(16)	50
<b>Total equity</b>	<b>US\$m</b>	<b>46</b>	<b>125</b>	<b>397</b>	<b>415</b>	<b>461</b>	<b>535</b>
Diluted weighted average NoS	US\$m	432	432	546	546	546	546

RATIOS							
ASSETS	Unit	2020A	2021F	2022F	2023F	2024F	2025F
Net Cash (Debt)	US\$m	25	92	317	280	209	199
Net Debt/Equity	%	0%	0%	0%	0%	0%	0%
ROIC	%	0%	0%	-12%	6%	15%	19%
EPS	cps	(0.03)	(0.03)	(0.01)	0.02	0.07	0.12
PE ratio	ratio	-97.4x	-108.1x	-244x	151.8x	42.9x	25.5x
Ebitda/Sales revenue ratio	ratio	(3)	(3)	(1)	0.2x	0.4x	0.5x
EV/Ebitda ratio (@ A\$/US\$)	ratio	-	-	-	86.8x	19.4x	9.5x

\* In big growth/build-out phase to 2030/2031

NET PRODUCTION ESTIMATES (Year End June)							
Year ending 30 June	Unit	2020A	2021F	2022F	2023F	2024F	2025F
<b>PROJECTS</b>							
NVX capacity target calendar year	kt	-	-	-	10,000	-	40,000
CCR Target fiscal year	kt	-	-	2,500	9,000	25,000	40,000
Capacity Utilisation	%	-	-	50%	77%	79%	91%
<b>Unrisked- Production</b>	<b>kt</b>	-	-	<b>1,250</b>	<b>6,950</b>	<b>19,750</b>	<b>36,500</b>
<b>Riskd - Production</b>	<b>kt</b>	-	-	<b>1,000</b>	<b>5,410</b>	<b>14,113</b>	<b>25,150</b>
-Anode Phase-1	kt	-	-	1,000	4,760	6,800	7,600
-Anode Phase-2	kt	-	-	-	650	7,313	17,550
-Anode Phase-3	kt	-	-	-	-	-	-
-Cathode	kt	-	-	-	-	-	-

PRICING & FOREX ASSUMPTIONS							
Year ending 30 June	Unit	2020A	2021F	2022F	2023F	2024F	2025F
PRICES							
Petroleum Coke	US/kg		1.00	1.00	1.00	1.00	1.00
Anode Material	US/kg		9.00	9.00	9.00	9.00	9.00
Anode Material	US/t		9,000	9,000	9,000	9,000	9,000
Anode Material	A\$/t		12,051	12,000	12,000	12,000	12,000
CURRENCY							
Forex	A\$/US\$	0.69	0.75	0.75	0.75	0.75	0.75

MARKET MODEL		
Year ending 30 June	Unit	Current
Market cap	US\$m	1,175
Cash	US\$m	102
Debt	US\$m	4
<b>Enterprise Value (EV)</b>	<b>US\$m</b>	<b>1,078</b>
<b>EV / NPV8 (as modelled by CCR)</b>		<b>0.5x</b>
<b>Cash % market cap</b>	<b>%</b>	<b>9%</b>
No of Diluted Shares*	m	432

\* Adj for upcoming NASDAQ listing

DISCOUNTED CASHFLOW MODEL (Scenario-1: July 2022)						
Pre-funding, Nominal	Unrisked		Risking		Riskd	
NPV8 (Post tax)	NPV (\$m)	\$/sh	success	V (\$m)	\$/sh	
Battery Technology Solutions	US\$m	173	0.40	100%	173	0.40
Novonix Anode Materials						
Anode Phase-1	US\$m	311	0.57	80%	249	0.46
Anode Phase-2	US\$m	1,019	1.87	65%	662	1.21
Anode Phase-3	US\$m	3,398	6.23	20%	680	1.25
Novonix Cathode Materials*	US\$m	326	0.60		326	0.6
Total Asset Level Cashflows	US\$m	5,227	9.66		2,090	3.91
-Corporate Costs	US\$m	(217)	(0.50)	100%	(217)	(0.50)
+Net Cash(debt)	US\$m	367	0.85	100%	367	0.85
+Working Capital	US\$m	13	0.03	100%	17	0.04
Equity value	US\$m	5,390	10.04		2,257	5.22
NoSh - diluted (m)					546	
Current Value \$/share	US\$					5.22

\* Value based on market capitalisation of Nano One Materials Corp.

**\*\* Assumes US\$120m raised through upcoming NASDAQ listing at A\$/US\$ 0.75**

VALUATION SENSITIVITIES					
SYNTHETIC GRAPHITE PRICE		US\$/t	\$m	\$/sh	% diff
	Base	9,000	2,257	5.22	
-2000*	Low	7,000	1,706	3.13	-40%
2000*	High	11,000	2,519	4.62	-12%
WACC (post tax)			\$m	\$/sh	% diff
	Base	8.0%	2,257	5.22	
	Low	6.0%	2,979	5.46	5%
	High	10.0%	1.891	3.47	-34%

\* Assumes price of US\$8/kg after 2030 is maintained

**Note:** The above is based on Scenario-1- Phase-1 @ 80%, Phase-2 @ 65% and Phase-3 @20%. As the risking changes so does the input to the P+L, Cashflow and Balance sheet



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**For more information contact Corporate Connect**

[www.corporateconnect.com.au](http://www.corporateconnect.com.au)

**Sydney**

79 Kent St  
 Millers Point  
 Sydney NSW 2000

Phone: +61 400 897 559

Email: [enquiries@corporateconnect.com.au](mailto:enquiries@corporateconnect.com.au)

<https://www.corporateconnect.com.au/>