Microvast Will Not Be Moving Forward with the Kentucky Plant Construction; Will Focus on Core Expansions

June 30, 2023 4:00 AM EDT

June 30, 2023--Microvast Holdings, Inc. (NASDAQ: MVST) ("Microvast" or the "Company"), a technology innovator that designs, develops, and manufactures lithium-ion battery solutions, today announced that it will not proceed with its plan to build a factory in Hopkinsville, Kentucky—at least for now.

Microvast had diligently pursued the establishment of the polyaramid separator manufacturing plant with the aim of expanding its operations, creating local jobs, and contributing to the growth of the Hopkinsville, KY community. Microvast's proprietary polyaramid separator is a vitally important technology, as it significantly improves the safety of lithium-ion batteries.

Due to recent developments, Microvast reassessed the viability in proceeding with the separator project. "Our commitment to build the world's first mass polyaramid separator production facility in the U.S. remains unchanged," said Craig Webster, the Company's Chief Financial Officer. But he added, "Given market conditions, including interest rates doubling in the last year, we have decided to not move forward with our construction plans for the plant and will focus on our core business for now."

The decision to not pursue the construction of the manufacturing plant at this time in Kentucky is deeply disappointing for Microvast, its dedicated team of employees, and the state of Kentucky. The company acknowledges the impact this news may have on its workforce, suppliers, and the local community. "We're deeply grateful to Kentucky for the support we received and look forward to future partnerships," Webster expressed.

Microvast remains committed to expanding the supply chain for advanced batteries in its facilities across the United States. "Microvast is finding significant demand for its lithium-ion battery solutions," said Microvast's founder, president, and CEO, Yang Wu. "We are concentrating on our core business efforts, including completing our first large-scale battery cell, module, and pack production plant in Clarksville, Tennessee. This project will ensure that our products are manufactured in America."

The decision to pause the building of the separator plant will provide the Company the flexibility to focus on its operations in Tennessee and to succeed in manufacturing its 53.5Ah battery cells, modules, and packs in the United States. "Our leading 53.5Ah battery is expected to be our primary revenue growth driver in the coming years," Webster said.

"Microvast has been an outstanding company to work with throughout the site selection process. We appreciate their professionalism and transparency in all our engagements, especially as we conducted our due diligence with the Company after the U.S. Department of Energy announcement. We were encouraged by the possibility of having Microvast expand its operations into Kentucky. We understand the Company's decision to delay construction in Hopkinsville and look forward to re-engaging with its leadership at the appropriate time," said Jeff Noel, Secretary of the Kentucky Cabinet for Economic Development.

Wu added, "We greatly appreciate the support and collaboration we continue to receive from the state of Kentucky and look forward to an opportunity in the future to bring good-paying jobs and economic opportunities to our friends and neighbors in Hopkinsville and throughout the region."

Microvast began construction of its 4GWh cell and module facility in Clarksville in 2021. The Company expects production to start in this year's fourth quarter, creating hundreds of new jobs in Tennessee. Because of the plant's proximity to Fort Campbell, Microvast is committed to hiring American veterans and their spouses as they transition out of the military. The Company is proud to have several American veterans on its leadership team. In addition, Microvast established a new Energy division in 2022 with its new development and testing facility in Colorado, which supports the growth of utility-scale energy storage systems in the U.S. This facility continues to serve as an economic engine for the Company, creating many jobs in the region.

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 Stafford, 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.