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Zacks Small-Cap Research

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CBAK Energy Technology (NASDAQ: CBAT)

CBAT: Earnings Preview – New Products and Improving Fundamentals in Raw Materials

CBAK's battery cell business continues to expand with new cell formats and capacity additions. Higher input costs may impact margins in the near term, but that may be offset by strength in the raw materials business. We are maintaining our 12-month valuation target of $1.50 with an eye toward a revaluation in 2027.

Current Price (11/03/26)	$1.10
Valuation	**$1.50**

OUTLOOK

CBAK Energy Technology is expanding into higher-value battery applications, including AI data center backup power, automotive and industrial applications, and automated vehicles.

The company has announced several key customer wins over the past two months, which increase our confidence in our 2027 forecasts.

While the market for battery raw materials has been volatile in 2026, recent price increases across the industry of 10-30% in August seem to have held, which could contribute to better margins in the second half of 2026.

SUMMARY DATA

52-Week High	**$1.55**
52-Week Low	**$0.46**
One-Year Return (%)	**21%**
Beta	**1.48**
Average Daily Volume (sh)	**261,316**
Shares Outstanding (mil)	**89**
Market Capitalization ($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	**4.6x**
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

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WHAT'S NEW

CBAK Energy Technology (NASDAQ: CBAT) has highlighted several new customer relationships and contract wins for its cells that should lead to an improved outlook for the second half of 2026 and 2027.

As we noted in our last update, the company redomiciled its business to the Cayman Islands in June, which reduces some of the reporting requirements for a public company and should lower the cost and operational burden of being public. The company is no longer reporting quarterly results, and as a result, we anticipate that first-half 2026 results will likely be released in the coming weeks.

In August, just after our last update, CBAK reported that it has shipped more than 32 million 32140 cells in the first seven months of 2026, more than double the shipments in the same period of 2025. The company indicated that strong demand from existing customers and added capacity at its Nanjing facility (where capacity rose more than 170% to 178k cells in July) were the primary factors behind this growth.

Also in August, the company announced a $96 million order from a light electric vehicle manufacturer based in India to be used in their two- and three-wheeled vehicles (scooters). CBAK indicated that this represented an expansion of an existing relationship with delivery expected to be completed in 2027. Given that our current forecast for 2027 sales to light electric vehicle customers is only $67 million, this one order appears to offer significant upside to our estimates. At the time of this announcement, the company also indicated that it is in discussions with another Indian customer for a large-volume contract, but the discussions have yet to be finalized. We could hear more about this prospect when the company releases first-half results.

CBAK continues development of its 32140 sodium-ion cell, and the company has progressed to customer sample testing for various applications including energy storage and light electric vehicles. The company indicated that it has a long-term goal of building 12 GWh of annual sodium-ion production capacity on production lines capable of lithium-ion or sodium-ion production. For context, we believe the company has just over 8 GWh of production capacity today, so adding 12 GWh of sodium-ion capability would be very significant. Additionally, CATL, the world's largest battery manufacturer, recently announced a 60 GWh sodium-ion contract to be delivered over 3 years for an energy storage customer, which offers some color around the relative size of this proposed expansion.

In September, shortly after the sodium-ion announcement, CBAK signed an investment agreement with the Nanjing Gaochun Economic Development Zone to develop the 12 GWh battery-production project in Nanjing starting in the second half of 2027, subject to financing and demand. Separately, the company indicated that it intends to add 6 GWh of capacity at its existing Nanjing facility by the end of 2026, representing a more than 130% increase in Nanjing capacity from 4.5 GWh to 10.5 GWh. This expansion could offer meaningful upside to our 2027 forecasts if the capacity is added and sold to customers.

In October, CBAK announced that it had entered into a supply framework with a European technology company serving the automotive and industrial markets. While total orders under this agreement were reported as "exceeding $4.5 million" through September 2026, the company indicated that it expects this customer to represent more than $30 million in sales in both 2027 and 2028.

In November, the company highlighted the increasingly diverse applications of its cells, with an AGV (automated guided vehicle) battery-pack manufacturer placing orders totaling more than $8 million since 2022.

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, it will shift to reporting half-year results (through June 30) in mid-November and full-year results by the end of April. The shift in reporting cadence, from quarterly updates to semi-annual updates, is occurring just as CBAK's capacity expansion begins to pay dividends. We think it may take investors several reporting periods to gain a true understanding of the scale of the capacity additions at CBAK.

INDUSTRY UPDATE

We look forward to receiving an update on where the company stands within various market segments, but at this point it seems clear that energy storage demand remains strong, scooter markets (light electric vehicles) continue to shift to electric alternatives, and the raw materials business, which has been a drag on results for several years, should be experiencing strong pricing and margins. The combination of these factors could provide meaningful upside to our current 2027 forecasts.

SUMMARY

We are not adjusting our revenue or EPS estimates ahead of the six-month results. Our full-year 2026 EPS estimate is a ($0.12)/share loss, and our 2027 estimate is $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've not adjusted our model for potential capacity additions that could significantly increase the company's earnings potential in 2027 and beyond.

Our target valuation remains $1.50/share, and the stock has performed admirably since our last update in August (up roughly 40% during that time period), but we believe CBAK continues to offer one of the most compelling valuations in our coverage universe. The upside to our valuation target and our earnings estimates is significant if CBAK continues to expand as it has in 2026. We will provide a further update on the company and its outlook after the six-month results for the period ending 6/30/2026 are released.

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.

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

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BALANCE SHEET

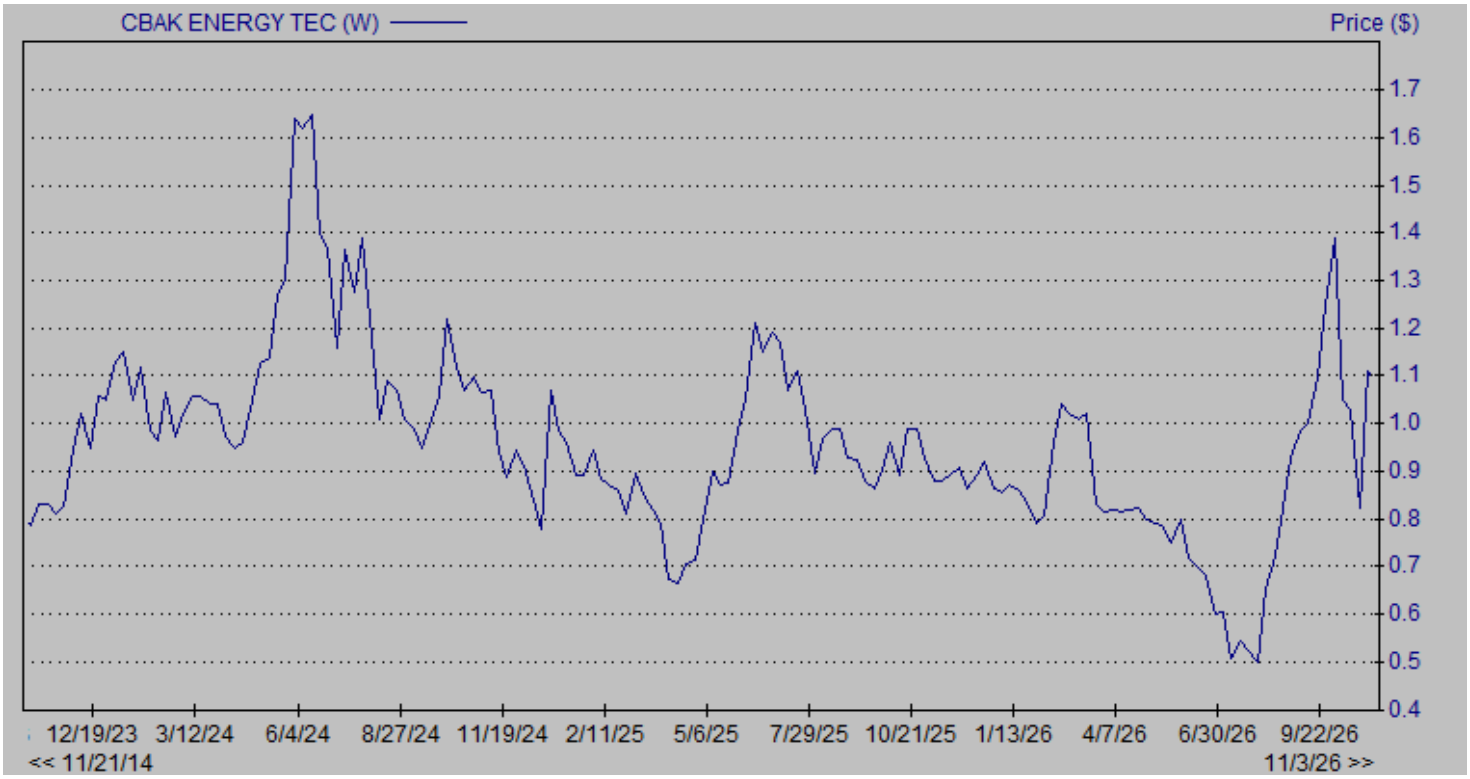
CBAK Energy Technology, Inc.
Balance Sheet in US Dollars
3/31/26

(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

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