

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended: September 30, 2024

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: **001-32898**

**CBAK ENERGY TECHNOLOGY, INC.**

(Exact Name of Registrant as Specified in Its Charter)

**Nevada**

(State or other jurisdiction of  
incorporation or organization)

**88-0442833**

(I.R.S. Employer  
Identification No.)

**BAK Industrial Park , Meigui Street  
Huayuankou Economic Zone  
Dalian City , Liaoning Province,  
People's Republic of China , 116450**

(Address of principal executive offices, Zip Code)

**(86)(411) -3918-5985**

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.001 par value	CBAT	Nasdaq Capital Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer   
Non-accelerated filer

Accelerated filer   
Smaller reporting company   
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

The number of shares outstanding of each of the issuer's classes of common stock, as of November 9, 2024 is as follows:

Class of Securities	Shares Outstanding
Common Stock, \$0.001 par value	89,939,190



CBAK ENERGY TECHNOLOGY, INC.

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**PART I**  
**FINANCIAL INFORMATION**

**ITEM 1. FINANCIAL STATEMENTS.**

**FINANCIAL STATEMENTS**  
**CBAK ENERGY TECHNOLOGY, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE AND NINE MONTHS ENDED**  
**SEPTEMBER 30, 2023 AND 2024**

**CBAK ENERGY TECHNOLOGY, INC.**  
**AND SUBSIDIARIES**

**INDEX TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

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**CBAK Energy Technology, Inc. and Subsidiaries**

**Condensed consolidated Balance Sheets**  
**As of December 31, 2023 and September 30, 2024**  
**(Unaudited)**  
(In US\$ except for number of shares)

	Note	<b>December 31, 2023</b>	<b>September 30, 2024</b>
<b>Assets</b>			(Unaudited)
<i>Current assets</i>			
Cash and cash equivalents		\$ 4,643,267	\$ 10,448,362
Pledged deposits	2	54,179,549	37,415,946
Short-term deposits	3	-	13,788,170
Trade and bills receivable, net	4	28,653,047	34,910,784
Inventories	5	33,413,422	23,938,925
Prepayments and other receivables	6	7,459,254	9,950,350
Receivables from a former subsidiary, net	18	74,946	7,580
Total current assets		128,423,485	130,460,117
Property, plant and equipment, net	7	91,628,832	89,365,457
Construction in progress	8	37,797,862	38,993,618
Long-term investments, net	9	2,565,005	2,336,537
Prepaid land use rights	10	11,712,704	11,601,078
Intangible assets, net	11	841,360	507,113
Deposit paid for acquisition of long-term investments	14	7,101,492	16,500,192
Operating lease right-of-use assets, net		1,084,520	3,713,242
Total assets		<b>\$ 281,155,260</b>	<b>\$ 293,477,354</b>
<b>Liabilities</b>			
<i>Current liabilities</i>			

Trade and bills payable	15	\$ 82,429,575	\$ 89,472,191
Short-term bank borrowings	16	32,587,676	25,708,098
Other short-term loans	16	339,552	337,147
Accrued expenses and other payables	17	41,992,540	35,144,908
Payables to a former subsidiary, net	18	411,111	407,560
Deferred government grants, current	19	375,375	499,861
Product warranty provisions	20	23,870	17,099
Operating lease liability, current	10	691,992	1,527,829
Finance lease liability, current	10	1,643,864	762,694
Income tax payable			343,856
Total current liabilities		160,495,555	154,221,243
Deferred government grants, non-current	19	6,203,488	5,778,875
Product warranty provisions	20	522,574	410,350
Operating lease liability, non-current	10	475,302	2,683,772
Total liabilities		167,696,919	163,094,240
<b>Commitments and contingencies</b>	28		
<b>Shareholders' equity</b>			
Common stock \$ 0.001 par value; 500,000,000 authorized; 90,063,396 issued and 89,919,190 outstanding as of December 31, 2023 and 90,083,396 issued and 89,939,190 outstanding as of September 30, 2024		90,063	90,083
Donated shares		14,101,689	14,101,689
Additional paid-in capital		247,465,817	247,732,612
Statutory reserves	22	1,230,511	1,230,511
Accumulated deficit		( 134,395,762)	118,096,203
Accumulated other comprehensive loss		( 11,601,403)	( 9,826,023)
Less: Treasury shares		116,890,915	135,232,669
Total shareholders' equity		112,824,305	131,166,059
Non-controlling interests		634,036	( 782,945)
Total equity		113,458,341	130,383,114
Total liabilities and shareholder's equity		\$ 281,155,260	\$ 293,477,354

See accompanying notes to the condensed consolidated financial statements.

### CBAK Energy Technology, Inc. and Subsidiaries

#### Condensed consolidated Statements of Operations and Comprehensive Income (Loss) For the three and nine months ended September 30, 2023 and 2024 (Unaudited)

(In US\$ except for number of shares)

	Note	Three months ended September 30,		Nine months ended September 30,	
		2023	2024	2023	2024
Net revenues	30	\$ 63,441,109	\$ 44,628,241	\$ 148,258,680	\$ 151,243,718
Cost of revenues		( 51,192,531)	( 37,673,684)	( 129,219,716)	( 112,780,088)
Gross profit		12,248,578	6,954,557	19,038,964	38,463,630
Operating expenses:					
Research and development expenses		( 2,577,714)	( 3,434,351)	( 8,013,760)	( 9,205,378)
Sales and marketing expenses		( 1,116,377)	( 1,022,549)	( 2,800,969)	( 4,114,954)
General and administrative expenses		( 3,240,770)	( 2,779,519)	( 9,302,798)	( 10,002,040)
Allowance for expected credit losses		( 24,623)	( 546,011)	( 286,283)	241,332
Total operating expenses		( 6,959,484)	( 7,782,430)	( 20,403,810)	( 23,081,040)
Operating income (loss)		5,289,094	( 827,873)	( 1,364,846)	15,382,590
Finance (expense) income, net		( 447,031)	( 40,350)	( 189,248)	658,034
Other income, net		601,654	521,916	1,022,907	1,031,329
Gain on disposal of equity investee			55		26,967
		15,000		136,000	
Change in fair value of warrants					
Income (loss) before income tax		5,458,717	( 346,252)	( 395,187)	17,098,920
Income tax credit (expenses)	21	305,431	( 339,287)	1,015,626	( 2,188,800)
Net income (loss)		5,764,148	( 685,539)	620,439	14,910,120
Less: Net loss attributable to non-controlling interest		570,644	703,186	1,699,008	1,389,439
Net income attributable to CBAK Energy Technology, Inc.		\$ 6,334,792	\$ 17,647	\$ 2,319,447	\$ 16,299,559
Net income (loss)		5,764,148	( 685,539)	620,439	14,910,120
Other comprehensive loss					
– Foreign currency translation adjustment		( 515,279)	4,483,655	( 6,405,609)	1,747,838
Comprehensive income (loss)		5,248,869	3,798,116	( 5,785,170)	16,657,958
Less: Comprehensive loss attributable to non-controlling interest		553,874	719,587	1,927,515	1,416,981
Comprehensive (loss) income attributable to CBAK Energy Technology, Inc.		\$ 5,802,743	\$ 4,517,703	\$ ( 3,857,655)	\$ 18,074,939

Income per share	26							
– Basic		\$ 0.07	\$ 0.00	\$ 0.03	\$ 0.18			
– Diluted		\$ 0.07	\$ 0.00	\$ 0.03	\$ 0.18			
Weighted average number of shares of common stock:	26							
– Basic		89,473,026	89,931,617	89,171,988	89,929,477			
– Diluted		89,904,319	90,229,849	89,582,401	90,267,431			

See accompanying notes to the condensed consolidated financial statements.

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### CBAK Energy Technology, Inc. and Subsidiaries

#### Condensed consolidated statements of changes in shareholders' equity (deficit) For the three months ended September 30, 2023 and 2024 (Unaudited) (In US\$ except for number of shares)

	Common stock issued		Additional paid-in capital	Statutory reserves	Accumulated deficit	Accumulated other comprehensive income (loss)	Non-Controlling interest	Treasury shares	Total shareholders' equity (deficit)	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	
<b>Balance as of July 1, 2023</b>	89,151,731	\$ 89,151	\$ 14,101,689	\$ 247,070,345	\$ 1,230,511	\$ 135,962,050	\$ ( 13,798,697)	\$ 5,509,482	( 144,206) \$ 4,066,610	\$ 114,173,821
Net income (loss)	-	-	-	-	-	6,334,792	-	( 570,644)	-	5,764,148
Common stock issued to employees for stock award	459,665	460	-	( 460)	-	-	-	-	-	-
Share-based compensation for employee and director stock awards	-	-	-	130,470	-	-	-	-	-	130,470
Foreign currency translation adjustment	-	-	-	-	-	( 532,049)	16,770	-	-	( 515,279)
<b>Balance as of September 30, 2023</b>	<b>89,611,396</b>	<b>\$ 89,611</b>	<b>\$ 14,101,689</b>	<b>\$ 247,200,355</b>	<b>\$ 1,230,511</b>	<b>\$ 129,627,258</b>	<b>\$ ( 14,330,746)</b>	<b>\$ 4,955,608</b>	<b>( 144,206) \$ 4,066,610</b>	<b>\$ 119,553,160</b>
<b>Balance as of July 1, 2024</b>	<b>90,083,396</b>	<b>\$ 90,083</b>	<b>\$ 14,101,689</b>	<b>\$ 247,674,563</b>	<b>\$ 1,230,511</b>	<b>\$ 118,113,850</b>	<b>\$ ( 14,326,079)</b>	<b>\$ ( 63,358)</b>	<b>( 144,206) \$ 4,066,610</b>	<b>\$ 126,526,949</b>
Net income (loss)	-	-	-	-	-	17,647	-	( 703,186)	-	( 685,539)
Share-based compensation for employee and director stock awards	-	-	-	58,049	-	-	-	-	-	58,049
Foreign currency translation adjustment	-	-	-	-	-	-	4,500,056	( 16,401)	-	4,483,655
<b>Balance as of September 30, 2024</b>	<b>90,083,396</b>	<b>\$ 90,083</b>	<b>\$ 14,101,689</b>	<b>\$ 247,732,612</b>	<b>\$ 1,230,511</b>	<b>\$ 118,096,203</b>	<b>\$ ( 9,826,023)</b>	<b>\$ ( 782,945)</b>	<b>( 144,206) \$ 4,066,610</b>	<b>\$ 130,383,114</b>

See accompanying notes to the condensed consolidated financial statements.

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### CBAK Energy Technology, Inc. and Subsidiaries

#### Condensed consolidated statements of changes in shareholders' equity (deficit) For the nine months ended September 30, 2023 and 2024 (Unaudited) (In US\$ except for number of shares)

	Common stock issued		Additional paid-in capital	Statutory reserves	Accumulated deficit	Accumulated other comprehensive income (loss)	Non-Controlling interest	Treasury shares	Total shareholders' equity (deficit)	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	
<b>Balance as of January 1, 2023</b>	<b>89,135,064</b>	<b>\$ 89,135</b>	<b>\$ 14,101,689</b>	<b>\$ 246,240,998</b>	<b>\$ 1,230,511</b>	<b>\$ 131,946,705</b>	<b>\$ ( 8,153,644)</b>	<b>\$ 6,883,123</b>	<b>( 144,206) \$ 4,066,610</b>	<b>\$ 124,378,497</b>
Net income (loss)	-	-	-	-	-	2,319,447	-	1,699,008	-	620,439
Share-based compensation for employee and director stock awards	-	-	-	959,833	-	-	-	-	-	959,833
Common stock issued to employees and directors for stock awards	476,332	476	-	( 476)	-	-	-	-	-	-

Foreign currency translation adjustment	-	-	-	-	-	-	( 6,177,102)	( 228,507)	-	-	( 6,405,609)
<b>Balance as of September 30, 2023</b>	<b>89,611,396</b>	<b>\$ 89,611</b>	<b>\$14,101,689</b>	<b>\$247,200,355</b>	<b>\$1,230,511</b>	<b>\$129,627,258</b>	<b>\$ ( 14,330,746)</b>	<b>\$ 4,955,608</b>	<b>( 144,206)</b>	<b>\$ 4,066,610</b>	<b>\$119,553,160</b>
<b>Balance as of January 1, 2024</b>	<b>90,063,396</b>	<b>\$ 90,063</b>	<b>\$14,101,689</b>	<b>\$247,465,817</b>	<b>\$1,230,511</b>	<b>\$134,395,762</b>	<b>\$ ( 11,601,403)</b>	<b>\$ 634,036</b>	<b>( 144,206)</b>	<b>\$ 4,066,610</b>	<b>\$113,458,341</b>
Net income (loss)	-	-	-	-	-	-	16,299,559	-	1,389,439	-	14,910,120
Share-based compensation for employee and director stock awards	-	-	-	266,815	-	-	-	-	-	-	266,815
Common stock issued to employees and directors for stock awards	20,000	20	-	( 20)	-	-	-	-	-	-	-
Foreign currency translation adjustment	-	-	-	-	-	-	1,775,380	( 27,542)	-	-	1,747,838
<b>Balance as of September 30, 2024</b>	<b>90,083,396</b>	<b>\$ 90,083</b>	<b>\$14,101,689</b>	<b>\$247,732,612</b>	<b>\$1,230,511</b>	<b>\$118,096,203</b>	<b>\$ ( 9,826,023)</b>	<b>\$ ( 782,945)</b>	<b>( 144,206)</b>	<b>\$ 4,066,610</b>	<b>\$130,383,114</b>

See accompanying notes to the condensed consolidated financial statements.

### CBAK Energy Technology, Inc. and subsidiaries

#### Condensed consolidated statements of cash flows For the nine months ended September 30, 2023 and 2024 (Unaudited) (In US\$)

	Nine months ended September 30,	
	2023	2024
<b>Cash flows from operating activities</b>		
Net income	\$ 620,439	14,910,120
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	6,168,060	6,147,032
Allowance for expected credit losses	273,136	( 334,164)
Amortization of operating lease	397,481	913,789
Write-down of inventories	2,074,233	3,364,889
Share-based compensation	959,833	266,815
Changes in fair value of warrants liability	( 136,000)	-
Gain on disposal of property, plant and equipment	-	( 184,555)
Gain on disposal on equity investee	-	( 26,967)
Changes in operating assets and liabilities:		
Trade and bills receivable	( 20,463,675)	( 5,486,254)
Inventories	7,766,141	5,871,262
Prepayments and other receivable	( 1,823,889)	( 1,861,326)
Trade and bills payable	24,935,040	6,260,817
Accrued expenses and other payables and product warranty provisions	( 3,760,511)	1,091,820
Operating lease liabilities	( 430,127)	( 1,387,042)
Trade receivable from and payables to former subsidiaries	5,102,972	66,554
Income tax payable	134,258	465,430
Deferred tax assets	( 1,072,434)	-
Net cash provided by operating activities	20,744,957	30,078,220
<b>Cash flows from investing activities</b>		
Deposit paid for acquisition of long-term investment	( 3,799,522)	( 9,092,679)
Proceeds from disposal of an equity method investee	-	278,064
Proceeds from disposal of property, plant and equipment	-	184,555
Purchases of property, plant and equipment and construction in progress	( 24,937,832)	( 11,481,670)
Net cash used in investing activities	( 28,737,354)	( 20,111,730)
<b>Cash flows from financing activities</b>		
Borrowings from banks	36,355,590	40,864,500
Repayment of bank borrowings	( 16,649,590)	( 47,935,100)
Placement of term deposits	-	( 30,999,022)
Withdrawal of term deposits	-	17,545,368
Borrowings from a shareholder	199,942	-
Repayment of borrowings to a shareholder	( 259,960)	-
Repayment of borrowings from a unrelated party	( 279,231)	-
Proceeds from finance lease	-	1,112,254
Principal payments of finance leases	( 841,729)	( 2,050,580)
Net cash provided by (used in) financing activities	18,525,022	( 21,462,580)
<b>Effect of exchange rate changes on cash and cash equivalents and restricted cash</b>		537,582
<b>Net increase (decrease) in cash and cash equivalents and restricted cash</b>	8,332,045	( 10,958,508)
<b>Cash and cash equivalents and restricted cash at the beginning of period</b>	<u>37,356,076</u>	<u>58,822,816</u>

<b>Cash and cash equivalents and restricted cash at the end of period</b>	<b>\$ 45,688,121</b>	<b>\$ 47,864,308</b>
Supplemental non-cash investing and financing activities:		
Transfer of construction in progress to property, plant and equipment	\$ 15,174,632	\$ 3,130,934
Lease liabilities arising from obtaining right-of-use assets	\$ 93,074	\$ 3,504,162
Cash paid during the year for:		
Income taxes	\$ -	\$ 1,853,346
Interest, net of amounts capitalized	\$ 124,780	\$ 378,388

See accompanying notes to the condensed consolidated financial statements.

### CBAK Energy Technology, Inc. and subsidiaries

**Notes to the condensed consolidated financial statements**  
**For the three and nine months ended September 30, 2023 and 2024**  
 (Unaudited)  
 (In US\$ except for number of shares)

#### 1. Principal Activities, Basis of Presentation and Organization

##### Principal Activities

CBAK Energy Technology, Inc. (formerly known as China BAK Battery, Inc.) ("CBAK" or the "Company") is a corporation formed in the State of Nevada on October 4, 1999 as Medina Copy, Inc. The Company changed its name to Medina Coffee, Inc. on October 6, 1999 and subsequently changed its name to China BAK Battery, Inc. on February 14, 2005. CBAK and its subsidiaries (hereinafter, collectively referred to as the "Company") are principally engaged in the manufacture, commercialization and distribution of a wide variety of standard and customized lithium ion (known as "Li-ion" or "Li-ion cell") high power rechargeable batteries. Prior to the disposal of BAK International Limited ("BAK International") and its subsidiaries (see below), the batteries produced by the Company were for use in cellular telephones, as well as various other portable electronic applications, including high-power handset telephones, laptop computers, power tools, digital cameras, video camcorders, MP3 players, electric bicycles, hybrid/electric vehicles, and general industrial applications. After the disposal of BAK International and its subsidiaries on June 30, 2014, the Company will focus on the manufacture, commercialization and distribution of high power lithium ion rechargeable batteries for use in cordless power tools, light electric vehicles, hybrid electric vehicles, electric cars, electric busses, residential energy supply & uninterruptable power supplies and other high power applications.

The shares of the Company traded in the over-the-counter market through the Over-the-Counter Bulletin Board from 2005 until May 31, 2006, when the Company obtained approval to list its common stock on The NASDAQ Global Market, and trading commenced that same date under the symbol "CBAK".

On January 10, 2017, the Company filed Articles of Merger with the Secretary of State of Nevada to effectuate a merger between the Company and the Company's newly formed, wholly owned subsidiary, CBAK Merger Sub, Inc. (the "Merger Sub"). According to the Articles of Merger, effective January 16, 2017, the Merger Sub merged with and into the Company with the Company being the surviving entity (the "Merger"). As permitted by Chapter 92A.180 of Nevada Revised Statutes, the sole purpose of the Merger was to effect a change of the Company's name.

Effective November 30, 2018, the trading symbol for common stock of the Company was changed from CBAK to CBAT. Effective at the opening of business on June 21, 2019, the Company's common stock started trading on the Nasdaq Capital Market.

##### Basis of Presentation and Organization

On November 6, 2004, BAK International, a non-operating holding company that had substantially the same shareholders as Shenzhen BAK Battery Co., Ltd ("Shenzhen BAK"), entered into a share swap transaction with the shareholders of Shenzhen BAK for the purpose of the subsequent reverse acquisition of the Company. The share swap transaction between BAK International and the shareholders of Shenzhen BAK was accounted for as a reverse acquisition of Shenzhen BAK with no adjustment to the historical basis of the assets and liabilities of Shenzhen BAK.

On January 20, 2005, the Company completed a share swap transaction with the shareholders of BAK International. The share swap transaction, also referred to as the "reverse acquisition" of the Company, was consummated under Nevada law pursuant to the terms of a Securities Exchange Agreement entered by and among CBAK, BAK International and the shareholders of BAK International on January 20, 2005. The share swap transaction has been accounted for as a capital-raising transaction of the Company whereby the historical financial statements and operations of Shenzhen BAK are consolidated using historical carrying amounts.

Also on January 20, 2005, immediately prior to consummating the share swap transaction, BAK International executed a private placement of its common stock with unrelated investors whereby it issued an aggregate of 1,720,087 shares of common stock for gross proceeds of \$ 17,000,000. In conjunction with this financing, Mr. Xiangqian Li, the Chairman and Chief Executive Officer of the Company ("Mr. Li") until March 1, 2016, agreed to place 435,910 shares of the Company's common stock owned by him into an escrow account pursuant to an Escrow Agreement dated January 20, 2005 (the "Escrow Agreement"). Pursuant to the Escrow Agreement, 50% of the escrowed shares were to be released to the investors in the private placement if audited net income of the Company for the fiscal year ended September 30, 2005 was not at least \$12,000,000, and the remaining 50% was to be released to investors in the private placement if audited net income of the Company for the fiscal year ended September 30, 2006 was not at least \$27,000,000. If the audited net income of the Company for the fiscal years ended September 30, 2005 and 2006 reached the above-mentioned targets, the 435,910 shares would be released to Mr. Li in the amount of 50% upon reaching the 2005 target and the remaining 50% upon reaching the 2006 target.

Under accounting principles generally accepted in the United States of America ("US GAAP"), escrow agreements such as the one established by Mr. Li generally constitute compensation if, following attainment of a performance threshold, shares are returned to a company officer. The Company determined that without consideration of the compensation charge, the performance thresholds for the year ended September 30, 2005 would be achieved. However, after consideration of a related compensation charge, the Company determined that such thresholds would not have been achieved.

The Company also determined that, even without consideration of a compensation charge, the performance thresholds for the year ended September 30, 2006 would not be achieved.

While the 217,955 escrow shares relating to the 2005 performance threshold were previously released to Mr. Li, Mr. Li executed a further undertaking on August 21, 2006 to return those shares to the escrow agent for the distribution to the relevant investors. However, such shares were not returned to the escrow agent, but, pursuant to a Delivery of Make Good Shares, Settlement and Release Agreement between the Company, BAK International and Mr. Li entered into on October 22, 2007 (the "Li Settlement Agreement"), such shares were ultimately delivered to the Company as described below. Because the Company failed to satisfy the performance threshold for the fiscal year ended September 30, 2006, the remaining 217,955 escrow shares relating to the fiscal year 2006 performance threshold were released to the relevant investors. As Mr. Li has not retained any of the shares placed into escrow, and as the investors party to the Escrow Agreement are only shareholders of the Company and do not have and are not expected to have any other relationship to the Company, the Company has not recorded a compensation charge for the years ended September 30, 2005 and 2006.

At the time the escrow shares relating to the 2006 performance threshold were transferred to the investors in fiscal year 2007, the Company should have recognized a credit to donated shares and a debit to additional paid-in capital, both of which are elements of shareholders' equity. This entry is not material because total ordinary shares issued and outstanding, total shareholders' equity and total assets do not change; nor is there any impact on income or earnings per share. Therefore, previously filed consolidated financial statements for the fiscal year ended September 30, 2007 will not be restated. This share transfer has been reflected in these financial statements by reclassifying the balances of certain items as of October 1, 2007. The balances of donated shares and additional paid-in capital as of October 1, 2007 were credited and debited by \$ 7,955,358 respectively, as set out in the consolidated statements of changes in shareholders' equity.

In November 2007, Mr. Li delivered the 217,955 shares related to the 2005 performance threshold to BAK International pursuant to the Li Settlement Agreement; BAK International in turn delivered the shares to the Company. Such shares (other than those issued to investors pursuant to the 2008 Settlement Agreements, as described below) are now held by the Company. Upon receipt of these shares, the Company and BAK International released all claims and causes of action against Mr. Li regarding the shares, and Mr. Li released all claims and causes of action against the Company and BAK International regarding the shares. Under the terms of the Li Settlement Agreement, the Company commenced negotiations with the investors who participated in the Company's January 2005 private placement in order to achieve a complete settlement of BAK International's obligations (and the Company's obligations to the extent it has any) under the applicable agreements with such investors.

Beginning on March 13, 2008, the Company entered into settlement agreements (the "2008 Settlement Agreements") with certain investors in the January 2005 private placement. Since the other investors have never submitted any claims regarding this matter, the Company did not reach any settlement with them.

Pursuant to the 2008 Settlement Agreements, the Company and the settling investors have agreed, without any admission of liability, to a settlement and mutual release from all claims relating to the January 2005 private placement, including all claims relating to the escrow shares related to the 2005 performance threshold that had been placed into escrow by Mr. Li, as well as all claims, including claims for liquidated damages relating to registration rights granted in connection with the January 2005 private placement. Under the 2008 Settlement Agreement, the Company has made settlement payments to each of the settling investors of the number of shares of the Company's common stock equivalent to 50% of the number of the escrow shares related to the 2005 performance threshold these investors had claimed; aggregate settlement payments as of June 30, 2015 amounted to 73,749 shares. Share payments to date have been made in reliance upon the exemptions from registration provided by Section 4(2) and/or other applicable provisions of the Securities Act of 1933, as amended. In accordance with the 2008 Settlement Agreements, the Company filed a registration statement covering the resale of such shares which was declared effective by the SEC on June 26, 2008.

Pursuant to the Li Settlement Agreement, the 2008 Settlement Agreements and upon the release of the 217,955 escrow shares relating to the fiscal year 2006 performance threshold to the relevant investors, neither Mr. Li or the Company have any obligations to the investors who participated in the Company's January 2005 private placement relating to the escrow shares.

As of September 30, 2024, the Company had not received any claim from the other investors who have not been covered by the "2008 Settlement Agreements" in the January 2005 private placement.

As the Company has transferred the 217,955 shares related to the 2006 performance threshold to the relevant investors in fiscal year 2007 and the Company also have transferred 73,749 shares relating to the 2005 performance threshold to the investors who had entered the "2008 Settlement Agreements" with us in fiscal year 2008, pursuant to "Li Settlement Agreement" and "2008 Settlement Agreements", neither Mr. Li nor the Company had any remaining obligations to those related investors who participated in the Company's January 2005 private placement relating to the escrow shares.

On August 14, 2013, Dalian BAK Trading Co., Ltd was established as a wholly owned subsidiary of China BAK Asia Holding Limited ("BAK Asia") with a registered capital of \$ 500,000 . Pursuant to CBAK Trading's articles of association and relevant PRC regulations, BAK Asia was required to contribute the capital to CBAK Trading on or before August 14, 2015. On March 7, 2017, the name of Dalian BAK Trading Co., Ltd was changed to Dalian CBAK Trading Co., Ltd ("CBAK Trading"). On August 5, 2019, CBAK Trading's registered capital was increased to \$ 5,000,000 . Pursuant to CBAK Trading's amendment articles of association and relevant PRC regulations, BAK Asia was required to contribute the capital to CBAK Trading on or before August 1, 2033. On December 12, 2023, CBAK Trading changed its name to Dalian CBAK New Energy Co., Ltd ("CBAK New Energy"). Up to the date of this report, the Company has contributed \$ 2,435,000 to CBAK New Energy in cash. CBAK New Energy principally engaged in investment holding.

On December 27, 2013, Dalian BAK Power Battery Co., Ltd was established as a wholly owned subsidiary of BAK Asia with a registered capital of \$ 30,000,000 . Pursuant to CBAK Power's articles of association and relevant PRC regulations, BAK Asia was required to contribute the capital to CBAK Power on or before December 27, 2015. On March 7, 2017, the name of Dalian BAK Power Battery Co., Ltd was changed to Dalian CBAK Power Battery Co., Ltd ("CBAK Power"). On July 10, 2018, CBAK Power's registered capital was increased to \$ 50,000,000 . On October 29, 2019, CBAK Power's registered capital was further increased to \$ 60,000,000 . Pursuant to CBAK Power's amendment articles of association and relevant PRC regulations, BAK Asia was required to contribute the capital to CBAK Power on or before December 31, 2021. The Company has paid in full to CBAK Power through injection of a series of patents and cash. CBAK Power principal engaged in development and manufacture of high-power lithium batteries.

On May 4, 2018, CBAK New Energy (Suzhou) Co., Ltd ("CBAK Suzhou") was established as a 90 % owned subsidiary of CBAK Power with a registered capital of RMB 10,000,000 (approximately \$ 1.5 million). The remaining 10 % equity interest was held by certain employees of CBAK Suzhou. Pursuant to CBAK Suzhou's articles of association, each shareholder is entitled to the right of the profit distribution or responsible for the loss according to its proportion to the capital contribution. Pursuant to CBAK Suzhou's articles of association and relevant PRC regulations, CBAK Power was required to contribute the capital to CBAK Suzhou on or before December 31, 2019. Up to the date of this report, the Company has contributed RMB 9.0 million

(approximately \$ 1.3 million), and the other shareholders have contributed RMB 1.0 million (approximately \$ 0.1 million) to CBAK Suzhou through injection of a series of cash. In April 14, 2023, CBAK Power and Nanjing BFD Energy Technology Co., Ltd ("Nanjing BFD") entered into shares transfer agreement to transfer the 90 % shares of CBAK Suzhou owned by CBAK Power to Nanjing BFD, no gain or loss was incurred for the transfer. CBAK Suzhou is dormant as of the date of the report.

On November 21, 2019, Dalian CBAK Energy Technology Co., Ltd ("CBAK Energy") was established as a wholly owned subsidiary of BAK Asia with a registered capital of \$ 50,000,000 . Pursuant to CBAK Energy's articles of association and relevant PRC regulations, BAK Asia was required to contribute the capital to CBAK Energy on or before November 20, 2022, the Company has extended the paid up time to January 31, 2054. Up to the date of this report, the Company has contributed \$ 23,519,880 to CBAK Energy. CBAK Energy is dormant as of the date of the report.

On July 14, 2020, the Company acquired BAK Asia Investments Limited ("BAK Investments"), a company incorporated under Hong Kong laws, from Mr. Xiangqian Li, the Company's former CEO, for a cash consideration of HK\$ 1.00 . BAK Asia Investments Limited is a holding company without any other business operations.

On July 31, 2020, BAK Investments formed a wholly owned subsidiary CBAK New Energy (Nanjing) Co., Ltd. ("CBAK Nanjing") in China with a registered capital of \$ 100,000,000 . On May 16, 2022, CBAK Nanjing's registered capital was further increased to \$ 200,000,000 . Pursuant to CBAK Nanjing's articles of association and relevant PRC regulations, BAK Investments was required to contribute the capital to CBAK Nanjing on or before July 29, 2040. Up to the date of this report, the Company has contributed \$ 55,489,915 to CBAK Nanjing. CBAK Nanjing principally engaged in investment holding.

On August 6, 2020, Nanjing CBAK New Energy Technology Co., Ltd. ("Nanjing CBAK") was established as a wholly owned subsidiary of CBAK Nanjing with a registered capital of RMB 700,000,000 (approximately \$ 110 million). Pursuant to Nanjing CBAK's articles of association and relevant PRC regulations, CBAK Nanjing was required to contribute the capital to Nanjing CBAK on or before August 5, 2040. Up to the date of this report, the Company has contributed RMB 352.5 million (approximately \$ 55.6 million) to Nanjing CBAK. Nanjing CBAK principally engaged in development and manufacture of larger-sized cylindrical lithium batteries.

On November 9, 2020, Nanjing Daxin New Energy Automobile Industry Co., Ltd ("Nanjing Daxin") was established as a wholly owned subsidiary of CBAK Nanjing with a register capital of RMB 50,000,000 (approximately \$ 7.9 million). On March 6, 2023, Nanjing Daxin changed its name to Nanjing BFD Energy Technology Co., Ltd ("Nanjing BFD") . The Company has paid in full to Nanjing BFD through injection of a series of cash. Nanjing BFD principally engaged in development and manufacture of sodium-ion batteries.

On April 21, 2021, CBAK Power, along with Shenzhen BAK Power Battery Co., Ltd (BAK SZ), Shenzhen Asian Plastics Technology Co., Ltd (SZ Asian Plastics) and Xiaoxia Liu, entered into an investment agreement with Junxiu Li, Hunan Xintao New Energy Technology Partnership, Xingyu Zhu, and Jiangsu Saideli Pharmaceutical Machinery Manufacturing Co., Ltd for an investment in Hunan DJY Technology Co., Ltd ("DJY"). CBAK Power has paid \$ 1.4 million (RMB 9,000,000 ) to acquire 9.74 % of the equity interests of DJY. CBAK Power has appointed one director to the Board of Directors of DJY. DJY is an unrelated third party of the Company engaging in researching and manufacturing of raw materials and equipment.

On August 4, 2021, Daxin New Energy Automobile Technology (Jiangsu) Co., Ltd ("Jiangsu Daxin") was established as a wholly owned subsidiary of Nanjing CBAK with a register capital of RMB 30,000,000 (approximately \$ 4.7 million). Pursuant to Jiangsu Daxin's articles of association and relevant PRC regulations, Nanjing Daxin was required to contribute the capital to Jiangsu Daxin on or before July 30, 2061. Jiangsu Daxin was dissolved on December 22, 2023, no gain or loss resulted from the dissolution.

On July 20, 2021, CBAK Power entered into a framework agreement relating to CBAK Power's investment in Zhejiang Hitrans Lithium Battery Technology Co., Ltd ("Hitrans", formerly known as Zhejinag Meidu Hitrans Lithium Battery Technology Co., Ltd), pursuant to which CBAK Power agreed to acquire 81.56 % of registered equity interests (representing 75.57 % of paid-up capital) of Hitrans (the "Acquisition"). The Acquisition was completed on November 26, 2021 (Note 12). After the completion of the Acquisition, Hitrans became a 81.56 % registered equity interests (representing 75.57 % of paid up capital) owned subsidiary of the Company.

On July 8, 2022, Hitrans held its second shareholder meeting ("the shareholder meeting") in 2022 to pass a resolution to increase the registered capital of Hitrans from RMB 40 million to RMB 44 million (approximately \$ 6.4 million) and to accept an investment of RMB 22 million (approximately \$ 3.2 million) from Shaoxing Haiji Enterprise Management & Consulting Partnership ("Shaoxing Haiji") and an investment of RMB 18 million (approximately \$ 2.6 million) from Mr. Haijun Wu (collectively "management shareholder"). Under the resolution, 10 % of the investment injection (RMB 4 million or \$ 0.6 million) contributed towards Hitrans's registered capital and the remaining 90 % (RMB 36 million or \$ 5.2 million) treated as additional paid-in capital contribution of Hitrans. 25 % of the investments from the management shareholder were required to be in place before August 15, 2022, 25 % of the investments were required to be in place before December 31, 2022 and the 50 % balance (RMB 20 million) were required to be received June 30, 2024. As of September 30, 2024, RMB 10 million (approximately \$ 1.5 million), representing the 25 % of the investments were received.

On December 8, 2022, CBAK Power entered into equity interest transfer agreements with five individuals to disposal in aggregate 6.82 % of Hitrans equity interests for a total consideration of RMB 30,000,000 (approximately \$ 4.3 million). The transaction was completed on December 30, 2022.

On March 10, 2023, CBAK Power entered into an agreement with Nanjing BFD to transfer the 67.33 % equity interests CBAK Power holds in Hitrans to Nanjing BFD. However, this transaction was postponed due to internal restructuring reasons. Subsequently, on March 26, 2024, CBAK New Energy entered into an agreement with CBAK Power to acquire the same 67.33 % equity interest in Hitrans. The registration of this equity transfer with the local government was also completed on the same date. As a result of this transaction, CBAK New Energy has become the controlling shareholder of Hitrans, while CBAK Power no longer holds any equity interest in Hitrans.. As of September 30, 2024, CBAK New Energy's equity interests in Hitrans was 67.33 % (representing 69.12 % of paid up capital).

On July 6, 2018, Guangdong Meidu Hitrans Resources Recycling Technology Co., Ltd. ("Guangdong Hitrans") was established as a 80 % owned subsidiary of Hitrans with a registered capital of RMB 10 million (approximately \$1.6million). The remaining 20 % registered equity interest was held by Shenzhen Baijun Technology Co., Ltd. Pursuant to Guangdong Hitrans's articles of association, each shareholder is entitled to the right of the profit distribution or responsible for the loss according to its proportion to the capital contribution. Pursuant to Guangdong Hitrans's articles of association and relevant PRC regulations, Hitrans was required to contribute the capital to Guangdong Hitrans on or before December 30, 2038. Up to the date of this report, Hitrans has contributed RMB 1.72 million (approximately \$ 0.3 million), and the other shareholder has contributed RMB 0.25 million (approximately \$ 0.04 million) to Guangdong Hitrans through injection of a series of cash. Guangdong Hitrans was established under the laws of the People's Republic of China as a limited liability company on July 6, 2018 with a registered capital RMB 1 0 million (approximately \$ 1.5 million). Guangdong Hitrans is based in Dongguan, Guangdong Province, and is principally engaged in the business of resource recycling, waste processing, and R&D, manufacturing and sales of battery materials. Guangdong Hitrans was dissolved on January 30, 2024, no gain or loss resulted from the dissolution.

On October 9, 2021, Shaoxing Haisheng International Trading Co., Ltd. ("Haisheng") was established as a wholly owned subsidiary of Hitrans with a register capital of RMB 5 million (approximately \$ 0.8 million). Pursuant to Haisheng's articles of association and relevant PRC regulations, Hitrans was required to contribute the capital to Haisheng on or before May 31, 2025. Up to the date of this report, Hitrans has contributed RMB 3.5 million

(approximately \$ 0.5 million) to Haisheng. Haisheng principally engaged in the trading of cathode materials.

On July 7, 2023, Hong Kong Nacell Holdings Company Limited ("Nacell Holdings") was established as a wholly owned subsidiary of Hitrans Holdings, incorporated under the laws of Hong Kong. Nacell Holdings is dormant as of the date of this report.

On July 12, 2023, CBAK Energy Lithium Holdings Co., Ltd ("CBAK Energy Lithium Holdings" was established as a wholly owned subsidiary of CBAK, incorporated under the laws of the Cayman Islands. CBAK Energy Lithium Holdings is a holding company without any other business operations.

On February 26, 2024, CBAK Energy Investments Holdings ("CBAK Energy Investments") was established as a wholly owned subsidiary of CBAK, under the laws of the Cayman Islands. CBAK Energy Investments is dormant as of the date of the report.

On July 25, 2023, CBAK New Energy (Shangqiu) Co., Ltd ("CBAK Shangqiu") was established as a wholly owned subsidiary of CBAK Power with a registered capital of RMB 50 million (approximately \$ 6.9 million). Pursuant to CBAK Shangqiu's articles of association and relevant PRC regulations, CBAK Power was required to contribute the capital to CBAK Shangqiu on or before July 24, 2043. Up to the date of this report, CBAK Power has contributed RMB 17.8 million (approximately \$ 2.5 million) to CBAK Shangqiu. CBAK Shangqiu principally engaged in manufacture of lithium-ion batteries.

The Company's condensed consolidated financial statements have been prepared under US GAAP.

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. This basis of accounting differs in certain material respects from that used for the preparation of the books of account of the Company and its subsidiaries, which are prepared in accordance with the accounting principles and the relevant financial regulations applicable to enterprises with limited liability established in the PRC or Hong Kong. The accompanying condensed consolidated financial statements reflect necessary adjustments not recorded in the books of account of the Company's subsidiaries to present them in conformity with US GAAP.

On December 8, 2020, the Company entered into a securities purchase agreement with certain institutional investors, pursuant to which the Company issued in a registered direct offering, an aggregate of 9,489,800 shares of common stock of the Company at a per share purchase price of \$ 5.18 , and warrants to purchase an aggregate of 3,795,920 shares of common stock of the Company at an exercise price of \$ 6.46 per share exercisable for 36 months from the date of issuance, for gross proceeds of approximately \$ 49.16 million, before deducting fees to the placement agent and other estimated offering expenses of \$ 3.81 million payable by the Company. In addition, the placement agent for this transaction also received warrants ("Placement Agent Warrants") for the purchase of up to 379,592 shares of the Company's common stock at an exercise price of \$ 6.475 per share exercisable for 36 months after 6 months from the issuance (collectively the "2020 Warrants"). As of date of this report, the above warrants were expired.

On February 8, 2021, the Company entered into another securities purchase agreement with the same investors, pursuant to which the Company issued in a registered direct offering, an aggregate of 8,939,976 shares of common stock of the Company at a per share purchase price of \$ 7.83 . In addition, the Company issued to the investors (i) in a concurrent private placement, the Series A-1 warrants to purchase a total of 4,469,988 shares of common stock, at a per share exercise price of \$ 7.67 and exercisable for 42 months from the date of issuance; (ii) in the registered direct offering, the Series B warrants to purchase a total of 4,469,988 shares of common stock, at a per share exercise price of \$ 7.83 and exercisable for 90 days from the date of issuance; and (iii) in the registered direct offering, the Series A-2 warrants to purchase up to 2,234,992 shares of common stock, at a per share exercise price of \$ 7.67 and exercisable for 45 months from the date of issuance. The Company received gross proceeds of approximately \$ 70 million from the registered direct offering and the concurrent private placement, before deducting fees to the placement agent and other estimated offering expenses of \$ 5.0 million payable by the Company. In addition, the placement agent for this transaction also received warrants ("Placement Agent Warrants") for the purchase of up to 446,999 shares of the Company's common stock at an exercise price of \$ 9.204 per share exercisable for 36 months after 6 months from the issuance.

On May 10, 2021, the Company entered into that Amendment No. 1 to the Series B Warrant (the "Series B Warrant Amendment") with each of the holders of the Company's outstanding Series B warrants. Pursuant to the Series B Warrant Amendment, the term of the Series B warrants was extended from May 11, 2021 to August 31, 2021.

As of August 31, 2021, the Company had not received any notices from the investors to exercise Series B warrants. As of the date of this report, all of the warrants were expired.

As of September 30, 2024, the Company had \$ 25.7 million bank loans and approximately \$ 128.5 million of other current liabilities.

The Company is currently expanding its product lines and manufacturing capacity in its Dalian, Nanjing and Zhejiang plant which requires more funding to finance the expansion. The Company plans to raise additional funds through banks borrowings and equity financing in the future to meet its daily cash demands, if required.

#### COVID-19

The Company business has been and may continue to be adversely affected by the COVID-19 pandemic or other health epidemics and outbreaks. A wave of infections caused by the Omicron variant emerged in Shanghai in early 2022, and a series of restrictions and quarantines were implemented to contain the spread in Shanghai and other regions. The Company's manufacturing facilities in Dalian, Nanjing and Shaoxing were not producing at full capacity when restrictive measures were in force during 2022, which negatively affected our operational and financial results. China began to modify its zero-COVID policy at the end of 2022, and most of the travel restrictions and quarantine requirements were lifted in December 2022.

The extent of the impact of the COVID-19 pandemic that will continue to have on the Company's business is highly uncertain and difficult to predict and quantify, as the actions that the Company, other businesses and governments may take to contain the spread of COVID-19 continue to evolve. Because of the significant uncertainties surrounding the COVID-19 pandemic, the extent of the future business interruption and the related financial impact cannot be reasonably estimated at this time.

The severity of the impact of the COVID-19 pandemic on the Company's business will continue to depend on a number of factors, including, but not limited to, the duration and severity of the pandemic, the new variants of COVID-19, the efficacy and distribution of COVID-19 vaccines and the extent

and severity of the impact on the global supply chain and the Company's customers, service providers and suppliers, all of which are uncertain and cannot be reasonably predicted at this time. As of the date of issuance of the Company's condensed consolidated financial statements, the extent to which the COVID-19 pandemic may in the future materially impact the Company's financial condition, liquidity or results of operations is uncertain. The Company is monitoring and assessing the evolving situation closely and evaluating its potential exposure.

#### *Going Concern*

The accompanying condensed consolidated financial statements have been prepared assuming the Company will continue as a going concern. The Company has accumulated deficit from net losses from prior year and significant short-term debt obligations maturing in less than one year as of September 30, 2024. These conditions raise substantial doubt about the Company's ability to continue as a going concern. The Company's plan for continuing as a going concern included improving its profitability, and obtaining additional debt financing, loans from existing directors and shareholders for additional funding to meet its operating needs. There can be no assurance that the Company will be successful in the plans described above or in attracting equity or alternative financing on acceptable terms, or if at all. These condensed consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

#### *Revenue Recognition*

The Company recognizes revenues when its customer obtains control of promised goods or services, in an amount that reflects the consideration which it expects to receive in exchange for those goods. The Company recognizes revenues following the five step model prescribed under ASU No. 2014-09: (i) identify contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenues when (or as) we satisfy the performance obligation.

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Revenues from product sales are recognized when the customer obtains control of the Company's product, which occurs at a point in time, typically upon delivery to the customer. The Company expenses incremental costs of obtaining a contract as and when incurred if the expected amortization period of the asset that it would have recognized is one year or less or the amount is immaterial.

Revenues from product sales are recorded net of reserves established for applicable discounts and allowances that are offered within contracts with the Company's customers.

Product revenue reserves, which are classified as a reduction in product revenues, are generally characterized in the categories: discounts and returns. These reserves are based on estimates of the amounts earned or to be claimed on the related sales and are classified as reductions of accounts receivable as the amount is payable to the Company's customer.

#### *Contract liability*

The Company's contract liabilities consist of deferred revenue associated with batteries development and deposits received from customers allocated to the performance obligations that are unsatisfied. Changes in contract liability balances were not materially impacted by business acquisition, change in estimate of transaction price or any other factors during any of the years presented. The table below presents the activity of the deferred batteries development and sales of batteries revenue during the nine months ended September 30, 2023 and 2024 respectively:

	<i>September 30</i>	
	<i>2023</i>	<i>2024</i>
Balance at beginning of the year	\$ 1,869,525	\$ 784,000
Development fees collected/ deposits received	-	-
Development and sales of batteries revenue recognized	-	-
Foreign exchange adjustment	( 51,570)	-
Balance at end of period	<u>\$ 1,817,955</u>	<u>\$ 784,000</u>

#### *Recently Adopted Accounting Standards*

In October 2021, the FASB issued ASU 2021-08, Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers, which requires the recognition and measurement of contract assets and contract liabilities acquired in a business combination in accordance with ASC 606, Revenue from Contracts with Customers. This creates an exception to the general recognition and measurement principles in ASC 805. As a smaller reporting company, ASU 2021-08 will be effective for the Company for interim and annual reporting periods beginning after December 15, 2023, with early adoption permitted. The amendments in this ASU should be applied prospectively to business combinations occurring on or after the effective date of the amendments. The Company adopted ASU 2021-08 beginning January 1, 2024. The adoption did not have material impact on the Company's condensed consolidated financial statement.

In March 2023, the FASB issued ASU 2023-01, Lease (Topic 842): Common Control Arrangements, which clarifies the accounting for leasehold improvements associated with leases between entities under common control (hereinafter referred to as common control lease). ASU 2023-01 requires entities to amortize leasehold improvements associated with common control lease over the useful life to the common control group (regardless of the lease term) as long as the lessee controls the use of the underlying asset through a lease, and to account for any remaining leasehold improvements as a transfer between entities under common control through an adjustment to equity when the lessee no longer controls the underlying asset. This ASU will be effective for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years. Early adoption is permitted for both interim and annual financial statements that have not yet been made available for issuance. An entity may apply ASU 2023-01 either prospectively or retrospectively. The Company adopted ASU 2023-01 beginning January 1, 2024. The adoption did not have material impact on the Company's condensed consolidated financial statement.

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In March 2023, the FASB issued ASU No. 2023-02, Investments—Equity Method and Joint Ventures (Topic 323): Accounting for Investments in Tax Credit Structures Using the Proportional Amortization Method, that is intended to improve the accounting and disclosures for investments in tax credit structures. This ASU allows reporting entities to elect to account for qualifying tax equity investments using the proportional amortization method, regardless of the program giving rise to the related income tax credits. For public business entities, the amendments are effective for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years. For all other entities, the amendments are effective for fiscal years

beginning after December 15, 2024, including interim periods within those fiscal years. Early adoption is permitted for all entities in any interim period. The Company adopted ASU 2023-2 beginning January 1, 2024. The adoption did not have material impact on the Company's condensed consolidated financial statement.

#### Recently Issued But Not Yet Adopted Accounting Pronouncements

In October 2023, the FASB issued Accounting Standards Update No. 2023-06 to clarify or improve disclosure and presentation requirements of a variety of topics, which will allow users to more easily compare entities subject to the SEC's existing disclosures with those entities that were not previously subject to the requirements, and align the requirements in the FASB accounting standard codification with the SEC's regulations. The Company is currently evaluating the provisions of the amendments and the impact on its condensed consolidated financial statement presentations and disclosures.

In November 2023, the FASB issued ASU No. 2023-07, Improvements to Reportable Segment Disclosures (Topic 280). This ASU updates reportable segment disclosure requirements by requiring disclosures of significant reportable segment expenses that are regularly provided to the Chief Operating Decision Maker ("CODM") and included within each reported measure of a segment's profit or loss. This ASU also requires disclosure of the title and position of the individual identified as the CODM and an explanation of how the CODM uses the reported measures of a segment's profit or loss in assessing segment performance and deciding how to allocate resources. The ASU is effective for annual periods beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Adoption of the ASU should be applied retrospectively to all prior periods presented in the financial statements. Early adoption is also permitted. This ASU will likely result in us including the additional required disclosures when adopted. The Company is currently evaluating the provisions of the amendments and the impact on its condensed consolidated financial statement presentations and disclosures.

In December 2023, the FASB issued ASU No. 2023-09, Improvements to Income Tax Disclosures (Topic 740). The ASU requires disaggregated information about a reporting entity's effective tax rate reconciliation as well as additional information on income taxes paid. The ASU is effective on a prospective basis for annual periods beginning after December 15, 2024. Early adoption is also permitted for annual financial statements that have not yet been issued or made available for issuance. The Company is currently evaluating the provisions of the amendments and the impact on its condensed consolidated financial statement presentations and disclosures.

Other accounting standards that have been issued or proposed by the FASB or other standards-setting bodies that do not require adoption until a future date are not expected to have a material impact on the Company's condensed consolidated financial statements upon adoption.

#### 2. Pledged deposits

Pledged deposits as of December 31, 2023 and September 30, 2024 consisted of pledged deposits with banks for bills payable (note 15).

#### 3. Short-term deposits

Short-term deposits represent time deposits placed with banks with maturities of six months. Interest earned is recorded as finance income in the condensed consolidated financial statement. As of December 31, 2023 and September 30, 2024, substantially all of the Company's short-term deposits amounting to nil and \$ 13,788,170 , respectively, had been placed in reputable financial institutions in the PRC.

#### 4. Trade and Bills Receivable, net

Trade and bills receivable as of December 31, 2023 and September 30, 2024:

	December 31, 2023	September 30, 2024
Trade receivable	\$ 29,368,296	\$ 27,619,823
Less: Allowance for credit losses	(3,198,249)	(2,921,714)
	<hr/>	<hr/>
Bills receivable	26,170,047	24,698,109
	2,483,000	10,212,675
	<hr/>	<hr/>
	\$ 28,653,047	\$ 34,910,784

Included in trade and bills receivables are retention receivables of \$ 65,162 and \$ 74,520 as of December 31, 2023 and September 30, 2024. Retention receivables are interest-free and recoverable either at the end of the retention period of three to five years since the sales of the EV batteries or 200,000 km since the sales of the motor vehicles (whichever comes first).

An analysis of the allowance for credit losses is as follows:

Balance as at January 1, 2024	\$ 3,198,249
Current period reversal, net	( 209,780)
Current period write off	( 95,173)
Foreign exchange adjustment	28,418
Balance as at September 30, 2024	<hr/>
	\$ 2,921,714

#### 5. Inventories

Inventories as of December 31, 2023 and September 30, 2024 consisted of the following:

	December 31, 2023	September 30, 2024
Raw materials	\$ 3,779,414	\$ 3,240,516
Work in progress	9,525,568	4,596,060
Finished goods	20,108,440	16,102,349
	<hr/>	<hr/>
	\$ 33,413,422	\$ 23,938,925

During the three months ended September 30, 2023 and 2024, write-downs of obsolete inventories to lower of cost or net realizable value of \$ 499,300 and \$ 1,371,328 , respectively, were charged to cost of revenues.

During the nine months ended September 30, 2023 and 2024, write-downs of obsolete inventories to lower of cost or net realizable value of \$ 2,074,233 and \$ 3,364,889 , respectively, were charged to cost of revenues.

## 6. Prepayments and Other Receivables

Prepayments and other receivables as of December 31, 2023 and September 30, 2024 consisted of the following:

	December 31, 2023	September 30, 2024
Value added tax recoverable	\$ 5,248,210	\$ 3,386,543
Prepayments to suppliers	1,341,596	5,412,119
Deposits	108,492	101,684
Staff advances	113,336	184,483
Prepaid operating expenses	645,390	616,350
Interest receivable	-	224,129
Others	292,458	288,522
<b>Less: Allowance for credit losses</b>	<b>7,749,482</b>	<b>10,213,830</b>
	<b>( 290,228)</b>	<b>( 263,480)</b>
	<b>\$ 7,459,254</b>	<b>\$ 9,950,350</b>

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An analysis of the allowance for credit losses is as follows:

Balance as at January 1, 2024	\$ 290,228
Current period reversal, net	( 29,211)
Foreign exchange adjustment	2,463
<b>Balance as at September 30, 2024</b>	<b>\$ 263,480</b>

## 7. Property, Plant and Equipment, net

Property, plant and equipment as of December 31, 2023 and September 30, 2024 consisted of the following:

	December 31, 2023	September 30, 2024
Buildings	\$ 45,843,428	\$ 46,377,779
Leasehold Improvements	7,214,436	8,198,517
Machinery and equipment	83,625,645	87,744,432
Office equipment	1,983,601	2,402,892
Motor vehicles	727,452	831,884
<b>Impairment</b>	<b>139,394,562</b>	<b>145,555,504</b>
Accumulated depreciation	( 17,358,096)	( 17,405,879)
<b>Carrying amount</b>	<b>\$ 91,628,832</b>	<b>\$ 89,365,457</b>

During the three months ended September 30, 2023 and 2024, the Company incurred depreciation expense of \$ 1,872,455 and \$ 1,813,000 , respectively.

During the nine months ended September 30, 2023 and 2024, the Company incurred depreciation expense of \$ 6,740,160 and \$ 5,922,019 , respectively.

During the course of the Company's strategic review of its operations, the Company assessed the recoverability of the carrying value of the Company's property, plant and equipment. The impairment charge, if any, represented the excess of carrying amounts of the Company's property, plant and equipment over the estimated discounted cash flows expected to be generated by the Company's production facilities. The Company believes that there was no impairment during the three and nine months ended September 30, 2023 and 2024.

## 8. Construction in Progress

Construction in progress as of December 31, 2023 and September 30, 2024 consisted of the following:

	December 31, 2023	September 30, 2024
Construction in progress	\$ 24,876,463	\$ 28,164,152
Prepayment for acquisition of property, plant and equipment	12,921,399	10,829,466
<b>Carrying amount</b>	<b>\$ 37,797,862</b>	<b>\$ 38,993,618</b>

Construction in progress as of December 31, 2023 and September 30, 2024 mainly comprised capital expenditures for the construction of the facilities and production lines of CBAK Power, Nanjing CBAK and Hitrans.

For the three months ended September 30, 2023 and 2024, the Company capitalized interest of \$ 191,917 and \$ 169,159 respectively to the cost of construction in progress.

For the nine months ended September 30, 2023 and 2024, the Company capitalized interest of \$ 586,198 and \$ 640,938 , respectively, to the cost of construction in progress.

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## 9. Long-term investments, net

Long-term investments as of December 31, 2023 and September 30, 2024 consisted of the following:

	December 31, 2023	September 30, 2024
Investments in equity method investees	\$ 1,926,611	\$ 1,690,957
Investments in non-marketable equity	638,394	645,580
	<u>\$ 2,565,005</u>	<u>\$ 2,336,537</u>

The following is the carrying value of the long-term investments:

	December 31, 2023		September 30, 2024	
	Carrying Amount	Economic Interest	Carrying Amount	Economic Interest
<u>Investments in equity method investees</u>				
Guangxi Guiwu CBAK New Energy Technology Co., Ltd (a)	\$ 254,475	20%	\$ -	-
Zhejiang Shengyang Renewable Resources Technology Co., Ltd. (b)	1,672,136	26%	1,690,957	26%
	<u>\$ 1,926,611</u>		<u>\$ 1,690,957</u>	
<u>Investments in non-marketable equity</u>				
Hunan DJY Technology Co., Ltd	\$ 638,394		\$ 645,580	
Nanjing CBAK Education For Industry Technology Co., Ltd	-		-	
	<u>\$ 638,394</u>		<u>\$ 645,580</u>	

### (a) Investments in Guangxi Guiwu CBAK New Energy Technology Co., Ltd

Balance as of January 1, 2023	\$ 289,473
Loss from investment	( 27,428)
Foreign exchange adjustment	( 7,570)
Balance as of December 31, 2023	254,475
Proceeds from disposal of investment	( 278,064)
Profit from disposal	26,967
Foreign exchange adjustment	( 3,378)
Balance as of September 30, 2024	\$ -

In August 2022, Nanjing CBAK, along with two unrelated third parties of the Company, Guangxi Guiwu Recycle Resources Company Limited ("Guangxi Guiwu") and Mr. Weidong Xu, an unrelated third party entered into an investment agreement to jointly set up a new company - Guangxi Guiwu CBAK New Energy Technology Co., Ltd ("Guangxi Guiwu CBAK"), in which each party holding 20 %, 60 % and 20 % equity interests and voting rights, respectively. Guangxi Guiwu engages in the business of recycling power batteries. The Company applies the equity method of accounting to account for the equity investments in common stock, over which it has significant influence but does not own a majority equity interest or otherwise control. Pursuant to the Company's articles of association and relevant PRC regulations, each party was required to contribute the capital on or before December 31, 2023.

On April 19, 2024, NJ CABK entered into an equity transfer agreement with Chilwee Group Co., Ltd to disposal its equity interest in Guangxi Guiwu at consideration of RMB 2 million (approximately \$ 0.3 million). NJ CABK recorded a gain on disposal of \$ 26,967 for the nine months ended September 30, 2024.

### (b) Investments in Zhejiang Shengyang Renewable Resources Technology Co., Ltd.

Balance as of January 1, 2023	\$ -
Investments made	4,044,175
Impairment loss	( 2,366,080)
Foreign exchange adjustment	( 5,959)
Balance as of December 31, 2023	1,672,136
Loss from investment	-
Foreign exchange adjustment	18,821
Balance as of September 30, 2024	\$ 1,690,957

On September 27, 2023, Hitrans, entered into an Equity Transfer Contract (the "Equity Transfer Contract") with Mr. Shengyang Xu, pursuant to which Hitrans will initially acquire a 26 % equity interest in Zhejiang Shengyang Renewable Resources Technology Co., Ltd. ("Zhejiang Shengyang") from Mr. Xu, an individual who currently holds 97 % of Zhejiang Shengyang, for a price of RMB 28.6 million (approximately \$ 3.9 million) (the "Initial Acquisition"). Hitrans shall pay the Initial Acquisition price in two (2) installments as follows: (i) 50 % of the price due within five business days following the execution of the Equity Transfer Contract and satisfaction of other conditions precedent set forth in the same; and (ii) the remaining 50 % of the price due within five business days following Mr. Xu successful transfer to Hitrans of the 26 % equity interest in Zhejiang Shengyang. Within fifteen business days after Hitrans has paid 50 % of the price, or RMB 14.3 million, the parties shall complete the registration of equity change with the local governmental authorities. Zhejiang Shengyang is a material supplier of Hitrans since June 2020. On November 6, 2023, Hitrans completed the registration of 26 % equity interest of Zhejiang Shengyang. The Company recorded an impairment loss of \$ 2.4 million (RMB 16.7 million) from the investment to Zhejiang Shengyang for the year ended December 31, 2023. No income or loss was shared from the investment to Zhejiang Shengyang for the three and nine months ended September 30, 2024.

And within three months following the Initial Acquisition, Mr. Xu, an related third party shall transfer an additional 44 % equity interest in Zhejiang Shengyang to Hitrans at the same price per share as that of the Initial Acquisition (the "Follow-on Acquisition"). The parties shall enter into another agreement to detail the terms of the Follow-on Acquisition. As of the date of this report, the Follow-on Acquisition was not completed. The management team of Hitrans is currently in negotiations with Mr. Xu regarding a potential postponement of the payment and equity transfer.

Investments in non-marketable equity

	December 31, 2023	September 30, 2024
Cost	\$ 1,268,124	\$ 1,282,398
Impairment	( 629,730)	( 636,818)
<b>Carrying amount</b>	<b>\$ 638,394</b>	<b>\$ 645,580</b>

On April 21, 2021, CBAK Power, along with Shenzhen BAK Power Battery Co., Ltd (BAK Shenzhen), Shenzhen Asian Plastics Technology Co., Ltd (SZ Asian Plastics) and Xiaoxia Liu (collectively the "Investors"), entered into an investment agreement with Junxiu Li, Hunan Xintao New Energy Technology Partnership, Xingyu Zhu, and Jiangsu Saideli Pharmaceutical Machinery Manufacturing Co., Ltd for an investment in Hunan DJY Technology Co., Ltd ("DJY"), a privately held company. CBAK Power has paid \$ 1.40 million (RMB 9,000,000) to acquire 9.74 % of the equity interests of DJY. CBAK Power along with other three new investors have appointed one director on behalf of the Investors to the Board of Directors of DJY. DJY is unrelated third party of the Company engaging in research and development, production and sales of products and services to lithium battery positive cathode materials producers, including the raw materials, fine ceramics, equipment and industrial engineering.

On April 2023, DJY board declared dividend of \$ 0.8 million (approximately RMB 6 million). The dividend were distributed in May 2023 and based on the paid up capital of each shareholders, the dividend income shared by CBAK Power was \$ 84 K (approximately RMB 0.6 million) which was included in other income (expense) for the three and nine months ended September 30, 2023. No dividend was declared in 2024.

On November 28, 2022, Nanjing CBAK along with Shenzhen Education for Industry Investment Co., Ltd. and Wenyuan Liu, an individual investor, set up Nanjing CBAK Education For Industry Technology Co., Ltd ("CBAK Education") with a registered capital of RMB 5 million (approximately \$ 0.7 million), in which each party holding 10 %, 60 % and 30 % equity interests of CBAK Education, respectively. The investment is for training skillful workforce for Nanjing CBAK. CBAK Education commenced its operation in 2023, nil capital contribution was made by Nanjing CBAK as of the report date.

Non-marketable equity securities are investments in privately held companies without readily determinable market value. The Company measures investments in non-marketable equity securities without a readily determinable fair value using a measurement alternative that measures these securities at the cost method minus impairment, if any, plus or minus changes resulting from observable price changes on a non-recurring basis. The fair value of non-marketable equity securities that have been remeasured due to impairment are classified within Level 3. The Company adjusts the carrying value of non-marketable equity securities which have been remeasured during the period and recognize resulting gains or losses as a component of other operating income (expense), net. The Company recognized nil impairment loss for the three and nine months period ended September 30, 2023 and 2024.

**10. Lease**

(a) Prepaid land use rights

	<i>Prepaid land lease payments</i>
Balance as of January 1, 2023	\$ 12,361,163
Amortization charge for the year	( 322,160)
Foreign exchange adjustment	( 326,299)
Balance as of December 31, 2023	11,712,704
Amortization charge for the period	( 237,565)
Foreign exchange adjustment	125,939
<b>Balance as of September 30, 2024</b>	<b>\$ 11,601,078</b>

In August 2014 and November 2021, the Group acquired land use rights to build a factory of the Company in Dalian, PRC and Zhejiang, PRC.

Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 36 to 50 years, and no ongoing payments will be made under the terms of these land leases.

Amortization expenses of the prepaid land use rights were \$ 71,636 and \$ 79,511 for the three months ended September 30, 2023 and 2024 and \$ 236,173 and \$ 237,565 for the nine months ended September 30, 2023 and 2024, respectively.

No impairment loss was made to the carrying amounts of the prepaid land use right for the three and nine months ended September 30, 2023 and 2024.

(b) Operating lease

On April, 2018, Hitrans entered into a lease agreement for staff quarters spaces in Zhejiang with a five year term, commencing on May 1, 2018 and expiring on April 30, 2023. The monthly rental payment is approximately RMB 18,000 (\$ 2,621) per month. In 2018, lump sum payments were made to landlord for the rental of staff quarter spaces and no ongoing payments will be made under the terms of these leases.

On April 6, 2021, Nanjing CBAK entered into a lease agreement for warehouse space in Nanjing with a three year term, commencing on April 15, 2021 and expiring on April 14, 2024. The monthly rental payment is approximately RMB 97,743 (\$ 14,230) per month. The lease was renewed for one year with a monthly rental of RMB 90,224 (approximately \$ 12,856) to May 14, 2025.

On June 1, 2021, Hitrans entered into a lease agreement with liquid gas supplier for a five year term for supplying liquid nitrogen and oxygen, commencing on July 1, 2021. The monthly rental payment is approximately RMB 5,310 (\$ 773) per month.

On December 9, 2021, Hitrans entered into a lease agreement for extra staff quarters spaces in Zhejiang with a three year term, commencing on December 10, 2021 and expiring on December 9, 2024. The monthly rental payment is approximately RMB 10,400 (\$ 1,514) per month for the first

year, RMB 10,608 (\$ 1,544 ) and RMB10, 820 (\$ 1,575 ) per month from the second year and third year, respectively.

On March 1, 2022, Hitrans entered into a lease agreement for extra staff quarters spaces in Zhejiang with a three year term, commencing on March 1, 2022 and expiring on February 28, 2027 . The monthly rental payment is approximately RMB 15,840 (\$ 2,306 ) per month for the first year, with 2 % increase per year.

On August 1, 2022, Hitrans entered into a lease agreement for warehouse spaces in Zhejiang with a one and half years term, commencing on August 1, 2022 and expiring on January 31, 2024 . The monthly rental payment is RMB 60,394 (\$ 8,792 ) per month.

On October 20, 2022, CBAK Power entered into a lease agreement for staff quarters spaces in Dalian with a five year term, commencing on October 20, 2022 and expiring on October 19, 2025 . The monthly rental payment is RMB 61,905 (\$ 9,012 ) per month.

On December 20, 2022, Hitrans entered into a lease agreement for extra staff quarters spaces in Zhejiang with a five year term commencing on December 20, 2022 and expiring on December 19, 2027 . The monthly rental payment is RMB 52,000 (\$ 7,570 ) per month for the first year, with 2 % increase per year.

On December 30, 2022, Hitrans entered into a lease agreement with liquid gas supplier for a five year term for supplying liquid nitrogen and oxygen to December 29, 2027. The monthly rental payment is approximately RMB 7,265 (\$ 1,058 ) per month.

On April 20, 2023, Hitrans entered into another lease agreement for extra staff quarters spaces in Zhejiang with a three year term commencing on May 1, 2023 and expiring on April 30, 2026. The monthly rental payment is RMB 28,000 (\$ 3,860 ) per month. On July 1, 2024, Hitrans entered into an amendment to early terminate the lease and entered into a new lease for a period of two years from July 1, 2024 to June 30, 2026. The monthly rental payment is RMB 14,000 (\$ 1,995 ) per month.

Nanjing CBAK entered into a lease agreement for office and factory spaces in Nanjing for a period of one year, commencing on August 1, 2023 and expiring on July 31, 2024. The monthly rental payment is approximately RMB 160,743 (\$ 22,649 ) per month. The lease was renewed for three years to August 31, 2027 with the same monthly rental.

The Company entered into a lease agreement for manufacturing and factory spaces in Shangqiu with a terms of six years, commencing on January 1, 2024 to December 31, 2029. The monthly rental payment is RMB 265,487 (\$ 36,769 ) per month.

The Company has entered into a lease agreement for staff quarters spaces in Shangqiu from May 16, 2024 to December 31, 2029 for a monthly rental of RMB 19,404 (\$ 2,765 ).

Operating lease expenses for the three and nine months ended September 30, 2023 and 2024 for the capitation agreement was as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2024	2023	2024
Operating lease cost – straight line	\$ 110,057	\$ 337,405	\$ 375,804	\$ 957,144

(c) Company as lessee - Finance lease

	December 31, 2023	September 30, 2024
Property, plant and equipment, at cost	\$ 4,598,426	\$ 8,441,208
Accumulated depreciation	( 828,351)	( 2,337,763)
Impairment	( 3,770,075)	( 6,103,445)
Property, plant and equipment, net under finance lease	-	-
Finance lease liabilities, current	1,643,864	762,694
Finance lease liabilities, non-current	-	-
Total finance lease liabilities	\$ 1,643,864	\$ 762,694

The components of finance lease expenses for the three and nine months ended September 30, 2023 and 2024 were as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2024	2023	2024
Finance lease cost:				
Depreciation of assets	44,275	-	102,999	-
Interest of lease liabilities	4,995	20,242	11,622	60,479
Total lease expense	\$ 49,270	\$ 20,242	\$ 114,621	\$ 60,479

The following is a schedule, by years, of maturities of lease liabilities as of September 30, 2024:

	Operating leases	Finance leases
Remainder of 2024	\$ 769,615	\$ 781,978
2025	1,031,673	-
2026	928,195	-
2027	516,579	-
2028	486,314	-
Thereafter	932,643	-
Total undiscounted cash flows	4,665,019	781,978
Less: imputed interest	( 453,418)	( 19,284)

Lease term and discount rate:

	December 31, 2023	September 30, 2024
<b>Weighted-average remaining lease term</b>		
Land use rights	36.9	36.2
Operating lease	2.71	4.18
Finance lease	0.96	0.16
<b>Weighted-average discount rate</b>		
Land use rights	Nil	Nil
Operating lease	4.69%	4.35%
Finance lease	1.37%	2.9%

Supplemental cash flow information related to leases where the Company was the lessee for the three and nine months ended September 30, 2023 and 2024 was as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2024	2023	2024
Operating cash outflows from operating assets	\$ 92,457	\$ 120,979	\$ 483,932	\$ 552,796

## 11. Intangible Assets, net

Intangible assets as of December 31, 2023 and September 30, 2024 consisted of the followings:

	December 31, 2023	September 30, 2024
Computer software at cost	\$ 139,732	\$ 158,831
Sewage discharge permit	1,715,450	1,734,761
Accumulated amortization	1,855,182	1,893,592
	(1,013,822)	(1,386,479)
	\$ 841,360	\$ 507,113

Amortization expenses were \$ 133,450 and \$ 118,987 for the three months ended September 30, 2023 and 2024, respectively.

Amortization expenses were \$ 374,110 and \$ 352,481 for the nine months ended September 30, 2023 and 2024, respectively.

Total future amortization expenses for finite-lived intangible assets as of September 30, 2024 were estimated as follows:

Remainder of 2024	\$ 120,482
2025	326,168
2026	14,986
2027	9,653
2028	8,037
Thereafter	27,787
<b>Total</b>	<b>\$ 507,113</b>

## 12. Acquisition of subsidiaries

On April 1, 2021, CBAK Power entered into a framework investment agreement with Hangzhou Juzhong Daxin Asset Management Co., Ltd. ("Juzhong Daxin") for a potential acquisition of Hitrans. Juzhong Daxin is the trustee of 85 % of registered equity interests (representing 78.95 % of paid-up capital) of Hitrans and has the voting right over the 85 % of registered equity interests. Subject to definitive acquisition agreements to be entered into among the parties, including shareholders owning the 85 % of equity interests of Hitrans, CBAK Power intends to acquire 85 % of equity interests of Hitrans in cash in 2021. CBAK Power has paid \$ 3.10 million (RMB 20,000,000) to Juzhong Daxin as a security deposit in April 2021. Hitrans is an unrelated third party of the Company engaging in researching, manufacturing and trading of raw materials and is one of the major suppliers of the Company in fiscal 2020.

On July 20, 2021, CBAK Power entered into a framework agreement relating to CBAK Power's investment in Hitrans, pursuant to which CBAK Power acquires 81.56 % of registered equity interests (or representing 75.57 % of paid-up capital) of Hitrans (the "Acquisition Agreement"). Under the Acquisition Agreement, CBAK Power acquires 60 % of registered equity interests (representing 54.39 % of paid-up capital) of Hitrans from Zhejiang Meidu Graphene Technology Co., Ltd. ("Meidu Graphene") valued at RMB 118 million (\$ 18.30 million) and 21.56 % of registered equity interests (representing 21.18 % of paid-up capital) of Hitrans from Hitrans's management shareholders valued at approximately RMB 40.74 million (\$ 6.32 million). Two individuals among Hitrans management shareholders, including Hitrans's CEO, Mr. Haijun Wu ("Mr. Wu"), keep 2.50 % registered equity interests (representing 2.46 % of paid-up capital) of Hitrans and New Era Group Zhejiang New Energy Materials Co., Ltd. ("New Era") continue to hold 15 % registered equity interests (representing 21.05 % of paid-up capital) of Hitrans after the acquisition.

As of the date of the Acquisition Agreement, the 25 % registered equity interests (representing 24.56 % of paid-up capital) of Hitrans held by Hitrans management shareholders was frozen as a result of a litigation arising from the default by Hitrans management shareholders on debts borrowed from Zhejiang Meidu Pawn Co., Ltd. ("Pawn Co.") whereby the 25 % registered equity interests (representing 24.56 % of paid-up capital) of Hitrans was pledged as collateral. Mr. Junnan Ye ("Mr. Ye"), acting as an intermediary, first acquire 22.5 % registered equity interests (representing 22.11 % of paid-

up capital) of Hitrans, free of any encumbrances, from Hitrans management shareholders. Pursuant to the Acquisition Agreement, within five days of CBAK Power's obtaining 21.56 % registered equity interests (representing 21.18 % of paid-up capital) of Hitrans from Mr. Ye, CBAK Power pay approximately RMB 40.74 million (\$ 6.32 million) in cash, which amount shall be used toward the repayment of debts due to Pawn Co. On July 23, 2021, CBAK Power paid RMB 40.74 million (approximately \$ 6.32 million) in cash to Mr. Ye.

In addition, as of the date of the Acquisition Agreement, Meidu Graphene's 60 % registered equity interests (representing 54.39 % of paid-up capital) of Hitrans was frozen as a result of a litigation arising from Hitrans's failure to make payments to New Era in connection with the purchase of land use rights, plants, equipment, pollution discharge permit and other assets (the "Assets") under certain asset transfer agreements as well as Meidu Graphene's guarantee for Hitrans's payment obligations thereunder.

As a part of the transaction, CBAK Power entered into a loan agreement with Hitrans to lend Hitrans approximately RMB 131 million (\$ 20.6 million) (the "Hitrans Loan") by remitting approximately RMB 131 million (\$ 20.6 million) into the account of Shaoxing Intermediate People's Court (the "Court") to remove the freeze on Meidu Graphene's 60 % registered equity interests (representing 54.39 % of paid-up capital) of Hitrans. Moreover, Juzhong Daxin will return RMB 10 million (\$ 1.6 million) of the security deposit to CBAK Power before CBAK Power wires approximately RMB 131 million (\$ 20.6 million) to the Court. Juzhong Daxin retained RMB 5 million (\$ 0.78 million) as commission for facilitating the acquisition and RMB 5 million (\$ 0.78 million) recognized as compensation expense to another potential buyer. On July 27, 2021, Juzhong Daxin returned RMB 7 million (\$ 1.1 million) of the security deposit to CBAK Power. The remaining RMB 3 million (\$ 0.5 million) had not yet been repaid by Juzhong Daxin up to the date of this report. The Company is still negotiating with Juzhong Daxin, as Juzhong Daxin believes that according to the Security Acquisition Framework Agreement entered into between CBAK Power and Juzhong Daxin, CBAK Power should pay RMB 3 million (\$ 0.5 million) as risk premium for facilitating the acquisition. CBAK Power believes it is not reasonable to pay any of the risk premium in accordance with the terms of the agreement and Juzhong Daxin should return RMB 3 million (\$ 0.5 million) to CBAK Power. CBAK Power has taken legal action for the outstanding balance.

CBAK Power shall pay all other fees due to Juzhong Daxin in accordance with the Letter of Intent. According to the Acquisition Agreement, Mr. Ye first acquire 60 % registered equity interests (representing 54.39 % of paid-up capital) of Hitrans, free of any encumbrances, from Meidu Graphene. Thereafter, CBAK Power assign RMB 118 million (\$ 18.30 million) of the Hitrans Loan to Mr. Junnan Ye as consideration for the acquisition of 60 % registered equity interests (representing 54.39 % of paid-up capital) of Hitrans from Mr. Ye (the "Assignment"). Hitrans shall repay RMB 118 million (\$ 18.27 million) to Mr. Ye in accordance with a separate loan repayment agreement (the "Loan Repayment Agreement") entered into among Mr. Ye, Hitrans, CBAK Power and Mr. Wu in July 2021. Under the Loan Repayment Agreement, Hitrans shall repay Mr. Ye at least RMB 70 million (\$ 10.86 million) within two months of obtaining the title to the Assets from New Era and the remaining RMB 48 million (\$ 7.41 million) by December 31, 2021, with a fixed interest of RMB 3.5 million (\$ 0.54 million) which can be reduced by up to RMB 1 million (\$ 0.15 million) if the loan is settled before its due date. CBAK Power provides guarantee to Mr. Ye on Hitrans's repayment obligations under the Loan Repayment Agreement. Hitrans shall repay the remaining approximately RMB 13 million (\$ 2.02 million) of the Hitrans Loan to CBAK Power at an interest rate of 6 % per annum, maturing in one year from the date of the Assignment. As of December 31, 2021, Hitrans has repaid RMB 93 million (\$ 14.6 million) and interest incurred was RMB 0.9 million (\$ 0.1 million) recorded as finance cost for the year ended December 31, 2021. As of January 29, 2023, Hitrans has repaid all the loan principals of RMB 118 million (\$ 18.3 million) and interests of RMB 3.5 million (\$ 0.54 million) to Mr. Ye.

The transfer of 81.56 % registered equity interests (representing 75.57 % of paid-up capital) of Zhejiang Hitrans to CBAK Power has been registered with the local government and CBAK Power had paid approximately RMB 40.74 million (approximately \$ 6.32 million) in cash to Mr. Ye. In addition, CBAK Power had wired approximately RMB 131 million (approximately \$ 20.6 million) to the Court and Juzhong Daxin returned RMB 7 million (\$ 1.1 million) of the security deposit to CBAK Power. The Acquisition was completed on November 26, 2021.

Upon the closing of the Acquisition, CBAK Power became the largest shareholder of Hitrans holding 81.56 % of the Company's registered equity interests (representing 75.57 % of paid-up capital of the Company). As required by applicable Chinese laws, CBAK Power and Management Shareholders are obliged to make capital contributions of RMB 11.1 million (\$ 1.7 million) and RMB 0.4 million (\$ 0.06 million), respectively, for the unpaid portion of Hitrans's registered capital in accordance with the articles of association of Hitrans.

The Company completed the valuations necessary to assess the fair values of the tangible and intangible assets acquired and liabilities assumed, resulting from which the amount of goodwill was determined and recognized as of the respective acquisition date. The following table summarizes the estimated aggregate fair values of the assets acquired and liabilities assumed as of the closing date, November 26, 2021.

Cash and bank	\$ 7,323,654
Debts product	3,144
Trade and bills receivable, net	37,759,688
Inventories	13,616,922
Prepayments and other receivables	1,384,029
Income tax recoverable	47,138
Amount due from trustee	11,788,931
Property, plant and equipment, net	21,190,890
Construction in progress	2,502,757
Intangible assets, net	1,957,187
Prepaid land use rights, non- current	6,276,898
Leased assets, net	48,394
Deferred tax assets	1,715,998
Short term bank loan	( 8,802,402)
Other short term loans – CBAK Power	( 20,597,522)
Trade accounts and bills payable	( 38,044,776)
Accrued expenses and other payables	( 7,439,338)
Deferred government grants	( 290,794)
Land appreciation tax	( 464,162)
Deferred tax liabilities	( 333,824)
<b>NAV</b>	<b>29,642,812</b>
Less: Waiver of dividend payable	1,250,181
<b>Total NAV acquired</b>	<b>30,892,993</b>
Non-controlling interest ( 24.43 %)	( 7,547,158)
Goodwill	1,606,518
<b>Total identifiable net assets</b>	<b>\$ 24,952,353</b>

The components of the consideration transferred to effect the Acquisition are as follows:

	RMB	USD
Cash consideration for 60 % registered equity interest (representing 54.39 % of paid-up capital) of Hitrans from Meidu Graphene	118,000,000	18,547,918
Cash consideration for 21.56 % registered equity interest (representing 21.18 % of paid-up capital) of Hitrans from Hitrans management	40,744,376	6,404,435
<b>Total Purchase Consideration</b>	<b>158,744,376</b>	<b>24,952,353</b>

The transaction resulted in a purchase price allocation of \$ 1,606,518 to goodwill, representing the financial, strategic and operational value of the transaction to the Company. Goodwill is attributed to the premium that the Company paid to obtain the value of the business of Hitrans and the synergies expected from the combined operations of Hitrans and the Company, the assembled workforce and their knowledge and experience in provision of raw materials used in manufacturing of lithium batteries. The total amount of the goodwill acquired is not deductible for tax purposes.

The Company performed Goodwill impairment test at the reporting unit level on an annual basis and between annual tests when an event occurs or circumstances change indicating the asset might be impaired. Goodwill was fully impaired as of December 31, 2022.

### 13. Goodwill

Balance as of January 1, 2023	\$ -
Impairment of goodwill	- -
Foreign exchange adjustment	- -
Balance as of December 31, 2023 and September 30, 2024	<u>\$ - -</u>

The Company performed goodwill impairment test at the reporting unit level on an annual basis and between annual tests when an event occurs or circumstances change indicating the asset might be impaired. As of December 31, 2022, the Company performed testing on reporting unit of NCM precursor and cathode materials products ("Hitrans Reporting unit")

The Company first assessed qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. For those reporting units where it is determined that it is more likely than not that their fair values are less than the units' carrying amounts, the Company will perform the first step of a two-step quantitative goodwill impairment test. After performing the assessment, if the carrying amounts of the reporting units are higher than their fair values, the Company will perform the second step of the two-step quantitative goodwill impairment test.

The Company performed qualitative assessments for Hitrans reporting unit. Based on the requirements of ASC 350-20-35-3C through ASC 350-20-35-3G, the Company evaluated all relevant factors, weighed all factors in their totality. For the year ended December 31, 2022, as the financial performance of Hitrans reporting unit was below original expectations, fair value of this reporting unit was indicated to be lower than its carrying value. For this reporting unit, where it was determined that it was more likely than not that its fair value was less than the units' carrying amount after performing the qualitative assessment, as a result, the Company performed the two-step quantitative goodwill impairment test for these two reporting units.

For the two-step goodwill impairment test, the Company estimated the fair value with either income approach or asset approach for specific reporting unit components. With the income approach, the Company estimates the fair value of the reporting units using discounted cash flows. Forecasts of future cash flows are based on the best estimate of future net sales and operating expenses, based primarily on expected expansion, pricing, market share, and general economic conditions. Certain estimates of discounted cash flows involve businesses with limited financial history and developing revenue models. Changes in these forecasts could significantly change the amount of impairment recorded, if any. Asset based approach is used in evaluating the fair value of some specific components which is deemed as the most prudent approach due to the unpredictability of future cash flows.

The result of step one impairment test for the Hitrans reporting unit failed, with its determined fair value lower than the book value. The Company performed step two impairment test, applying the income approach, resulting an impairment loss of goodwill of \$ 1,556,078 for the year ended December 31, 2022. The impairment loss of goodwill was primarily attributable to the impairment related to Hitrans reporting unit as the financial performance of the reporting unit of Hitrans continued to fall below the Company's original expectations.

### 14. Deposit paid for acquisition of long-term investments

Deposit paid for acquisition of long-term investments as of December 31, 2023 and September 30, 2024 consisted of the following:

	December 31, 2023	September 30, 2024
Investments in non-marketable equity	\$ 7,101,492	\$ 16,500,192

On September 27, 2023, Nanjing CBAK New Energy Technology Co., Ltd. ("Nanjing CBAK") entered into an Equity Transfer Agreement (the "Equity Transfer Agreement") with Shenzhen BAK Battery Co., Ltd. ("SZ BAK"), under which SZ BAK shall sell a five percent (5 %) equity interest in Shenzhen BAK Power Battery Co., Ltd. ("BAK SZ") to Nanjing CBAK for a purchase price of RMB 260 million (approximately \$ 35.7 million) (the "Target Equity"). Pursuant to the terms of the Equity Transfer Agreement, Nanjing CBAK will pay the Target Equity in three (3) installments as follows: (i) RMB40 million (approximately \$5.5 million) due prior to December 31, 2023; (ii) RMB90 million (approximately \$12.4 million) due prior to September 30, 2024, and (iii) the remaining Target Equity balance of RMB130 million (approximately \$17.8 million) due following SZ BAK's successful transfer to Nanjing CBAK of the five percent (5%) equity interest in BAK SZ. Upon Nanjing CBAK having paid RMB130 million of the Target Equity, the parties shall work together to complete the registration of equity change with the local governmental authorities. Up to the date of this report, Nanjing CBAK has paid RMB 115.8 million (approximately \$ 16.5 million) to SZ BAK. The Equity Transfer Agreement may be terminated in writing through negotiation by all parties and the deposit paid was refundable on demand.

SZ BAK and BAK SZ were the Company's former subsidiary up to June 30, 2014. Mr. Xiangqian Li, the Company's former CEO, is the director of SZ BAK and BAK SZ.

The Company will measure the investments in BAK SZ as non-marketable equity securities without a readily determinable fair value using a measurement alternative that measures these securities at the cost method minus impairment, if any, plus or minus changes resulting from observable

price changes on a non-recurring basis upon the completion. The fair value of non-marketable equity securities that have been remeasured due to impairment are classified within Level 3.

## 15. Trade and Bills Payable

Trade and bills payable as of December 31, 2023 and September 30, 2024 consisted of the followings:

	December 31, 2023	September 30, 2024
Trade payable	\$ 26,764,807	\$ 33,866,587
Bills payable		
– Bank acceptance bills	55,664,768	52,812,825
– Letter of credit	-	2,792,779
	<b>\$ 82,429,575</b>	<b>\$ 89,472,191</b>

All the bills payable are of trading nature and will mature within one year from the issue date.

The bank acceptance bills and letter of credit were pledged by:

- (i) the Company's pledged deposits (note 2) and short-term deposits (note 3);
- (ii) \$ 0.3 million and \$ 2.8 million of the Company's bills receivable as of December 31, 2023 and September 30, 2024, respectively (note 4).
- (iii) the Company's prepaid land use rights (note 10)

## 16. Loans

### Bank loans:

Bank borrowings as of December 31, 2023 and September 30, 2024 consisted of the followings:

	December 31, 2023	September 30, 2024
Short-term bank borrowings	<b>\$ 32,587,676</b>	<b>\$ 25,708,098</b>

On November 16, 2021, the Company obtained banking facilities from Shaoxing Branch of Bank of Communications Co., Ltd with a maximum amount of RMB 120.1 million (approximately \$ 16.6 million) with the term from November 18, 2021 to November 18, 2026. The facility was secured by the Company's land use rights and buildings. In January 2023, the Company renewed the banking facilities with Shaoxing Branch of Bank of Communications Co., Ltd with a maximum amount of RMB 160.0 million (approximately \$ 22.1 million) with the term from January 2023 to December 2027. The facility was secured by the Company's land use rights and buildings. Under the facility, the Company has borrowed RMB 142.8 million (approximately \$ 20.1 million) and RMB 159.9 million (approximately \$ 22.8 million) as of December 31, 2023 and September 30, 2024, respectively, bearing interest at 3.45 % to 3.65 % per annum expiring through January to May 2025.

On January 17, 2022, the Company obtained a one-year term facility from Agricultural Bank of China with a maximum amount of RMB 10 million (approximately \$ 1.4 million) bearing interest at 105 % of benchmark rate of the People's Bank of China ("PBOC") for short-term loans, which is 3.85 % per annum. The facility was guaranteed by the Company's former CEO, Mr. Yunfei Li and Mr. Yunfei Li's wife Ms. Qinghui Yuan and secured by an unrelated third party, Jiangsu Credits Financing Guarantee Co., Ltd. The Company borrowed RMB 10 million (approximately \$ 1.4 million) on January 20, 2022 for a term until January 16, 2023. The Company repaid RMB 10 million (approximately \$ 1.4 million) early on January 5, 2023. On January 6, 2023, the Company borrowed a one-year term loan of RMB 10 million (approximately \$ 1.4 million) for a period of one year to January 4, 2024, bearing interest at 120 % of benchmark rate of the PBOC for short-term loans, which is 3.85 % per annum, while other terms and guarantee remain the same. The Company repaid the loan on January 4, 2024.

On February 9, 2022, the Company obtained a one-year term facility from Jiangsu Gaochun Rural Commercial Bank with a maximum amount of RMB 10 million (approximately \$ 1.4 million) bearing interest at 124 % of benchmark rate of the People's Bank of China ("PBOC") for short-term loans, which is 4.94 % per annum. The facility was guaranteed by the Company's former CEO, Mr. Yunfei Li and Mr. Yunfei Li's wife Ms. Qinghui Yuan. The Company borrowed RMB 10 million (approximately \$ 1.4 million) on February 17, 2022 for a term until January 28, 2023. The Company repaid RMB 10 million (approximately \$ 1.4 million) on January 16, 2023. On January 17, 2023, the Company borrowed a one-year loan of RMB 10 million (approximately \$ 1.4 million) bearing interest at 129 % of benchmark rate of PBOC for short-term loans, which is 4.70 % per annum for a term until January 13, 2024. The Company repaid the loan on January 13, 2024.

On April 28, 2022, the Company obtained a three-year term facility from Industrial and Commercial Bank of China Nanjing Gaochun branch, with a maximum amount of RMB 12 million (approximately \$ 1.7 million) with the term from April 21, 2022 to April 21, 2025. The facility was guaranteed by the Company's former CEO, Mr. Yunfei Li and Mr. Yunfei Li's wife Ms. Qinghui Yuan. Under the facility, the Company borrowed RMB 10 million (approximately \$ 1.5 million) on April 29, 2022, bearing interest at 3.95 % per annum for a term until April 29, 2023. The Company repaid RMB 10 million (approximately \$ 1.4 million) on April 19, 2023. On April 20, 2023, the Company borrowed another one-year loan of RMB 10 million (approximately \$ 1.4 million) bearing interest at 102.5 % of benchmark rate of PBOC for short-term loans, which is 3.90 % per annum for a term until April 19, 2024. The Company repaid the loan on April 19, 2024.

On September 25, 2022, the Company entered into another one-year term facility with Jiangsu Gaochun Rural Commercial Bank with a maximum amount of RMB 9 million (approximately \$ 1.3 million) bearing interest rate at 4.81 % per annum. The facility was guaranteed by 100 % equity in CBAK Nanjing held by BAK Investment and the Company's former CEO, Mr. Yunfei Li and Mr. Yunfei Li's wife Ms. Qinghui Yuan. The Company borrowed RMB 9 million (approximately \$ 1.3 million) on September 27, 2022 for a term until September 24, 2023. The Company repaid the loan on September 24, 2023.

The Company entered into another one-year term facility with Jiangsu Gaochun Rural Commercial Bank with a maximum amount of RMB 9 million (approximately \$ 1.2 million) bearing interest rate at 4.6 % per annum for a period from September 27, 2023 to August 31, 2024. The facility was guaranteed by 100 % equity in CBAK Nanjing held by BAK Investment and the Company's former CEO, Mr. Yunfei Li and Mr. Yunfei Li's wife Ms. Qinghui Yuan. The Company borrowed RMB 9 million (approximately \$ 1.3 million) on September 27, 2023 for a term until August 31, 2024. The Company repaid the loan on August 31, 2024.

On November 8, 2022, the Company entered into a short-term loan agreement with China CITIC Bank Shaoxing Branch to August 9, 2023 with a maximum amount of RMB 10 million (approximately \$ 1.4 million) bearing interest rate at 4.35 % per annum. The Company borrowed RMB 10 million (approximately \$ 1.4 million) on the same date. The Company has repaid RMB 5 million (approximately \$ 0.7 million), RMB 0.2 million (approximately \$ 0.1 million) and RMB 4.8 million (approximately \$ 0.7 million) on November 16, 2022, December 27, 2022 and August 9, 2023, respectively. The Company entered into another short-term loan agreement with China CITIC Bank Shaoxing Branch for a one-year short-term loan agreement with a maximum amount of RMB 0.2 million (approximately \$ 0.1 million) for December 27, 2022 to December 27, 2023, bearing interest rate at 4.20 % per annum. The Company entered into another loan agreement with China CITIC Bank Shaoxing Branch for a short-term loan of RMB 4.8 million (approximately \$ 0.7 million) from August 10, 2023 to May 2, 2024, bearing interest rate at 4.3 % per annum. The Company repaid the loan on May 2, 2024.

On December 9, 2022, the Company obtained a RMB 5 million (approximately \$ 0.7 million) letter of credit from China CITIC Bank for a period to October 30, 2023 for settlement of Hitrans purchase. The Company utilized RMB 1.5 million (approximately \$ 0.2 million) letter of credit at an interest rate of 2.7 % for a period of one year to January 5, 2023.

On January 7, 2023, the Company obtained a two-year term facility from Postal Savings Bank of China, Nanjing Gaochun Branch with a maximum amount of RMB 10 million (approximately \$ 1.4 million) for a period from January 7, 2023 to January 6, 2025. The facility was guaranteed by the Company's former CEO, Mr. Yunfei Li, Mr. Yunfei Li's wife Ms. Qinghui Yuan and CBAK New Energy (Nanjing) Co., Ltd. The Company borrowed RMB 5 million (approximately \$ 0.7 million) on January 12, 2023 for a term of one year until January 11, 2024, bearing interest at 3.65 % per annum. The Company repaid the above early on June 15, 2023. On June 27, 2023, the Company entered into another loan agreement for one year from June 27, 2023 to June 26, 2024 under the two-year term facility for a maximum loan amount of RMB 10 million (approximately \$ 1.4 million) bearing interest rate at 3.65 % per annum. The Company borrowed RMB 10 million (approximately \$ 1.4 million) on the same date. The loan was guaranteed by the Company's former CEO, Mr. Yunfei Li, Mr. Yunfei Li's wife Ms. Qinghui Yuan and CBAK New Energy (Nanjing) Co., Ltd. The Company repaid the loan on June 26, 2024.

On March 29, 2023, the Company and Bank of China Limited entered into a short-term loan agreement for one year from March 29, 2023 to March 28, 2024 for a maximum loan amount to RMB 5 million (approximately \$ 0.7 million) bearing interest rate at 3.65 % per annum. The Company borrowed RMB 5 million (approximately \$ 0.7 million) on the same date. The loan was secured by the Company's buildings in Dalian. The Company repaid RMB 5 million (approximately \$ 0.7 million) on March 27, 2024. On March 28, 2024, the Company borrowed another one-year loan of RMB 5 million (approximately \$ 0.7 million) bearing interest rate at 3.45 % per annum. The Company early repaid the loan on August 21, 2024.

On April 19, 2023, the Company and Bank of Nanjing Gaochun Branch entered into a short-term loan agreement for one year from April 10, 2023 to April 9, 2024 for RMB 10 million (approximately \$ 1.4 million) bearing interest rate at 3.7 % per annum. The Company borrowed RMB 10 million (approximately \$ 1.4 million) on April 23, 2023. The loan was guaranteed by the Company's former CEO, Mr. Yunfei Li and Mr. Yunfei Li's wife Ms. Qinghui Yuan. The Company repaid the loan on April 9, 2024.

On June 9, 2023, the Company and China Zheshang Bank Co., Ltd Shangyu Branch entered into a short-term loan agreement for one year from June 9, 2023 to June 7, 2024 for a maximum loan amount to RMB 4 million (approximately \$ 0.6 million) bearing interest rate at 4.55 % per annum. The Company borrowed RMB 4 million (approximately \$ 0.6 million) on the same date. The Company early repaid the loan principal and related loan interests on December 22, 2023.

On July 31, 2023, the Company obtained a three-year term facility from Bank of China Gaochun Branch, with a maximum amount of RMB 10 million (approximately \$ 1.4 million) with the term from July 31, 2023 to July 30, 2026. The facility was guaranteed by the Company's former CEO, Mr. Yunfei Li and Mr. Yunfei Li's wife Ms. Qinghui Yuan. Under the facility, the Company borrowed RMB 10 million (approximately \$ 1.4 million) on July 31, 2023, bearing interest rate at 3.15 % per annum. The Company repaid the loan on July 22, 2024.

On August 3, 2023, the Company and Bank of China entered into a short term loan agreement for one year from August 3, 2023 to August 2, 2024 for a maximum amount of RMB 10 million (approximately \$ 1.4 million) bearing interest rate at 3.55 % per annum. The Company borrowed RMB 10 million (approximately \$ 1.4 million) on September 27, 2023. The loan was secured by the Company's buildings in Dalian. The Company repaid the loan on August 2, 2024.

On January 24, 2024, the Company entered into a short-term credit-guaranteed loan agreement with Zhejiang Shangyu Rural Commercial Bank for one year to January 17, 2025 with an amount of RMB 5 million (approximately \$ 0.7 million) bearing interest at 4.1 % per annum. The Company borrowed RMB 5 million (approximately \$ 0.7 million) on the same date. The Company early repaid the loan on September 27, 2024.

On March 26, 2024, the Company entered into a short-term credit-guaranteed loan agreement with Zhejiang Shangyu Rural Commercial Bank for one year to March 25, 2025 with an amount of RMB 5 million (approximately \$ 0.7 million) bearing interest at 4.1 % per annum. The Company borrowed RMB 5 million (approximately \$ 0.7 million) on the same date. The Company early repaid the loan on September 27, 2024.

On April 9, 2024, the Company and China Zheshang Bank Co., Ltd Shangyu Branch entered into a short-term loan agreement for one year from April 9, 2024 to April 7, 2025 for a maximum loan amount to RMB 5.5 million (approximately \$ 0.8 million) bearing interest rate at 4.05 % per annum. The Company borrowed RMB 5.5 million (approximately \$ 0.8 million) on the same date.

On June 24, 2024, the Company and Bank of China entered into a short-term loan agreement, with a maximum amount of RMB 10 million (approximately \$ 1.4 million) with the term from June 24, 2024 to June 20, 2025. The facility was guaranteed by the Company's former CEO, Mr. Yunfei Li and Mr. Yunfei Li's wife Ms. Qinghui Yuan. Under the facility, the Company borrowed RMB 10 million (approximately \$ 1.4 million) on June 24, 2024, bearing interest rate at 3.0 % per annum. The Company early repaid the loan on August 23, 2024.

On September 29, 2024, the Company and Zhejiang Shangyu Rural Commercial Bank entered into a short-term credit-guaranteed loan agreement for RMB 15 million (approximately \$ 2.1 million) with the term of one year from September 29, 2024 to September 26, 2025 bearing 4.00 % interest rate. The Company borrowed RMB 15 million (approximately \$ 2.1 million) on the same date.

The Company obtained banking facilities from China Zheshang Bank Co., Ltd. Shenyang Branch with a maximum amount of RMB 390 million (approximately \$ 54.0 million) with the term from June 28, 2023 to April 29, 2025. The Company borrowed a series of acceptance bills totaling RMB 286.5 million (approximately \$ 40.8 million) for various terms expiring through October 2024 to March 2025, which was secured by the Company's pledged deposit of RMB 179.1 million (approximately \$ 25.5 million (note 2), term deposit of RMB 96.8 million (approximately \$ 13.8 million (note 3) and

the Company's bills receivables of RMB 19.8 million (approximately \$ 2.8 million) (Note 4).

The Company borrowed a series of acceptance bills from China Zheshang Bank Co. Ltd Shangyu Branch totaling RMB 72.9 million (approximately \$ 10.4 million) for various terms expiring through October to December 2024, which was secured by the Company's cash totaling RMB 72.0 million (approximately \$ 10.3 million) (note 2).

The Company borrowed a series of acceptance bills from Bank of Communications Co., Ltd. Shangyu Branch totaling RMB 11.2 million (approximately \$ 1.6 million) expiring in March 2025, which was secured by the Company's cash totaling RMB 11.2 (approximately \$ 1.6 million) (note 2).

The facilities were also secured by the Company's assets with the following carrying amounts:

	December 31, 2023	September 30, 2024
Pledged deposits (note 2)	\$ 54,167,834	\$ 37,374,690
Term deposits (note 3)	-	13,788,170
Bills receivables (note 4)	281,805	2,822,455
Right-of-use assets (note 10)	5,287,708	5,223,832
Buildings	9,707,862	4,018,644
	<u><u>\$ 69,445,209</u></u>	<u><u>\$ 63,227,791</u></u>

As of September 30, 2024, the Company had unutilized committed banking facilities totaled \$ 1.3 million.

During the three months ended September 30, 2023 and 2024, interest of \$ 231,575 and \$ 274,114 were incurred on the Company's bank borrowings, respectively.

During the nine months ended September 30, 2023 and 2024, interest of \$ 631,933 and \$ 901,850 were incurred on the Company's bank borrowings, respectively.

Other short-term loans:

Other short-term loans as of December 31, 2023 and September 30, 2024 consisted of the following:

	Note	December 31, 2023	September 30, 2024
Advance from related parties			
– Mr. Xiangqian Li, the Company's Former CEO	(a)	\$ 100,000	\$ 100,000
– Mr. Yunfei Li, the Company's Former CEO	(b)	<u><u>160,536</u></u>	<u><u>157,243</u></u>
		<u><u>260,536</u></u>	<u><u>257,243</u></u>
Advances from unrelated third party			
– Mr. Wenwu Yu	(c)	1,385	1,401
– Ms. Longqian Peng	(c)	7,179	7,260
– Suzhou Zhengyuanwei Needle Ce Co., Ltd	(d)	70,452	71,243
		<u><u>79,016</u></u>	<u><u>79,904</u></u>
		<u><u>\$ 339,552</u></u>	<u><u>\$ 337,147</u></u>

- (a) Advances from Mr. Xiangqian Li, the Company's former CEO, was unsecured, non-interest bearing and repayable on demand.
- (b) Advances from Mr. Yunfei Li, the Company's former CEO, was unsecured, non-interest bearing and repayable on demand.
- (c) Advances from unrelated third parties were unsecured, non-interest bearing and repayable on demand.
- (d) In 2019, the Company entered into a short term loan agreement with Suzhou Zhengyuanwei Needle Ce Co., Ltd, an unrelated party to loan RMB 0.6 million (approximately \$ 0.1 million), bearing annual interest rate of 12 %. As of September 30, 2024, loan amount of RMB 0.5 million (\$ 0.1 million) remained outstanding.

During the three months ended September 30, 2023 and 2024, interest of \$ 2,238 and \$ 2,140 were incurred on the Company's borrowings from unrelated parties, respectively.

During the nine months ended September 30, 2023 and 2024, interest of \$ 6,896 and \$ 6,349 were incurred on the Company's borrowings from unrelated parties, respectively.

**17. Accrued Expenses and Other Payables**

Accrued expenses and other payables as of December 31, 2023 and September 30, 2024 consisted of the following:

	December 31, 2023	September 30, 2024
Construction costs payable	\$ 15,571,808	\$ 9,214,798
Equipment purchase payable	13,665,499	12,146,810
Liquidated damages*	1,210,119	1,210,119
Accrued staff costs	3,386,142	4,174,522
Customer deposits	2,875,131	3,130,200

Deferred revenue	784,000	784,000
Accrued operating expenses	2,005,976	1,710,063
Dividend payable to non-controlling interest (Note 18)	1,256,745	1,283,507
Other tax payables	775,754	1,085,745
Other payables	461,366	405,144
	<u>\$ 41,992,540</u>	<u>\$ 35,144,908</u>

\* On August 15, 2006, the SEC declared effective a post-effective amendment that the Company had filed on August 4, 2006, terminating the effectiveness of a resale registration statement on Form SB-2 that had been filed pursuant to a registration rights agreement with certain shareholders to register the resale of shares held by those shareholders. The Company subsequently filed Form S-1 for these shareholders. On December 8, 2006, the Company filed its Annual Report on Form 10-K for the year ended September 30, 2006 (the "2006 Form 10-K"). After the filing of the 2006 Form 10-K, the Company's previously filed registration statement on Form S-1 was no longer available for resale by the selling shareholders whose shares were included in such Form S-1. Under the registration rights agreement, those selling shareholders became eligible for liquidated damages from the Company relating to the above two events totaling approximately \$ 1,051,000 . As of December 31, 2023 and September 30, 2024, no liquidated damages relating to both events have been paid.

On November 9, 2007, the Company completed a private placement for the gross proceeds to the Company of \$ 13,650,000 by selling 3,500,000 shares of common stock at the price of \$ 3.90 per share. Roth Capital Partners, LLC acted as the Company's exclusive financial advisor and placement agent in connection with the private placement and received a cash fee of \$ 819,000 . The Company may have become liable for liquidated damages to certain shareholders whose shares were included in a resale registration statement on Form S-3 that the Company filed pursuant to a registration rights agreement that the Company entered into with such shareholders in November 2007. Under the registration rights agreement, among other things, if a registration statement filed pursuant thereto was not declared effective by the SEC by the 100th calendar day after the closing of the Company's private placement on November 9, 2007, or the "Effectiveness Deadline", then the Company would be liable to pay partial liquidated damages to each such investor of (a) 1.5% of the aggregate purchase price paid by such investor for the shares it purchased on the one month anniversary of the Effectiveness Deadline; (b) an additional 1.5% of the aggregate purchase price paid by such investor every thirtieth day thereafter (prorated for periods totaling less than thirty days) until the earliest of the effectiveness of the registration statement, the ten-month anniversary of the Effectiveness Deadline and the time that the Company is no longer required to keep such resale registration statement effective because either such shareholders have sold all of their shares or such shareholders may sell their shares pursuant to Rule 144 without volume limitations; and (c) 0.5% of the aggregate purchase price paid by such investor for the shares it purchased in the Company's November 2007 private placement on each of the following dates: the ten-month anniversary of the Effectiveness Deadline and every thirtieth day thereafter (prorated for periods totaling less than thirty days), until the earlier of the effectiveness of the registration statement and the time that the Company no longer is required to keep such resale registration statement effective because either such shareholders have sold all of their shares or such shareholders may sell their shares pursuant to Rule 144 without volume limitations. Such liquidated damages would bear interest at the rate of 1% per month (prorated for partial months) until paid in full.

On December 21, 2007, pursuant to the registration rights agreement, the Company filed a registration statement on Form S-3, which was declared effective by the SEC on May 7, 2008. As a result, the Company estimated liquidated damages amounting to \$ 561,174 for the November 2007 registration rights agreement. As of December 31, 2023 and September 30, 2024, the Company had settled the liquidated damages with all the investors and the remaining provision of approximately \$ 159,000 was included in other payables and accruals.

## 18. Balances and Transactions With Related Parties

The principal related parties with which the Company had transactions during the periods presented are as follows:

Name of Entity or Individual	Relationship with the Company
New Era Group Zhejiang New Energy Materials Co., Ltd.	Shareholder of company's subsidiary
Zhengzhou BAK Battery Co., Ltd	Note a
Shenzhen BAK Battery Co., Ltd ("SZ BAK")	Former subsidiary and refer to Note b
Shenzhen BAK Power Battery Co., Ltd ("BAK SZ")	Former subsidiary and refer to Note b
Zhejiang Shengyang Renewable Resources Technology Co., Ltd.	Note c
Fuzhou BAK Battery Co., Ltd	Note d
Zhengzhou BAK Electronics Co., Ltd	Note e

- (a) Mr. Xiangqian Li, the Company's former CEO, is a director of Zhengzhou BAK Battery Co., Ltd.
- (b) Mr. Xiangqian Li is a director of Shenzhen BAK Battery Co., Ltd and Shenzhen BAK Power Battery Co., Ltd
- (c) On September 27, 2023, Hitrans entered into an Equity Transfer Contract (the "Equity Transfer Contract") with Mr. Shengyang Xu, pursuant to which Hitrans will initially acquire a 26 % equity interest in Zhejiang Shengyang Renewable Resources Technology Co., Ltd. ("Zhejiang Shengyang") from Mr. Xu, an individual who currently holds 97 % of Zhejiang Shengyang, for a price of RMB 28.6 million (approximately \$ 3.9 million) (the "Initial Acquisition"). Neither Mr. Xu, nor Zhejiang Shengyang is related to the Company.
- (d) Zhengzhou BAK Battery Co., Ltd has 51 % equity interest in Fuzhou BAK Battery Co., Ltd. Zhengzhou BAK Battery Co., Ltd is a wholly owned subsidiary of BAK SZ.
- (e) Mr. Xiangqian Li, the Company's former CEO, is a director of BAK SZ, which has 95 % equity interests in Zhengzhou BAK Electronics Co., Ltd..

### Related party transactions:

The Company entered into the following significant related party transactions:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2024	2023	2024
Purchase of batteries from Zhengzhou BAK Battery Co., Ltd	\$ 7,554,266	\$ 24,595	\$ 11,057,190	\$ 7,036,768
Purchase of materials from Zhejiang Shengyang Renewable Resources Technology Co., Ltd	3,778,670	1,419,467	9,008,190	4,792,917
Sales of batteries to Fuzhou BAK Battery Co., Ltd	-	155	-	76,076
Sales of cathode raw materials to Zhengzhou BAK Battery Co., Ltd	5,822,065	5,166,669	22,815,451	14,183,130
Sales of cathode raw materials to Zhengzhou BAK Electronics Co., Ltd.	126,287	186,764	264,144	337,115

**Related party balances:**

Apart from the above, the Company recorded the following significant related party balances as of December 31, 2023 and September 30, 2024:

**Receivables from a former subsidiary, net**

	<u>December 31, 2023</u>	<u>September 30, 2024</u>
Receivables from Shenzhen BAK Power Battery Co., Ltd	\$ 74,946	\$ 7,580
Less: Allowance for credit losses	-	-
	<u>\$ 74,946</u>	<u>\$ 7,580</u>

An analysis of the allowance for credit losses is as follows:

Balance as at January 1, 2024	\$ -
Current period provision, net	-
Foreign exchange adjustment	-
Balance as at September 30, 2024	\$ -

Balance as of December 31, 2023 and September 30, 2024 consisted of receivable for sales of cathode materials to Shenzhen BAK Power Battery Co., Ltd.

**Other balances due from/ (to) related parties**

	<u>December 31, 2023</u>	<u>September 30, 2024</u>
Trade receivable, net – Zhengzhou BAK Battery Co., Ltd. (i)	<u>\$ 12,441,715</u>	<u>\$ 4,921,121</u>
Trade receivable, net – Zhengzhou BAK Electronics Co., Ltd. (ii)	<u>\$ 226,143</u>	<u>\$ 215,896</u>
Bills receivable – Issued by Zhengzhou BAK Battery Co., Ltd (iii)	<u>\$ -</u>	<u>9,957</u>
Bills receivable – Issued by Zhengzhou BAK Electronics Co., Ltd (iv)	<u>\$ 47,767</u>	<u>\$ -</u>
Prepayment to supplier - Zhengzhou BAK Battery Co., Ltd (v)	<u>\$ -</u>	<u>\$ 3,898,336</u>
Trade payable, net – Zhengzhou BAK Battery Co., Ltd (vi)	<u>\$ 803,685</u>	<u>\$ -</u>
Trade payable, net – Zhejiang Shengyang Renewable Resources Technology Co., Ltd (vii)	<u>\$ 3,489,324</u>	<u>\$ 3,500,853</u>
Deposit paid for acquisition of long-term investments – Shenzhen BAK Power Battery Co., Ltd (note 14)	<u>\$ 7,101,492</u>	<u>\$ 16,500,192</u>
Dividend payable to non-controlling interest of Hitrans (note 17)	<u>\$ 1,256,745</u>	<u>\$ 1,283,507</u>

(i) Representing trade receivables from sales of cathode raw materials to Zhengzhou BAK Battery Co., Ltd. Up to the date of this report, Zhengzhou BAK Battery Co., Ltd. repaid \$ 1.0 million to the Company.

(ii) Representing trade receivables from sales of cathode raw materials to Zhengzhou BAK Electronics Co., Ltd.

(iii) Representing bills receivable issued by Zhengzhou BAK Battery Co., Ltd.. Bills receivable as of September 30, 2024 were pledged to bank as security for issuance of bills payable (note 15).

(iv) Representing bills receivable issued by Zhengzhou BAK Electronics Co., Ltd.. Bills receivable as of September 30, 2024 were pledged to bank as security for issuance of bills payable (note 15).

(v) Representing the prepayments to Zhengzhou BAK Battery Co., Ltd for purchase of batteries.

(vi) Representing trade payables on purchase of batteries from Zhengzhou BAK Battery Co., Ltd.

(vii) Representing trade payables on purchase of cathode raw materials from Zhejiang Shengyang Renewable Resources Technology Co., Ltd.

**Payables to a former subsidiary**

Payables to a former subsidiary as of December 31, 2023 and September 30, 2024 consisted of the following:

	December 31, 2023	September 30, 2024
Payables to Shenzhen BAK Power Battery Co., Ltd	\$ (411,111)	\$ (407,560)

Balance as of December 31, 2023 and September 30, 2024 consisted of payables for purchase of inventories from Shenzhen BAK Power Battery Co., Ltd.

## 19. Deferred Government Grants

Deferred government grants as of December 31, 2023 and September 30, 2024 consist of the following:

	December 31, 2023	September 30, 2024
Total government grants	\$ 6,578,863	\$ 6,278,736
Less: Current portion	(375,375)	(499,861)
Non-current portion	<u>\$ 6,203,488</u>	<u>\$ 5,778,875</u>

Government grants that are received in advance are deferred and recognized in the consolidated statements of operations over the period necessary to match them with the costs that they are intended to compensate. Government grants in relation to the achievement of stages of research and development projects are recognized in the consolidated statements of operations when amounts have been received and all attached conditions have been met. Non-refundable grants received without any further obligations or conditions attached are recognized immediately in the consolidated statements of operations.

On October 17, 2014, the Company received a subsidy of RMB 46,150,000 pursuant to an agreement with the Management Committee dated July 2, 2013 for costs of land use rights and to be used to construct the new manufacturing site in Dalian. Part of the facilities had been completed and was operated in July 2015 and the Company has initiated amortization on a straight-line basis over the estimated useful lives of the depreciable facilities constructed thereon.

On June 23, 2020, BAK Asia, the Company wholly-owned Hong Kong subsidiary, entered into a framework investment agreement with Jiangsu Gaochun Economic Development Zone Development Group Company ("Gaochun EDZ"), pursuant to which the Company intended to develop certain lithium battery projects that aim to have a production capacity of 8Gwh. Gaochun EDZ agreed to provide various support to facilitate the development and operation of the projects. From 2020 to the report date, the Company received RMB 10 million (approximately \$ 1.6 million) to finance the costs incurred for moving; RMB 20 million (approximately \$ 3.2 million) to finance the costs incurred in construction works; and RMB 17.1 million (approximately \$ 2.7 million) to finance equipment purchases from Gaochun EDZ in Nanjing. The Company recognize the government subsidies as income or offsets them against the related expenditures when there are no present or future obligations for the subsidized projects.

For the year ended December 31, 2021, the Company recognized RMB 10 million (\$ 1.6 million) as other income after moving of the Company facilities to Nanjing. Remaining subsidy of RMB 37.1 million (approximately \$ 5.9 million) was granted to facilities the construction works and equipment in Nanjing. The construction works have been completed in November 2021 and the production line was fully operated in January 2023, the Company has initiated amortization on a straight-line basis over the estimated useful lives of the depreciable facilities constructed thereon.

On November 2, 2023, the Company received a subsidy of RMB 8.4 million (\$ 1.2 million) for its development of new production line. The Company has initiated amortization on a straight-line basis over the estimated useful lives of the depreciable facilities constructed thereon.

Government grants were recognized in the consolidated statements of operations as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2024	2023	2024
Cost of revenues	\$ 65,040	\$ 108,169	\$ 1,140,893	\$ 324,569
General and administrative expenses	9,337	9,443	28,878	28,214
Research and development expenses	4,078	4,124	12,612	12,322
Other income (expenses), net	(3,137)	70,427	225,897	474,050
	<u>\$ 75,318</u>	<u>\$ 192,163</u>	<u>\$ 1,408,280</u>	<u>\$ 839,155</u>

## 20. Product Warranty Provisions

The Company maintains a policy of providing after sales support for certain of its new EV and LEV battery products introduced since October 1, 2015 by way of a warranty program. The limited cover covers a period of six to twenty four months for battery cells, a period of twelve to twenty seven months for battery modules for light electric vehicles (LEV) such as electric bicycles, and a period of three years to eight years (or 120,000 or 200,000 km if reached sooner) for battery modules for electric vehicles (EV). The Company accrues an estimate of its exposure to warranty claims based on both current and historical product sales data and warranty costs incurred. The Company assesses the adequacy of its recorded warranty liability at least annually and adjusts the amounts as necessary.

Warranty expense is recorded as a component of sales and marketing expenses. Accrued warranty activity consisted of the following:

	December 31, 2023	September 30, 2024
Balance at beginning of year	\$ 476,828	\$ 546,444
Warranty costs incurred	(16,359)	(270,737)
Provision for the year	66,182	148,627

Foreign exchange adjustment	19,793	3,115
Balance at end of year	546,444	427,449
Less: Current portion	(23,870)	(17,099)
Non-current portion	\$ 522,574	\$ 410,350

## 21. Income Taxes, Deferred Tax Assets and Deferred Tax Liabilities

### (a) Income taxes in the condensed consolidated statements of comprehensive income (loss)

The Company's provision for income taxes credit (expenses) consisted of:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2024	2023	2024
PRC income tax:				
Current income tax	\$ -	\$ 339,287	\$ -	\$ 2,188,800
Deferred income tax expenses (credit)	(305,431)	-	(1,015,626)	-
	\$ (305,431)	\$ 339,287	\$ (1,015,626)	\$ 2,188,800

### United States Tax

CBAK is a Nevada corporation that is subject to U.S. federal tax and state tax. On December 31, 2017 the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act (the "Tax Act"). The Tax Act makes broad and complex changes to the U.S. tax code, including, but not limited to, (1) reducing the U.S. federal corporate income tax rate from 35 percent to 21 percent; (2) requiring companies to pay a one-time transition tax on certain unrepatriated earnings of foreign subsidiaries; (3) generally eliminating U.S. federal corporate income taxes on dividends from foreign subsidiaries; (4) providing modification to subpart F provisions and new taxes on certain foreign earnings such as Global Intangible Low-Taxed Income (GILTI). Except for the one-time transition tax, most of these provisions go into effect starting January 1, 2018.

On December 22, 2017, the U.S. enacted the Tax Cuts and Jobs Act (the "Tax Act"), which significantly changed U.S. tax law and included a provision to tax global intangible low-taxed income (GILTI) of foreign subsidiaries. The Company recognizes taxes due under the GILTI provision as a current period expense. As of December 31, 2023 and September 30, 2024, the Company does not have any aggregated positive tested income; and as such, does not have additional provision amount recorded for GILTI tax.

No provision for income taxes in the United States has been made as CBAK had no taxable income for the three and nine months ended September 30, 2023 and 2024.

### Hong Kong Tax

BAK Asia and BAK Investment are subject to Hong Kong profits tax rate of 16.5 % and did not have any assessable profits arising in or derived from Hong Kong. For the three and nine months ended September 30, 2023 and 2024 and accordingly no provision for Hong Kong profits tax was made in these periods.

### PRC Tax

The CIT Law in China applies an income tax rate of 25 % to all enterprises but grants preferential tax treatment to High-New Technology Enterprises. CBAK Power was regarded as a "High-new technology enterprise" pursuant to a certificate jointly issued by the relevant Dalian Government authorities. The certificate was valid for three years commencing from year 2021. Under the preferential tax treatment, CBAK Power was entitled to enjoy a tax rate of 15 % for the years from 2021 to 2024 provided that the qualifying conditions as a High-new technology enterprise were met. Hitrans was regarded as a "High-new technology enterprise" pursuant to a certificate jointly issued by the relevant Zhejiang Government authorities. The certificate was valid for three years commencing from year 2021. Under the preferential tax treatment, Hitrans was entitled to enjoy a tax rate of 15 % for the years from 2021 to 2024 provided that the qualifying conditions as a High-new technology enterprise were met. Nanjing CBAK was regarded as a "High-new technology enterprise" pursuant to a certificate jointly issued by the relevant Nanjing Government authorities. Under the preferential tax treatment, Nanjing CBAK was entitled to enjoy a tax rate of 15 % for the years from 2023 to 2025 provided that the qualifying conditions as a High-new technology enterprise were met.

A reconciliation of the provision for income taxes determined at the statutory income tax rate to the Company's income taxes is as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2024	2023	2024
Income (loss) before income taxes	\$ 5,458,717	\$ (346,252)	\$ (395,187)	\$ 17,098,920
United States federal corporate income tax rate	21%	21%	21%	21%
Income tax credit computed at United States statutory corporate income tax rate	1,146,331	(72,713)	(82,989)	3,590,773
Reconciling items:				
Rate differential for PRC earnings	233,423	(6,850)	51,139	756,176
Tax effect of entity at preferential tax rate	333,663	140,894	386,649	(2,191,866)
Non-taxable (income) expenses	51,741	24,551	149,861	323,077
Share based payments	27,399	12,190	201,565	56,031
Over (under) provision of tax loss	-	(446)	-	(218,623)
Utilization of tax losses	-	(3,864)	-	(1,894,773)
Valuation allowance on deferred tax assets	(2,097,988)	245,525	(1,721,851)	1,768,005
Income tax expenses (credit)	\$ (305,431)	\$ 339,287	\$ (1,015,626)	\$ 2,188,800

### (b) Deferred tax assets and deferred tax liabilities

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities as of December 31, 2023 and September 30, 2024 are presented below:

	<u>December 31, 2023</u>	<u>September 30, 2024</u>
<b>Deferred tax assets</b>		
Trade receivable	\$ 1,156,095	\$ 984,723
Inventories	2,942,702	910,152
Property, plant and equipment	2,398,035	2,356,400
Non-marketable equity securities	157,432	159,205
Equity method investment	380,982	357,633
Intangible assets	31,601	133,656
Accrued expenses, payroll and others	541,665	625,120
Provision for product warranty	136,611	106,862
Net operating loss carried forward	36,103,945	38,096,824
Valuation allowance	( 43,645,828)	( 43,730,575)
<b>Deferred tax assets, non-current</b>	<u>\$ 203,240</u>	<u>\$ -</u>
<b>Deferred tax liabilities, non-current</b>		
Long-lived assets arising from acquisitions	<u>\$ 203,240</u>	<u>\$ -</u>

As of December 31, 2023 and September 30, 2024, the Company's U.S. entity had net operating loss carry forwards of \$ 103,580,741 of which \$ 102,293 available to reduce future taxable income which will expire in various years through 2035 and \$ 103,478,448 available to offset capital gains recognized in the succeeding 5 tax years. As of December 31, 2023 and September 30, 2024, the Company's PRC subsidiaries had net operating loss carry forwards of \$ 65,349,412 and \$ 73,320,927 , respectively, which will expire in various years through 2024 to 2032. Management believes it is more likely than not that the Company will not realize these potential tax benefits as these operations will not generate any operating profits in the foreseeable future. As a result, a valuation allowance was provided against the full amount of the potential tax benefits.

According to the PRC Tax Administration and Collection Law, the statute of limitations is three years if the underpayment of taxes is due to computational errors made by the taxpayer or its withholding agent. The statute of limitations extends to five years under special circumstances, which are not clearly defined. In the case of a related party transaction, the statute of limitations is ten years. There is no statute of limitations in the case of tax evasion.

The impact of an uncertain income tax positions on the income tax return must be recognized at the largest amount that is more likely than not to be sustained upon audit by the relevant tax authority. An uncertain income tax position will not be recognized if it has less than a 50% likelihood of being sustained. Interest and penalties on income taxes will be classified as a component of the provisions for income taxes.

## 22. Statutory reserves

As stipulated by the relevant laws and regulations in the PRC, company established in the PRC (the "PRC subsidiary") is required to maintain a statutory reserve made out of profit for the year based on the PRC subsidiary' statutory financial statements which are prepared in accordance with the accounting principles generally accepted in the PRC. The amount and allocation basis are decided by the director of the PRC subsidiary annually and is not to be less than 10% of the profit for the year of the PRC subsidiary. The aggregate amount allocated to the reserves will be limited to 50 % of registered capital for certain subsidiaries. Statutory reserve can be used for expanding the capital base of the PRC subsidiary by means of capitalization issue.

In addition, as a result of the relevant PRC laws and regulations which impose restriction on distribution or transfer of assets out of the PRC statutory reserve, \$ 1,230,511 representing the PRC statutory reserve of the subsidiary as of December 31, 2023 and September 30, 2024, are also considered under restriction for distribution.

## 23. Fair Value of Financial Instruments

ASC Topic 820, Fair Value Measurement and Disclosures, defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. This topic also establishes a fair value hierarchy, which requires classification based on observable and unobservable inputs when measuring fair value. Certain current assets and current liabilities are financial instruments. Management believes their carrying amounts are a reasonable estimate of fair value because of the short period of time between the origination of such instruments and their expected realization and, if applicable, their current interest rates are equivalent to interest rates currently available. The three levels of valuation hierarchy are defined as follows:

- Level 1 inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the assets or liability, either directly or indirectly, for substantially the full term of the financial instruments.
- Level 3 inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Valuation of debt products depends upon a number of factors, including prevailing interest rates for like securities, expected volatility in future interest rates, and other relevant terms of the debt. Other factors that may be considered include the borrower's ability to adequately service its debt, the fair market value of the borrower in relation to the face amount of its outstanding debt and the quality of collateral securing the Company's debt investments. The fair value of these debt products classified as Level 2 is established by reference to the prices quoted by respective fund administrators.

The fair value of warrants was determined using the Binomial Model, with level 3 inputs (Note 27).

The fair value of share options was determined using the Binomial Model, with level 3 inputs (Note 25).

The carrying amounts of financial assets and liabilities, such as cash and cash equivalents, pledged deposits, trade accounts and bills receivable, other receivables, balances with former subsidiaries, notes payable, other short-term loans, short-term and long-term bank loans and other payables approximate their fair values because of the short maturity of these instruments or the rate of interest of these instruments approximate the market rate of

interest.

#### **24. Employee Benefit Plan**

Full time employees of the Company in the PRC participate in a government mandated defined contribution plan, pursuant to which certain pension benefits, medical care, employee housing fund and other welfare benefits are provided to the employees. The Company accrues for these benefits based on certain percentages of the employees' salaries, up to a maximum amount specified by the local government. The total employee benefits expensed as incurred were \$ 499,734 (RMB 3,632,725 and \$ 1,502,916 (RMB 10,772,064 ) for the three months ended September 30, 2023 and 2024, respectively. The total employee benefits expensed as incurred were \$ 1,664,263 (RMB 11,695,107 ) and \$ 4,074,966 (RMB 29,309,601 ) for the nine months ended September 30, 2023 and 2024, respectively.

#### **25. Share-based Compensation**

##### *Restricted Shares and Restricted Share Units*

###### Restricted shares granted on June 30, 2015

On June 12, 2015, the Board of Director approved the CBAK Energy Technology, Inc. 2015 Equity Incentive Plan (the "2015 Plan") for Employees, Directors and Consultants of the Company and its Affiliates. The maximum aggregate number of Shares that may be issued under the Plan is ten million ( 10,000,000 ) Shares.

On June 30, 2015, pursuant to the 2015 Plan, the Compensation Committee of the Company's Board of Directors granted an aggregate of 690,000 restricted shares of the Company's common stock, par value \$ 0.001 , to certain employees, officers and directors of the Company with a fair value of \$ 3.24 per share on June 30, 2015. In accordance with the vesting schedule of the grant, the restricted shares will vest in twelve equal quarterly installments on the last day of each fiscal quarter beginning on June 30, 2015 (i.e. last vesting period: quarter ended March 31, 2018). The Company recognizes the share-based compensation expenses on a graded-vesting method.

All the restricted shares granted in respect of the restricted shares granted on June 30, 2015 have been vested on March 31, 2018.

As of September 30, 2024, there was no unrecognized stock-based compensation associated with the above restricted shares and 1,667 vested shares were to be issued.

###### Restricted shares granted on April 19, 2016

On April 19, 2016, pursuant to the Company's 2015 Plan, the Compensation Committee of the Board of Directors of the Company granted an aggregate of 500,000 restricted shares of the Company's common stock, par value \$ 0.001 , to certain employees, officers and directors of the Company, of which 220,000 restricted shares were granted to the Company's executive officers and directors. There are three types of vesting schedules. First, if the number of restricted shares granted is below 3,000 , the shares will vest annually in 2 equal installments over a two year period with the first vesting on June 30, 2017. Second, if the number of restricted shares granted is larger than or equal to 3,000 and is below 10,000 , the shares will vest annually in 3 equal installments over a three year period with the first vesting on June 30, 2017. Third, if the number of restricted shares granted is above or equal to 10,000 , the shares will vest semi-annually in 6 equal installments over a three year period with the first vesting on December 31, 2016. The fair value of these restricted shares was \$ 2.68 per share on April 19, 2016. The Company recognizes the share-based compensation expenses over the vesting period (or the requisite service period) on a graded-vesting method.

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All the restricted shares granted in respect of the restricted shares granted on April 16, 2016 had been vested on June 30, 2019.

As of September 30, 2024, there was no unrecognized stock-based compensation associated with the above restricted shares and 4,167 vested shares were to be issued.

###### Restricted share units granted on October 23, 2020

On October 23, 2020, pursuant to the Company's 2015 Plan, the Compensation Committee granted an aggregate of 100,000 restricted share units to an employee of the Company. In accordance with the vesting schedule of the grant, the restricted share units will vest semi-annually in 6 equal installments over a three year period with the first vesting on October 30, 2020. The fair value of these restricted share units was \$ 3 per share on October 23, 2020. The Company recognizes the share-based compensation expenses over the vesting period (or the requisite service period) on a graded-vesting method.

The Company recorded non-cash share-based compensation expense of nil for the three months ended September 30, 2023 and 2024, in respect of the restricted share units granted on October 23, 2020 of which allocated to research and development expenses.

The Company recorded non-cash share-based compensation expense of \$ 6,529 and nil for the nine months ended September 30, 2023 and 2024, in respect of the restricted share units granted on October 23, 2020 of which allocated to research and development expenses.

All the restricted share units granted on October 23, 2020 had been vested on April 30, 2023. As of September 30, 2024, there was no unrecognized stock-based compensation with the above restricted share units.

###### Employees Stock Ownership Program on November 29, 2021

On November 29, 2021, pursuant to the Company's 2015 Plan, the Compensation Committee granted options to obtain an aggregate of 2,750,002 share units of the Company's common stock to certain employees, officers and directors of the Company, of which options to obtain 350,000 share units were given to the Company's executive officers and directors with an option exercise price of \$ 1.96 based on fair market value. The vesting of shares each year is subject to certain financial performance indicators. The shares will be vested semi-annually in 10 equal installments over a five year period with the first vesting on May 30, 2023. The options will expire on the 70-month anniversary of the grant date.

The fair value of the stock options granted to directors of the Company is estimated on the date of the grant using the Binomial Model. The fair value of the options was calculated using the following assumptions: estimated life of six months to five years, volatility of 106.41 %, risk free interest rate of 1.26 %, and dividend yield of 0 %. The fair value of 350,000 stock options to directors of the Company was \$ 479,599 at the grant date. For the three months ended June 30, 2023 and 2024, the Company recorded nil as stock compensation expenses.

The fair value of the stock options granted to certain employees and officers of the Company is estimated on the date of the grant using the Binomial Model. The fair value of the options was calculated using the following assumptions: estimated life of six months to five years, volatility of 106.41 %, risk-free interest rate of 1.26 % and dividend yield of 0 %. The fair value of 2,400,002 stock options to certain employees and officers of the Company was \$

2,805,624 at the grant date. During the three and nine months ended September 30, 2023 and 2024, the Company recorded nil as stock compensation expenses.

As of September 30, 2024, there was unrecognized stock-based compensation \$ 1,328,299 associated with the above options granted.

Restricted share units granted and stock ownership program on April 11, 2023

On April 11, 2023, pursuant to the Company's 2015 Plan, the Compensation Committee granted an aggregate of 894,000 restricted share units and 2,124,000 options to certain employees, officers and directors of the Company, of which 230,000 restricted share units and 460,000 options were granted to the Company's executive officers and directors. The restricted share units will vest semi-annually on June 30, 2023 and December 31, 2023. The fair value of these restricted shares units was \$ 0.95 per share on April 11, 2023. The Company recognizes the share-based compensation expenses over the vesting period (or the requisite service period) on a graded-vesting method. The option exercise price was \$ 0.9780. The shares will be vested semi-annually in 4 equal installments over a 2 year period with the first vesting on June 30, 2024. The options will expire on the 70-month anniversary of the grant date.

The fair value of the stock options granted to directors and certain employees and officers of the Company is estimated on the date of the grant using the Binomial Model. The fair value of the options was calculated using the following assumptions: estimate life of 5.83 years, volatility of 106.59 %, risk free interest rate of 3.51 % and dividend yield of 0 %. The fair value of options of the Company was \$ 838,190 at the grant date.

During the three months ended September 30, 2023 and 2024, the Company recorded \$ 96,301 and \$ 51,081, respectively as share-based compensation expenses.

During the nine months ended September 30, 2023 and 2024, the Company recorded \$ 919,135 and \$ 238,190, respectively as share-based compensation expenses.

All the restricted share units granted on April 11, 2023 had been vested on December 31, 2023. As of September 30, 2024, there was unrecognized stock-based compensation of \$ 131,460 associated with the above option granted.

Restricted share units granted and stock ownership program on August 22, 2023

On August 22, 2023, pursuant to the Company's 2015 Plan, the Compensation Committee granted an aggregate of 40,000 restricted share units and 160,000 options to employees of the Company. The restricted share units will vest semi-annually on October 15, 2023 and April 15, 2023. The fair value of these restricted shares units was \$ 0.88 per share on August 22, 2023. The Company recognizes the share-based compensation expenses over the vesting period (or the requisite service period) on a graded-vesting method. The option exercise price was \$ 0.8681. The shares will be vested semi-annually in 4 equal installments over a 2 year period with the first vesting on February 15, 2025. The options will expire on the 70-month anniversary of the grant date.

The fair value of the stock options granted to directors and certain employees and officers of the Company is estimated on the date of the grant using the Binomial Model. The fair value of the options was calculated using the following assumptions: estimate life of 5.83 years, volatility of 106.34 %, risk free interest rate of 4.47 % and dividend yield of 0 %. The fair value of options of the Company was \$ 56,521 at the grant date.

The Company recorded non-cash share-based compensation expense of \$ 34,169 and \$ 6,968 for the three months ended September 30, 2023 and 2024, respectively, in respect of the restricted share units and stock options granted on August 22, 2023.

The Company recorded non-cash share-based compensation expense of \$ 34,169 and \$ 28,625 for the nine months ended September 30, 2023 and 2024, respectively, in respect of the restricted share units and stock options granted on August 22, 2023.

As of September 30, 2024, non-vested restricted share units granted on August 22, 2023 are as follows:

Non-vested share units as of August 22, 2023	
Granted	40,000
Vested	( 20,000)
Forfeited	-
Non-vested share units as of December 31, 2023	20,000
Vested	( 20,000)
Non-vested share units as of September 30, 2024	-

As of September 30, 2024, there was unrecognized stock-based compensation \$ 27,121 associated with the above options granted.

Stock option activity under the Company's stock-based compensation plans is shown below:

	Number of Shares	Average Exercise Price per Share	Aggregate Intrinsic Value*	Weighted Average Remaining Contractual Term in Years
Outstanding at January 1, 2024	3,314,128	\$ 1.30	\$ -	4.3
Exercisable at January 1, 2024	546,338	\$ 1.96	\$ -	3.7
Granted	-	-	-	-
Exercised	-	-	-	-
Forfeited	( 84,000)	0.98	-	-

Outstanding at September 30, 2024	3,230,128	\$ 1.37	\$ -	3.6
Exercisable at September 30, 2024	1,042,458	\$ 1.5	\$ -	3.4

\* The intrinsic value of the stock options at September 30, 2024 is the amount by which the market value of the Company's common stock of \$ 1.25 as of September 30, 2024 exceeds the average exercise price of the option. As of September 30, 2024, the intrinsic value of the outstanding and exercisable stock options was nil.

As the Company itself is an investment holding company which is not expected to generate operating profits to realize the tax benefits arising from its net operating loss carried forward, no income tax benefits were recognized for such stock-based compensation cost under the stock option plan for the three and nine months ended September 30, 2023 and 2024.

## 26. Income Per Share

The following is the calculation of income per share:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2024	2023	2024
Net income (loss)	\$ 5,764,148	\$ ( 685,539)	\$ 620,439	\$ 14,910,120
Add: Net loss attributable to non-controlling interests	570,644	703,186	1,699,008	1,389,439
Net income attributable to shareholders of CBAK Energy Technology, Inc.	\$ 6,334,792	\$ 17,647	\$ 2,319,447	\$ 16,299,559
Weighted average shares outstanding – basic (note)	89,473,026	89,931,617	89,171,988	89,929,477
Dilutive unvested restricted stock	431,293	298,232	410,413	337,954
Weighted average shares outstanding - diluted	<u>89,904,319</u>	<u>90,229,849</u>	<u>89,582,401</u>	<u>90,267,431</u>
Income per share				
- Basic	\$ 0.07	\$ 0.00	\$ 0.03	\$ 0.18
- Diluted	\$ 0.07	\$ 0.00	\$ 0.03	\$ 0.18

Note: Including 5,834 unvested restricted shares units pursuant to the 2015 Plan

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For the three and nine months ended September 30, 2023, all the unvested options and outstanding warrants were anti-dilutive and excluded from shares used in the diluted computation.

For the three and nine months ended September 30, 2024, all the outstanding warrants were anti-dilutive and excluded from shares used in the diluted computation.

## 27. Warrants

On December 8, 2020, the Company entered in a securities purchase agreement with certain institutional investors, pursuant to which the Company issued in a registered direct offering, an aggregate of 9,489,800 shares of its common stock at a price of \$ 5.18 per share, for aggregate gross proceeds to the Company of approximately \$ 49 million, before deducting fees to the placement agent and other estimated offering expenses payable by the Company. As part of the transaction, the institutional investors also received warrants ("Investor Warrants") for the purchase of up to 3,795,920 shares of the Company's common stock at an exercise price of \$ 6.46 per share exercisable for 36 months from the date of issuance. In addition, the placement agent for this transaction also received warrants ("Placement Agent Warrants") for the purchase of up to 379,592 shares of the Company's common stock at an exercise price of \$ 6.475 per share exercisable for 36 months after 6 months from the issuance (collectively, the "2020 Warrants"). The Company has performed a thorough reassessment of the terms of its warrants with reference to the provisions of ASC Topic 815-40-15-71, regarding its exposure to changes in currency exchange rates. This reassessment has led to the management's conclusion that the Company's warrants issued to the investors should not be considered indexed to the Company's own stock because the warrants are denominated in U.S. dollar, which is different from the Company's functional currency, Renminbi. Warrants are remeasured at fair value with changes in fair value recorded in earnings in each reporting period.

On February 8, 2021, the Company entered into another securities purchase agreement with the same investors, pursuant to which the Company issued in a registered direct offering, an aggregate of 8,939,976 shares of common stock of the Company at a per share purchase price of \$ 7.83. In addition, the Company issued to the investors (i) in a concurrent private placement, the Series A-1 warrants to purchase a total of 4,469,988 shares of common stock, at a per share exercise price of \$ 7.67 and exercisable for 42 months from the date of issuance; (ii) in the registered direct offering, the Series B warrants to purchase a total of 4,469,988 shares of common stock, at a per share exercise price of \$ 7.83 and exercisable for 90 days from the date of issuance; and (iii) in the registered direct offering, the Series A-2 warrants to purchase up to 2,234,992 shares of common stock, at a per share exercise price of \$ 7.67 and exercisable for 45 months from the date of issuance. The Company received gross proceeds of approximately \$ 70 million from the registered direct offering and the concurrent private placement, before deducting fees to the placement agent and other estimated offering expenses of \$ 5.0 million payable by the Company. In addition, the placement agent for this transaction also received warrants ("Placement Agent Warrants") for the purchase of up to 446,999 shares of the Company's common stock at an exercise price of \$ 9.204 per share exercisable for 36 months after 6 months from the issuance.

On May 10, 2021, the Company entered into that Amendment No. 1 to the Series B Warrant (the "Series B Warrant Amendment") with each of the holders of the Company's outstanding Series B warrants. Pursuant to the Series B Warrant Amendment, the term of the Series B warrants was extended from May 11, 2021 to August 31, 2021.

As of the date of this report, Series B warrant, along with Series A-2 warrants, had both expired.

All of the above warrants were expired as of September 30, 2024.

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The fair value of the outstanding warrants was calculated using Binomial Model based on backward induction with the following assumptions:

Warrants issued in the 2020 Financing

Appraisal Date	Investor Warrants December 31, 2023	Placement Agent Warrants December 31, 2023
Market price per share (USD/share)	\$ n/a	\$ 1.05
Exercise price (USD/price)	n/a	6.475
Risk free rate	n/a	5.3%
Dividend yield	n/a	0.0%
Expected term/ Contractual life (years)	n/a	0.4 years
Expected volatility	n/a	53.9%

Warrants issued in the 2021 Financing

*Warrants holder*

Appraisal Date	Investor Warrants Series A1 December 31, 2023	Placement Agent Warrants December 31, 2023
Market price per share (USD/share)	1.05	1.05
Exercise price (USD/price)	7.67	9.204
Risk free rate	5.1%	5.1%
Dividend yield	0.0%	0.0%
Expected term/ Contractual life (years)	0.6 year	0.6 year
Expected volatility	63.0%	60.3%

The following is a reconciliation of the beginning and ending balances of warrants liability measured at fair value on a recurring basis using Level 3 inputs:

	December 31, 2023	September 30, 2024
Balance at the beginning of the year/ period	\$ 136,000	\$ -
Warrants issued to institution investors	-	-
Warrants issued to placement agent	-	-
Warrants redeemed	-	-
Fair value change of the issued warrants included in earnings	( 136,000)	-
Balance at end of year/ period	-	-

The following is a summary of the warrant activity:

	Number of Warrants	Average Exercise Price	Weighted Average Remaining Contractual Term in Years
Outstanding at January 1, 2024	5,296,579	\$ 7.71	0.60
Exercisable at January 1, 2024	5,296,579	\$ 7.71	0.60
Granted	-	-	-
Exercised / surrendered	-	-	-
Expired	( 5,296,579)	7.71	-
Outstanding at September 30, 2024	-	-	-
Exercisable at September 30, 2024	-	-	-

**28. Commitments and Contingencies**

*(i) Capital Commitments*

As of December 31, 2023 and September 30, 2024, the Company had the following contracted capital commitments:

	December 31, 2023	September 30, 2024
For construction of buildings	\$ 1,104,571	\$ 2,668,538
For purchases of equipment	31,437,525	25,543,391
Capital injection	267,557,243	255,385,310
	\$ 300,099,339	\$ 283,597,239

*(ii) Litigation*

During its normal course of business, the Company may become involved in various lawsuits and legal proceedings. However, litigation is subject to inherent uncertainties, and an adverse result may arise from time to time will affect its operation. Other than the legal proceedings set forth below, the Company is currently not aware of any such legal proceedings or claims that the Company believe will have an adverse effect on the Company's

operation, financial condition or operating results.

In December 2020, CBAK Power received notice from Court of Dalian Economic and Technology Development Zone that Haoneng filed another lawsuit against CBAK Power for failure to pay pursuant to the terms of the purchase contract. Haoneng sought a total amount of \$ 1,613,984 (RMB 10,257,030 ), including equipment cost of \$ 1,427,515 (RMB 9,072,000 ) and interest amount of \$ 186,469 (RMB 1,185,030 ). In August 2021, CBAK Power and Haoneng reached an agreement that the term of the purchase contract will be extended to December 31, 2023 under which CBAK Power and its related parties shall execute the purchase of equipment in an amount not lower than \$ 2.4 million (RMB 15,120,000 ) from Haoneng, or CBAK Power has to pay 15 % of the amount equal to RMB 15,120,000 (\$ 2.4 million) net of the purchased amount to Haoneng. Haoneng withdrew the filed lawsuit after the agreement. As of September 30, 2024, the equipment was not received by CBAK Power, CBAK Power has included the equipment cost of \$ 2.2 million (RMB 15,120,000 ) under capital commitments.

## 29. Concentrations and Credit Risk

### (a) Concentrations

The Company had the following customers that individually comprised 10% or more of net revenue for the three months ended September 30, 2023 and 2024 as follows:

Sales of finished goods and raw materials	Three months ended September 30,		
	2023	2024	
Customer A	\$ * *	\$ 8,581,026	19.2%
Customer B	21,227,599	33.5% \$ 9,061,625	20.3%
Customer C	8,380,509	13.2% *	*
Zhengzhou BAK Battery Co., Ltd (note 18)	*	*	5,166,670 11.6%

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The Company had the following customers that individually comprised 10% or more of net revenue for the nine months ended September 30, 2023 and 2024 as follows:

Sales of finished goods and raw materials	Nine months ended September 30,		
	2023	2024	
Customer A	\$ * *	\$ 15,584,538	10.3%
Customer B	45,852,359	30.9%	57,550,494 38.1%
Zhengzhou BAK Battery Co., Ltd (note 18)	22,815,451	15.4%	* *

\* Comprised less than 10% of net revenue for the respective period.

The Company had the following customers that individually comprised 10% or more of net trade receivable (included VAT) as of December 31, 2023 and September 30, 2024 as follows:

	December 31, 2023		September 30, 2024	
Customer A	\$ 7,239,247	27.7%	\$ 7,249,519	29.4%
Zhengzhou BAK Battery Co., Ltd (note 18)	12,441,715	47.5%	4,921,121	19.9%

\* Comprised less than 10% of net trade receivable for the respective period.

The Company had the following suppliers that individually comprised 10% or more of net purchase for the three months ended September 30, 2023 and 2024 as follows:

	Three months ended September 30,				
	2023		2024		
Supplier A	\$	*	*	\$	3,504,195
Supplier B		*	*		3,548,023
Supplier C		6,391,095	13.4%	*	*
Zhengzhou BAK Battery Co., Ltd (note 18)		7,554,266	15.8%	*	*

The Company had the following suppliers that individually comprised 10% or more of net purchase for the nine months ended September 30, 2023 and 2024 as follows:

	Nine months ended September 30,	
	2023	2024
Supplier A	\$ 15,284,263	12,806*

\* Comprised less than 10% of net purchase for the respective period

The Company had the following suppliers that individually comprised 10% or more of trade payable as of December 31, 2023 and September 30, 2024 as follows:

	December 31, 2023		September 30, 2024	
Supplier A	\$ 2,689,740	10.1%	\$ 5,149,724	15.2%
Zhejiang Shengyang Renewable Resources Technology Co., Ltd. (note 18)	3,489,324	13.0%	3,500,853	10.3%

### (b) Credit Risk

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash and cash equivalents and pledged deposits. As of December 31, 2023 and September 30, 2024, substantially all of the Company's cash and cash equivalents were held by major financial institutions and online payment platforms located in the PRC, which management believes are of high credit quality. The Company has not experienced any losses on cash and cash equivalents to date. The Company does not require collateral or other securities to support financial instruments that are subject to credit risk.

For the credit risk related to trade accounts receivable, the Company performs ongoing credit evaluations of its customers and, if necessary, maintains reserves for potential credit losses.

### 30. Segment Information

The Group's chief operating decision maker has been identified as the Chief Executive Officer ("CEO") who reviews financial information of operating segments based on US GAAP amounts when making decisions about allocating resources and assessing performance of the Company.

As a result of the Hitrans acquisition discussed in Note 12, the Group determined that Hitrans met the criteria for separate reportable segment given its financial information is separately reviewed by the Group's CEO. As a result, the Group determined that it operated in two operating segments namely CBAK and Hitrans upon completion of acquisition. CBAK's segment mainly includes the manufacture, commercialization and distribution of a wide variety of standard and customized lithium ion rechargeable batteries for use in a wide array of applications. Hitrans' segment mainly includes the development and manufacturing of NCM precursor and cathode materials.

The Company primarily operates in the PRC and substantially all of the Company's long-lived assets are located in the PRC.

The Company's chief operating decision maker evaluates performance based on each reporting segment's net revenue, cost of revenues, operating expenses, operating income, finance income (expense), other income and net income. Net revenue, cost of revenues, operating expenses, operating income, finance income (expense), other income and net income by segment for the three and nine months ended September 30, 2023 and 2024 were as follows:

	<i>CBAT</i>	<i>Hitrans</i>	<i>Corporate unallocated (note)</i>	<i>Consolidated</i>
<i>For the three months ended September 30, 2023</i>				
Net revenues	\$ 44,327,653	\$ 19,113,456	\$ -	\$ 63,441,109
Cost of revenues	( 32,629,427)	( 18,563,104)	-	( 51,192,531)
Gross profit	11,698,226	550,352	-	12,248,578
Total operating expenses	( 4,120,379)	( 2,577,715)	( 261,390)	( 6,959,484)
Operating income (loss)	7,577,847	( 2,027,363)	( 261,390)	5,289,094
Finance (expenses) income, net	( 403,599)	( 43,435)	3	( 447,031)
Other income, net	596,463	5,191	15,000	616,654
Income tax credit	-	305,431	-	305,431
Net income (loss)	7,770,711	( 1,760,176)	( 246,387)	5,764,148

	<i>CBAT</i>	<i>Hitrans</i>	<i>Corporate unallocated (note)</i>	<i>Consolidated</i>
<i>For the three months ended September 30, 2024</i>				
Net revenues	\$ 33,461,793	\$ 11,166,448	\$ -	\$ 44,628,241
Cost of revenues	( 25,796,784)	( 11,876,900)	-	( 37,673,684)
Gross profit (loss)	7,665,009	( 710,452)	-	6,954,557
Total operating expenses	( 5,778,378)	( 1,887,142)	( 116,910)	( 7,782,430)
Operating income (loss)	1,886,631	( 2,597,594)	( 116,910)	( 827,873)
Finance income (expense), net	28,366	( 68,718)	2	( 40,350)
Other (expenses) income, net	459,628	62,343	-	521,971
Income tax expenses	( 339,287)	-	-	( 339,287)
Net income (loss)	2,035,338	( 2,603,969)	( 116,908)	( 685,539)

	<i>CBAT</i>	<i>Hitrans</i>	<i>Corporate unallocated (note)</i>	<i>Consolidated</i>
<i>For the nine months ended September 30, 2023</i>				
Net revenues	\$ 96,163,040	\$ 52,095,640	\$ -	\$ 148,258,680
Cost of revenues	( 77,826,308)	( 51,393,408)	-	129,219,716
Gross profit	18,336,732	702,232	-	19,038,964
Total operating expenses	( 12,190,713)	( 7,363,599)	( 849,498)	( 20,403,810)
Operating income (loss)	6,146,019	( 6,661,367)	( 849,498)	( 1,364,846)
Finance (expenses) income, net	( 216,939)	27,850	( 159)	( 189,248)
Other income, net	817,803	205,104	136,000	1,158,907
Income tax credit	-	1,015,626	-	1,015,626
Net income (loss)	6,746,883	( 5,412,787)	( 713,657)	620,439

	<i>CBAT</i>	<i>Hitrans</i>	<i>Corporate unallocated (note)</i>	<i>Consolidated</i>
<i>For the nine months ended September 30, 2024</i>				
Net revenues	\$ 113,897,786	\$ 37,345,932	\$ -	\$ 151,243,718
Cost of revenues	( 74,856,962)	( 37,923,126)	-	112,780,088
Gross profit (loss)	39,040,824	( 577,194)	-	38,463,630
Total operating expenses	( 16,541,643)	( 5,001,025)	( 1,538,372)	( 23,081,040)
Operating income (loss)	22,499,181	( 5,578,219)	( 1,538,372)	15,382,590
Finance income (expenses), net	659,542	( 1,397)	( 111)	658,034
Other income, net	640,485	417,811	-	1,058,296
Income tax expenses	( 2,188,800)	-	-	( 2,188,800)
Net income (loss)	21,610,408	( 5,161,805)	( 1,538,483)	14,910,120

As of September 30, 2024				
Identifiable long-lived assets	100,014,711	44,165,797	-	144,180,508
Total assets	212,814,150	80,620,657	42,547	293,477,354

Note: The Company does not allocate its assets located and expenses incurred outside China to its reportable segments because these assets and activities are managed at a corporate level.

**Net revenues by product:**

The Company's products can be categorized into high power lithium batteries and materials used in manufacturing of lithium batteries. For the product sales of high power lithium batteries, the Company manufactured five types of Li-ion rechargeable batteries: aluminum-case cell, battery pack, cylindrical cell, lithium polymer cell and high-power lithium battery cell. The Company's battery products are sold to packing plants operated by third parties primarily for use in mobile phones and other electronic devices. For the product sales of materials used in manufacturing of lithium batteries, the Company, via its subsidiary, Hitrans, manufactured cathode materials and Precursor for use in manufacturing of cathode. Revenue from these products is as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2024	2023	2024
High power lithium batteries used in:				
Electric vehicles	\$ 402,863	\$ 333,216	\$ 2,358,842	\$ 1,012,655
Light electric vehicles	1,114,107	4,913,644	4,230,066	8,249,437
Residential energy supply & uninterruptable supplies	42,810,683	28,214,933	89,574,132	104,635,694
	<u>44,327,653</u>	<u>33,461,793</u>	<u>96,163,040</u>	<u>113,897,786</u>
Materials used in manufacturing of lithium batteries				
Cathode	10,379,475	9,342,507	31,071,175	26,776,945
Precursor	8,733,981	1,823,941	21,024,465	10,568,987
	<u>19,113,456</u>	<u>11,166,448</u>	<u>52,095,640</u>	<u>37,345,932</u>
Total consolidated revenue	<u>\$ 63,441,109</u>	<u>\$ 44,628,241</u>	<u>\$ 148,258,680</u>	<u>\$ 151,243,718</u>

**Net revenues by geographic area:**

The Company's operations are located in the PRC. The following table provides an analysis of the Company's sales by geographical markets based on locations of customers:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2024	2023	2024
Mainland China	\$ 31,777,754	\$ 27,712,677	\$ 87,662,906	\$ 75,886,271
Europe	29,648,334	11,779,738	57,550,138	65,883,182
Others	2,015,021	5,135,826	3,045,636	9,474,265
Total	<u>\$ 63,441,109</u>	<u>\$ 44,628,241</u>	<u>\$ 148,258,680</u>	<u>\$ 151,243,718</u>

Substantially all of the Company's long-lived assets are located in the PRC.

**31. Subsequent events**

The Company has evaluated subsequent events from September 30, 2024 to the date the financial statements were issued and the following subsequent event has been identified.

On and effective October 24, 2024, Mr. Yunfei Li resigned as Chief Executive Officer and President of the Company. On the same date, the Board of Directors of the Company appointed Mr. Zhiguang Hu as Chief Executive Officer and President of the Company.

**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.**

*The following management's discussion and analysis should be read in conjunction with our financial statements and the notes thereto and the other financial information appearing elsewhere in this report. Our financial statements are prepared in U.S. dollars and in accordance with U.S. GAAP.*

**Special Note Regarding Forward Looking Statements**

Statements contained in this report include "forward-looking statements" within the meaning of such term in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. We use words such as "believe," "expect," "anticipate," "project," "target," "plan," "optimistic," "intend," "aim," "will" or similar expressions which are intended to identify forward-looking statements. Such statements include, among others, those concerning market and industry segment growth and demand and acceptance of new and existing products; any projections of sales, earnings, revenue, margins or other financial items; any statements of the plans, strategies and objectives of management for future operations; any statements regarding future economic conditions or performance; as well as all assumptions, expectations, predictions, intentions or beliefs about future events. You are cautioned that any such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, including those identified in Item 1A, "Risk Factors" described in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023, as well as assumptions, which, if they were to ever materialize or prove incorrect, could cause the results of the Company to differ materially from those expressed or implied by such forward-looking statements.

Readers are urged to carefully review and consider the various disclosures made by us in this report and our other filings with the SEC. These reports attempt to advise interested parties of the risks and factors that may affect our business, financial condition and results of operations and prospects. The forward-looking statements made in this report speak only as of the date hereof and we disclaim any obligation, except as required by law, to provide updates, revisions or amendments to any forward-looking statements to reflect changes in our expectations or future events.

## Use of Terms

Except as otherwise indicated by the context and for the purposes of this report only, references in this report to:

- “BAK Asia” are to our Hong Kong subsidiary, China BAK Asia Holdings Limited;
- “BAK Investments” are to our Hong Kong subsidiary, BAK Asia Investments Limited;
- “CBAK Energy” are to our PRC subsidiary, Dalian CBAK Energy Technology Co., Ltd.;
- “CBAK Energy Investments” are to our Cayman Islands subsidiary, CBAK Energy Investments Holdings;
- “CBAK Energy Lithium Holdings” are to our Cayman Islands subsidiary, CBAK Energy Lithium Battery Holdings Co., Ltd., a company that was previously named Hitrans Holdings until February 29, 2024;
- “CBAK Nanjing” are to our PRC subsidiary, CBAK New Energy (Nanjing) Co., Ltd;
- “CBAK New Energy” are to our PRC subsidiary, Dalian CBAK New Energy Co., Ltd., a company that was previously named Dalian CBAK Trading Co., Ltd. until December 12, 2023;
- “CBAK Power” are to our PRC subsidiary, Dalian CBAK Power Battery Co., Ltd.;
- “CBAK Shangqiu” are to our PRC subsidiary, CBAK New Energy (Shangqiu) Co., Ltd.;
- “CBAK Suzhou” are to our 90% owned PRC subsidiary, CBAK New Energy (Suzhou) Co., Ltd.;
- “Exchange Act” are to the Securities Exchange Act of 1934, as amended;

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- “Haisheng” are to Hitrans’s wholly-owned PRC subsidiary, Shaoxing Haisheng International Trading Co., Ltd.;
- “Hitrans” are to our 67.33% owned PRC subsidiary, Zhejiang Hitrans Lithium Battery Technology;
- “Hitrans Holdings” are to our Cayman Islands subsidiary, Hitrans Holdings Co., Ltd., a company that was previously named CBAK Energy Technology, Inc. until February 29, 2024;
- “Hong Kong Hitrans” are to our Hong Kong subsidiary, Hong Kong Hitrans Holdings Company Limited, a company that was previously named Hong Kong Nacell Holdings Company Limited until March 22, 2024;
- “Nanjing BFD” are to our PRC subsidiary, Nanjing BFD New Energy Technology Co., Ltd., a company that was previously named Nanjing Daxin New Energy Automobile Industry Co., Ltd. until February 24, 2023;
- “Nanjing CBAK” are to our PRC subsidiary, Nanjing CBAK New Energy Technology Co., Ltd.;
- “RMB” are to Renminbi, the legal currency of China;
- “SEC” or the “Commission” are to the United States Securities and Exchange Commission;
- “Securities Act” are to the Securities Act of 1933, as amended; and
- “U.S. dollar”, “\$” and “US\$” are to the legal currency of the United States;

## Overview

We are a manufacturer of new energy high power lithium batteries that are mainly used in light electric vehicles, electric vehicles, electric tools, energy storage such as residential energy supply & uninterruptible power supply (UPS) applications, and other high-power applications. Our primary product offerings consist of new energy high power lithium batteries and sodium batteries. In addition, after completing the acquisition of 81.56% of registered equity interests (representing 75.57% of paid-up capital) of Hitrans in November 2021, we entered the business of developing and manufacturing NCM precursor and cathode materials. Hitrans is a leading developer and manufacturer of ternary precursor and cathode materials in China, whose products have a wide range of applications including electric vehicles, electric tools, high-end digital products and storage, among others.

We acquired our operating assets, including customers, employees, patents and technologies from our former subsidiary BAK International (Tianjin) Ltd. We acquired these assets in exchange for a reduction in accounts receivable from our former subsidiaries that were disposed of in June 2014.

As of September 30, 2024, we report financial and operational information in two segments: (i) production of high-power lithium and sodium battery cells and (ii) manufacture and sales of materials used in high power lithium battery cells.

We currently conduct our business primarily through (i) CBAK Power, (ii) Nanjing CBAK, (iii) CBAK Shangqiu, (iv) Nanjing BFD, and (v) Hitrans.

As disclosed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023 filed on March 15, 2024 and other reports filed with the SEC, we started construction of our Nanjing facilities to expand our lithium battery manufacturing capabilities in 2020. The project comprises two phases. Phase I, encompassing an area of approximately 27,173 square meters, was put into operation in the second half of 2021. Since then, we have been steadily increasing Phase I’s production capacity, which currently stands at 2 GWh. Construction of the Phase II began in 2022 and includes three major manufacturing plants. The construction of the ceiling stage for the first of these three plants in Phase II was completed in 2023, and we anticipate it will commence operations in 2025. Once fully operational, the Nanjing facilities are projected to provide a total capacity of 20 GWh to support our customers’ growing demand. In 2023, our client demand for batteries soared, prompting us to rent additional manufacturing space in Shangqiu, Henan, PRC. Our Shangqiu facility has a capacity of 0.5 GWh per year. We have two production lines at this leased facility, and the renovation costs were covered by the owner. We have been expanding our business by developing new products, fostering new partnerships and strategic acquisition of companies that complement and augment our business.

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The clean energy industry is of strategic importance in China and many other countries. With the global emphasis on the new energy industry, we anticipate securing more potential orders from our clients. The Chinese government has been providing support for the development of new energy facilities and vehicles for several years. Considering our major operations are in China, the policy support to the new energy industry is crucial to our business. With the growing demand for high-power lithium-ion and sodium-ion products, we are optimistic about our future prospects.

#### Financial Performance Highlights for the Quarter Ended September 30, 2024

The following are some financial highlights for the quarter ended September 30, 2024:

- **Net revenues:** Net revenues decreased by \$18.8 million, or 30%, to \$44.6 million for the three months ended September 30, 2024, from \$63.4 million for the same period in 2023.
- **Gross profit:** Gross profit was \$7.0 million, representing a decrease of \$5.3 million, for the three months ended September 30, 2024 from gross profit of \$12.2 million for the same period in 2023.
- **Operating loss:** Operating loss was \$0.8 million for the three months ended September 30, 2024, reflecting an increase in loss of \$6.1 million from an operating income of \$5.3 million for the same period in 2023.
- **Net income:** Net income was \$17,647 for the three months ended September 30, 2024, compared to a net income of \$6.3 million for the same period in 2023.
- **Fully diluted income per share:** Fully diluted income per share was \$0.00 for the three months ended September 30, 2024, as compared to \$0.07 for the same period in 2023.

#### Financial Statement Presentation

**Net revenues.** The Company recognizes revenues when its customer obtains control of promised goods or services, in an amount that reflects the consideration which it expects to receive in exchange for those goods. The Company recognizes revenues following the five-step model prescribed under ASU No. 2014-09: (i) identify contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenues when (or as) we satisfy the performance obligation.

Revenues from product sales are recognized when the customer obtains control of our product, which occurs at a point in time, typically upon delivery to the customer. We expense incremental costs of obtaining a contract as and when incurred if the expected amortization period of the asset that it would have recognized is one year or less or the amount is immaterial.

Revenue from product sales is recorded net of reserves established for applicable discounts and allowances that are offered within contracts with our customers.

Product revenue reserves, which are classified as a reduction in product revenues, are generally characterized in the categories: discounts and returns. These reserves are based on estimates of the amounts earned or to be claimed on the related sales and are classified as reductions of accounts receivable as the amount is payable to the Company's customer.

**Cost of revenues.** Cost of revenues consists primarily of material costs, employee remuneration for staff engaged in production activity, share-based compensation, depreciation and related expenses that are directly attributable to the production of products. Cost of revenues also includes write-downs of inventory to lower of cost and net realizable value.

**Research and development expenses.** Research and development expenses primarily consist of remuneration for R&D staff, share-based compensation, depreciation and maintenance expenses relating to R&D equipment, and R&D material costs.

**Sales and marketing expenses.** Sales and marketing expenses consist primarily of remuneration for staff involved in selling and marketing efforts, including staff engaged in the packaging of goods for shipment, warranty expenses, advertising cost, depreciation, share-based compensation and travel and entertainment expenses. We do not pay slotting fees to retail companies for displaying our products, engage in cooperative advertising programs, participate in buy-down programs or similar arrangements.

**General and administrative expenses.** General and administrative expenses consist primarily of employee remuneration, share-based compensation, professional fees, insurance, benefits, general office expenses, depreciation, liquidated damage charges and bad debt expenses.

**Finance costs, net.** Finance costs consist primarily of interest income and interest on bank loans, net of capitalized interest.

**Income tax expenses.** Our subsidiaries in PRC are subject to an income tax rate of 25%, except that Hitrans, CBAK Power and Nanjing CBAK have been recognized as a "High and New Technology Enterprise" and enjoyed a preferential tax rate of 15% for three years from the approval date, expiring in 2024 to 2025. Our Hong Kong subsidiaries are subject to profits tax at a rate of 16.5%. However, because we did not have any assessable income derived from or arising in Hong Kong, the entities had not paid any such tax.

#### Results of Operations

##### Comparison of Three Months Ended September 30, 2023 and 2024

The following tables set forth key components of our results of operations for the periods indicated.

(All amounts, other than percentages, in thousands of U.S. dollars)

	Three Months Ended September 30,		Change	
	2023	2024	\$	%
Net revenues	\$ 63,441	\$ 44,628	(18,813)	-30%

Cost of revenues	(51,193)	(37,674)	13,519	-26%
Gross profit	12,248	6,954	(5,294)	-43%
Operating expenses:				
Research and development expenses	(2,578)	(3,434)	(856)	33%
Sales and marketing expenses	(1,116)	(1,023)	93	-8%
General and administrative expenses	(3,241)	(2,779)	462	-14%
Provision of doubtful accounts	(24)	(546)	(522)	2175%
Total operating expenses	(6,959)	(7,782)	(823)	12%
Operating income (loss)	5,289	(828)	(6,117)	-116%
Finance expense, net	(447)	(40)	407	-91%
Other income, net	602	520	(82)	-14%
Gain on disposal of equity investee	-	2	2	n/a
Change in fair value of warrants liability	15	-	(15)	-100%
Income (loss) before income tax	5,459	(346)	(5,805)	-106%
Income tax credit (expense)	305	(340)	(645)	-211%
Net income (loss)	5,764	(686)	(6,450)	-112%
Less: Net loss attributable to non-controlling interests	571	703	132	23%
Net income attributable to shareholders of CBAK Energy Technology, Inc.	\$ 6,335	\$ 17	\$ (6,318)	-100%

**Net revenues.** Net revenues decreased by \$18.8 million, or 30%, to \$44.6 million for the three months ended September 30, 2024, from \$63.4 million for the same period in 2023.

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The following table sets forth the breakdown of our net revenues by end-product applications.

(All amounts in thousands of U.S. dollars other than percentages)

	Three months ended September 30,		Change	
	2023	2024	\$	%
High power lithium batteries used in:				
Electric vehicles	\$ 403	334	(69)	-17%
Light electric vehicles	1,114	4,913	3,799	341%
Residential energy supply & uninterruptable supplies	42,810	28,215	(14,595)	-34%
	44,327	33,462	(10,865)	-25%
Materials used in manufacturing of lithium batteries				
Cathode	10,380	9,342	(1,038)	-10%
Precursor	8,734	1,824	(6,910)	-79%
	19,114	11,166	(7,948)	-42%
Total	\$ 63,441	\$ 44,628	\$ (18,813)	-30%

Net revenues from sales of batteries for electric vehicles were \$0.3 million for the three months ended September 30, 2024 as compared to \$0.4 million in the same period of 2023.

Net revenues from sales of batteries for light electric vehicles were \$4.9 million for the three months ended September 30, 2024, as compared to \$1.1 million in the same period of 2023, marking an increase of \$3.8 million, or 341%. The light electric vehicle market experienced growth starting from second quarter of 2024. We strive to continue to penetrate the market for batteries used in light electric vehicles, especially the international market such as India.

Net revenues from sales of batteries for residential energy supply & uninterruptable power supplies were \$28.2 million in the three months ended September 30, 2024, as compared with \$42.8 million in the same period in 2023, representing a decrease of \$14.6 million, or 34%. The decrease in sales of batteries for residential energy supply & uninterruptable supplies in the third quarter of 2024 was largely attributed to the fact that one-month suspension of production at our Dalian factory. For the first eight months of 2024, our Dalian factory operated at full capacity without any breaks, which led to a significant increase in energy costs. To mitigate these costs and enable upgrades, we paused operations for a month. During this period, we optimized energy usage and upgraded one production line to support the production of our new tableless model 26650.

Net revenues from sales of materials used in manufacturing of lithium batteries were \$11.2 million for the three months ended September 30, 2024, as compared to \$19.1 million for the same period of 2023. This primarily resulted from a continued decrease in raw material prices during 2024, which led to significant downward pressure on the pricing of our battery material products.

**Cost of revenues.** Cost of revenues decreased to \$37.7 million for the three months ended September 30, 2024, as compared to \$51.2 million for the same period in 2023, a decrease of \$13.5 million, or 26%. The cost of revenues includes written down of obsolete inventories of \$1.4 million for the three months ended September 30, 2024, as compared to write down of obsolete inventories of \$0.5 million for the same period in 2023. We write down the inventory value whenever there is an indication that it is impaired.

**Gross profit.** Gross profit for the three months ended September 30, 2024 was \$7.0 million, or 15.6% of net revenues as compared to gross profit of \$12.2 million, or 19.3% of net revenues, for the same period in 2023.

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**Research and development expenses.** Research and development expenses were \$3.4 million for the three months ended September 30, 2024 as compared to \$2.6 million for the same period in 2023. For the three months ended September 30, 2024, we incurred \$2.3 million in salaries, social insurance and share-based compensation, compared to \$1.4 million for the same period in 2023, representing an increase of \$0.9 million or 39% due to a

growing number of employees at Nanjing CBAK and new operation in Shangqiu.

**Sales and marketing expenses.** Sales and marketing expenses slightly decreased to approximately \$1.0 million for the three months ended September 30, 2024, as compared to approximately \$1.1 million for the same period in 2023. As a percentage of revenues, sales and marketing expenses were 2.3% and 1.8% for the three months ended September 30, 2024 and 2023, respectively.

General and administrative expenses. General and administrative expenses decreased to \$2.8 million, or 6.2% of revenues, for the three months ended September 30, 2024, as compared to \$3.2 million, or 5.1% of revenues, for the same period in 2023, representing a decrease of \$0.4 million, or 14%. For the three months ended September 30, 2024, we incurred less professional fees as compared to the same period in 2023.

**Provision for doubtful accounts.** Provision for doubtful accounts was \$0.5 million for the three months ended September 30, 2024 compared to \$0.1 million for the three months ended September 30, 2023. We determine the allowance based on historical write-off experience, customer specific facts and economic conditions.

**Operating income (loss).** As a result of the above, our operating loss was \$0.8 million for the three months ended September 30, 2024, as compared to an operating income of \$5.3 million for the same period in 2023, representing a \$6.1 million decrease or 116%.

**Finance expenses, net.** Finance expense, net was \$0.1 million for the three months ended September 30, 2024, as compared to \$0.4 million for the same period in 2023, representing a decrease of \$0.3 million in expenses. The finance expense decrease mainly resulted from a decrease of our average loan balance and capitalization of interest from bank borrowings. We capitalized interest on bank borrowings of \$0.2 million and \$0.2 million to the cost of construction in progress for the three months ended September 30, 2024 and 2023, respectively.

**Other income (expenses), net.** Other income was \$0.5 million and \$0.6 million for the three months ended September 30, 2024 and 2023, respectively.

**Changes in fair value of warrants liability.** We issued warrants in the financings we consummated in December 2020 and February 2021. We determined that these warrants should be accounted for as derivative liabilities, as the warrants are dominated in a currency (U.S. dollar) other than our functional currency. The change in fair value of warrants liability is mainly due to the share price fluctuations.

**Income tax credit (expenses).** Income tax expenses were \$0.3 million for the three months ended September 30, 2024 compared to an income tax credit of \$0.3 million for the three months ended September 30, 2023.

**Net income.** As a result of the foregoing, we had a net income of \$17,647 for the three months ended September 30, 2024, compared to a net income of \$6.3 million for the same period in 2023.

#### Comparison of Nine Months Ended September 30, 2023 and 2024

The following tables set forth key components of our results of operations for the periods indicated.

(All amounts, other than percentages, in thousands of U.S. dollars)

	Nine Months Ended September 30,		Change	
	2023	2024	\$	%
Net revenues	148,259	151,244	2,985	2%
Cost of revenues	(129,220)	(112,780)	16,440	-13%
Gross profit	19,039	38,464	19,425	102%
Operating expenses:				
Research and development expenses	(8,014)	(9,205)	(1,191)	15%
Sales and marketing expenses	(2,801)	(4,115)	(1,314)	47%
General and administrative expenses	(9,303)	(10,002)	(699)	8%
(Provision for) recovery of doubtful accounts	(286)	241	527	-184%
Total operating expenses	(20,404)	(23,081)	(2,677)	13%
Operating (loss) income	(1,365)	15,383	16,748	-1,227%
Finance (expenses) income, net	(189)	658	847	-448%
Other income, net	1,023	1,031	8	1%
Gain on disposal of equity investee	-	27	27	n/a
Change in fair value of warrants liability	136	-	(136)	-100%
Income (loss) before income tax	(395)	17,099	17,494	-4,429%
Income tax credit (expense)	1,015	(2,189)	(3,204)	-316%
Net income (loss)	620	14,910	14,290	2,305%
Less: Net loss attributable to non-controlling interests	1,699	1,389	(310)	-18%
Net income attributable to shareholders of CBAK Energy Technology, Inc.	2,319	16,299	13,980	603%

**Net revenues.** Net revenues increased by \$3.0 million, or 2%, to \$151 million for the nine months ended September 30, 2024, from \$148 million for the same period in 2023.

The following table sets forth the breakdown of our net revenues by end-product applications.

(All amounts in thousands of U.S. dollars other than percentages)

	Nine months ended September 30,		Change	
	2023	2024	\$	%
High power lithium batteries used in:				
Electric vehicles	\$ 2,359	\$ 1,013	(1,346)	-57%
Light electric vehicles	4,230	8,249	4,019	95%

Residential energy supply & uninterruptable supplies	89,574	104,636	15,062	17%
	96,163	113,898	17,735	18%
Materials used in manufacturing of lithium batteries				
Cathode	31,071	26,777	(4,294)	-14%
Precursor	21,025	10,569	(10,456)	-50%
	52,096	37,346	(14,750)	-28%
Total	\$ 148,259	\$ 151,244	2,985	2%

Net revenues from sales of batteries for electric vehicles were \$1.0 million for the nine months ended September 30, 2024 as compared to \$2.4 million in the same period of 2023, representing a decrease of \$1.3 million or 57%.

Net revenues from sales of batteries for light electric vehicles were \$8.2 million for the nine months ended September 30, 2024, as compared to \$4.2 million in the same period of 2023, marking an increase of \$4.0 million, or 95%. The light electric vehicle market experienced growth starting from second quarter of 2024. We strive to continue to penetrate the market for batteries used in light electric vehicles, especially the international market such as India and Vietnam.

Net revenues from sales of batteries for residential energy supply & uninterruptable power supplies were \$104.6 million in the nine months ended September 30, 2024, as compared with \$89.6 million in the same period in 2023, representing an increase of \$15.1 million, or 17%. The increase in sales of batteries for residential energy supply & uninterruptable supplies was attributed to a combination of factors including growing demand for renewable energy sources. As more businesses and households switch to renewable energy, there has been a growing demand for renewable energy sources and the need for energy storage solutions to support these sources.

Net revenues from sales of materials used in manufacturing of lithium batteries were \$37.3 million for the nine months ended September 30, 2024, as compared to \$52.1 million for the same period of 2023, a decrease of \$14.8 million or 28%. This primarily resulted from a continued decrease in raw material prices during 2024, which led to significant downward pressure on the pricing of our battery material products.

**Cost of revenues.** Cost of revenues decreased to \$112.8 million for the nine months ended September 30, 2024, as compared to \$129.2 million for the same period in 2023, a decrease of \$16.4 million, or 13%. The cost of revenues includes write off of obsolete inventories of \$3.4 million for nine months ended September 30, 2024, as compared to \$2.1 million for the same period in 2023. We write down the inventory value whenever there is an indication that it is impaired.

**Gross profit.** Gross profit for the nine months ended September 30, 2024 was \$38.5 million, or 25.4% of net revenues as compared to gross profit of \$19.0 million, or 12.8% of net revenues, for the same period in 2023.

**Research and development expenses.** Research and development expenses increased to approximately \$9.2 million for the nine months ended September 30, 2024, as compared to approximately \$8.0 million for the same period in 2023, an increase of \$1.2 million, or 15%. The increase primarily resulted from \$2.3 million increase in salaries and social insurance expenses due to a growing number of employees at Nanjing CBAK and the new operation in Shangqiu, offset by the \$1.1 million decrease in materials and consumables used.

**Sales and marketing expenses.** Sales and marketing expenses increased to approximately \$4.1 million for the nine months ended September 30, 2024, as compared to approximately \$2.8 million for the same period in 2023, an increase of approximately \$1.3 million, or 47%. As a percentage of revenues, sales and marketing expenses were 2.7% and 1.9% for the nine months ended September 30, 2024 and 2023, respectively. The increase mainly resulted from an increase of \$1.0 million in promotion expenses and \$0.4 million increase in shipping and delivery expenses. We have expanded our marketing efforts for overseas markets.

**General and administrative expenses.** General and administrative expenses increased to \$10.0 million, or 6.6% of revenues, for the nine months ended September 30, 2024, as compared to \$9.3 million, or 6.3% of revenues, for the same period in 2023, representing an increase of \$0.7 million, or 8.0% increase. We have incurred \$1.2 million in business consultancy and legal services fees for the nine months ended September 30, 2024 compared to \$1.0 million for the same period in 2023. We have engaged several business consultants to seek financing and funding opportunities. With the expansion of our business, operating expenses, including lease expenses, travelling and other tax increased by \$0.5 million for the nine months ended September 30, 2024 compared to the same period in 2023.

**(Provision for) recovery of doubtful accounts.** Recovery of doubtful accounts was \$0.2 million for the nine months ended September 30, 2024 compared to a provision for doubtful accounts was \$0.3 million for the nine months ended September 30, 2023. We determine the allowance based on historical write-off experience, customer specific facts and economic conditions.

**Operating income (loss).** As a result of the above, our operating income was \$15.4 million for the nine months ended September 30, 2024 compared to an operating loss of \$1.4 million for the same period in 2023.

**Finance income (expenses), net.** Finance income, net was \$0.7 million for the nine months ended September 30, 2024, as compared to a finance expenses, net \$0.2 million for the same period in 2023, representing an increase of \$0.8 million. The finance income increase mainly resulted from increase in interest income from our term deposits and changes to exchange rates.

**Other income (expenses), net.** Other income was \$1.0 million and \$1.0 million for the nine months ended September 30, 2024 and 2023, respectively.

**Changes in fair value of warrants liability.** We issued warrants in the financings we consummated in December 2020 and February 2021. We determined that these warrants should be accounted for as derivative liabilities, as the warrants are denominated in a currency (U.S. dollar) other than our functional currency. The change in fair value of warrants liability is mainly due to the share price fluctuations.

**Income tax credit (expense).** Income tax expenses was \$2.2 million for the nine months ended September 30, 2024, for our Dalian operations compared to a tax credit of \$1.0 million for the nine months ended September 30, 2023.

**Net income.** As a result of the foregoing, we had a net income of \$14.9 million for the nine months ended September 30, 2024 compared to \$0.6 million

for the same period in 2023.

## **Liquidity and Capital Resources**

We had financed our liquidity requirements from a variety of sources, including short-term bank loans, other short-term loans and bills payable under bank credit agreements, advance from our related and unrelated parties, investors and issuance of capital stock and other equity-linked securities.

We generated a net income of \$16.3 million for the nine months ended September 30, 2024. As of September 30, 2024, we had cash and cash equivalents of \$47.9 million. Our total current assets were \$130.5 million and our total current liabilities were \$154.2 million as of September 30, 2024, resulting in a net working capital deficit of \$23.7 million.

As of September 30, 2024, we had an accumulated deficit of \$118.1 million. We had an accumulated deficit from recurring net losses incurred for the prior years and significant short-term debt obligations maturing in less than one year as of September 30, 2024. These factors raise substantial doubts about our ability to continue as a going concern. The report from our independent registered public accounting firm for the year ended December 31, 2023 included an explanatory paragraph in respect of the substantial doubt of our ability to continue as a going concern.

These condensed consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

### ***Lending from Financial Institutions***

On November 16, 2021, we obtained banking facilities from Shaoxing Branch of Bank of Communications Co., Ltd with a maximum amount of RMB120.1 million (approximately \$16.6 million) with the term from November 18, 2021 to November 18, 2026. The facility was secured by our land use rights and buildings. In January 2023, we renewed the banking facilities with Shaoxing Branch of Bank of Communications Co., Ltd with a maximum amount of RMB160.0 million (approximately \$22.1 million) with the term from January 2023 to December 2027. The facility was secured by our land use rights and buildings. Under the facility, we have borrowed RMB142.8 million (approximately \$20.1 million) and RMB159.9 million (approximately \$22.8 million as of December 31, 2023 and September 30, 2024, respectively, bearing interest at 3.45% to 3.65% per annum expiring through January to May 2025.

On January 17, 2022, we obtained a one-year term facility from Agricultural Bank of China with a maximum amount of RMB10 million (approximately \$1.4 million) bearing interest at 105% of benchmark rate of the People's Bank of China ("PBOC") for short-term loans, which is 3.85% per annum. The facility was guaranteed by our former CEO, Mr. Yunfei Li and Mr. Yunfei Li's wife Ms. Qinghui Yuan and secured by an unrelated third party, Jiangsu Credits Financing Guarantee Co., Ltd. We borrowed RMB10 million (approximately \$1.4 million) on January 20, 2022 for a term until January 16, 2023. We repaid RMB10 million (approximately \$1.4 million) early on January 5, 2023.

On January 6, 2023, we borrowed a one-year term loan of RMB10 million (approximately \$1.4 million) for a period of one year to January 4, 2024, bearing interest at 120% of benchmark rate of the PBOC for short-term loans, which is 3.85% per annum, while other terms and guarantee remain the same. We repaid the loan on January 4, 2024.

On February 9, 2022, we obtained a one-year term facility from Jiangsu Gaochun Rural Commercial Bank with a maximum amount of RMB10 million (approximately \$1.4 million) bearing interest at 124% of benchmark rate of the People's Bank of China ("PBOC") for short-term loans, which is 4.94% per annum. The facility was guaranteed by our former CEO, Mr. Yunfei Li and Mr. Yunfei Li's wife Ms. Qinghui Yuan. We borrowed RMB10 million (approximately \$1.4 million) on February 17, 2022 for a term until January 28, 2023. We repaid RMB10 million (approximately \$1.4 million) on January 16, 2023. On January 17, 2023, we borrowed a one-year loan of RMB10 million (approximately \$1.4 million) bearing interest at 129% of benchmark rate of PBOC for short-term loans, which is 4.70% per annum for a term until January 13, 2024. We repaid the loan on January 13, 2024.

On April 28, 2022, we obtained a three-year term facility from Industrial and Commercial Bank of China Nanjing Gaochun branch, with a maximum amount of RMB12 million (approximately \$1.7 million) with the term from April 21, 2022 to April 21, 2025. The facility was guaranteed by our former CEO, Mr. Yunfei Li and Mr. Yunfei Li's wife Ms. Qinghui Yuan. Under the facility, we borrowed RMB10 million (approximately \$1.5 million) on April 29, 2022, bearing interest at 3.95% per annum for a term until April 29, 2023. We repaid RMB10 million (approximately \$1.4 million) on April 19, 2023. On April 20, 2023, we borrowed another one-year loan of RMB10 million (approximately \$1.4 million) bearing interest at 102.5% of benchmark rate of PBOC for short-term loans, which is 3.90% per annum for a term until April 19, 2024. We repaid the loan on April 19, 2024.

On September 25, 2022, we entered into another one-year term facility with Jiangsu Gaochun Rural Commercial Bank with a maximum amount of RMB9 million (approximately \$1.3 million) bearing interest rate at 4.81% per annum. The facility was guaranteed by 100% equity in CBAK Nanjing held WeThe Company borrowed RMB9 million (approximately \$1.3 million) on September 27, 2022 for a term until September 24, 2023. We repaid the loan on September 24, 2023.

We entered into another one-year term facility with Jiangsu Gaochun Rural Commercial Bank with a maximum amount of RMB9 million (approximately \$1.2 million) bearing interest rate at 4.6% per annum for a period from September 27, 2023 to August 31, 2024. The facility was guaranteed by 100% equity in CBAK Nanjing held by BAK Investment and our former CEO, Mr. Yunfei Li and Mr. Yunfei Li's wife Ms. Qinghui Yuan. We borrowed RMB9 million (approximately \$1.3 million) on September 27, 2023 for a term until August 31, 2024. We repaid the loan on August 31, 2024.

On November 8, 2022, we entered into a short-term loan agreement with China CITIC Bank Shaoxing Branch to August 9, 2023 with a maximum amount of RMB10 million (approximately \$1.4 million) bearing interest rate at 4.35% per annum. We borrowed RMB10 million (approximately \$1.4 million) on the same date. We repaid RMB5 million (approximately \$0.7 million), RMB0.2 million (approximately \$0.1 million) and RMB4.8 million (approximately \$0.7 million) on November 16, 2022, December 27, 2022 and August 9, 2023, respectively. We entered into another short-term loan agreement with China CITIC Bank Shaoxing Branch for a one-year short-term loan agreement with a maximum amount of RMB0.2 million (approximately \$0.1 million) for December 27, 2022 to December 27, 2023, bearing interest rate at 4.20% per annum. We entered into another loan agreement with China CITIC Bank Shaoxing Branch for a short-term loan of RMB4.8 million (approximately \$0.7 million) from August 10, 2023 to May 2, 2024, bearing interest rate at 4.3% per annum. We repaid the loan on May 2, 2024.

On December 9, 2022, we obtained a RMB5 million (approximately \$0.7 million) letter of credit from China CITIC Bank for a period to October 30, 2023 for settlement of Hitrans purchase. We utilized RMB1.5 million (approximately \$0.2 million) letter of credit at an interest rate of 2.7% for a period of one year to January 5, 2023.

On January 7, 2023, we obtained a two-year term facility from Postal Savings Bank of China, Nanjing Gaochun Branch with a maximum amount of RMB10 million (approximately \$1.4 million) for a period from January 7, 2023 to January 6, 2025. The facility was guaranteed by our former CEO, Mr. Yunfei Li, Mr. Yunfei Li's wife Ms. Qinghui Yuan and CBAK New Energy (Nanjing) Co., Ltd. We borrowed RMB5 million (approximately \$0.7 million) on January 12, 2023 for a term of one year until January 11, 2024, bearing interest at 3.65% per annum. We repaid the above early on June 15, 2023. On June 27, 2023, we entered into another loan agreement for one year from June 27, 2023 to June 26, 2024 under the two-year term facility for a maximum loan amount of RMB10 million (approximately \$1.4 million) bearing interest rate at 3.65% per annum. We borrowed RMB10 million (approximately \$1.4 million) on the same date. The loan was guaranteed by the Company's former CEO, Mr. Yunfei Li, Mr. Yunfei Li's wife Ms. Qinghui

On March 29, 2023, we and Bank of China Limited entered into a short-term loan agreement for one year from March 29, 2023 to March 28, 2024 for a maximum loan amount to RMB5 million (approximately \$0.7 million) bearing interest rate at 3.65% per annum. We borrowed RMB5 million (approximately \$0.7 million) on the same date. The loan was secured by our buildings in Dalian. We repaid RMB5 million (approximately \$0.7 million) on March 27, 2024. On March 28, 2024, we borrowed another one-year loan of RMB5 million (approximately \$0.7 million) bearing interest rate at 3.45% per annum. We early repaid the loan on August 21, 2024.

On April 19, 2023, we and Bank of Nanjing Gaochun Branch entered into a short-term loan agreement for one year from April 10, 2023 to April 9, 2024 for RMB10 million (approximately \$1.4 million) bearing interest rate at 3.7% per annum. We borrowed RMB10 million (approximately \$1.4 million) on April 23, 2023. The loan was guaranteed by our former CEO, Mr. Yunfei Li and Mr. Yunfei Li's wife Ms. Qinghui Yuan. We repaid the loan on April 9, 2024.

On June 9, 2023, we and China Zheshang Bank Co., Ltd Shangyu Branch entered into a short-term loan agreement for one year from June 9, 2023 to June 7, 2024 for a maximum loan amount to RMB4 million (approximately \$0.6 million) bearing interest rate at 4.55% per annum. We borrowed RMB4 million (approximately \$0.6 million) on the same date. We early repaid the loan principal and related loan interests on December 22, 2023.

On July 31, 2023, we obtained a three-year term facility from Bank of China Gaochun Branch, with a maximum amount of RMB10 million (approximately \$1.4 million) with the term from July 31, 2023 to July 30, 2026. The facility was guaranteed by our former CEO, Mr. Yunfei Li and Mr. Yunfei Li's wife Ms. Qinghui Yuan. Under the facility, we borrowed RMB10 million (approximately \$1.4 million) on July 31, 2023, bearing interest rate at 3.15% per annum. We repaid the loan on July 22, 2024.

On August 3, 2023, we and Bank of China entered into a short term loan agreement for one year from August 3, 2023 to August 2, 2024 for a maximum amount of RMB10 million (approximately \$1.4 million) bearing interest rate at 3.55% per annum. We borrowed RMB10 million (approximately \$1.4 million) on September 27, 2023. The loan was secured by our buildings in Dalian. We repaid the loan on August 2, 2024.

On January 24, 2024, we entered into a short-term credit-guaranteed loan agreement with Zhejiang Shangyu Rural Commercial Bank for one year to January 17, 2025 with an amount of RMB5 million (approximately \$0.7 million) bearing interest at 4.1% per annum. We borrowed RMB5 million (approximately \$0.7 million) on the same date. We early repaid the loan on September 27, 2024.

On March 26, 2024, we entered into a short-term credit-guaranteed loan agreement with Zhejiang Shangyu Rural Commercial Bank for one year to March 25, 2025 with an amount of RMB5 million (approximately \$0.7 million) bearing interest at 4.1% per annum. We borrowed RMB5 million (approximately \$0.7 million) on the same date. We early repaid the loan on September 27, 2024.

On April 9, 2024, we and China Zheshang Bank Co., Ltd Shangyu Branch entered into a short-term loan agreement for one year from April 9, 2024 to April 7, 2025 for a maximum loan amount to RMB5.5 million (approximately \$0.8 million) bearing interest rate at 4.05% per annum. We borrowed RMB5.5 million (approximately \$0.8 million) on the same date.

On June 24, 2024, we and Bank of China entered into a short-term loan agreement, with a maximum amount of RMB10 million (approximately \$1.4 million) with the term from June 24, 2024 to June 20, 2025. The facility was guaranteed by our former CEO, Mr. Yunfei Li and Mr. Yunfei Li's wife Ms. Qinghui Yuan. Under the facility, we borrowed RMB10 million (approximately \$1.4 million) on June 24, 2024, bearing interest rate at 3.0% per annum. We early repaid the loan on August 23, 2024.

On September 29, 2024, we and Zhejiang Shangyu Rural Commercial Bank entered into a short-term credit-guaranteed loan agreement for RMB15 million (approximately \$2.1 million) with the term of one year from September 29, 2024 to September 26, 2025 bearing 4.00% interest rate. We borrowed RMB15 million (approximately \$2.1 million) on the same date.

We obtained banking facilities from China Zheshang Bank Co., Ltd. Shenyang Branch with a maximum amount of RMB390 million (approximately \$54.0 million) with the term from June 28, 2023 to April 29, 2025. We borrowed a series of acceptance bills totaling RMB286.5 million (approximately \$40.8 million) for various terms expiring through October 2024 to March 2025, which was secured by our pledged deposit of RMB179.1 million (approximately \$25.5 million), term deposit of RMB96.8 million (approximately \$13.8 million) and our bills receivables of RMB19.8 million (approximately \$2.8 million).

We borrowed a series of acceptance bills from China Zheshang Bank Co. Ltd Shangyu Branch totaling RMB72.9 million (approximately \$10.4 million) for various terms expiring through October to December 2024, which was secured by our cash totaling RMB72.0 million (approximately \$10.3 million).

We obtained banking facilities from Bank of Communications Co., Ltd. Shangyu Branch totaling RMB11.2 million (approximately \$1.6 million) expiring in March 2025, which was secured by our cash totaling RMB11.2 (approximately \$1.6 million).

As of September 30, 2024, we had unutilized committed banking facilities of \$1.3 million. We plan to renew these loans upon maturity and intend to raise additional funds through bank borrowings in the future to meet our daily cash demands, if required.

#### **Equity and Debt Financings from Investors**

We have also obtained funds through private placements, registered direct offerings and other equity and note financings.

On December 8, 2020, we entered into a securities purchase agreement with certain institutional investors, pursuant to which we issued in a registered direct offering, an aggregate of 9,489,800 shares of common stock of the Company at a per share purchase price of \$5.18, and warrants to purchase an aggregate of 3,795,920 shares of common stock of the Company at an exercise price of \$6.46 per share exercisable for 36 months from the date of issuance, for gross proceeds of approximately \$49.16 million, before deducting fees to the placement agent and other offering expenses payable by the Company.

On February 8, 2021, we entered into another securities purchase agreement with the same investors, pursuant to which we issued in a registered direct offering, an aggregate of 8,939,976 shares of common stock of the Company at a per share purchase price of \$7.83. In addition, we issued to the investors (i) in a concurrent private placement, the Series A-1 warrants to purchase a total of 4,469,988 shares of common stock, at a per share exercise price of \$7.67 and exercisable for 42 months from the date of issuance; (ii) in the registered direct offering, the Series B warrants to purchase a total of 4,469,988 shares of common stock, at a per share exercise price of \$7.83 and exercisable for 90 days from the date of issuance; and (iii) in the

registered direct offering, the Series A-2 warrants to purchase up to 2,234,992 shares of common stock, at a per share exercise price of \$7.67 and exercisable for 45 months from the date of issuance. We received gross proceeds of approximately \$70 million from the registered direct offering and the concurrent private placement, before deducting fees to the placement agent and other offering expenses payable by the Company.

On May 10, 2021, we entered into the Series B Warrant Amendment with each of the holders of the Company's outstanding Series B warrants. Pursuant to the Series B Warrant Amendment, the term of the Series B warrants was extended from May 11, 2021 to August 31, 2021.

As of August 31, 2021, we had not received any notices from the investors to exercise Series B warrants. Series B warrants, along with Series A-2 warrants, had both expired on September 1, 2021. As of September 30, 2024, we had not received any notices from investors to exercise the above warrants, which had also expired. As of September 30, 2024, we had no warrants outstanding.

We currently are expanding our product lines and manufacturing capacity in our Dalian, Nanjing and Zhejiang facilities, which requires additional funding to finance the expansion. We may also require additional cash due to changing business conditions or other future developments, including any investments or acquisitions we may decide to pursue. We plan to renew these loans upon maturity, if required, and plan to raise additional funds through bank borrowings and equity financing in the future to meet our daily cash demands, if required. However, there can be no assurance that we will be successful in obtaining this financing. If our existing cash and bank borrowing are insufficient to meet our requirements, we may seek to sell equity securities, debt securities or borrow from lending institutions. We can make no assurance that financing will be available in the amounts we need or on terms acceptable to us, if at all. The sale of equity securities, including convertible debt securities, would dilute the interests of our current shareholders. The incurrence of debt would divert cash for working capital and capital expenditures to service debt obligations and could result in operating and financial covenants that restrict our operations and our ability to pay dividends to our shareholders. If we are unable to obtain additional equity or debt financing as required, our business operations and prospects may suffer.

The accompanying condensed consolidated financial statements have been prepared assuming we will continue to operate as a going concern, which contemplates the realization of assets and the settlement of liabilities in the normal course of business. The condensed consolidated financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from the outcome of this uncertainty related to our ability to continue as a going concern.

The following table sets forth a summary of our cash flows for the periods indicated:

(All amounts in thousands of U.S. dollars)

	Nine Months Ended September 30,	
	2023	2024
Net cash provided by operating activities	\$ 20,745	\$ 30,078
Net cash used in investing activities	(28,737)	(20,112)
Net cash provided by (used in) financing activities	18,525	(21,463)
Effect of exchange rate changes on cash and cash equivalents	(2,201)	538
Net increase (decrease) in cash and cash equivalents and restricted cash	8,332	(10,959)
Cash and cash equivalents and restricted cash at the beginning of period	37,356	58,823
Cash and cash equivalents and restricted cash at the end of period	<u>\$ 45,688</u>	<u>\$ 47,864</u>

#### **Operating Activities**

Net cash provided by operating activities was \$30.1 million in the nine months ended September 30, 2024, compared to \$20.7 million for the same period in 2023. The net cash provided by operating activities for the nine months ended September 30, 2024 was mainly attributable to our net income of \$24.1 million (before non-cash depreciation and amortization, allowance for expected credit losses, write-down of inventories, share-based compensation, gain on disposal of machines and investment in equity investees) and \$6.3 million increased of trade and bills payable.

Net cash provided by operating activities was \$20.7 million in the nine months ended September 30, 2023. The net cash provided by operating activities for the nine months ended September 30, 2023 was mainly attributable to our net income of \$10.4 million (before non-cash depreciation and amortization, allowance for expected credit losses, write-down of inventories, share-based compensation, and change in fair value of warrant liability), an increase of \$24.9 million of trade and bills payables, a decrease of \$7.8 million of inventories, a decrease of \$5.1 million of trade receivable from our former subsidiary offset by an increase of trade and bills receivable of \$20.5 million, an increase of prepayments and other receivables of \$1.8 million and an increase of \$3.8 million of accrued expenses and other payables.

#### **Investing Activities**

Net cash used in investing activities was \$20.1 million for the nine months ended September 30, 2024. The net cash used in investing activities comprised the purchases of property, plant and equipment and construction in progress \$11.5 million and \$9.1 million on deposit paid for acquisition of long-term investments.

Net cash used in investing activities was \$28.7 million for the nine months ended September 30, 2023. The net cash used in investing activities comprised the purchases of property, plant and equipment and construction in progress \$24.9 million and \$3.8 million on deposit paid for acquisition of long-term investments.

#### **Financing Activities**

Net cash used in financing activities was \$21.5 million in the nine months ended September 30, 2024, as compared to net cash provided by of \$18.5 million in the same period in 2023. The net cash used in financing activities was mainly attributable to \$13.5 million, net on placement of term deposits, \$47.9 million repayment of bank borrowings and \$2.1 million repayment on finance leases offset by \$40.9 million advances from bank borrowings and \$1.1 million proceeds from finance lease.

Net cash provided by financing activities was \$18.5 million in the nine months ended September 30, 2023. The net cash provided by financing activities

for the nine months ended September 30, 2023 was mainly attributable to \$36.4 million advances from bank borrowings offset by repayment of bank borrowings of \$16.6 million and \$0.8 million repayment on finance lease.

As of September 30, 2024, the principal amounts outstanding under our credit facilities and lines of credit were as follows:

(All amounts in thousands of U.S. dollars)

	<i>Maximum amount available</i>	<i>Amount borrowed</i>
<b>Long-term credit facilities:</b>		
Shaoxing Branch of Bank of Communications Co., Ltd	\$ 22,801	\$ 22,787
<b>Short-term credit facilities:</b>		
Zhejiang Shangyu Rural Commercial Bank	2,137	2,137
China Zheshang Bank Co., Ltd	2,082	784
	<u>4,219</u>	<u>2,921</u>
<b>Other lines of credit:</b>		
China Zheshang Bank Co., Ltd	51,219	51,219
Bank of Communications Co., Ltd	1,593	1,593
	<u>52,812</u>	<u>52,812</u>
<b>Total</b>	<b>\$ 79,832</b>	<b>\$ 78,520</b>

#### **Capital Expenditures**

We incurred capital expenditures of \$11.5 million and \$24.9 million in the nine months ended September 30, 2024 and 2023, respectively. Our capital expenditures were used primarily to construct or upgrade our Dalian, Nanjing and Zhejiang facilities.

We estimate that our total capital expenditures in fiscal year 2024 will reach approximately \$30.0 million. Such funds will be used to construct new plants with new product lines and battery module packing lines.

#### **Critical Accounting Policies**

Our condensed consolidated financial information has been prepared in accordance with U.S. GAAP, which requires us to make judgments, estimates and assumptions that affect (1) the reported amounts of our assets and liabilities, (2) the disclosure of our contingent assets and liabilities at the end of each fiscal period and (3) the reported amounts of revenues and expenses during each fiscal period. We continually evaluate these estimates based on our own historical experience, knowledge and assessment of current business and other conditions, our expectations regarding the future based on available information and reasonable assumptions, which together form our basis for making judgments about matters that are not readily apparent from other sources. Since the use of estimates is an integral component of the financial reporting process, our actual results could differ from those estimates. Some of our accounting policies require a higher degree of judgment than others in their application.

There were no material changes to the critical accounting policies previously disclosed in our audited consolidated financial statements for the year ended December 31, 2023 included in the Annual Report on Form 10-K filed on March 15, 2024.

#### **Changes in Accounting Standards**

Please refer to Note 1 to our condensed consolidated financial statements, "Principal Activities, Basis of Presentation and Organization—Recently Adopted Accounting Standards" and "—Recently Issued But Not Yet Adopted Accounting Pronouncements" for a discussion of relevant pronouncements.

#### **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.**

Not applicable.

#### **ITEM 4. CONTROLS AND PROCEDURES.**

##### **Evaluation of Disclosure Controls and Procedures**

As required by Rule 13a-15 under the Exchange Act, our management has carried out an evaluation, with the participation and under the supervision of our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of September 30, 2024. Disclosure controls and procedures refer to controls and other procedures designed to ensure that information required to be disclosed in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating our disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating and implementing possible controls and procedures.

Management conducted its evaluation of disclosure controls and procedures under the supervision of our Chief Executive Officer and our Chief Financial Officer. Based upon, and as of the date of this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were ineffective as of September 30, 2024.

As we disclosed in our Annual Report on Form 10-K filed with the SEC on March 15, 2024, during our assessment of the effectiveness of internal control over financial reporting as of December 31, 2023, management identified the following material weaknesses in our internal control over financial reporting:

- We did not have appropriate policies and procedures in place to evaluate the proper accounting and disclosures of key documents and agreements.

- We do not have sufficient and skilled accounting personnel with an appropriate level of technical accounting knowledge and experience in the application of accounting principles generally accepted in the United States commensurate with our financial reporting requirements.

In order to cure the foregoing material weaknesses, we have taken or are taking the following remediation measures:

- We are in the process of hiring a permanent chief financial officer with significant U.S. GAAP and SEC reporting experience. Ms. Xiangyu Pei was appointed by the Board of Directors of the Company as the Interim Chief Financial Officer on August 23, 2019. Ms. Xiangyu Pei resigned as our Interim Chief Financial Officer on August 22, 2023 but has continued to serve in the Company's finance department and on the board of director. Mr. Jiewei Li was appointed as the Company's Chief Financial Officer on August 22, 2023.
- We have regularly offered our financial personnel trainings on internal control and risk management. We have regularly provided trainings to our financial personnel on U.S. GAAP accounting guidelines. We plan to continue to provide trainings to our financial team and our other relevant personnel on the U.S. GAAP accounting guidelines applicable to our financial reporting requirements.

We intend to complete the remediation of the material weaknesses discussed above as soon as practicable but we can give no assurance that we will be able to do so. Designing and implementing an effective disclosure controls and procedures is a continuous effort that requires us to anticipate and react to changes in our business and the economic and regulatory environments and to devote significant resources to maintain a financial reporting system that adequately satisfies our reporting obligations. The remedial measures that we have taken and intend to take may not fully address the material weakness that we have identified.

#### **Changes in Internal Control over Financial Reporting**

Except for the matters described above, there were no changes in our internal controls over financial reporting during the quarter ended September 30, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## **PART II** **OTHER INFORMATION**

#### **ITEM 1. LEGAL PROCEEDINGS.**

The information set forth in Note 28 "Commitments and Contingencies—(ii) Litigation" to our condensed consolidated financial statements in Part I, Item 1 of this Form 10-Q is incorporated by reference herein.

#### **ITEM 1A. RISK FACTORS.**

There are no material changes from the risk factors previously disclosed in Item 1A "Risk Factors" of our Annual Report on Form 10-K for the fiscal year ended December 31, 2023.

#### **ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.**

Other than as previously disclosed in current reports on Form 8-K, there were no unregistered sales of equity securities or repurchase of common stock during the period covered by this report.

#### **ITEM 3. DEFAULTS UPON SENIOR SECURITIES.**

None.

#### **ITEM 4. MINE SAFETY DISCLOSURES.**

Not applicable.

#### **ITEM 5. OTHER INFORMATION.**

##### *Securities Trading Plans of Directors and Executive Officers*

During the fiscal quarter ended September 30, 2024, no director or officer, as defined in Rule 16a-1(f), adopted or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement," each as defined in Regulation S-K Item 408.

#### **ITEM 6. EXHIBITS.**

The following exhibits are filed as part of this report or incorporated by reference:

<b>Exhibit No.</b>	<b>Description</b>
31.1	<a href="#">Certifications of Principal Executive Officer filed pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
31.2	<a href="#">Certifications of Principal Financial Officer filed pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
32.1	<a href="#">Certifications of Principal Executive Officer furnished pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
32.2	<a href="#">Certifications of Principal Financial Officer furnished pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document

101.DEF Inline XBRL Taxonomy Extension Definition Linkbase Document

101.LAB Inline XBRL Taxonomy Extension Label Linkbase Document

101.PRE Inline XBRL Taxonomy Extension Presentation Linkbase Document

104 Cover Page Interactive Data File (the cover page XBRL tags are embedded within the iXBRL document).

#### **SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: November 12, 2024

**CBAK ENERGY TECHNOLOGY, INC.**

By: /s/ Zhiguang Hu  
Zhiguang Hu  
Chief Executive Officer

By: /s/ Jiewei Li  
Jiewei Li  
Chief Financial Officer

## CERTIFICATIONS

I, Zhiguang Hu, certify that:

1. I have reviewed this quarterly report on Form 10-Q of CBAK Energy Technology, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 12, 2024

/s/ Zhiguang Hu  
 Zhiguang Hu  
 Chief Executive Officer  
 (Principal Executive Officer)

**CERTIFICATIONS**

I, Jiewei Li, certify that:

1. I have reviewed this quarterly report on Form 10-Q of CBAK Energy Technology, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 12, 2024

/s/ Jiewei Li

Jiewei Li

Chief Financial Officer

*(Principal Financial and Accounting Officer)*

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350  
AS ADOPTED PURSUANT TO SECTION 906  
OF THE SARBANES-OXLEY ACT OF 2002**

The undersigned, Zhiguang Hu, the Chief Executive Officer of CBAK ENERGY TECHNOLOGY, INC. (the "Company"), DOES HEREBY CERTIFY that:

1. The Company's Quarterly Report on Form 10-Q for the period ended September 30, 2024 (the "Report"), fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and;
2. Information contained in the Report fairly presents, in all material respects, the financial condition and results of operation of the Company.

IN WITNESS WHEREOF, the undersigned has executed this 12<sup>th</sup> day of November 2024.

/s/ Zhiguang Hu

Zhiguang Hu  
Chief Executive Officer  
(Principal Executive Officer)

A signed original of this written statement required by Section 906 has been provided to CBAK Energy Technology, Inc. and will be retained by CBAK Energy Technology, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

The forgoing certification is being furnished to the Securities and Exchange Commission pursuant to § 18 U.S.C. Section 1350. It is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350  
AS ADOPTED PURSUANT TO SECTION 906  
OF THE SARBANES-OXLEY ACT OF 2002**

The undersigned, Jiewei Li, the Chief Financial Officer of CBAK ENERGY TECHNOLOGY, INC. (the "Company"), DOES HEREBY CERTIFY that:

1. The Company's Quarterly Report on Form 10-Q for the period ended September 30, 2024 (the "Report"), fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and;
2. Information contained in the Report fairly presents, in all material respects, the financial condition and results of operation of the Company.

IN WITNESS WHEREOF, the undersigned has executed this 12<sup>th</sup> day of November 2024.

/s/ Jiewei Li

Jiewei Li  
Chief Financial Officer  
(*Principal Financial and Accounting Officer*)

A signed original of this written statement required by Section 906 has been provided to CBAK Energy Technology, Inc. and will be retained by CBAK Energy Technology, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

The forgoing certification is being furnished to the Securities and Exchange Commission pursuant to § 18 U.S.C. Section 1350. It is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.