

# Zacks Small-Cap Research

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## CBAK Energy Technology (NASDAQ: CBAT)

**CBAT: Trade and policy concerns continue to weigh on the stock. 2026 should be a pivotal year.**

CBAK's battery cell business continues to transition to larger-format cell production, and the Nanjing facility expansion appears on track. We believe the shares represent substantial value at current levels, and the raw materials business provides upside to our estimates. We are maintaining our 12-month valuation target of \$1.50.

Current Price (2/04/26) \$0.79  
Valuation \$1.50

### OUTLOOK

CBAK Energy Technology's shares have trailed the broader market during the first month of 2026 (down 6%) amid continued trade concerns and prospective policy changes in China.

While we speculate that the sharp rise in global battery equipment demand has increased the time to fulfill equipment orders, we still believe that 2026 will mark another major expansion of CBAK's production capacity.

A newly updated investor presentation highlights several key strategic decisions, including plans to mitigate trade risk and expansion plans.

### SUMMARY DATA

52-Week High \$1.25  
52-Week Low \$0.57  
One-Year Return (%) -14%  
Beta 1.30  
Average Daily Volume (sh) 137,419

Shares Outstanding (mil) 89  
Market Capitalization (\$mil) \$70  
Short Interest Ratio (days) N/A  
Institutional Ownership (%) 2  
Insider Ownership (%) 1

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

5-Yr. Historical Growth Rates  
Sales (%) NM  
Earnings Per Share (%) N/A  
Dividend (%) N/A

P/E using TTM EPS NM  
P/E using 2025 Estimate NM  
P/E using 2026 Estimate 7.9x

Zacks Rank N/A

Risk Level Above Average  
Type of Stock Industry Speculative  
Energy Storage

### ZACKS ESTIMATES

#### Revenue (in millions of \$)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2023	42 A	42 A	63 A	56 A	204 A
2023	59 A	48 A	45 A	28 A	177 A
2025	35 A	40 A	61 A	65 E	201 E
2026	69 E	79 E	94 E	100 E	343 E

#### EPS / Loss Per Share

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2023	-\$0.02 A	-\$0.03 A	\$0.07 A	-\$0.04 A	-\$0.03 A
2024	\$0.11 A	\$0.07 A	\$0.00 A	-\$0.05 A	\$0.13 A
2025	-\$0.02 A	-\$0.03 A	\$0.03 A	-\$0.03 E	-\$0.05 E
2026	-\$0.01 E	\$0.01 E	\$0.05 E	\$0.06 E	\$0.10 E

Zacks Projected EPS Growth Rate - Next 5 Years % N/A

\*Quarterly EPS may not add up to annual EPS due to rounding

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## WHAT'S NEW

### New Investor Presentation

CBAK Energy has added an updated investor presentation to the company's investor relations website this week, which includes several new pieces of information indicating that the company is still on track to meet or exceed our capacity expansion forecasts for 2026.

As we've noted previously, 2025 and 2026 represent a major transition for CBAK, as it significantly upgrades its production facilities in Dalian and Nanjing.

### **Dalian**

We believe that as a result of additional production for 40135 cells at Dalian the facility's total capacity to 3.3 GWh (up from 1 GWh a year ago). This facility is now producing older-style 26650 and 26700 cells for legacy customers and larger 40135 cells on a new production line that became operational in Q4. Despite the more than 200% increase in capacity at Dalian, the company indicated that its long-term goals include eventually reaching 16 GWh at Dalian, with most of the additional capacity focused on model 40135 cells.

### **Nanjing**

We had previously modeled that the company had 1.3 GWh of capacity at the Nanjing facility for the production of 32140 cells, with additional capacity under construction in Phase 2 of the Nanjing expansion. As with Dalian, CBAK has an aggressive expansion plan in Nanjing, aiming to reach a total capacity of 20 GWh.

### **Shangqui**

The company highlighted this facility for the first time in the presentation and noted that total production at this leased site is relatively small (0.5 GWh for 26700 cells), but could eventually grow to 2.0 GWh.

Management previously indicated that the company intended to post videos detailing the new production capacity in Nanjing by the end of 2025; however, we have not yet seen these videos. We believe the investor confirmation that the capacity additions are online will be a near-term catalyst for the company's shares when videos detailing new production lines are released.

As we previously discussed, CBAK entered 2025 with 2.3 GWh of production capacity at two locations, primarily producing 26650 and 32140-series cells. At this size, CBAK would likely be considered a Tier 4, niche player in the battery cell market. If the production capacity data in this investor presentation is accurate and CBAK has more than 6 GWh of capacity at 3 facilities.

### **Plans to Mitigate Trade Risks**

The company noted that as part of its strategy to limit the risk related to global trade uncertainty it was exploring the possibility of leasing or building a new facility in Southeast Asia. We assume that this facility would be based in a country not subject to the same trade challenges faced by China. The company indicated that it is targeting an executed agreement by 2027 with mass production beginning in 2028.

We are not adjusting our target valuation, which remains \$1.50/share, but we believe there are several key catalysts in 2026 that could garner considerable investor interest, including confirmation of a substantial capacity upgrade and updated revenue and earnings forecasts that make CBAK's valuation compelling at this time.

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## INDUSTRY UPDATE

Demand for cylindrical cells appears to have remained strong over the past three months, particularly for energy storage systems, which continue to see robust global demand. Despite global trade uncertainty, China remains the principal supplier of battery cells, and this has forced many energy storage companies to stockpile cells in advance of potential trade issues. Demand for battery cells for EV applications tends to be stronger in the spring, so industries with other applications, like LEVs or energy storage, often use the slower winter months to build inventory before prices rise.

Raw material input costs have continued to rise over the past few months, driven by strong end-market demand that has pushed up prices for most battery cell inputs. We believe some of these costs are being passed along to customers, but given the intense competition in the industry, producers like CBAK may have to absorb some of them. We will not know until the company reports its 2026 results how margins are holding up. In general, we believe cell pricing firmed up a bit at the end of 2025, but pricing likely varies by cell format: older, more mature models are seeing more pricing pressure, while newer, large-format cells like the 40135 are experiencing firmer pricing.

In recent years, CBAK's raw material business was an afterthought as weak pricing led the company to curtail production. Since peaking in 2022, raw material prices, including nickel-cobalt-manganese (NCM) and nickel-cobalt-aluminum (NCA), have fallen sharply due to global oversupply. However, in late 2025, the markets appeared to return to a more balanced state between supply and demand, and pricing began to stabilize. Continued strong downstream demand for battery cells has driven pricing for cathode materials to the highest level in years. While pricing is still well below the 2022 peak, several Chinese cathode material companies have introduced price hikes of 10-15% in 2026, and we expect CBAK to follow a similar strategy.

While China's battery market continues to seek the right balance between supply and demand, there are pockets of strength – large-format cylindrical cells and raw materials – that are encouraging amid higher input costs and global trade concerns.

### VAT Rebate Ending

China's government has long had a policy of refunding some or all of the value-added tax paid on some goods to be exported, making Chinese products more competitive in the global market. This approach is one of the supportive government policies that has helped to make the Chinese battery industry a dominant global player.

As of April 2026, the rebate rate for battery products (which we believe includes CBAK's cells) will be cut from 9% to 6% for the balance of 2026, and the rebate will be fully eliminated by January 2027. It appears that the motivation for this change is to balance government investments in other industries, eliminate the use of the VAT Rebate as a sales discount for foreign entities, and ultimately improve the global balance of trade in batteries.

As discussions around global trade have heated up in the past twelve months, government policies in China that created industry subsidies, such as the VAR rebate, have led to allegations of unfair pricing in an industry China has come to dominate, with north of 70% of all battery production now occurring in China. Some trade observers view this move as a step to try to cool global trade rhetoric.

Secondary goals of this policy shift could be to encourage greater consolidation in the industry and increased investment by battery companies in new technologies, so China's battery sector can compete effectively with other global suppliers based on innovation, not simply price.

We believe that CBAK has been in active conversations with its customers about this change and we expect that the company's customers will absorb the added cost of cells if prices increase as a result of this change.

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## CORPORATE UPDATE

In January, CBAK filed a proxy statement for a special shareholder meeting to be held in March 2026 to redomicile the company to the Cayman Islands. Under the proposed terms of the transaction, CBAK Energy Technology (a Nevada Corporation) will be merged into CBAK Energy Technology Limited (a Cayman Entity), with the Cayman entity being the surviving business. It is not expected that this restructuring will affect operations, employees, or CBAK's customers.

This move is expected to result in CBAK being listed as a "foreign private issuer" under current U.S. securities laws, exempting it from certain reporting obligations (primarily the requirement to quarterly report financials), which is likely to reduce corporate administrative costs.

We appreciate that this move can help lower CBAK's operating costs, but we think less frequent reporting of results is a negative in today's battery cell market, which is constantly evolving. The company will likely have to increase investor communication efforts through direct outreach or conference attendance to ensure investors have a clear understanding of what is happening in the business.

Also, in December 2025, the company filed a Schedule 13D with the SEC regarding the transfer of about 10.4 million shares (11.7% of total outstanding shares) gifted by the company's former CEO, Mr. Yunfei Li, to Gimli Group, which Xiuzhu Li ultimately controls. According to management, the company has been in communication with Ms. Xiuzhu Li and does not believe she intends to sell the shares, but such a large transfer of ownership is likely to raise concerns that could create an overhang in the stock.

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## OVERVIEW

- CBAK Energy Technology (NASDAQ: CBAT) is an integrated lithium-ion battery cell company with manufacturing and raw materials divisions in China. The company operates manufacturing facilities in Dalian (a port city in Liaoning Province) and Nanjing (the capital of Jiangsu Province), and it is in the midst of an ambitious expansion plan that should double capacity in 2026.
- Demand for energy storage has ramped significantly in recent years, and as industrial and grid storage needs emerge, demand should accelerate further. The company appears to be establishing itself as a strong player in the market for large cylindrical cells, with a recent industry report indicating that it had a 19% market share of global shipments of 32140 cells.
- Today, the lithium-ion battery market is almost entirely dominated by large Asian (principally Chinese) manufacturers. Most of these companies are focused on providing battery packs to the EV market, which creates an opportunity for cylindrical cells in the energy storage and light electric vehicle market, where CBAK is focusing its efforts.

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## RISKS

The PRC government exerts substantial influence over various issues related to the company's business. Since the company has China-based operating subsidiaries, several issues related to the government's oversight could result in a material adverse change in the company's operations and, subsequently, the value of CBAK's common stock. Additionally, it is worth noting that rules and regulations in China can change rapidly with little advance notice.

The company's independent auditors have expressed substantial doubt about its ability to continue as a going concern. The company is working with its banks and lenders to ensure it will have access to credit, but improving its profitability will be an essential step toward resolving this issue.

The competitive landscape for lithium batteries is intense, and many of the company's competitors are in much stronger financial positions. In the long run, the company will also face increased competition from new facilities expected to be built in North America and the EU.

The company indicated that it identified a material weakness in its internal control over financial reporting. Management believes that the company lacked appropriate policies and procedures for evaluating the proper accounting and disclosure of key documents and agreements, and there were insufficient accounting personnel with a sufficient level of technical accounting knowledge. The company has implemented additional training to address this issue, but it remains a risk. As noted in recent news, the company elected to change its auditor in July 2023, and we will see if this leads to improved internal financial controls.

On October 1, 2025, CBAK Energy received a notice from the NASDAQ market that it was not in compliance with the NASDAQ's \$1.00 minimum bid price requirement. To regain compliance with this rule, the company's shares must stay above \$1.00 for 10 consecutive business days before March 30, 2026.

# PROJECTED INCOME STATEMENT

CBAK Energy Technology

11/10/25

	2023A	2024A	Mar 1Q25A	June 2Q25A	Sept 3Q25A	Dec 4Q25E	2025E	Mar 1Q26E	June 2Q26E	Sept 3Q26E	Dec 4Q26E	2026E
<i>(USD in 000's; December Year-End)</i>												
<b>Battery Revenues</b>												
Uninterruptible supplies	74,978.0	124,588.0	16,981.0	18,521.4	15,478.2	21,669.5	72,650.0	30,337.3	41,865.4	54,425.1	58,234.8	184,862.6
Light Electric Vehicles	8,029.6	10,319.2	2,844.9	2,426.6	18,172.6	14,538.1	37,982.2	10,176.7	8,141.3	10,583.7	12,700.5	41,602.2
Electric Vehicles	2,289.1	1,681.7	537.5	142.1	57.3	61.3	798.2	64.4	67.6	72.3	77.4	281.7
<b>Total Battery Revenues</b>	<b>85,296.7</b>	<b>136,588.8</b>	<b>20,363.3</b>	<b>21,090.1</b>	<b>33,708.1</b>	<b>36,268.9</b>	<b>111,430.4</b>	<b>40,578.3</b>	<b>50,074.4</b>	<b>65,081.1</b>	<b>71,012.7</b>	<b>226,746.5</b>
Battery Revenues % change (yoy)	-9.9%											
<b>Raw Material Revenues</b>												
Precursor	-	-	-	-	-	-	-	-	-	-	-	-
Cathode	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Raw Material Revenues</b>	<b>119,141.7</b>	<b>40,025.8</b>	<b>14,575.6</b>	<b>19,434.3</b>	<b>27,215.5</b>	<b>28,304.1</b>	<b>89,529.3</b>	<b>28,587.1</b>	<b>28,873.0</b>	<b>29,161.7</b>	<b>29,453.3</b>	<b>116,075.1</b>
<b>Sales</b>	<b>204,438.4</b>	<b>176,614.6</b>	<b>34,938.9</b>	<b>40,524.3</b>	<b>60,923.6</b>	<b>64,572.9</b>	<b>200,959.7</b>	<b>69,165.4</b>	<b>78,947.3</b>	<b>94,242.8</b>	<b>100,466.0</b>	<b>342,821.6</b>
% change (yoy)	-18%	-14%	-41%	-15%	37%	155%	14%	98%	95%	55%	56%	71%
Cost of Revenues	172,714	134,839	30,137	36,062	55,561	58,706	180,466	61,699	69,374	80,683	85,580	297,336
Gross Profit	31,724	41,775	4,802	4,462	5,362	5,867	20,494	7,466	9,573	13,560	14,886	45,486
% change (yoy)		0					-51%					122%
<b>Gross Profit Margin</b>	<b>15.5%</b>	<b>23.7%</b>	<b>13.7%</b>	<b>11.0%</b>	<b>8.8%</b>	<b>9.1%</b>	<b>10.2%</b>	<b>10.8%</b>	<b>12.1%</b>	<b>14.4%</b>	<b>14.8%</b>	<b>13.3%</b>
<b>Operating Expenses:</b>												
Research and Development	11,928	13,010	3,024	3,613	3,862	3,939	14,438	3,860	3,667	3,850	3,927	15,305
Sales and marketing	4,904	5,198	896	951	1,333	1,399	4,579	1,455	1,528	1,604	1,685	6,273
General and Administrative	13,789	13,948	3,804	3,351	3,873	3,969	14,997	4,009	4,049	4,171	4,275	16,504
	30,621	32,156	7,724	7,915	9,067	9,307	34,014	9,324	9,244	9,625	9,887	38,081
% of Sales	15.0%	18.2%	22.1%	19.5%	14.9%	14.4%	16.9%	13.5%	11.7%	10.2%	9.8%	11.1%
<b>Operating Income (Loss)</b>	<b>1,103</b>	<b>9,620</b>	<b>(2,922)</b>	<b>(3,453)</b>	<b>(3,704)</b>	<b>(3,440)</b>	<b>(13,520)</b>	<b>(1,858)</b>	<b>329</b>	<b>3,935</b>	<b>4,999</b>	<b>7,405</b>
Impairment Charge on PPE & goodwill	(7,070)	(475)					-					-
(Provision for) recovery of doubtful accounts	(1,285)	(356)	58	(76)	158	-	140					-
Other Income, net	(3,023)	1,046	713	353	5,665	0	6,731	0	0	0	0	-
Finance Expenses/(Income)	(433)	(1,283)	(45)	(163)	220	0	11	0	0	0	0	0
Changes in equity investee		27	55	(21)	0	0	34					
Changes in fair value of warrants liability	136	0	0	0	0	0	0	0	0	0	0	0
Impairment of non-marketable equity securities	(2,393)	0	0	0	0	0	0	0	0	0	0	0
<b>Income before Taxes</b>	<b>(6,053)</b>	<b>11,144</b>	<b>(2,051)</b>	<b>(3,360)</b>	<b>1,899</b>	<b>(3,440)</b>	<b>(6,604)</b>	<b>(1,858)</b>	<b>329</b>	<b>3,935</b>	<b>4,999</b>	<b>7,405</b>
Loss (income) attributable to non-controlling interests	6,090	2,205	472	287	568	585	1,912	603	633	652	671	2,558
Income tax (expense)/credit	(2,486)	(1,559)	0	0	184	275	459	149	(26)	(315)	(400)	(592)
<b>Net Income (Loss) attributable to CBAK</b>	<b>(2,449)</b>	<b>11,790</b>	<b>(1,579)</b>	<b>(3,073)</b>	<b>2,651</b>	<b>(2,580)</b>	<b>(4,232)</b>	<b>(1,107)</b>	<b>936</b>	<b>4,272</b>	<b>5,270</b>	<b>9,371</b>
<b>EPS reported</b>	<b>(0.03)</b>	<b>0.13</b>	<b>(0.02)</b>	<b>(0.03)</b>	<b>0.03</b>	<b>(0.03)</b>	<b>(0.05)</b>	<b>(0.01)</b>	<b>0.01</b>	<b>0.05</b>	<b>0.06</b>	<b>0.10</b>
% change (yoy)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Diluted Shares (weighted average)	89252.0	90158.0	89939.0	89007.9	89661.7	89841.0	89612.4	90020.7	90200.7	90381.1	90561.9	90291.1
<b>Margins:</b>												
<b>Gross Margin</b>	<b>15.5%</b>	<b>23.7%</b>	<b>13.7%</b>	<b>11.0%</b>	<b>8.8%</b>	<b>9.1%</b>	<b>10.2%</b>	<b>10.8%</b>	<b>12.1%</b>	<b>14.4%</b>	<b>14.8%</b>	<b>13.3%</b>
Research and Development as a % of Sales	5.8%	7.4%	8.7%	8.9%	6.3%	6.1%	7.2%	5.6%	4.6%	4.1%	3.9%	4.5%
General & Administrative as a % of Sales	6.7%	7.9%	10.9%	8.3%	6.4%	6.1%	7.5%	5.8%	5.1%	4.4%	4.3%	4.8%

Source: Zacks SCR, Brian Lantier, Company Filings

# BALANCE SHEET

CBAK Energy Technology, Inc.  
Balance Sheet in US Dollars  
9/30/25

(US Dollars USD in 000s)	
<b>Assets</b>	
<b>Current Assets</b>	
Cash and Cash Equivalents	10,476
Pledged Deposits	52,872
Term Deposits	0
Trade and bills receivable, net	47,798
Inventories	34,488
Prepayment & other receivables	11,289
Receivables from a former subsidiary, net	2
Income Tax recoverable	767
<b>Total current assets</b>	<b>157,693</b>
Property, plant & tquipment (net)	82,839
Construction in progress	89,458
Long-term investments, net	2,337
Prepaid land use rights	12,215
Intangible Assets (net)	75
Deposit paid for acquisition - long-term investment	16,262
Operating lease right-of-use assets, net	2,983
Deferred tax assets, net	
<b>Total Assets</b>	<b>363,863</b>
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Trade and bills payable	118,436
Short-term bank borrowings	29,570
Other short-term loans	337
Accrued expenses and other payables	77,306
Payables to a former subsidiary, net	412
Deferred government grants, current	570
Product warranty provisions	23
Operating lease liability, current	1,348
<b>Total current liabilities</b>	<b>228,003</b>
Deferred government grants, non-current	10,189
Product warranty provisions	473
Operating lease liability, non-current	1,981
Logg-term bank borrowings	4,761
<b>Total Liabilities</b>	<b>245,407</b>
<b>Shareholder's Equity</b>	
Common stock	89
Donated shares	7,955
Additional Paid-in Capital	248,487
Statutory reserves	3,043
Accumulated Deficit	(126,420)
Accumulated Other Comprehensive Loss	(11,745)
<b>Shareholder's Equity</b>	<b>121,409</b>
Less: Treasury Shares	-
<b>Total shareholders' equity</b>	<b>121,409</b>
Non-controlling interests	(2,953)
<b>Total equity</b>	<b>118,456</b>
<b>Total Liabilities &amp; Equity</b>	<b>363,863</b>

Source: Company Press Release

# HISTORICAL STOCK PRICE



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