February 20, 2026

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Novonix Ltd (NVX-NASDAQ)

NVX: Divesting Noncore Assets Positive

This week the company announced that it has entered into a binding term sheet for the proposed sale of its NOVONIX Battery Technology Solutions (BTS) unit in Canada, with former CEO Dr. Chris Burns. Separately, the company believes this strengthens its competitive position for the North American market. BTS is not a core business for the company, which is focusing on development of its synthetic graphite business. BTS provides advanced battery testing systems.

Current Price (2/19/26)	$1.39
Valuation	**$4.00**

OUTLOOK

We also believe the importance of creating a local source of such materials and reducing reliance on other countries is highlighted by recent regulatory measures. Earlier this month, the U.S. Department of Commerce issued its final determination regarding antidumping and countervailing duty investigations covering anode active materials (AAM) imported into the U.S. from China. Subject to a final determination by the U.S. International Trade Commission, expected in March 2026, that the U.S. AAM industry has been materially impeded because of Chinese AAM imports, the total amount of the tariffs applicable to AAM imported from China will be at least 160%.

SUMMARY DATA

52-Week High	**2.73**
52-Week Low	**0.81**
One-Year Return (%)	**N/A**
Beta	**0.80**
Average Daily Volume (sh)	**92,906**
ADSs Outstanding (mil)	**157**
Market Capitalization ($mil)	**216**
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		$2.8 A			$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		-0.13 A			-0.35 E

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

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MULTIPLE POTENTIAL CUSTOMERS ARE SAMPLING NOVONIX MATERIALS

Divestiture of noncore businesses underscore prioritizing & enables focus on synthetic graphite

Novonix (NVX-NASDAQ) is building a North American vertically integrated synthetic graphite supply chain in North America. This week the company announced that it has entered into a binding term sheet for the proposed sale of its NOVONIX Battery Technology Solutions (BTS) unit in Canada, with former CEO Dr. Chris Burns. Separately, the company believes this strengthens its competitive position for the North American market.

BTS is not a core business for the company, which is focusing on development of its synthetic graphite business. BTS provides advanced battery testing systems. The planned divestiture is also consistent with the recent sale of another noncore business, the Mt. Dromedary natural graphite mining project. 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.

We also believe the importance of creating a local source of such materials and reducing reliance on other countries is highlighted by recent regulatory measures. Earlier this month, the U.S. Department of Commerce issued its final determination regarding antidumping and countervailing duty investigations covering anode active materials (AAM) imported into the U.S. from China. Subject to a final determination by the U.S. International Trade Commission, expected in March 2026, that the U.S. AAM industry has been materially impeded because of Chinese AAM imports, the total amount of the tariffs applicable to AAM imported from China will be at least 160%.

If the ITC affirms, then an antidumping duty of 93.5% will be imposed on AAM imports from China from specified companies and a duty of 102.72% will be imposed China-wide on all other exporters. A countervailing duty of 66.82% to 66.86% will be imposed on all AAM imports from China producers. The duties apply to anode-graphite materials, including synthetic and natural graphite products and blended materials used in lithium-ion battery applications.

Synthetic graphite is a designated U.S. Critical Mineral and 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 Department of Commerce determination follows the December 2024 petition for tariffs by the American Active Anode Material Producers (AAAMP), which includes NVX, alleging 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.

Company progressing toward commercial-scale production at Riverside facility

NVX continues to progress toward commercial-scale production at its Riverside facility in Chattanooga, Tennessee. The facility is on-track to become the first large-scale synthetic graphite manufacturing plant in North America, according to NVX. In late 2025, NVX delivered its first mass production, commercial-grade sample of synthetic graphite for industrial applications to one of North America's largest value-added carbon processors with a global market reach. NVX provided an industrial-grade mass production sample for final qualification for use in various industrial applications. Industrial-grade product qualification enables a quicker roadmap to market than battery-grade synthetic graphite, according to the company. If/ when the two form a definitive supply agreement after final product qualification has been completed, target supply volumes will be further defined.

The company believes this delivery represents a milestone and demonstrates that its proprietary continuous graphitization furnace technology can be used to produce industrial-grade products at a mass production scale. Moreover, the capability to provide materials to markets outside the battery space is expected to enable NVX to diversify its product portfolio and allocate Riverside production.

Last month, NVX updated the expected timeline to begin mass production for Panasonic, its lead battery material customer. With four graphitization furnaces fully installed, all of the mass production equipment for Panasonic has been installed and commissioned. At this point, NVX is advancing through the final stages of battery-grade material qualification. Furnace calibration and raw material testing to support large-scale production are in process. Mass production of battery-grade anode material for Panasonic is expected to begin in 2H 2027.

20k tpa capacity fully allocated under long-term offtake agreements

Novonix has signed binding offtake agreements to supply synthetic graphite to Panasonic and PowerCo. Another offtake agreement with Stellantis was terminated last quarter. The company indicated that they did not reach an agreement on the unique battery cell product specifications and milestones for mass production qualification. Stellantis terminated multiple supply agreements for battery materials with different partners at the time.

Novonix continues to supply samples of synthetic graphite material to different prospective customers for their evaluation for battery and industrial applications. NVX expects to close additional agreements. On the batteries side, there are multiple factors 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.

Recent funding sources include government grants, tax benefits and convertible debentures…

NVX had a cash balance of US$81.3 million as of December 31, 2025. NVX also recently drew down from US$42.6 million at year-end 2024. The company has secured additional liquidity recently, as noted, entering into a funding agreement for up to US$100 million convertible debentures with Yorkville Advisors Global, LP.

The company has been able to obtain non-dilutive funding 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.

In 4Q25, NVX drew down the additional tranche of US$40,000,000 (US$38,000,000, net of a 5% discount to the face value) (the "Additional Tranche") convertible debentures that were approved by shareholders at the Extraordinary General Meeting held on 8 September 2025. Funding As announced on 24 July 2025, NOVONIX entered into a definitive Funding Agreement with Yorkville for funding of up to US$57,000,000, with an Additional Tranche of up to US$38,000,000 available to be drawn by mutual agreement between the parties. The total funding was provided in exchange for the issue of up to US$100,000,000 of unsecured convertible debentures to Yorkville. Both the first and second drawdowns, totaling US$57,000,000 (with an aggregate face value of US$60,000,000) have been fully drawn..

VALUATION

We expect NVX shares to begin to reflect the value of the company's anode and cathode initiatives as Novonix moves closer to commercializing its North American materials businesses. 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 NVX 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, 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.

- NVX has offtake agreements for anode material additional orders could take longer than the company expects, which could lead 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 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 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.

RECENT NEWS

- NVX reported 1H 2025 results on August 21, 2025.
- 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 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.

PROJECTED FINANCIALS

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

	June 2023A	Dec 2023A	June 2024A	Dec 2024A	June 2025A	Dec 2025E
Revenue from contracts with customers	3,919,895	8,054,528	2,740,479	5,854,424	2,817,488	5,942,240
COGs	(2,765,896)	2,817,269	1,005,515	1,770,517	643,479	2,020,362
Gross profit / (loss)	1,153,999	5,237,259	1,734,964	4,083,907	2,174,009	3,921,879
Gross margin	29%	65%	63%	70%	77%	66%
Admin & other expense	(9,803,730)	(18,863,896)	(9,522,197)	(19,919,292)	(9,729,900)	(20,118,485)
Borrowing costs	(981,100)	(2,864,102)	(1,886,279)	(3,566,998)	(1,827,194)	(3,602,668)
D&A	(2,331,394)	(4,740,135)	(2,271,186)	(4,568,969)	(2,300,730)	(4,614,659)
Equity pick up	-		-	-	-	-
R&D	(2,278,806)	(5,750,574)	(2,026,377)	(4,849,571)	(2,024,208)	(4,898,067)
Share based comp	(6,818,045)	(5,621,959)	(13,089,333)	(5,523,560)	(1,368,001)	(5,578,796)
Employee benefits	(8,909,635)	(20,339,880)	(4,746,702)	(23,632,917)	(13,195,623)	(23,869,246)
Other	1,869,964	6,495,077	3,096,153	4,273,179	8,136,100	4,315,911
Total	(29,252,746)	(51,685,469)	(30,445,921)	(57,788,128)	(22,309,556)	(58,366,009)
Operating income / (loss)	(28,098,747)	(46,448,210)	(28,710,957)	(53,704,221)	(20,135,547)	(54,444,131)
(Loss)/gain fair value of derivative instruments				(4,536,546)	-	-
Loss on equity investment				(15,308,187)	-	-
FX	(2,827,882)	(1,489,976)	(1,820,751)	(1,175,500)	447,931	(1,187,255)
Pretax income / (loss)	(28,098,747)	(46,448,210)	(28,710,957)	(74,724,454)	(19,687,616)	(55,631,386)
Taxes	-	199,949		(97,687)		
Net loss	(30,926,629)	(47,738,237)	(30,531,708)	(74,822,141)	(19,687,616)	(55,631,386)
LPS	($0.06)	($0.09)	($0.06)	($0.15)	($0.03)	($0.09)
Loss per ADR	($0.23)	($0.38)	($0.23)	($0.60)	($0.13)	($0.35)
Avg shares out	486,947,711	487,474,460	489,003,935	496,862,010	628,041,079	628,056,079
ADRs	121,736,928	121,868,615	122,250,984	124,215,503	157,010,270	157,014,020

Source: Company reports, Zacks estimates FY ends Dec. 31

HISTORICAL STOCK PRICE

Source: Yahoo Finance

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