NOVONIX LIMITED (ASX: NVX)
ASX APPENDIX 4D
For the half-year ended 31 December 2020

The ASX Appendix 4D of NOVONIX Limited and subsidiaries (NOVONIX) for the half-year ended 31 December 2020 is filed with the Australian Securities Exchange (ASX) under ASX Listing Rule 4.2A.3. It should be read in conjunction with the NOVONIX consolidated half-year financial statements and all other information concerning NOVONIX filed with the ASX. Information presented for the previous corresponding period is for the half-year ended 31 December 2019 (unless otherwise stated).

RESULTS FOR ANNOUNCEMENT TO THE MARKET

			6 months 31 Dec 2020 $	6 months 31 Dec 2019 $
Revenue from ordinary activities	Revenue decreased	6%	**2,734,300**	2,903,044
Profit / (loss) from ordinary activities after tax attributable to members	Loss increased	53%	**(10,767,755)**	(7,033,673)
Net profit for the period attributable to members	Loss increased	53%	**(10,767,755)**	(7,033,673)

Refer to the NOVONIX consolidated half-year financial statements for commentary on the above results.

Dividends
No final dividend was paid in relation to the year ended 30 June 2020.
No interim dividend will be paid in relation to the half-year ended 31 December 2020.

Net Tangible Assets

	31 Dec 2020 $	31 Dec 2019 $
Net tangible asset backing per ordinary share	**0.12**	0.38

Controlled entities
No control has been gained over entities during the period.

Associates and joint ventures
There are no associates or joint ventures.

Status of review
The half-year results for the period ended 31 December 2020 have been reviewed. The independent review report is unqualified.

NOVONIX Limited (ASX: NVX)
ACN 157 690 830
GPO Box 525 Brisbane Qld 4001
AUSTRALIA

INTERIM REPORT

31 DECEMBER 2020

DIRECTORS' REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

Your directors present their report on NOVONIX Limited (referred to hereafter as the 'consolidated entity' or the Group) for the half-year ended 31 December 2020.

DIRECTORS

The following persons were directors of NOVONIX Limited during the whole of the half-year and up to the date of this report, unless otherwise stated:

Greg Baynton

Anthony Bellas

Robert Cooper

Andrew Liveris

Robert Natter

Trevor St Baker was appointed as a director on 23 September 2020 and continues in office at the date of this report.

Philip St Baker was a director from the beginning of the half year period until his resignation on 23 September 2020.

PRINCIPAL ACTIVITIES

During the financial half-year, the principal activities of the Group included the continued development of the Group's advanced battery materials, equipment and services businesses to service the global Lithium-ion Battery (LIB) market.

REVIEW OF OPERATIONS

The loss for the consolidated entity after providing for income tax amounted to $10,767,755 (2019: $7,033,673).

DIRECTORS' REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

Review of Operations and Activities

NOVONIX – OVERVIEW

The first half of FY2021 saw NOVONIX continue to focus on the implementation of its business plan to become a world-leading battery materials and technology company.

NET ASSETS	CASH & CASH EQUIVALENTS	STATUTORY AFTER-TAX LOSS
as at 31 Dec. 2020	*as at 31 Dec. 2020*	*half-year ended 31 Dec. 2020*
$58,571,939	**$25,285,170**	**$10,767,755**
As at 30 June 2020: $66,532,293	**As at 30 June 2020: $38,807,662**	**Half-year ended 31 Dec. 2019: $7,033,673**

At the end of the half-year, NOVONIX had net assets of $58,571,939 (30 June 2020: $66,532,293) and $25,285,170 in cash and cash equivalents (30 June 2020: $38,807,662). The Group reported a statutory after-tax loss for the half-year ended 31 December 2020 of $10,767,755 (half-year ended 31 December 2019: $7,033,673). These financial results are in line with management expectations. The individual business unit performances are discussed further below.

HIGHLIGHTS OF HALF-YEAR 2021

Group

- Appointed Dr. Chris Burns (the co-founder and CEO of NOVONIX Battery Technology Solutions based in Canada and co-developer of the breakthrough Ultra-High-Precision-Coulometry (UHPC) technology with Professor Jeff Dahn) as Chief Executive Officer of the NOVONIX Limited Group of companies ('Group CEO')
- Appointed Nick Liveris as Chief Financial Officer of the Group, ('Group CFO') (Q1)
- Welcomed Trevor St Baker AO, major shareholder and the founder and director of the St Baker Energy Innovation Fund, to the Board of NOVONIX, as Non-Executive Director (Q1)
- Established two committees of the Board: an Executive Committee chaired by Tony Bellas, and a Remuneration Committee chaired by Robert Cooper (Q1)
- Announced a strategic alliance with Harper International (a global leader in complete thermal processing solutions and technical services essential for the production of advanced materials) to develop specialised furnace technology for battery anode material (Q2)
- Announced becoming a member of the Zero Emissions Transportation Association (ZETA), the first industry-backed coalition of its kind advocating for 100% of vehicles sold by 2030 to be electric vehicles (EVs) (Q2)

NOVONIX BTS

- Continued strong growth in R&D services business with tier 1 clients
- Maintained steady sales in battery testing equipment business
- Continued research progress through partnership with Professor Mark Obrovac working on new IP development
- Significantly expanded the team and began extension work on the facility (Q2)
- Established a dedicated team for cathode pilot line scale up (Q2)

NOVONIX Anode Materials (also referred to as PUREgraphite)

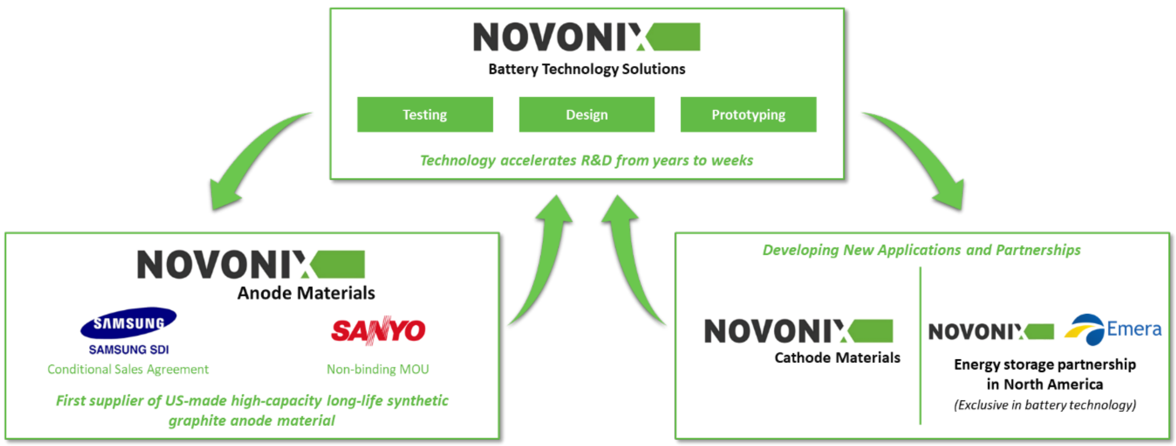
- Announced an update regarding the planned delivery schedule for the Samsung SDI contract for the NOVONIX Anode Materials synthetic anode material for use in lithium-ion batteries.

  The two parties have agreed that the full production qualification program should be based around material produced in the 2,000 ton per year expansion using the newly developed Generation 2 furnace technology from Harper. It was also agreed that the collaboration between the two companies will expand to include next generation technologies and that the US-sourced supply of these materials will be a key priority for Samsung SDI (Q2)

NOVONIX OPERATIONAL UPDATE

As NOVONIX continues on the path to becoming a world-leading battery materials and technology company, it is important to clearly define near-term and long-term opportunities and objectives. The Group sees its future prospects underpinned by its Battery Technology Solutions business which is already providing crucial capital and technology to fuel the growth of the anode materials business today, and develop the cathode materials business and new opportunities for the future.

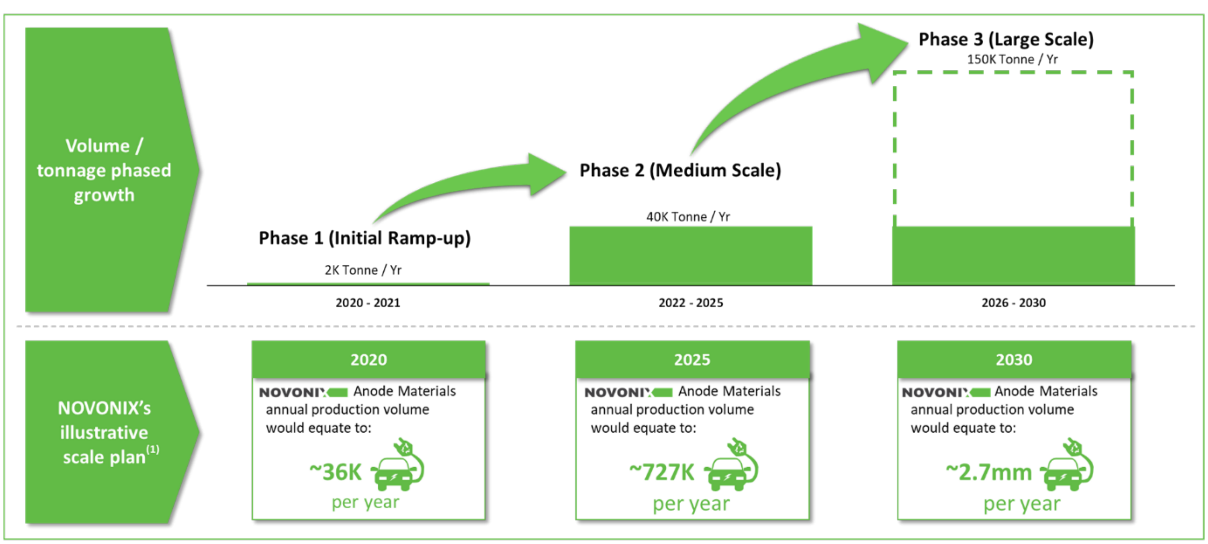
OPERATIONAL STRUCTURE AT A GLANCE



This synergistic operating structure has already begun to shape the Group's future outlook, and it enters the second half of the fiscal year with an updated phased growth plan, that includes accelerated annual tonnage milestones[1] for the NOVONIX Anode Materials business. The Group's technology roadmap including the transition to Generation 2 and development of Generation 3 furnace technology is driving this growth plan and offering enhanced scalability. The Generation 2 installation remains on track beginning in February 2021.

NOVONIX ANODE MATERIALS PHASED GROWTH PLAN

The NOVONIX management team and board are encouraged by the Group's near-term progress, and believe it has built the right team and strategy to deliver on its long-term roadmap.



Following is a more detailed update on NOVONIX Battery Technology Solutions, NOVONIX Anode Materials, NOVONIX Cathode Materials and Mount Dromedary Graphite Project.

[1] These are indicative targets for the business, are subject to significant risks and do not constitute a form of forecast or a form of guidance for the business

NOVONIX BATTERY TECHNOLOGY SOLUTIONS

NOVONIX Battery Technology Solutions ('NOVONIX BTS') was acquired in June 2017 to provide cutting edge battery R&D and develop technological advantage.

NOVONIX BTS is based in Bedford (near Halifax), Nova Scotia, Canada. It provides battery R&D services and manufactures the most accurate lithium-ion battery cell testing equipment in the world. This equipment is now used by leading battery makers and researchers and equipment manufacturers including Panasonic, CATL, LG Chemical, Samsung SDI and SK Innovation as well as numerous consumer electronics and automotive OEMs.

Since acquisition, NOVONIX BTS R&D capabilities have been significantly expanded through direct investment in, and a long-term partnership agreement with, Dalhousie University.

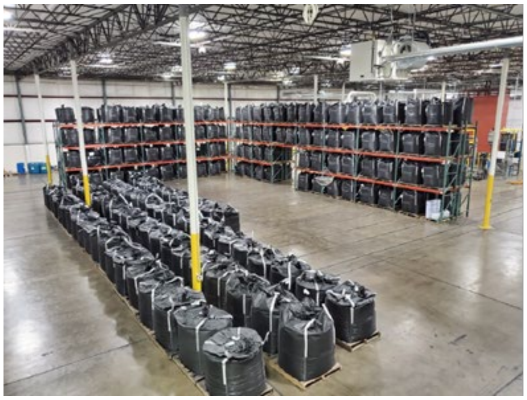

In the half-year ended 31 December 2020, NOVONIX BTS has continued to generate strong revenue through services including battery prototyping, materials evaluation and cell vendor qualification testing.

Customer growth remains focused on major influencers in the battery sector including materials companies, automotive and consumer electronics OEMs and energy storage focused companies. In addition to customer driven activities, the team invested internally in new materials development programs, as well as large opportunity, downstream application projects.

NOVONIX BTS has expanded staff and initiated build-out of the addition to its existing facility to expand the existing facility size by around 65 percent. This additional space has enabled continued growth in revenue based activities and, more importantly, cathode commercialisation and new internal development work. NOVONIX BTS has also invested in expansion of its cell building capability, dry room capacity and other associated infrastructure to support the increased workload.

The NOVONIX BTS team of technologists and scientists continues to work with Professor Mark Obrovac's group at Dalhousie University on new IP generation. In the half year, NOVONIX BTS began working with multiple established and potential lithium suppliers in material evaluation programs which builds on the NOVONIX BTS's initiatives in cathode precursor as well as final cathode synthesis technology.

NOVONIX ANODE MATERIALS



NOVONIX Anode Materials was established in March 2017 to develop and commercialise ultra-long-life high-performance anode material for the lithium-ion battery market focused on electric vehicle and energy storage applications that demand long life and high performance.

During the half-year ended 31 December 2020, significant progress has been made executing on its business plan. NOVONIX Anode Materials is in the process of expanding its production capacity for battery-grade synthetic graphite material.

To that end, the Group used the proceeds of the capital raise in June 2020 to execute against a plant expansion plan. This plan will increase the plant's target capacity to 2,000 tons per annum by the end of calendar year 2021 and will utilise new proprietary furnace technology developed under NOVONIX's strategic alliance with US-based Harper International Corporation ('Harper'). This transition plan from Generation 1 furnace technology to Generation 2 systems will result in improved economics in capital expansion, faster scalability and lower production costs. As expected, the transition from Generation 1 to Generation 2 systems has resulted in a one-time impairment charge of $2,738,138 in the half-year ended 31 December 2020.

The Group's relationships with two of the world's largest battery manufacturers (SAMSUNG SDI and SANYO ELECTRIC (a subsidiary of PANASONIC Corp)) have advanced with the upcoming milestones of delivering mass production volume samples to each from the Generation 2 furnace systems for final qualification. Additionally, NOVONIX has continued to make inroads with other domestic and international battery manufacturers and automotive original equipment manufacturers (OEMs) through sampling materials, providing technical performance data, and exploring commercial frameworks. This has resulted in strong positive feedback and a desire to see demonstrated higher volume production.

> "Generation 2 systems will result in improved economics in capital expansion, faster scalability and lower production costs"

NOVONIX Anode Materials has also initiated further expansion plans during the half-year including increasing staff with a focus on scale-up plant design and engineering. To facilitate this, NOVONIX Anode Materials intends to lease an additional 80,000 sq ft within the current facility. The new staff focused on plant design and engineering are beginning work on the 25,000 tpa (Phase 2) plant build-out including site selection, plant layout, engineering design and feasibility.

The demand for high performance anode materials is growing globally and, like the United States, many other jurisdictions are aiming to develop localised supply chains for battery materials. Firms looking to work in this space are seeking partnerships with qualified suppliers to accelerate the ability to execute and scale production of high-performance anode materials quickly within their domestic markets. NOVONIX Anode Materials is well-positioned for international collaboration opportunities, as it has proven its ability to establish a qualified material and ready to scale production capability.

NOVONIX CATHODE MATERIALS

Building off its work with Professor Mark Obrovac's group at Dalhousie University, NOVONIX Cathode Materials leverages patented Dry Particle Microgranulation (DPMG) to eliminate wastewater and use simpler metal inputs to improve yield in anode manufacturing and reduce cathode manufacturing cost. The cathode manufacturing methodology positions NOVONIX to become a leading single crystal cathode producer for the lithium-ion battery industry. The single crystal materials offer enhanced energy density and ultra-long life, while also improving the cost, performance and sustainability of a lithium-ion battery for electric vehicles and renewable energy applications.

The cathode commercialisation project is progressing with 90% of the pilot line commissioned at the end of the half year. In addition, the on-site analytical laboratory was fully commissioned. The team has expanded staff with dedicated focus on the cathode development program. NOVONIX BTS has also engaged with both precursor materials suppliers and cathode suppliers to discuss it's technology and capability in terms of materials synthesis and performance. The team expects to progress to full scale cell builds and begin more extensive benchmarking tests by the end of the fiscal year.

The NOVONIX BTS is in the process of pursuing foundational patents to further position it as the market leader in single crystal and polycrystalline cathode production, and plans to provide updates as applicable.

MOUNT DROMEDARY UPDATE

The Mount Dromedary Graphite Project is a world-class, high-grade (18%+) natural graphite deposit located in Australia.

Despite the Group's current focus on synthetic graphite, it continues to progress the Mt Dromedary Project with an application currently proceeding for a Mineral Development License (MDL). An MDL will allow the Group to continue mining feasibility studies, the extraction of bulk samples for process testing and marketing, and environmental, engineering and design studies.

(Tenement list on next page)

TENEMENT LIST:

Tenement	Permit Holder	Grant date	NVX Rights	Expiry date
EPM 26025	Exco Resources Limited	14/12/2015	100% (Sub-Blocks Normanton 3123 D, J, N, O and S)	13/12/2025
EPM 17323	MD South Tenements Pty Ltd (Subsidiary of NOVONIX Limited)	20/10/2010	100%	19/10/2022
EPM 17246	MD South Tenements Pty Ltd	26/10/2010	100%	25/10/2022

ANNOUNCEMENTS SINCE 31 DECEMBER 2020

- Added to the OTCQX Composite Index and the OTCQX International Index (OTCQXINT), a benchmark for international OTCQX companies (14 January 2021)
- Appointed Professor Jeff Dahn as Chief Scientific Advisor to the Group effective July 2021 (19 January 2021)
- Extended sponsorship agreement of Professor Mark Obrovac's research group for a subsequent 5-year term under a new agreement. Under this agreement, NOVONIX will have first rights to IP developed, and the Canadian Government's NSERC Alliance program will contribute CA$2.2M over the 5-year term (12 February 2021)
- Announced partnership between Emera Technologies and NOVONIX BTS to design, develop and manufacture specialised energy storage systems for use in direct current micro grids across North America (19 February 2021)

SUBSEQUENT EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

Since 31 December 2020, the Group has been awarded grant funding of US$5,577,738 from the US Department of Energy to support the development of new, continuous, high efficient furnace technology for lithium-ion battery synthetic graphite material. The total project cost will be $US11,503,213, including NOVONIX Anode Material's contribution of US$5,925,475.

No other matters or circumstances have arisen since 31 December 2020 that have significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in future financial years.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no other significant changes in the state of affairs of the consolidated entity during the financial half-year.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the *Corporations Act 2001*.

Tony Bellas

Tony Bellas

Chairman

25 February 2021

Brisbane

pwc

Auditor's Independence Declaration

As lead auditor for the review of Novonix Limited for the half-year ended 31 December 2020, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Novonix Limited and the entities it controlled during the period.

Michael Shewan
Partner
PricewaterhouseCoopers

Brisbane
25 February 2021

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CONTENTS

NOVONIX LIMITED
ABN 54 157 690 830
Half-year financial report

General information

The financial statements cover NOVONIX Limited as a consolidated entity consisting of NOVONIX Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is NOVONIX Limited's functional and presentation currency.

NOVONIX Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office

c/- McCullough Robertson
Central Plaza Two
Level 11, 66 Eagle Street
Brisbane QLD 4000

Principal place of business

Level 8, 46 Edward Street
Brisbane QLD 4000

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 25 February 2021.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	Notes	Consolidated Half-year 2020 $	2019 $
Revenue from contracts with customers	2	2,325,541	2,675,392
Other income	2	408,759	227,652
Cost of goods sold		(301,195)	(885,263)
Employee benefits expense		(1,871,571)	(1,517,778)
Administrative and other expenses		(1,418,169)	(1,230,004)
Borrowing costs		(101,473)	(1,651,871)
Depreciation and amortisation expenses		(782,396)	(468,372)
Marketing and project development costs		(1,683,953)	(915,562)
Share based compensation	9	(3,628,805)	(3,179,681)
Impairment of plant and equipment	3	(2,738,138)	-
Foreign currency loss		(976,335)	(88,186)
Loss before income tax expense		(10,767,755)	(7,033,673)
Income tax expense		-	-
Loss for the period		(10,767,755)	(7,033,673)
Other comprehensive (loss)/income for the period, net of tax			
Foreign exchange differences on translation of foreign operations		(3,318,445)	66,527
Total comprehensive loss for the period		(14,086,200)	(6,967,146)
		Cents	Cents
Earnings per share for loss attributable to the ordinary equity holders of the Company:			
Basic earnings per share	8	(3.08 cents)	(5.49 cents)
Diluted earnings per share	8	(3.08 cents)	(5.49 cents)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Notes	Consolidated **31 December 2020** **$**	 30 June 2020 $
ASSETS			
Current assets			
Cash and cash equivalents		25,285,170	38,807,662
Trade and other receivables		1,392,348	1,075,358
Inventory		2,187,205	1,366,985
Prepayments		196,651	152,434
Total current assets		29,061,374	41,402,439
Non-current assets			
Property, plant and equipment	3	13,548,414	9,620,797
Exploration and evaluation assets	4	3,079,854	2,988,921
Right-of-use assets		2,454,250	2,853,427
Intangible assets	5	16,267,558	18,367,245
Other assets		22,949	24,589
Total non-current assets		35,373,025	33,854,979
Total assets		64,434,399	75,257,418
LIABILITIES			
Current liabilities			
Trade and other payables		1,057,410	3,494,227
Contract liabilities		158,760	98,783
Lease liabilities		131,845	141,124
Borrowings	6	259,245	274,917
Total current liabilities		1,607,260	4,009,051
Non-current liabilities			
Lease liabilities		2,411,307	2,778,979
Borrowings	6	1,843,893	1,937,095
Total non-current liabilities		4,255,200	4,716,074
Total liabilities		5,862,460	8,725,125
Net assets		58,571,939	66,532,293
EQUITY			
Contributed equity	7	103,601,397	99,851,510
Reserves		29,595,481	30,537,967
Accumulated losses		(74,624,939)	(63,857,184)
Total equity		58,571,939	66,532,293

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

Consolidated Group	Contributed equity $	Accumulated losses $	Reserves: Share based payments reserve $	Reserves: Foreign currency translation reserve $	Reserves: Convertible loan note reserve $	Total $
Balance at 1 July 2019	38,163,405	(43,828,658)	15,258,956	950,004	5,229,071	15,772,778
Loss for the period	-	(7,033,673)	-	-	-	(7,033,673)
Other comprehensive income	-	-	-	66,527	-	66,527
Total comprehensive loss	-	(7,033,673)	-	66,527	-	(6,967,146)
Transactions with owners in their capacity as owners:						
Equity component of convertible notes, net of transaction costs	-	-	-	-	990,741	990,741
Share-based payments	-	-	3,179,681	-	-	3,179,681
Balance at 31 December 2019	38,163,405	(50,862,331)	18,438,637	1,016,531	6,219,812	12,976,054
Balance at 1 July 2020	99,851,510	(63,857,184)	22,817,908	1,500,247	6,219,812	66,532,293
Loss for the period	-	(10,767,755)	-	-	-	(10,767,755)
Other comprehensive loss	-	-	-	(3,318,445)	-	(3,318,445)
Total comprehensive loss	-	(10,767,755)	-	(3,318,445)	-	(14,086,200)
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs	3,749,887	-	-	-	-	3,749,887
Share-based payments	-	-	2,375,959	-	-	2,375,959
Balance at 31 December 2020	103,601,397	(74,624,939)	25,193,867	(1,818,198)	6,219,812	58,571,939

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	Notes	Consolidated Half-year 2020 $	2019 $
Cash flows from operating activities			
Receipts from customers (inclusive of consumption tax)		2,402,475	1,483,896
Payments to suppliers and employees (inclusive of consumption tax)		(6,740,601)	(4,606,015)
Interest received		3,211	7
Borrowing costs paid		(80,314)	(134,471)
Government grants received		389,412	223,041
Income taxes paid		-	-
Net cash outflow from operating activities		(4,025,817)	(3,033,542)
Cash flows from investing activities			
Payments for exploration assets		(87,698)	(78,018)
Payments for property, plant and equipment		(8,440,868)	(2,651,164)
Net cash outflow from investing activities		(8,528,566)	(2,729,182)
Cash flows from financing activities			
Payment of share issue expenses	7(f)	(2,052,900)	-
Proceeds from the exercise of options		2,300,000	-
Proceeds from borrowings		-	350,000
Principal elements of lease payments		(68,977)	(73,637)
Repayment of borrowings		(25,108)	(55,755)
Net cash inflow from financing activities		153,015	220,608
Net decrease in cash and cash equivalents		(12,401,368)	(5,542,116)
Effects of foreign currency		(1,121,124)	47,510
Cash and cash equivalents at the beginning of the year		38,807,662	6,054,664
Cash and cash equivalents at the end of the half-year		25,285,170	560,058

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

Note 1 Summary of significant accounting policies

This condensed consolidated interim financial report for the half-year reporting period ended 31 December 2020 has been prepared in accordance with Australian Accounting Standard 134 *Interim Financial Reporting* and the *Corporations Act 2001,* as appropriate for for-profit oriented entities.

This condensed consolidated interim financial report does not include all the notes normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2020 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Going Concern

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

As disclosed in the financial report, the consolidated entity incurred a net loss of $10,767,755 (31 December 2019: $7,033,673) and net operating cash outflows of $4,025,817 for the half year ended 31 December 2020 (31 December 2019: $3,033,542). As at 31 December 2020 the consolidated entity has a cash balance of $25,285,170 (30 June 2020: $38,807,662) and net current assets of $27,454,114 (30 June 2020: net current assets of $37,393,388).

The ability of the consolidated entity to continue as a going concern is principally dependent upon one or more of the following:

- the successful and profitable growth of the battery materials and battery technology businesses;
- the ability of the consolidated entity to meet its cashflow forecasts; and
- the ability of the consolidated entity to raise capital as and when necessary and/or secure prepayments from customers for product.

These conditions give rise to a material uncertainty which may cast significant doubt over the consolidated entity's ability to continue as a going concern.

The directors believe that the going concern basis of preparation is appropriate as during the previous financial year the consolidated entity successfully completed a $63m capital raising and also has a strong history of being able to raise capital from debt and equity sources.

Note 1 Summary of significant accounting policies (continued)

The Directors have considered the impact of COVID 19 and found that the pandemic has not had a significant effect on the Company's ability to continue as a going concern.

Should the consolidated entity be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial report.

This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classification of liabilities and appropriate disclosures that may be necessary should the consolidated entity be unable to continue as a going concern.

b) Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

c) New and amended standards adopted by the Group

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. None of the new and amended standards have had any material impact on the financial statements.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

d) Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements were set out in the 2020 Annual Report.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

Note 2 Segment and revenue reporting

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (Chief Operating Decision Makers) in assessing performance and determining the allocation of resources. The Company is managed primarily on an operational basis. Operating segments are determined on the basis of financial information reported to the Board.

The board has identified three operating segments being Battery Technology (NOVONIX Battery Technology Solutions and NOVONIX Cathode Materials), Battery Materials (NOVONIX Anode Materials) and Graphite Exploration and Mining (Mt Dromedary Project). The Battery Materials segment develops and manufactures battery anode materials and the Battery Technology segment develops battery cell testing equipment, carries out consulting services and research and development in battery technologies.

Basis of accounting for purposes of reporting by operating segments

a. Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors, being the chief operating decision makers with respect to operating segments, are determined in accordance with accounting policies that are consistent with those adopted in the annual financial statements of the Group.

b. Segment assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of the economic value from the asset. In most instances, segment assets are clearly identifiable on the basis of their nature and physical location.

c. Segment liabilities

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables.

d. Unallocated items

The following items for revenue, expenses, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Interest income
- Corporate administrative and other expenses
- Income tax expense
- Corporate share-based payment expenses
- Corporate marketing and project development expenses
- Corporate cash
- Security deposits
- Corporate trade and other payables
- Corporate trade and other receivables

Note 2 Segment information (continued)

Segment performance

2020	Battery Technology $	Battery Materials $	Graphite Exploration and Mining $	Unallocated $	Total $
Sales of goods revenue	546,661	-	-	-	546,661
Services revenue	1,778,880	-	-	-	1,778,880
Other income	308,116	16,128	-	84,515	408,759
Total group revenue and other income	2,633,657	16,128	-	84,515	2,734,300
Segment net profit / (loss) from continuing operations before tax	68,461	(7,363,085)	-	(3,473,131)	(10,767,755)

2019	Battery Technology $	Battery Materials $	Graphite Exploration and Mining $	Unallocated $	Total $
Sales of goods revenue	1,546,810	-	-	-	1,546,810
Services revenue	1,128,582	-	-	-	1,128,582
Other income	227,652	-	-	-	227,652
Total group revenue and other income	2,903,044	-	-	-	2,903,044
Segment net profit / (loss) from continuing operations before tax	(44,942)	(2,156,903)	-	(4,831,828)	(7,033,673)

Segment assets

	Battery Technology $	Battery Materials $	Graphite Exploration and Mining $	Unallocated $	Total $
31 December 2020	6,994,197	31,202,205	3,088,838	23,149,159	64,434,399
30 June 2020	5,872,307	28,744,416	2,998,439	37,642,256	75,257,418

Note 2 Segment information (continued)

Segment liabilities

	Battery Technology $	Battery Materials $	Graphite Exploration and Mining $	Unallocated $	Total $
31 December 2020	2,583,443	2,906,090	-	372,927	5,862,460
30 June 2020	2,868,546	3,604,836	-	2,252,043	8,725,125

Geographical Segments

For the purposes of segment reporting, all segment activities relating to Graphite Exploration and Mining are carried out in Australia and all segment activities relating to Battery Materials and Battery Technology are carried out in North America.

Note 3 Non-current assets – Property, plant and equipment

	31 December 2020 $	30 June 2020 $
Plant and equipment – at cost	6,566,617	8,579,868
Plant and equipment – accumulated depreciation	(1,311,163)	(1,163,425)
	5,255,454	7,416,443
Leasehold improvements – at cost	279,066	195,082
Leasehold improvements – accumulated depreciation	(74,412)	(30,524)
	204,654	164,558
Buildings – at cost	1,816,930	1,821,526
Buildings – accumulated depreciation	(180,205)	(154,725)
	1,636,725	1,666,801
Land – at cost	356,300	372,995
Construction in progress – at cost	6,095,281	-
	13,548,414	9,620,797

Note 3 Non-current assets – Property, plant and equipment (continued)

	Plant and equipment $	Leasehold improvements $	Land $	Buildings $	Construction in progress $	Total $
Movements in Carrying Amounts						
Balance at 1 July 2020	7,416,443	164,558	372,995	1,666,801	-	9,620,797
Additions	1,623,832	111,823	-	79,307	6,489,980	8,304,942
Depreciation	(475,247)	(50,236)	-	(33,406)	-	(558,889)
Impairments	(2,738,138)	-	-	-	-	(2,738,138)
Exchange differences	(571,436)	(21,491)	(16,695)	(75,977)	(394,699)	(1,080,298)
Balance at 31 December 2020	5,255,454	204,654	356,300	1,636,725	6,095,281	13,548,414

Impairments recognised during the half-year period relate to the redundant furnace technology which is being replaced with new proprietary furnace technology under the Group's strategic alliance with US-based Harper International Corporation.

Note 4 Non-current assets – Exploration and evaluation assets

	31 December 2020 $	30 June 2020 $
Exploration and evaluation assets – at cost	3,079,854	2,988,921
The capitalised exploration and evaluation assets carried forward above have been determined as follows:		
Balance at 1 July 2020	2,988,921	
Expenditure incurred during the half-year	90,933	
Balance as at 31 December 2020	3,079,854	

The Directors have assessed that for the exploration and evaluation assets recognised at 31 December 2020, the facts and circumstances do not suggest that the carrying amount of an asset may exceed its recoverable amount. In considering this, the Directors have had regard to the facts and circumstances that indicate a need for an impairment as noted in Accounting Standard AASB *6 Exploration for and Evaluation of Mineral Resources*.

Note 5 Non-current assets – Intangible assets

	31 December 2020 $	30 June 2020 $
Goodwill	15,534,001	17,411,685
Technology	733,557	955,560
	16,267,558	18,367,245

	Goodwill $	Technology $	Total $
Balance at the beginning of the year	17,411,685	955,560	18,367,245
Exchange differences	(1,877,684)	(95,345)	(1,973,029)
Amortisation	-	(126,658)	(126,658)
Balance at the end of the year	15,534,001	733,557	16,267,558

Intangible assets, other than goodwill have finite useful lives. The current amortisation charges for intangible assets are included under depreciation and amortisation expense in the consolidated statement of profit or loss and other comprehensive income. Goodwill has an indefinite useful life.

Note 6 Borrowings

	31 December 2020			30 June 2020		
	Current $	Non-Current $	Total $	Current $	Non-Current $	Total $
Secured						
Bank loans (i)	54,166	1,132,967	1,187,133	56,704	1,214,406	1,271,109
Total secured borrowings	54,166	1,132,967	1,187,133	56,704	1,214,406	1,271,109
Unsecured						
Other loans (ii)	205,079	710,926	916,005	218,213	722,689	940,902
Total unsecured borrowings	205,079	710,926	916,005	218,213	722,689	940,902
Total borrowings	259,245	1,843,893	2,103,138	274,917	1,937,095	2,212,011

(i) Secured liabilities and assets pledged as security

In December 2017, the group entered into a loan facility to purchase commercial land and buildings in Nova Scotia from which the Battery Technology Solutions business operates. The total available amount under the facility is CAD $1,330,000 and it has been fully drawn down as at 31 December 2020. The full facility is repayable in monthly instalments, commencing 15 December 2017 and ending 15 November 2042.

The bank loan is secured by first mortgages over the Group's freehold land and buildings.

The carrying amounts of non-financial assets pledged as security for current and non-current borrowings is $1,993,024 (2020: $2,039,796).

(ii) Other loans

ACOA Loans

In December 2017, the group entered into a contribution agreement with Atlantic Canada Opportunities Agency (ACOA), for CAD$500,000. As at 31 December 2020, CAD$500,000 of the facility has been drawn down. The funding was to assist with expanding the market to reach new customers through marketing and product improvements. The facility is repayable in monthly instalments commencing September 2019 and ending May 2027.

In October 2018, the group entered into another contribution agreement with Atlantic Canada Opportunities Agency (ACOA), for CAD$500,000. As at 31 December 2020, CAD$500,000 of the facility has been drawn down. The funding was to assist in establishing a battery cell manufacturing facility. The facility is repayable in monthly instalments commencing April 2020 and ending December 2026.

CARES Act Loan

During the financial year the Group secured a short-term loan under the CARES Act Paycheck Protection Program Loan scheme for USD$36,706. This is a COVID 19 stimulus offered by the US Government. The loan is repayable in monthly instalments from 12 December 2020 and interest is charged at 1% fixed per annum.

Note 6 Borrowings (continued)

Maturities of financial liabilities

As at 31 December 2020, the contractual maturities of the group's non-derivative financial liabilities were as follows:

Contractual maturities of financial liabilities	Less than 6 months	6 - 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount
At 31 December 2020							
Trade and other payables	1,057,410	-	-	-	-	1,057,410	1,057,410
Lease liabilities	126,952	130,077	264,529	823,824	2,320,724	3,666,106	2,543,152
Borrowings	141,613	93,293	184,474	536,523	1,424,281	2,380,184	2,103,138
Total non-derivatives	1,325,975	223,370	449,003	1,360,347	3,745,005	7,103,700	5,703,700

Note 7 Contributed equity

	31 December 2020 Shares	30 June 2020 Shares	**31 December 2020 $**	30 June 2020 $
(a) Share capital				
Ordinary shares				
Fully paid	351,615,637	348,206,772	103,601,397	99,851,510

(b) Ordinary share capital

Date	Details	Note	Number of Shares	Issue Price	$
1 July 2020	Balance		348,206,772		99,851,510
10 July 2020	Exercise of options	(c)	250,000	$0.80	200,000
23 September 2020	Settlement of limited recourse loan	(d)	-		1,500,000
24 September 2020	Exercise of options	(c)	500,000	$0.90	450,000
24 September 2020	Exercise of options	(c)	2,500,000	$0.66	1,650,000
28 September 2020	Exercise of performance rights	(e)	158,865		-
	Share issue costs				(50,113)
31 December 2020	Balance		351,615,637		103,601,397

Note 7 Contributed equity (continued)

(c) Exercise of options

On 10 July 2020 250,000 options were exercised by a Director, Admiral Robert Natter, at $0.80 per share.

On 24 September 2020 500,000 options were exercised by a Director, Admiral Robert Natter, at $0.90 per share and 2,500,000 options were exercised by a Director, Andrew Liveris, at $0.66 per share.

(d) Settlement of limited recourse loan

On 23 September 2020, Philip St Baker, as part of his separation arrangements with the Company, settled the $1,500,000 limited recourse loan entered into in 2019 for the purpose of funding the exercise of 5,000,000 options. The loan was settled through:

i. the relinquishing of 736,968 vested performance rights, which were convertible on a 1:1 basis to ordinary shares, with a market value of $1,252,846; and

ii. outstanding net employee entitlements amounting to $247,154.

The relinquishment of the vested performance rights has been recognised within the share-based payment reserve.

(e) Exercise of performance rights

On 28 September 2020, 158,865 ordinary shares were issued to an entity controlled by Philip St Baker, on the exercise of 158,865 vested performance rights.

(f) Share issue expenses

During the half year period the Company had cash outflows for share issue expenses of $2,052,900, of which $50,113 relates to the current period and $2,022,787 relates to the capital raising completed in June 2020.

(g) Capital Management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders, benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group includes equity attributable to equity holders, comprising of issued capital, reserves and accumulated losses. In order to maintain or adjust the capital structure, the Company may issue new shares, sell assets to reduce debt or adjust the level of activities undertaken by the company.

Note 7 Contributed equity (continued)

The Group monitors capital on the basis of cash flow requirements for operational and capital expenditure. The Group will continue to use capital market issues to satisfy anticipated funding requirements.

The Group has no externally imposed capital requirements. The Group's strategy for capital risk management is unchanged from prior years.

Note 8 Earnings per share

	Consolidated	
	2020	**2019**
	$	**$**
Earnings per share for loss from continuing operations		
Loss after income tax attributable to the owners of NOVONIX Limited	(10,767,755)	(7,033,673)

	Number	**Number**
Weighted average number of shares used in calculating basic and diluted earnings per share	350,122,170	128,137,680

	Cents	**Cents**
Basic earnings per share	(3.08)	(5.49)
Diluted earnings per share	(3.08)	(5.49)

Note 9 Related party transactions

During the half-year period the Group entered into the following related party transactions.

(a) On 14 December 2020, 2,250,000 performance rights (convertible to ordinary shares on a 1:1 basis) were granted to Chris Burns, CEO (1,500,000) and Nick Liveris, CFO (750,000). The performance rights were formally approved by shareholders at the AGM on 17 November 2020. The value of each performance right was determined to be $1.06, with a vesting date of 4 January 2021 and an expiry date of 30 June 2022. An expense of $2,044,286 has been recognised in the half year ended 31 December 2020.

(b) The Group entered into a separation agreement with Philip St Baker following his resignation on 23 September 2020, which included the settlement of a $1,500,000 limited resource loan. Refer note 8(d).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

Note 10 Events occurring after the balance sheet date

Since 31 December 2020, the Group has been awarded grant funding of US$5,577,738 from the US Department of Energy to support the development of a new, continuous high efficient furnace technology for lithium-ion battery synthetic graphite material. The total project cost will be $US11,503,213, including NOVONIX Anode Material's contribution of US$5,925,475 which will be funded from existing reserves.

No other matters or circumstances have arisen since 31 December 2020 that have significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in future financial years.

DIRECTORS' DECLARATION

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, Australian Accounting Standard AASB 134 *'Interim Financial Reporting'*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;

- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the financial half-year ended on that date; and

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the *Corporations Act 2001*.

On behalf of the directors

Tony Bellas
Chairman

25 February 2021
Brisbane

Independent auditor's review report to the members of Novonix Limited

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report of Novonix Limited (the Company) and the entities it controlled during the half-year (together the Group), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, significant accounting policies and explanatory notes and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Novonix Limited does not comply with the *Corporations Act 2001* including:

1. giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date

2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Material uncertainty related to going concern

We draw attention to Note 1 in the half-year financial report, which indicates that the Group incurred a net loss of $10,767,755 and net operating cash outflows of $4,025,817 for the half-year ended 31 December 2020. The ability of the Group to continue as a going concern is dependent upon the ability of the Group to raise capital as and when necessary, and the successful and profitable growth of the battery materials and battery technology businesses. These conditions, along with other matters set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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Responsibility of the directors for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

Auditor's responsibility for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

PricewaterhouseCoopers

PricewaterhouseCoopers

Michael Shewan
Partner

Brisbane
25 February 2021