Microvast Responds to DOE Decision to Withdraw Separator Grant

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STAFFORD, Texas--(BUSINESS WIRE)--May 24, 2023-- Microvast Holdings, Inc. (NASDAQ: MVST) ("Microvast" or the "Company"), a technology innovator that designs, develops, and manufactures lithium-ion battery solutions, responded today to the U.S. Department of Energy's (DOE's) recent decision to withdraw its previously announced $200 million separator grant.

Yang Wu, Microvast's founder, chairman, President, and Chief Executive Officer, said "the Company is surprised by the DOE's decision to withdraw the grant, which was designed to help build a new facility in Kentucky that would employ hundreds of people. Microvast is based in Texas, its shares are traded on Nasdaq, and the operations for our global business are centralized in the U.S. Neither the Chinese government nor the Chinese Communist Party has any ownership in the Company, nor do they control or influence Company operations in any way. The Company is therefore considering all of its options."

In the meantime, the Company intends to continue to invest significantly in its U.S. expansion, according to Mr. Wu, who is an American citizen. "The withdrawal of the DOE grant will have no impact on our expansion plans already underway for cell manufacturing" he said. "We remain on track to increase the number of employees we have in the U.S., and we re-affirm our commitment to help the U.S. expand its battery supply chain and manufacturing initiatives. The DOE decision does not alter our plans to commercialize our polyaramid separator. We will continue to invest in a pilot line that will add 10 million square meters of capacity this year. Naturally, there will be some timing impact on bringing the separator technology to market, given this decision came as a surprise to us."

"Our priority remains completing our battery manufacturing facility in Clarksville, Tennessee. We are about half-way through our over $300 million investment in the plant," said Craig Webster, Microvast's Chief Financial Officer. "This facility is a key business focus for us and will be a key contributor to our growth in the coming years. The DOE decision does not impact our previously provided financial guidance. Based on our backlog of orders, we expect revenue in the U.S this year to be in excess of $100 million. The decision also has no impact on our liquidity position, and in fact, it gives us more flexibility on how we plan to undertake our expansion initiatives in the U.S."

Webster continued: "Our leading 53.5Ah battery cells and packs are expected to be our primary revenue growth driver in the coming years. Our separator technology was only anticipated to modestly contribute to revenue starting in 2025."

Microvast has battery facilities throughout the U.S. In 2021, Microvast established a new research and development facility in Florida, which will create more than 100 highly skilled jobs in the area. The Company's collaborations with research-driven institutions, such University of Central Florida, continue.

In 2021, Microvast began construction of its 4GWh cell and module facility in Clarksville, Tennessee. The Company continues to anticipate the start of production there in this year's fourth quarter, creating hundreds of new jobs in Clarksville. Microvast remains committed to hiring and actively recruiting American veterans and their spouses as they transition out of the military and is proud to have several American veterans on its leadership team.

In 2022, Microvast established its new energy storage division in Colorado along with a technology and testing center to support the growth of utility-scale energy storage systems in the U.S. This facility continues to serve as an economic engine, creating many jobs.

"These core businesses have a positive impact on the economies of Texas, Florida, Colorado and Tennessee, driving increased employment and wages" Webster said.

Microvast had previously announced plans to build the world's first mass production facility in the U.S. for its polyaramid separator. The $200 million DOE grant was part of a larger investment of $504 million. This facility is slated to create 562 full-time jobs in Kentucky, while giving the U.S. the upper hand in the production of a critical and unique technology.

About Microvast

Microvast is a technology innovator that designs, develops, and manufactures lithium-ion battery solutions. Microvast is renowned for its cutting-edge cell technology and its vertical integration capabilities, which extend from core battery chemistry (cathode, anode, electrolyte, and separator) to modules and packs. By integrating the process from raw material to system assembly, Microvast has developed a family of products covering a breadth of market applications, including electric vehicles, energy storage, and battery components. Microvast was founded in 2006 and is headquartered in Houston, Texas.

For more information, please visit www.microvast.com or follow us on LinkedIn or Twitter (@microvast).

Cautionary Statement Regarding Forward-Looking Statements

This communication contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements include, but are not limited to, statements about future financial and operating results, our plans, objectives, expectations and intentions with respect to future operations, products and services; and other statements identified by words such as "will likely result," "are expected to," "will continue," "is anticipated," "estimated," "believe," "intend," "plan," "projection," "outlook" or words of similar meaning. These forward-looking statements include, but are not limited to, statements regarding Microvast's industry and market sizes, future opportunities for Microvast and the combined company and Microvast's estimated future results. Such forward-looking statements are based upon the current beliefs and expectations of our management and are inherently subject to significant business, economic, and competitive uncertainties and contingencies, many of which are difficult to predict and generally beyond our control. Actual results and the timing of events may differ materially from the results anticipated in these forward-looking statements.

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