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Novonix Ltd

(NVX-NASDAQ)

NVX: Growth Expected From Multiple Sources, as NVX's Prospective Customer Base Expands & Diversifies

NVX continues to deliver material samples to prospective industrial customers, after providing more than 100 samples of synthetic graphite to 15 customers and prospects in 2025 for battery, energy storage & industrial applications. The recently completed sale of NOVONIX BTS is consistent with the company's objective to focus on the synthetic graphite business, while a positive – we believe – is that NVX maintains exposure to the potential upside of the cathode business through its retention of a 15% stake.

Current Price (6/2/26) **\$0.70**
Valuation **\$3.00**

OUTLOOK

Multiple factors are driving anticipated growth in demand for synthetic graphite, including installations of electric storage systems (ESS). Installations of energy storage increased 43% y/y in 2025 & are projected to grow at an average annual rate of ~11% through 2034. As total demand for energy is projected to rise by as much as 25% by 2030 and nearly double by 2050, according to the DOE. This is expected to challenge an aging and often inadequate power grid. Deploying storage technologies is one of the solutions the DOE has outlined. Key uses and benefits of ESSs include balancing grid supply and demand and improving quality and reliability, arbitraging peak / non-peak demand pricing, storing and smoothing renewable electricity generation and power, backing-up power, as well as integrating with microgrids.

SUMMARY DATA

52-Week High **3.86**
52-Week Low **0.59**
One-Year Return (%) **-36**
Beta **0.91**
Average Daily Volume (sh) **338,011**

ADs Outstanding (mil) **210**
Market Capitalization (\$mil) **147**
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 **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)
2023		\$3.9 A			\$8.1 A
2024		\$2.7 A			\$5.9 A
2025		\$2.8 A			\$5.6 A
2026		\$3.0 E			\$3.3 E

Earnings or Loss Per ADR

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2023		-0.23 A			-0.38 A
2024		-0.23 A			-0.60 A
2025		-0.13 A			-0.54 A
2026		-0.27 E			-0.49 E

L/ADR do not sum

' Disclosures pg 8

SUPPLYING MATERIAL SAMPLES TO MULTIPLE SECTORS

Rapidly rising energy demand challenges aging, often inadequate power grid & drives need for storage technologies

Novonix (NVX-NASDAQ) is building a North American vertically integrated synthetic graphite supply chain to support multiple sectors, as it diversifies its product portfolio in addition to supplying material to the battery sector to encompass additional key verticals. The expansion beyond the battery space is expected to enable NVX to further allocate production from its Chattanooga, Tennessee facility. The facility is on-track to become the first large-scale synthetic graphite manufacturing plant in North America, according to NVX, which believes it has first mover advantage as an early manufacturer of synthetic graphite in North America.

Energy storage installations projected to average ~11% annual growth through 2034

There are multiple factors driving the anticipated growth in demand for synthetic graphite, including installations of electric storage systems (ESS), among others. Electricity and/or other energy sources such as solar energy are used to charge energy storage systems, which then supply electricity as needed and to support electric power grids. Installations of energy storage increased 43% year-over-year in 2025, according to Reuters citing Wood Mackenzie, and are projected to grow at an average annual rate of nearly 11% through 2034.

Total demand for energy is projected to rise by as much as 25% by 2030 and nearly double by 2050, according to the U.S. Department of Energy ([DOE](#)), in turn challenging an aging and often inadequate power grid. Deploying storage technologies is one of the solutions the DOE has outlined. Key uses and benefits of ESSs, according to the U.S. Energy Information Administration ([EIA](#)) include balancing grid supply and demand and improving quality and reliability, arbitraging peak / non-peak demand pricing, storing and smoothing renewable electricity generation and power, backing-up power, as well as integrating with microgrids. ESSs are being integrated into microgrids that supply a relatively small geographic area or customer base to provide some or all of the uses and benefits of electricity storage listed above. Domestic demand for power rising at unprecedented rates, reflecting energy-intensive AI data centers, manufacturing reshoring, electric vehicles (EVs) and other factors.

On the batteries side, consumer adoption of EVs is also expected to boost demand for NVX materials. EV sales in other parts of the world remain robust. Moreover, some data suggest that surging gas [prices](#) since the Iran War began is sparking higher interest in EVs – CNBC, citing Edmunds data, notes that in April, 72.1% of buyers purchasing a new EV at dealerships traded in a gas car, up from 67.1% in January – it seems premature at this point to expect such a trend. We therefore view the company's diversification initiatives positively.

As the company moves its development and commercialization strategy forward, NVX provided more than 100 samples of synthetic graphite to 15 customers and prospects in 2025 for battery, energy storage, and industrial applications and continues to deliver additional samples to prospective industrial customers. The company has already signed upfront commitments for a substantial amount of production capacity with offtake agreements with major industry players, including Panasonic.

In addition, importantly, NVX manufactured and delivered its first mass-production, industrial-grade synthetic graphite sample to a prominent North American carbon processor with a global market reach in September 2025. The company believes this is proof of concept that its proprietary continuous graphitization furnace technology can produce industrial-grade products at scale. Industrial-grade product qualification enables a quicker roadmap to market compared to battery-grade synthetic graphite, according to the company.

Recent BTS sale enables focus on synthetic graphite business, while maintaining exposure to the potential upside of cathode business through retention of 15% stake

To focus on advancing its synthetic graphite business, the company completed the previously announced sale of NOVONIX Battery Technology Solutions (BTS) to former CEO Dr. Chris Burns. NVX receives a 15% equity stake in the developing cathode business, which has rebranded as Dryve Battery Materials Inc. BTS was not a core business for the company. The divestiture therefore was consistent with the company's objective to focus on the synthetic graphite business, while still retaining exposure to the potential upside if, as management expects, the cathode business progresses.

NVX also sold its Mt. Dromedary Natural Graphite Project in Queensland, Australia in September 2025 for A\$2 million to Lithium Energy, which also repaid A\$250,000 that NVX had incurred previously to divest this asset. We view these initiatives positively as they underscore, in our view, NVX's prioritizing its synthetic graphite development and the sale of noncore assets will enable the company to focus on and allocate capital to synthetic graphite.

Synthetic graphite is a designated U.S. Critical Mineral. NVX's patented production technologies have been shown to be more energy-efficient and environmentally responsible compared to Chinese product, which represents the majority of production currently. 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. The U.S. Trade Representative commenced two Section 301 investigations in March 2026 that might result in the imposition of tariffs on Chinese manufacturers.

Capital savings of >\$200m, operational & logistic synergies expected from consolidating planned 50k tpa build-out...

Mass production of battery-grade anode material for Panasonic is expected to begin in the back half of 2027. To support anticipated growth in customer demand, NVX is evaluating expansion plans. The company believes that consolidating the planned 50k tpa build-out into a single unified project could deliver capital savings of \$200+ million and create operational and logistic synergies.

...as Novonix leverages multiple sources of non-dilutive funding

NVX had a cash balance of US\$57.1 million as of March 31, 2026. NVX also recently announced that the U.S. Government has certified its Riverside project in connection with the US\$103 million in tax credits previously allocated under the U.S. Government's Section 48C Advanced Energy Project Credit Program. NVX will receive the US\$103 million of tax credits when it places its first 11,000 tpa of production in service if that occurs before April 7, 2028. The tax credits can be sold to a third party.

The company has been able to obtain other sources of non-dilutive funding, including 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. We believe these grants and other funding underscore the government's interest in the development of a local North American supply chain for materials to support sustainable energy sources.

VALUATION

Given some of the growth drivers discussed above anticipated to contribute to a rise in demand for synthetic graphite and depending on market conditions, we believe it is not unreasonable to expect that NVX could deliver annual revenue in the US\$35 million to US\$55 million range in the next few years, the combination of offtake agreements that are in place and potential new agreements following materials testing with prospective customers that need the material for a substantially broader range of applications than we had initially anticipated. We expect NVX shares to begin to reflect the value of the company's anode initiatives as Novonix moves closer to commercializing its North American materials businesses. We believe expected milestones – such as signing new off-take agreements and fulfilling the Panasonic commitment – could act as catalysts for multiple expansion and share price appreciation.

Share price multiples in the clean tech space average about in the range of >5x to nearly 9x on an EV/revenue basis and above 3x on P/S. Multiples for renewable energy players are significantly higher. Energy storage and battery technology companies can command a broad range of multiples. For examples, on an EV/EBITDA basis, the range is about 10.0x to 15.0x.

There are no true direct comparisons for Novonix, in our view. Nevertheless, these sectors can provide a partial benchmark. We believe NVX's ability to execute its growth strategy has improved significantly with a new management team in place. If NVX can execute successfully and reach the above noted revenue in the 2027-29 timeframe and applying a ~10x multiple to reflect scarcity value of North American produced synthetic graphite material at this early stage in NVX's development, it implies a near-term valuation of about \$3. If the company achieves certain milestones faster than we expect, it could cause us to change our valuation metric.

We believe the risk / reward ratio could be attractive for investors who have a higher than average risk tolerance and longer time horizon, as we think the current share price level does not reflect the fundamental value of the company's prospects as NVX 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.

RISKS

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

- Signing additional offtake agreements for anode material could take longer than the company expects, which could lead to slower than anticipated revenue ramp.
- The timing of expanding production capacity could be delayed, which could also delay sales ramp.
- The company could incur unanticipated costs associated with its growth strategy.
- The price of synthetic graphic 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 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.
- NVX received notice from Nasdaq in March 2026 that it is not in compliance with the minimum bid price requirement of US\$1.00 per ADR and has 180-calendar days to regain compliance.

RECENT NEWS

- On April 30, 2026, NVX completed divestiture of non-core BTS to focus on synthetic graphite.
- On April 9, 2026, NVX affirmed that it was certified for US\$103 million 48C Tax Credits for its plant.
- NVX secured rights to purchase adjacent land at Riverside location on March 10, 2026.
- NVX appointed CEO Mike O'Kronley to the Board of Directors on December 15, 2025.
- NVX appointed Dwayne Johnson as Chief Operating Officer on October 29, 2025.
- On October 28, 2025, NVX draw down the additional tranche of convertible debentures.
- On September 25, 2025, NVX announced the sale of the Mt Dromedary natural graphite project for AUD\$2 million.

PROJECTED FINANCIALS

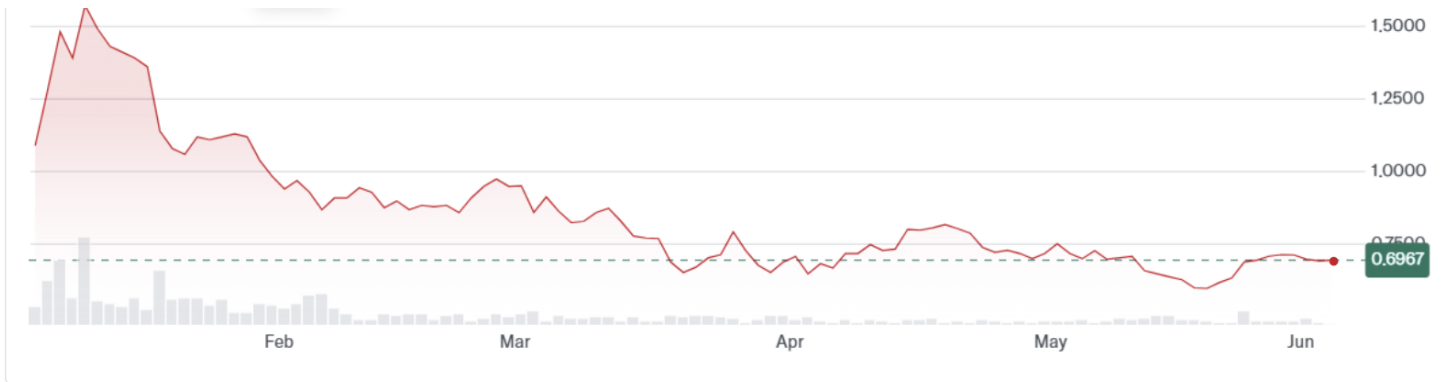
Novonix Income Statement & Projections (6 months ended in US\$)

	Dec 2023A	June 2024A	Dec 2024A	June 2025A	Dec 2025A	June 2026E	Dec 2026E
Revenue from contracts with customers	8,054,528	2,740,479	5,854,424	2,817,488	5,617,119	3,042,887	3,347,176
COGs	2,817,269	1,005,515	1,770,517	643,479	2,500,423	1,095,439	1,171,512
Gross profit / (loss)	5,237,259	1,734,964	4,083,907	2,174,009	3,116,696	1,947,448	2,175,664
Gross margin	65%	63%	70%	77%	55%	64%	65%
Admin & other expense	(18,863,896)	(9,522,197)	(19,919,292)	(9,729,900)	(22,208,638)	(11,215,362)	(22,430,724)
D&A	(4,740,135)	(2,271,186)	(4,568,969)	(2,300,730)	(4,570,856)	(2,308,282)	(4,616,565)
R&D	(5,750,574)	(2,026,377)	(4,849,571)	(2,024,208)	(5,670,587)	(2,863,646)	(5,727,293)
Share based comp	(5,621,959)	(13,089,333)	(5,523,560)	(1,368,001)	(1,142,636)	(577,031)	(1,154,062)
Employee benefits	(20,339,880)	(4,746,702)	(23,632,917)	(13,195,623)	(24,027,480)	(12,133,877)	(24,267,755)
Other	-	-	-	-	-	-	(2,200)
Total	(55,316,444)	(31,655,795)	(58,494,309)	(28,618,462)	(57,620,197)	(29,098,199)	(58,198,599)
Operating income / (loss)	(50,079,185)	(29,920,831)	(73,285,587)	(26,444,453)	(54,503,501)	(27,150,752)	(56,022,935)
Borrowing costs	(2,864,102)	(1,886,279)	(3,566,998)	(1,827,194)	(11,946,441)	(6,032,953)	(12,065,905)
(Loss)/gain fair value of derivative instruments	1,525,320	421,365	(4,536,546)	4,207,340	(5,100,800)	(2,575,904)	(3,091,085)
Other	3,609,900	2,133,170	7,840,177	2,360,639	(22,983,454)	(11,606,644)	(13,927,973)
FX	1,359,857	541,618	(1,175,500)	1,568,121	1,834,551	926,448	1,852,897
Pretax income / (loss)	(46,448,210)	(28,710,957)	(74,724,454)	(20,135,547)	(92,699,645)	(46,439,804)	(83,255,002)
Taxes	199,949	-	(97,687)	-	(25,542)	-	832,550
Equity pick up	-	-	-	-	-	-	-
Net loss	▶ (46,248,261) ▶	(28,710,957)	(74,822,141)	(20,135,547)	(92,725,187)	(46,439,804)	(82,422,452)
LPS	▶ (\$0.09)	(\$0.06)	(\$0.15)	(\$0.03)	(\$0.14)	(\$0.07)	(\$0.12)
Loss per ADR	(\$0.38)	(\$0.23)	(\$0.60)	(\$0.13)	(\$0.54)	(\$0.27)	(\$0.49)
Avg shares out	487,474,460	489,003,935	496,862,010	636,199,259	681,677,490	681,681,990	681,696,990
ADRs	121,868,615	122,250,984	124,215,503	159,049,815	170,419,373	170,420,498	170,424,248

Source: Company reports, Zacks estimates
ADR = 4 ordinary shares

FY ends Dec. 31

HISTORICAL STOCK PRICE



Source: Yahoo Finance

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