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CBAK Energy Technology (NASDAQ: CBAT)

CBAT: Targets New Growth Opportunities While Navigating a Complex Market Backdrop.

CBAK's battery cell business continues to expand with new cell formats and target markets. Higher input costs may impact margins in the near term. We believe the shares represent substantial value at current levels, given the upside to margins in 2027. We are maintaining our 12-month valuation target of $1.50.

Current Price (8/10/26)	$0.77
Valuation	**$1.50**

OUTLOOK

CBAK Energy Technology is expanding into higher-value battery applications, such as AI data center backup power, with cells that offer faster discharge rates, improved stability, and lower thermal stress.

The core battery markets remain supportive, particularly LEVs and specialized cylindrical cells.

Improving battery-material pricing and a streamlined corporate structure should stabilize the company's cost structure.

SUMMARY DATA

52-Week High	**$1.24**
52-Week Low	**$0.48**
One-Year Return (%)	**-19%**
Beta	**1.35**
Average Daily Volume (sh)	**186,072**
Shares Outstanding (mil)	**89**
Market Capitalization ($mil)	**$69**
Short Interest Ratio (days)	**N/A**
Institutional Ownership (%)	**2**
Insider Ownership (%)	**13**
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 2026 Estimate	**NM**
P/E using 2027 Estimate	**3.2x**
Zacks Rank	**N/A**

Risk Level	**Above Average**
Type of Stock	**Speculative**
Industry	**Energy Storage**

ZACKS ESTIMATES

Revenue
(in millions of $)

	Q1 (Mar)	**Q2** (Jun)	**Q3** (Sep)	**Q4** (Dec)	**Year** (Dec)
2024	59 A	48 A	45 A	28 A	177 A
2025	35 A	40 A	61 A	59 A	195 A
2026		148 E		205 E	353 E
2027		220 E		245 E	465 E

EPS / Loss Per Share

	Q1 (Mar)	**Q2** (Jun)	**Q3** (Sep)	**Q4** (Dec)	**Year** (Dec)
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	-$0.09 A	-$0.10 A
2026		-$0.16 E		$0.04 E	-$0.12 E
2027		$0.09 E		$0.15 E	$0.24 E

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

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

WHAT'S NEW

CBAK Energy Technology (NASDAQ: CBAT) has highlighted efforts over the past few months to position its business as broadly serving a variety of markets, including some new opportunities that present interesting potential upside. In June, the company redomiciled its business in the Cayman Islands, which does not impact the company's day-to-day operations but reduces some of the reporting requirements for a public company and should lower the cost and operational burden of being public. We are adjusting our presentation of our revenue and earnings estimates to reflect this change, as the company will now report six-month and full-year results.

The company has highlighted several opportunities for its cells in new and emerging markets, but the AI/Data center backup power market seems to be garnering the most investor interest, which seems appropriate given the size of the market that seems to grow daily. There will be several challenges for CBAK entering this market, but the company's long track record in delivering cells to the uninterruptible power supplies market should open some doors in the industry.

In late June, CBAK previewed its next-generation 26650 cells built for battery backup units at AI data centers. While there is some caution warranted whenever a company pivots to offer a new product in a large, rapidly growing market like data centers, this is a clear need in the market, and it appears that CBAK has been working to develop a product for this market for over a year, which gives us confidence that this move is more than just a press release.

The extreme power demands inside advanced data centers, with frequent and rapid starting and stopping, create significant swings in energy demand and strain energy distribution systems. These swings can shorten the useful life of existing battery backup systems. Additionally, data center racks are packed with increasingly advanced processors that have high power needs, causing data centers to reconfigure their power distribution networks and consider the space requirements of backup systems. With this in mind, CBAK began working on new formulations and designs that would better manage the power fluctuations and deliver constant voltage during switching.

In particular, the company noted that the two new cells are built to provide four key advantages for backup use cases in data centers:

Managing AI workload surges
Backup power systems need to respond quickly when demand spikes to avoid interrupting AI Compute processes in the data center. The company noted that its two cells have roughly 2.5 times the discharge rate of standard cells, which delivers needed power faster during demand surges.

Reduce Interruptions
There are rare but potentially troublesome events in data centers during system switching or certain workload synchronization activities that can cause large power surges leading to disruption of the computing process or even a complete reset of the GPU. The company indicated that in test conditions its cells supported up to 100C pulse discharge (100x the battery's capacity), which the company characterized as acting like a shock absorber for the power system.

Reduced Thermal Stress
The company indicated that the new cells offer ultra-low internal resistance that reduces energy loss and heat generation. Ultimately, this is expected to lead to a more reliable backup system.

Increased Power Within Less Space
The company indicated that its new cells could have an output of 260 – 310 watts, which is 30- 50% greater than standard cells in the market today with the same footprint. For data center operators, this

means having more backup power without sacrificing precious rack space and requiring fewer overall cells.

At this point, CBAK has not announced any major contract wins or commercial installations of these cells, but given the market opportunity, this is certainly worth monitoring. With at least 100 GW of Data Center capacity under construction and our projection that every 20 MW of data center capacity could be a $1-$3 million revenue opportunity, it is clear that the addressable market for an advanced cell like CBAT's in the data center market is eye-popping. The company will be highlighting this opportunity through its participation in a virtual conference at the end of August, and the announcement of this presentation appears to have sparked renewed interest in CBAT.

Corporate Structure Update
As we noted earlier, the company completed a redomiciliation from Nevada to the Cayman Islands in June, with each common share converted into one share of the Cayman Islands entity. The company continues to trade on Nasdaq under the CBAT symbol, and as a result of this change, we believe that the company will shift to reporting half-year and full-year results only. We have updated our published estimates to reflect half-year results through June 2026 and through December 2026.

INDUSTRY UPDATE

Broadly, several key trends should benefit CBAT in the long run, including:

- **Robust demand across many markets**
- **Data center backup opportunity**
- **Firming pricing for some cells and raw materials**

For most manufacturers, rising raw material costs squeeze margins until those costs can be passed along to customers, but given that CBAT has a substantial raw material business, the rising prices for battery raw materials should benefit the company's topline results.

Energy storage demand remains strong
While storage has not historically been a major driver for CBAT, it likely has led to a tighter overall market for cylindrical cells. Manufacturing capacity remains constrained by upgrades at several facilities, and this combination of firm demand and limited excess capacity has helped pricing in the sector. While most demand in the energy storage market is for prismatic cells, demand in the energy storage market supports pricing across the entire battery market.

LEVs
Global EV demand has continued many of the trends seen in 2025, with demand in China slumping as a result of the challenging auto market and in the US as a result of the elimination of tax incentives. Europe and other Asian markets have been fairly robust for the largest EV battery cell providers. While CBAT does not have a meaningful EV business today, the company has become a major supplier in the LEV market (principally scooters and e-bikes) in India. Based on industry data, we believe the Indian market remains strong, as we've seen reports that e-scooter sales were up more than 50% in the second quarter of 2026. We have adjusted our model to reflect what we believe will be very strong results from the LEV business in the first half of the year.

Market dynamics
Overall, China remains in a position of excess battery cell capacity within its industry, which is impacting general market pricing, but there are pockets of strength for more advanced cells where supply is constrained, and pricing is firm. We think the company's new full-tab 26650 cells discussed earlier, targeting the data center storage market, could be one of these advanced cells that may see firm pricing. The company has not announced customers or shipments of these cells yet, so we are not adding them

to our outlook, but we are encouraged that the company continues to develop highly specialized solutions in a market that has an excess supply of basic cells. Higher-capacity cells, like the company's 40135 and 32140 cells, are also reportedly seeing strong demand, which increases our confidence in our battery revenue forecast.

Raw Materials

The company's raw materials business has experienced several significant shifts since it was acquired in 2021. The pricing of materials sold as cathode or precursor material appears to have bottomed out in 2024, and prices have remained firm in 2026, with the average prices continuing to grow by between 10-20%. Given the very thin profit margins on this line of business, we've effectively excluded it from our valuation analysis of CBAK, but the business could attract outside interest again now that prices have rebounded.

SUMMARY

We are not materially adjusting our Revenue or EPS estimates (minor upward revisions in LEV battery sales), but we are adjusting the presentation from quarterly results to half-year results. Our full-year 2026 EPS estimate is now a ($0.12)/share loss, and our 2027 estimate remains $0.24/share. Our 2027 forecast assumes that the raw material business remains profitable and that margins in the battery business return to historical norms once pricing increases are passed along to customers and production lines achieve operating efficiency after full installation.

We are not adjusting our target valuation, which remains $1.50/share, but we believe CBAK continues to have a very compelling valuation while both of its business lines are on the verge of major upswings. Patient investors may have to wait through another quarter or two to see results, but the upside from these levels is significant if CBAK hits our goals in late 2026 and 2027. The stock has experienced as sharp rebound, jumping roughly 50% in the last week, as speculation has grown around its new cells for data centers. We think investors can look for selective opportunities to add to positions as this market develops.

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 to become a major supplier of cylindrical battery cells.

➢ 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 supplying battery packs to the EV market, creating an opportunity for cylindrical cells in the energy storage and light electric vehicle markets, where CBAK is focusing its efforts.

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 government oversight could result in a material adverse change in the company's operations and, subsequently, in 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 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 that there were insufficient accounting personnel with sufficient 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.

PROJECTED INCOME STATEMENT

CBAK Energy Technology

8/11/26

(USD in 000's; December Year-End)	2024A	2025A	1st Half 2026E	2nd Half 2026E	2026E	1st Half 2027E	2nd Half 2027E	2027E
Battery Revenues								
Uninterruptible supplies	124,588.0	68,822.8	51,656.8	82,568.6	134,225.4	104,545.6	125,790.4	230,336.0
Light Electric Vehicles	10,319.2	36,363.4	31,330.7	33,279.1	64,609.8	28,138.4	39,206.1	67,344.5
Electric Vehicles	1,681.7	796.1	66.8	144.7	211.5	155.2	163.1	318.3
Total Battery Revenues	136,588.8	105,982.3	83,054.3	115,992.4	199,046.7	132,839.2	165,159.6	297,998.8
Battery Revenues % change (yoy)								
Raw Material Revenues								
Precursor	-	-			-			-
Cathode	-	-			-			-
Total Raw Material Revenues	40,025.8	89,207.0	64,838.3	88,856.7	153,694.9	87,484.7	79,523.6	167,008.2
Sales	**176,614.6**	**195,189.3**	147,892.6	204,849.0	**352,741.6**	220,323.8	244,683.2	**465,007.0**
% change (yoy)	**-14%**	**11%**			**81%**			**32%**
Cost of Revenues	134,839	176,767	140,108	177,312	317,420	186,999	204,372	391,371
Gross Profit	41,775	18,423	7,785	27,537	35,322	33,325	40,311	73,636
% change (yoy)	0	(1)			92%			108%
Gross Profit Margin	**23.7%**	**9.4%**	**5.3%**	**13.4%**	**10.0%**	**15.1%**	**16.5%**	**15.8%**
Operating Expenses:								
Research and Development	13,010	15,802	8,651	9,398	18,049	9,624	9,944	19,568
Sales and marketing	5,198	5,077	4,096	4,516	8,612	4,801	5,044	9,845
General and Administrative	13,948	16,196	9,066	9,619	18,684	10,199	10,690	20,889
	32,156	37,074	21,812	23,532	45,345	24,624	25,678	50,302
% of Sales	18.2%	19.0%			12.9%			10.8%
Operating Income (Loss)	**9,620**	**(18,651)**	**(14,028)**	**4,005**	**(10,023)**	**8,700**	**14,633**	**23,333**
Impairment Charge on PPE & goodwill	**(475)**	-			-			-
(Provision for) recovery of doubtful accounts	(356)	-	(12)	-	(12)	-	-	-
Other Income, net	1,046	8,483	2,068	0	2,068	0	0	-
Finance Expenses/(Income)	(1,283)	(673)	(416)	0	(416)	0	0	-
Changes in equity investee	27	145	0	0	-	0	0	-
Loss on derivatives instruments	0	(440)	(906)	0	(906)	0	0	-
Impairment of non-marketable equity securities	0	0	0	0	-	0	0	-
Income before Taxes	**11,144**	**(11,136)**	**(13,294)**	**4,005**	**(9,289)**	**8,700**	**14,633**	**23,333**
Loss (income) attributable to non-controlling interests	2,205	1,574	(666)	(714)	(1,380)	(765)	(819)	(1,584)
Income tax (expense)/credit	(1,559)	184	(7)	0	(7)	0	0	-
Net Income (Loss) attributable to CBAK	**11,790**	**(9,378)**	**(13,967)**	**3,291**	**(10,677)**	**7,936**	**13,814**	**21,750**
EPS reported	**0.13**	**(0.10)**	**(0.16)**	**0.04**	**(0.12)**	**0.09**	**0.15**	**0.24**
Diluted Shares (weighted average)	**90158.0**	**89247.1**	89336.3	89694.0	**89515.2**	89918.4	90098.3	**90008.3**

Source: Zacks SCR, Brian Lantier, Company Filings

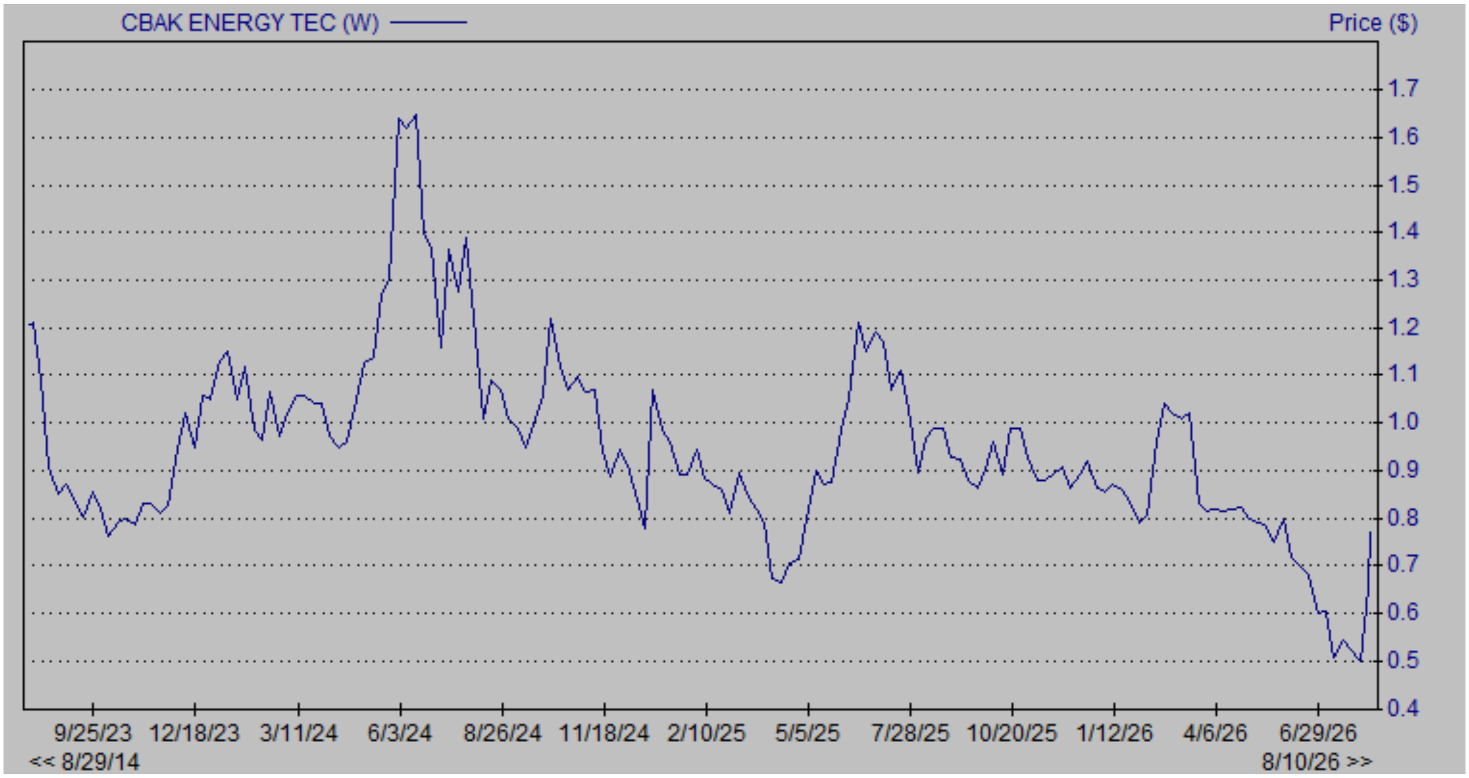
BALANCE SHEET

CBAK Energy Technology, Inc.
Balance Sheet in US Dollars
3/31/26

(US Dollars USD in 000s)	
Assets	
Current Assets	
Cash and Cash Equivalents	9,339
Pledged Deposits	89,258
Trade and bills receivable, net	46,499
Inventories	75,674
Prepayment & other receivables	16,863
Receivables from a former subsidiary, net	2
Income Tax recoverable	790
Total current assets	238,424
Property, plant & tquipment (net)	188,221
Construction in progress	29,690
Long-term investments, net	2,523
Prepaid land use rights	12,406
Intangible Assets (net)	68
Deposit paid for acquisition - long-term investment	16,751
Operating lease right-of-use assets, net	2,920
Deferred tax assets, net	
Total Assets	**491,006**
Liabilities	
Current Liabilities	
Trade and bills payable	203,021
Short-term bank borrowings	37,387
Other short-term loans	337
Accrued expenses and other payables	122,673
Payables to a former subsidiary, net	403
Deferred government grants, current	597
Product warranty provisions	483
Operating lease liability, current	1,179
Finance lease liability, current	2,125
Total current liabilities	368,203
Deferred government grants, non-current	10,202
Product warranty provisions	413
Operating lease liability, non-current	2,229
Finance lease liability, non-current	97
Lobg-term bank borrowings	7,652
Total Liabilities	**388,797**
Shareholder's Equity	
Common stock	89
Donated shares	7,955
Additional Paid-in Capital	248,500
Statutory reserves	3,043
Accumulated Deficit	(143,083)
Accumulated Other Comprehensive Loss	(11,343)
Shareholder's Equity	**105,161**
Less: Treasury Shares	-
Total shareholders' equity	**105,161**
Non-controlling interests	(2,952)
Total equity	**102,209**
Total Liabilities & Equity	**491,006**

Source: Company Press Release

HISTORICAL STOCK PRICE



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