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Taking on the silicon anode challenge

AnteoTech (ADO, mkt cap \$88M)

- **Making lithium-ion-batteries better.** ADO is an emerging company in the EV battery materials space, with a product – Anteo X – that can increase the amount of silicon (Si) in lithium ion battery (LiB) anodes. The advantage of using more Si in the anode is the creation of higher charge density and a longer life cycle, which translating to reduced charging time and lower range anxiety – key points of resistance to greater consumer adoption of EVs.
- **Anteo X overcomes silicon challenge.** Currently LiB anodes typically comprise only about 8-10% Si, after which greater quantities begin to compromise battery integrity and performance. This is because Si expands during the charging cycle, which can crack and damage the battery. However from testing to date, Anteo X allows a significantly greater proportion of Si in the anode, e.g. 20% or higher, conferring the higher charge density, longer life cycle benefits to LiBs, as well as cost savings of >\$500 per EV. ADO estimates a total LiB market opportunity of \$1b for Anteo X.
- **Minimal disruption to manufacturing process.** Anteo X is a proprietary chemical that is added to the LiB's binder which facilitates adhesion and cohesion of the anode, in turn assisting conductivity. It is added in the slurry process and importantly the existing battery manufacturing process is largely unchanged. The product is water-based, easy to handle, has minimal environmental impact, and overall is user-friendly.
- **In talks with EV OEMs and batterymakers.** Recently management travelled to Europe where it was in talks with EV and batterymakers over development and commercial opportunities. Additionally ADO is also developing its own high Si anode, (>70% Si) with testing yielding 650 cycles with 80% capacity retention, and is also being evaluated by potential customers.

- **First revenues signal major progress.** ADO received first Anteo X commercialisation revenues in the September 2023 quarter for development work undertaken for an EV OEM. The next major milestone targeted is to enter into a more formal development agreement with a potential customer. In the meantime we expect further revenues from ongoing development work.
- **2024 a pivotal year.** ADO is targeting commissioning of its Anteo X 20k litre production facility in Brisbane in early 1Q 2024, for low capex of circa \$0.8M which can be scaled up to 80k litre at incremental cost. However it is the company's intent to outsource manufacture should Anteo X gain widespread adoption.
- **Life science option.** ADO's other product is AnteoBind, a point-of-care technology applicable to life sciences, which is at an earlier stage than Anteo X, the company still working on refining chemistry and applications. ADO estimates the market for AnteoBind could be \$500M. Potential customers targeted include vaccine providers and invitro-diagnostic providers.
- **Well funded for now.** The company had cash \$7.7M after receipt of an R&D rebate in October 2023. With more development revenues and expectation of further grants ahead, we expect the company is well-funded in the short-term, given its low-capex commercialisation strategy.

Foster Stockbroking and staff (excluding the analyst) own 500 ADO shares and 31,250 ADO options exercise \$0.064 expiry 30 August 2026. Cranport owns 18,437,500 ADO shares and 11,718,750 ADO options exercise \$0.064 expiry 13 September 2026 . Foster Stockbroking acted as Co-Manager to the \$4.0M placement of ADO shares in July 2023, for which it received fees.

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