

# Zacks Small-Cap Research

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## Novonix Ltd

(NVX-NASDAQ)

### NVX: Believe Positive Outlook Supported by Provisional Imposition of Anti-Dumping Tariffs on Material Imported From China

We believe the positive outlook for NVX is supported by Depart. of Commerce provisional imposition of 93.5% anti-dumping (AD) tariffs on anode material imports from China. China produces ~65%-80% of the world's graphite, which implies potential risks, we believe, of supply side disruptions. NVX expects its material can be a more reliable supply, more competitively priced and produced with lower environmental impact.

### OUTLOOK

We believe the expected increased need in North America for critical materials, including anode, is a key factor behind the non-dilutive funding the company has been able to obtain from the DOE, Canada Industrial Research Assistance Program and other sources, as NVX moves forward with the construction of a 2nd Tennessee plant. Production capacity of its existing Riverside plant has been pre-sold via multiple offtake agreements and NVX plans to construct a 2nd facility in the state, recently obtaining approval and expected tax credits toward this project. NVX has secured additional liquidity, recently entering into a funding agreement for up to US\$100m convertible debentures with Yorkville Advisors Global.

Current Price (7/24/25) \$1.52  
Valuation \$4.00

### SUMMARY DATA

52-Week High 2.73  
52-Week Low 0.81  
One-Year Return (%) N/A  
Beta 0.80  
Average Daily Volume (sh) 165,345

ADs Outstanding (mil) 148  
Market Capitalization (\$mil) 225  
Short Interest Ratio (days) N/A  
Institutional Ownership (%) 48  
Insider Ownership (%) 21

Annual Cash Dividend \$0.00  
Dividend Yield (%) 0.00

#### 5-Yr. Historical Growth Rates

Sales (%) N/A  
Earnings Per Share (%) N/A  
Dividend (%) N/A

P/E using TTM EPS N/A  
P/E using 2025 Estimate N/A  
P/E using 2026 Estimate N/A

Risk Level Above average  
Type of Stock Growth  
Industry Materials

### ZACKS ESTIMATES

#### Revenue

(in millions of US\$)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2022					\$6.1 A
2023		\$3.9			\$8.1 A
2024		\$2.7			\$5.9 A
2025		\$2.3 E			\$5.9 E

#### Earnings or Loss Per ADR

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2022					-0.11 A
2023		-0.23 A			-0.38 A
2024		-0.23 A			-0.60 A
2025		-0.27 E			-0.54 E

2021-22 FY ended June, Now FY ends Dec  
L/ADR do not sum

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## TARIFFS – NEED FOR LOCAL BATTERY SUPPLY CHAIN

We believe the positive outlook for Novonix (NVX-NASDAQ) is supported by recent government measures. NVX is a leading battery materials and technology company contributing to the development of a North American supply chain to support sustainable energy sources. According to [Energy Storage News](#), the U.S. Department of Commerce provisionally has decided to impose of 93.5% anti-dumping (AD) tariffs on active anode material (AAM) imports from China, which brings the total tariff on Chinese AAM imports to 160%. A final ruling is due on December 5, 2025, by which time the tariff rate could change.

The American Active Anode Material Producers (AAAMP), which includes NVX, had petitioned for tariffs in December 2024. The AAAMP alleged that Chinese manufacturers were receiving government subsidies enabling them to sell at reduced prices in order to retain their dominant industry position. On January 8, 2025, the U.S. Department of Commerce initiated antidumping duty (AD) and countervailing duty (CVD) investigations of active anode material from China. The trade publication notes that the provisional tariff ruling potentially impacts Tesla, Panasonic, SK On and Samsung SDI, among other key customers for these products.

NVX views the provisional change, which impacts synthetic and natural graphite imports from China, as a positive, noting that it believes it “underscores the strategic importance of building a domestic supply chain for critical minerals, including synthetic graphite, in North America.”

We believe the tariff and trade backdrop also highlight the importance of reducing reliance on other countries for critical materials. Currently, manufacturers in China produce about 65% to 80% of the world's graphite, according to the U.S. Geological Survey and United States Trade Representative (USTR). China accounts for roughly 79% of global production of synthetic anode material and an estimated 80+% of the market for automotive battery anodes, implying potential risks, we believe, that could lead to supply side disruptions. Export controls from China also highlight the need for local supply sources, in our view. In 4Q23, China imposed export controls for graphite. NVX expects its material can be a more reliable supply and more competitively priced.

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## FUNDING: ACCESSING MULTIPLE SOURCES

*Recent funding sources include government grants, tax benefits and new credit facility*

We believe the expected increased need in North America for materials to support sustainable energy sources, combined with NVX's strategy to develop a local supply chain, are key factors behind the non-dilutive funding the company has obtained from the DOE, Canada's NRC IRAP (National Research Council of Canada Industrial Research Assistance Program) and other sources.

The company has successfully garnered government grants, tax credits and also strategic partner funding as it develops infrastructure to produce high performance long lasting materials to support a North American supply chain for battery production. In December 2024, Novonix announced a conditional commitment from the DOE for a direct loan of up to US\$754.8 million through the Loan Programs Office to be applied towards the financing of its second production plant, Enterprise South. A previous DOE award was from the Office of Manufacturing and Energy Supply Chains (MESCC), which awarded Novonix a US\$100 million grant.

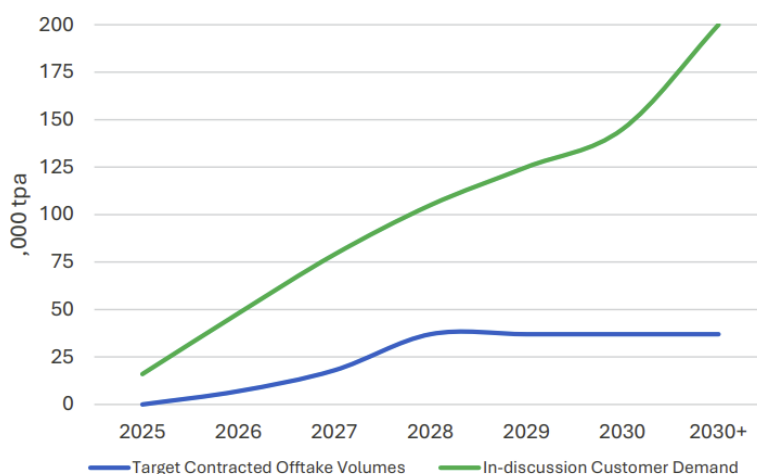
NVX had a cash balance of US\$24.8 million as of June 30, 2025, down from US\$42.6 million at year-end 2024. The company has secured additional liquidity, recently entering into a funding agreement for up to US\$100 million convertible debentures with Yorkville Advisors Global, LP.

## EXPANDING CAPACITY ANTICIPATING RISING DEMAND, SECURING OFF TAKE AGREEMENTS

### *Offtake agreements with multiple key players, sales will exceed initial anode capacity...*

Multiple factors are driving growing need for battery materials, including rising consumer adoption of electric vehicles (EVs) and installations of electric storage systems (ESS), among others. Novonix believes it has first mover advantage as an early manufacturer of synthetic graphite in North America and that its Riverside facility in Chattanooga is positioned to become the first large-scale production facility of high-performance synthetic graphite for the North American battery, defense, and industrial sectors. The company's second synthetic graphite manufacturing plant, Enterprise South, is also to be located in Chattanooga. With Enterprise South initial capacity and existing capacity at the Riverside facility, which is scaling up to 20k tonnes per annum (tpa), NVX plans to have total production capacity of more than 50k tpa in Chattanooga.

### Contracted Customer Volumes<sup>1,2</sup>



1. Contracted volumes shown require product qualification and growth dependent on customer plans and capital availability. NVX will add production lines at facilities to generally align with contracted volumes
2. The volumes shown are management's annual estimates of the offtakes for Stellantis, PowerCo and Panasonic, including the assumption that Panasonic contract is renewed past 2028

Source: [Company reports](#)

Novonix has signed binding offtake agreements to supply synthetic graphite to multiple key players, including Panasonic Energy, Stellantis, and PowerCo. In the aggregate, the company has allocated all the volume of the initial production capacity at the Riverside facility. With the commitment from Stellantis, which has become the company's largest customer, NVX has secured upfront demand for all available initial volumes at the Riverside plant, plus a portion of volume to be produced at a planned greenfield plant. Moreover, in 1H25, the company supplied samples of synthetic graphite material to 13 different customers and potential customers for their evaluation.

**PowerCo SE** is part of the Volkswagen Group and was formed for Volkswagen to bundle its global battery activities into one key operating group. PowerCo oversees Volkswagen's global factory operations, cell technology developments and vertical integration. PowerCo has identified three gigafactory locations with aggregate capacity of up to 200 GWh per annum. One is located in Salzgitter, Germany, which is where PowerCo is based. The other two are in Valencia, Spain and St. Thomas, Canada. NVX and PowerCo signed a binding offtake agreement for a minimum of 32k tons of high performance synthetic graphite materials that Novonix will supply to PowerCo from 2027 through 2031.

NVX also signed a binding off-take agreement to supply high-performance synthetic graphite anode material to **Panasonic Energy's** North American operations from its Riverside facility, which is located in Chattanooga, Tennessee. The agreement is for 10k tons over a period of four years.

NVX and **Stellantis NV**, a leading automotive company, recently signed a binding offtake agreement for a minimum of 86,250 tonnes, up to a target volume of 115,000 tonnes of high-performance synthetic graphite material to be supplied to Stellantis' cell manufacturing partners in North America over a six-year term from the Riverside facility and a planned expansion site beginning in 2026.

The company expects final qualification production for Panasonic Energy to begin in late 2025, followed by Stellantis in 2026, and PowerCo in 2027. NVX has also indicated that it is in advanced discussions with multiple additional Tier 1 companies and intends to expand its production output to meet customer commitments. Novonix is advancing plans to construct a new production facility in Chattanooga, Tennessee and received approval last month from the City of Chattanooga and Hamilton County to acquire a 182-acre land parcel for the second production plant, Enterprise South, which it will purchase for about US\$4.6 million. NVX received an estimated US\$54 million in net tax and other benefits that it will realize over a 15-year period.

### *Operating units complement one another as company advances strategy*

NVX also believes it has a competitive advantage through what it calls its synergistic operating structure. The company's three operating units – Novonix Anode Materials, Novonix Cathode Materials and Novonix Battery Technology Solutions (BTS) divisions – complement one another and are each expected to play important roles as Novonix leverages its proprietary R&D to develop critical materials for the battery, ESS, defense and industrial sectors. Lithium-ion batteries consist primarily of a cathode (positive electrode), an anode (negative electrode) and electrolyte architecture, as well as a separator.

The Novonix Anode and Cathode divisions are each preparing to produce critical materials and the company believes BTS provides a competitive advantage to help it accelerate innovation in the space. For example, the BTS division forms the internal and external R&D arm that supports the expansion into the materials businesses. The three divisions are also expected to share an overlapping end customer base. The company also believes it has a competitive advantage through the insight it has developed over the past several years of operation into what key existing and prospective customers need.




**NOVONIX**  
ANODE MATERIALS

- Leading domestic supplier of battery-grade synthetic graphite
- Large scale and sustainable production to advance North American battery supply chain
- Strategically positioned to accelerate clean energy transition through proprietary technology, advanced R&D and partnerships



**NOVONIX**  
CATHODE MATERIALS

- Commercializing patented cathode synthesis technology
- Process technology minimizes environmental impact while producing high performance materials
- Pilot line producing cathode samples with total production capacity of up to 10 tpa



**NOVONIX**  
BATTERY TECHNOLOGY SOLUTIONS

- Provides industry leading Ultra-High Precision Coulometry cell testing equipment
- Offers R&D Services with in-house pilot line, cell testing, and expertise to accelerate customer development programs

Source: [Company presentation](#)

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## VALUATION

As Novonix moves closer to commercializing its North American materials businesses, we expect the shares to begin to reflect the value of the anode and cathode initiatives. We believe expected milestones – such as fulfilling the off-take agreements – could act as catalysts for multiple expansion and share price appreciation. Given anticipated battery demand and depending on market conditions, we believe it is not unreasonable to expect that the company could deliver annual revenue in the US\$15 million to US\$20 million range in the next few years, the combination of the legacy BTS business and new materials and testing revenue.

Share price multiples in the clean tech space average about 3x revenue and multiples for renewable energy players are significantly higher. While there are no true direct comparisons for Novonix, in our view, these sectors can provide a benchmark. If NVX can reach the above noted revenue in the 2026-27 timeframe, discounting back at 11% per annum implies near-term imputed revenue of about US\$8.5 million. To that we apply a 2.5x multiple, below the blended sector multiples noted above to reflect higher risk at this early stage in NVX's development, and a confidence metric of roughly 25% to account for potential delays in delivering this topline. This implies a near-term valuation of about \$4. If the company achieves certain milestones faster than we expect, it could cause us to change our confidence metric.

We believe the risk / reward ratio could be attractive for investors who have a higher than average risk tolerance and longer time horizon. We think the current share price level does not reflect the fundamental value of the company's prospects and expect them to begin to reflect future prospects, as the company continues to advance its strategy. In success, we would anticipate multiple and share price expansion. Any delay or failure in successful execution of the strategy could cause the share price to decline and represent a potential risk to our valuation.

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## RISKS

We believe risks to Novonix achieving its goals, and to our valuation, include the following, among others.

- NVX has locked in orders for anode material produced at Riverside and spilling over into the planned second facility, but Novonix Anode or Cathode materials might not gain further market share as quickly as the company expects, which leads to slower than anticipated revenue ramp.
- The timing of expanding production capacity at the Riverside plant could be delayed, which would also delay sales ramp.
- The company could incur unanticipated costs associated with its growth strategy.
- The price of synthetic graphite could come under pressure if substitute materials are shown to be effective or if other producers price irrationally to protect market share.
- Additional commercial deals for the 2nd facility and / or the cathode material might take longer than expected to close or might not materialize at all.
- Competition could increase.
- Technology could evolve that makes the company's advanced materials less important to the global battery sector than management currently anticipates.
- NVX might need to raise additional capital to support its strategy that could be dilutive to current shareholders.

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## RECENT NEWS

- The U.S. Department of Commerce announced provisional imposition of 93.5% Antidumping Tariffs on Chinese graphite on July 18, 2025.
- On April 29, 2025, NVX finalized the purchase and sale agreement for Enterprise South land.
- The company appointed Michael O'Kronley as Chief Executive Officer on April 27, 2025.
- On March 12, 2025, NVX received approval for purchase of enterprise South Land for planned Enterprise South Manufacturing Facility.
- On February 2, 2025, US Graphite Producers Won Preliminary ITC Trade Case Ruling.
- On Jan 20, 2025, NVX announced the transition of its CEO.
- NVX and Harper International entered a licensing agreement for graphitization furnace technology On January 9, 2025.
- On January 6, 2025 NVX announced its planned site for the new plant in the Enterprise South Industrial Park in Chattanooga, Tennessee.
- On December 18, 2024, American graphite producers filed a trade case regarding anticompetitive prices on Chinese exports.

## PROJECTED FINANCIALS

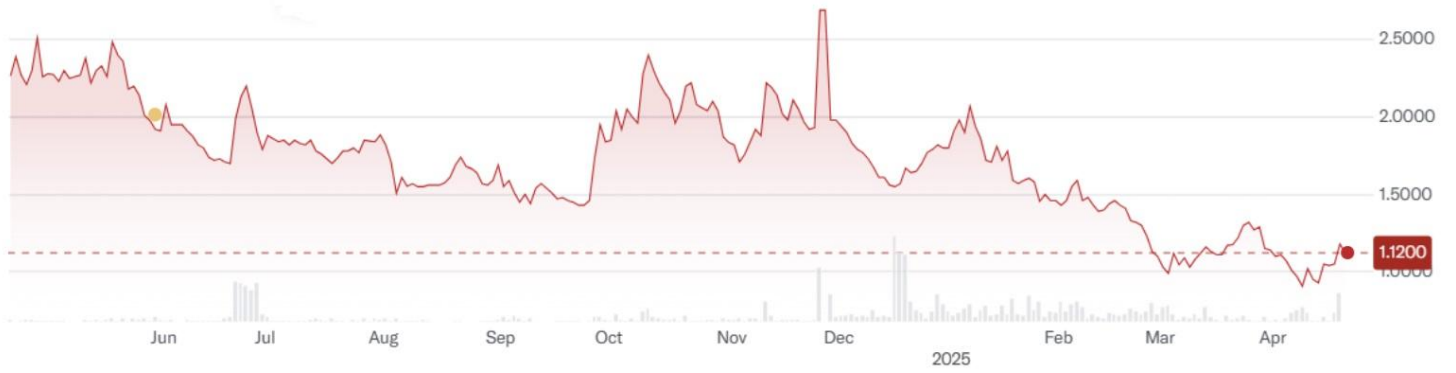
### Novonix Income Statement & Projections (6 months ended in US\$)

	June 2023A	Dec 2023A	June 2024A	Dec 2024A	June 2025E	Dec 2025E
Revenue from contracts with customers	3,919,895	8,054,528	2,740,479	5,854,424	2,329,407	5,942,240
COGs	(2,765,896)	2,817,269	1,005,515	1,770,517	838,587	2,020,362
Gross profit / (loss)	1,153,999 <span style="color: green;">▲</span>	5,237,259	1,734,964	4,083,907	1,490,821	3,921,879
Gross margin	29%	65%	63%	70%	64%	66%
Admin & other expense	(9,803,730)	(18,863,896)	(9,522,197)	(19,919,292)	(10,059,242)	(20,118,485)
Borrowing costs	(981,100)	(2,864,102)	(1,886,279)	(3,566,998)	(1,801,334)	(3,602,668)
D&A	(2,331,394)	(4,740,135)	(2,271,186)	(4,568,969)	(2,307,329)	(4,614,659)
Equity pick up	-	-	-	-	-	-
R&D	(2,278,806)	(5,750,574)	(2,026,377)	(4,849,571)	(2,449,033)	(4,898,067)
Share based comp	(6,818,045)	(5,621,959)	(13,089,333)	(5,523,560)	(2,789,398)	(5,578,796)
Employee benefits	(8,909,635)	(20,339,880)	(4,746,702)	(23,632,917)	(11,934,623)	(23,869,246)
Other	1,869,964	6,495,077	3,096,153	4,273,179	2,157,955	4,315,911
Total	(29,252,746)	(51,685,469)	(30,445,921)	(57,788,128)	(29,183,005)	(58,366,009)
Operating income / (loss)	(28,098,747)	(46,448,210)	(28,710,957)	(53,704,221)	(27,692,184)	(54,444,131)
(Loss)/gain fair value of derivative instruments				(4,536,546)	(2,290,956)	(4,581,911)
Loss on equity investment				(15,308,187)	(7,730,634)	(15,461,269)
FX	(2,827,882)	(1,489,976)	(1,820,751)	(1,175,500)	(593,628)	(1,187,255)
Pretax income / (loss)	(28,098,747)	(46,448,210)	(28,710,957)	(74,724,454)	(38,307,402)	(75,674,566)
Taxes	-	199,949		(97,687)		
Net loss	(30,926,629)	(47,738,237)	(30,531,708)	(74,822,141)	(38,307,402)	(75,674,566)
LPS	(\$0.06)	(\$0.09)	(\$0.06)	(\$0.15)	(\$0.07)	(\$0.13)
Loss per ADR	(\$0.23)	(\$0.38)	(\$0.23)	(\$0.60)	(\$0.27)	(\$0.54)
Avg shares out	486,947,711	487,474,460	489,003,935	496,862,010	563,520,515	563,535,515
ADRs	121,736,928	121,868,615	122,250,984	124,215,503	140,880,129	140,883,879

Source: Company reports, Zacks estimates

FY ends Dec. 31

## HISTORICAL STOCK PRICE



Source: Yahoo Finance

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