



22 November 2024

ALTECH – CERENERGY® BATTERY PROJECT FUNDING UPDATE

Highlights

- Financing plan and target structure in place
- Funding investment teaser documents and data room established
- Reach out to 10 commercial banks and 2 venture debt funds – all positive interests
- Shortlisting potential lead bank
- Equity Funding – potential sale of minority interest of the project to realise capital and strategic value
- Discussions and draft term sheets shared with investors
- Offtake agreement LOI signed with ZISP

Altech Batteries Limited (ASX: ATC, FRA: A3Y) is pleased to announce an update on funding of the CERENERGY® sodium-chloride solid-state battery project in Saxony, Germany.

On 14 June 2024, the Company, through its Germany subsidiary Altech Batteries GmbH (“ABG”), announced the appointment of global big four professional services firm (“funding adviser”) to assist in securing finance for the construction of Altech’s 120MWh CERENERGY® battery manufacturing plant in Germany. The project’s financing strategy is structured across three key areas: debt, equity, and grants. These sources will cover not only the capital expenditures but also financing costs, working capital, debt service coverage, and an additional contingency for potential business interruptions, See Figure 1.

CEO and MD Iggy Tan Discusses CERENERGY® Funding

Either click the thumbnail below, scan the QR code below or use the YouTube link <https://youtu.be/EgMBHp1SRCA> to listen to the discussion.



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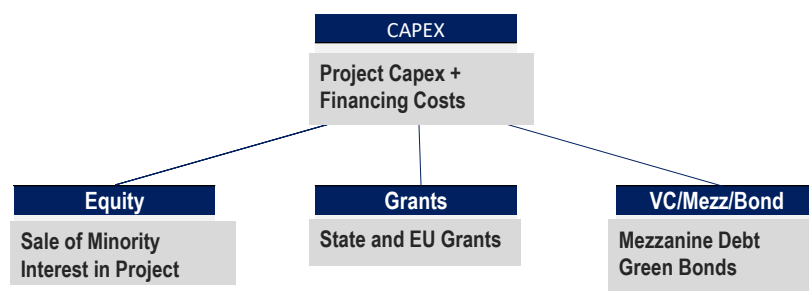


Figure 1 – Financing Plan and Structure

DEBT PROCESS

A funding invitation document (investment teaser) has been finalised and distributed to various financial institutions for debt funding in the project. The Group has engaged ten commercial banks and two venture debt funds in a first market round, receiving predominantly positive initial feedback. Several of these institutions have expressed strong interest in participating in the financing. The Group is now in the process of shortlisting potential lenders to identify the most suitable financial partners for the project. To support a thorough due diligence process, a secure data room has been set up, providing detailed project information to interested financiers and ensuring full transparency. The DFS financial model has been adjusted to stress-test various funding scenarios tailored to the lending institutions ABG has engaged with. Further steps involve determining the most suitable banks to form a syndicate and appointing a lead bank to guide the lending process. This syndicate will play a crucial role in structuring the financing arrangement to meet the project's requirements.

EQUITY FUNDING

In addition to ongoing debt financing efforts, the Group has engaged several equity advisers to support the equity component of the project's funding package. As part of this strategy, the Altech Group plans to divest a minority interest in the project to one or two strategic investors. This partial divestment aims to attract investors who can bring not only capital, but also strategic value to the project, aligning with the CERENERGY® project's long-term growth and sustainability objectives.

The Group is specifically targeting large utility groups, data centre operators, investment funds and corporations that are heavily involved in the green energy transition. These entities are seen as ideal partners due to their strong alignment with the project's focus on sustainable energy solutions, as well as their capacity to provide substantial financial backing.

To date, significant progress has been made in these equity discussions. Several Non-Disclosure Agreements (NDAs) have been signed, allowing for deeper engagement with prospective investors. Altech has also circulated draft term sheets to a number of interested parties, outlining the proposed terms and conditions for investment. These documents serve as a starting point for negotiations, paving the way for more detailed discussions regarding the potential equity stake and partnership structure.

The strategic decision to divest a portion of the project is aimed at reducing the overall financial burden on the Company while bringing in experienced partners who can contribute to the project's success. By

securing both the equity and debt components, the Company aims to finalise the full financing package, ensuring the timely construction and commissioning of the CERENERGY® battery plant. The next steps will focus on advancing these discussions and converting interest into formal commitments, which are crucial for moving forward with the project.

OFFTAKE ARRANGEMENTS

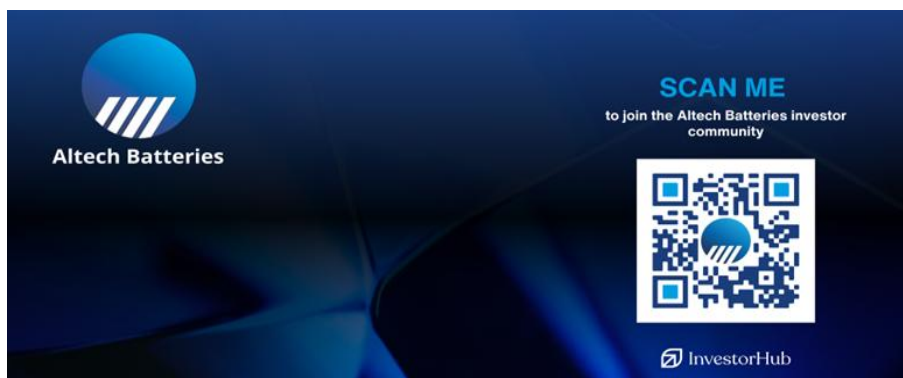
On 13 September 24, Altech announced the execution of an Offtake Letter of Intent between Zweckverband Industriepark Schwarze Pumpe (ZISP) and Altech Batteries GmbH. Under this Offtake Letter of Intent (LOI), ZISP will purchase 30 MWh of energy storage capacity annually, consisting of 1MWh GridPacks, for the first five years of production. The price of these batteries has been agreed and aligns with the sales price contained within Altech's Definitive Feasibility Study. The purchase of these batteries is subject to performance tests, battery specifications and the batteries meeting customer requirements. This offtake LOI constitutes an important aspect of the financing process. This lays the foundation for additional offtake arrangements, which are currently in progress. These agreements are vital for advancing our financing and construction timelines for the CERENERGY® project.

CEO and MD Mr Iggy Tan stated "*The funding stage of any project is the most complex and challenging process of any project. Securing a big four funding adviser with expertise and a global network is a major step in our financing efforts. Altech is advancing both debt and equity discussions, along with offtake agreements, to fully fund the CERENERGY® project. We are seeing strong interest, especially from European banks and potential equity partners*".

Authorised by: Iggy Tan (Managing Director)

Altech Batteries Interactive Investor Hub

Altech's interactive Investor Hub is a dedicated channel where management interacts regularly with shareholders and investors who wish to stay up-to-date and to connect with the Altech Batteries leadership team. Sign on at our Investor Hub <https://investorhub.altechgroup.com> or alternatively, scan the QR code below.



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About Altech Batteries Ltd (ASX:ATC) (FRA:A3Y)

CERENERGY® Batteries Project

Altech Batteries Ltd is a specialty battery technology company that has a joint venture agreement with world leading German government battery institute Fraunhofer IKTS (“Fraunhofer”) to commercialise the revolutionary CERENERGY® Sodium Chloride Solid State (SCSS) Battery. CERENERGY® batteries are the game-changing alternative to lithium-ion batteries. CERENERGY® batteries are fire and explosion-proof; have a life span of more than 15 years and operate in extreme cold and desert climates. The battery technology uses table salt and is lithium-free; cobalt-free; graphite-free; and copper-free, eliminating exposure to critical metal price rises and supply chain concerns.

The joint venture is commercialising its CERENERGY® battery, with plans to construct a 120 MWh production facility on Altech’s land in Saxony, Germany. The facility intends to produce CERENERGY® battery modules to provide grid storage solutions to the market.



Silumina Anodes™ Battery Materials Project

Altech Batteries has licenced its proprietary high purity alumina coating technology to 75% owned subsidiary Altech Industries Germany GmbH (AIG), which has finalised a Definitive Feasibility Study to commercialise an 8,000tpa silicon alumina coating plant in the state of Saxony, Germany to supply its Silumina Anodes™ product to the burgeoning European electric vehicle market.

This Company’s game changing technology incorporates high-capacity silicon into lithium-ion batteries. Through in house R&D, the Company has cracked the “silicon code” and successfully achieved a 30% higher energy battery with improved cyclability or battery life. Higher density batteries result in smaller, lighter batteries and substantially less greenhouse gases, and is the future for the EV market. The Company’s proprietary silicon product is registered as Silumina Anodes™.

The Company is in the race to get its patented technology to market, and recently announced the results of a Definitive Feasibility Study for the construction of a 8,000tpa Silumina Anodes™ material plant at AIG’s 14-hectare industrial site within the Schwarze Pumpe Industrial Park in Saxony, Germany. The European silicon feedstock supply partner for this plant will be Ferroglobe. The project has also received green accreditation from the independent Norwegian Centre of International Climate and Environmental Research (CICERO). To support the development, AIG has commenced construction of a pilot plant adjacent to the proposed project site to allow the qualification process for its Silumina Anodes™ product. AIG has executed NDAs with German and North American automakers and battery material supply chain companies.



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