microvast

Q2 2023

Disclaimer

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," "guidance," "outlook" or words of similar meaning. 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.

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Non-GAAP Financial Measures

This presentation contains adjusted gross profit, adjusted operating loss and adjusted net loss, which are non-GAAP financial measures. Adjusted gross profit is GAAP gross profit as adjusted for non-cash stock-based compensation expense included in cost of revenues. Adjusted operating loss is GAAP operating loss as adjusted for non-cash stock-based compensation expense included in cost of revenues and operating expense . Adjusted net loss is GAAP net loss as adjusted for non-cash stock-based compensation expense and change in on valuation of warrant liabilities and convertible notes. In addition to Microvast's results determined in accordance with GAAP, Microvast's management uses these non-GAAP financial metrics to evaluate the company's ongoing operations and for internal planning and forecasting purposes. We believe that this non-GAAP financial information, when taken collectively, may be helpful to investors in assessing Microvast's operating performance. We believe that the use of these non-GAAP metrics provides an additional tool for investors to use in evaluating ongoing operating results and trends because it eliminates the effect of financing, non-recurring items, capital expenditures, and non-cash expenses.

In addition, our presentation of adjusted gross profit, adjusted operating loss and adjusted net loss should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items. Our computation of non-GAAP financial metrics may not be comparable to other similarly titled measures computed by other companies because not all companies calculate these measures in the same fashion. Because of these limitations, these non-GAAP financial metrics should not be considered in isolation or as a substitute for performance measures calculated in accordance with GAAP. We compensate for these limitations by relying primarily on our GAAP results and using non-GAAP financial metrics on a supplemental basis. Investors should review the reconciliations in this presentation and not rely on any single financial measure to evaluate our business.

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Q2 HIGHLIGHTS

Q2 2023

Overview

$75.0M **Q2 revenue**
16% increase year over year

>6x **increase in backlog position** year over year = **$675.9M** driven by energy storage business in the U.S. and strong demand in Europe

17.3%
adjusted gross margin
+7 percentage points year over year

>80%
53.5Ah share of backlog
with U.S. and Europe leading markets

2GWh
Huzhou 3.1 expansion for HpCO-53.5Ah cell is now delivering qualified products to customers
remaining milestone payments fully funded from project finance facility

2GWh
Clarksville, TN expansion for U.S. made HpCO-53.5Ah cell
on track for Q4 trial production

Q2 2023

Huzhou 3.1 – Its Ramping!

Capacity expansion in ramp-up mode

→ **Qualified products now being shipped to customers**

→ **Volumes increasing in line with customer build plans**

2GWh Expansion

Additional cell, module, and pack capacity began qualified production in Q2 2023

$500M

annual revenue potential

75%

Contracted Capacity

Industrialization of our 53.5Ah technology well underway, with >75% capacity contracted for deliveries through Q2 2024.

Cell, module, and pack building completed

2GWh investment completed and production ramping up

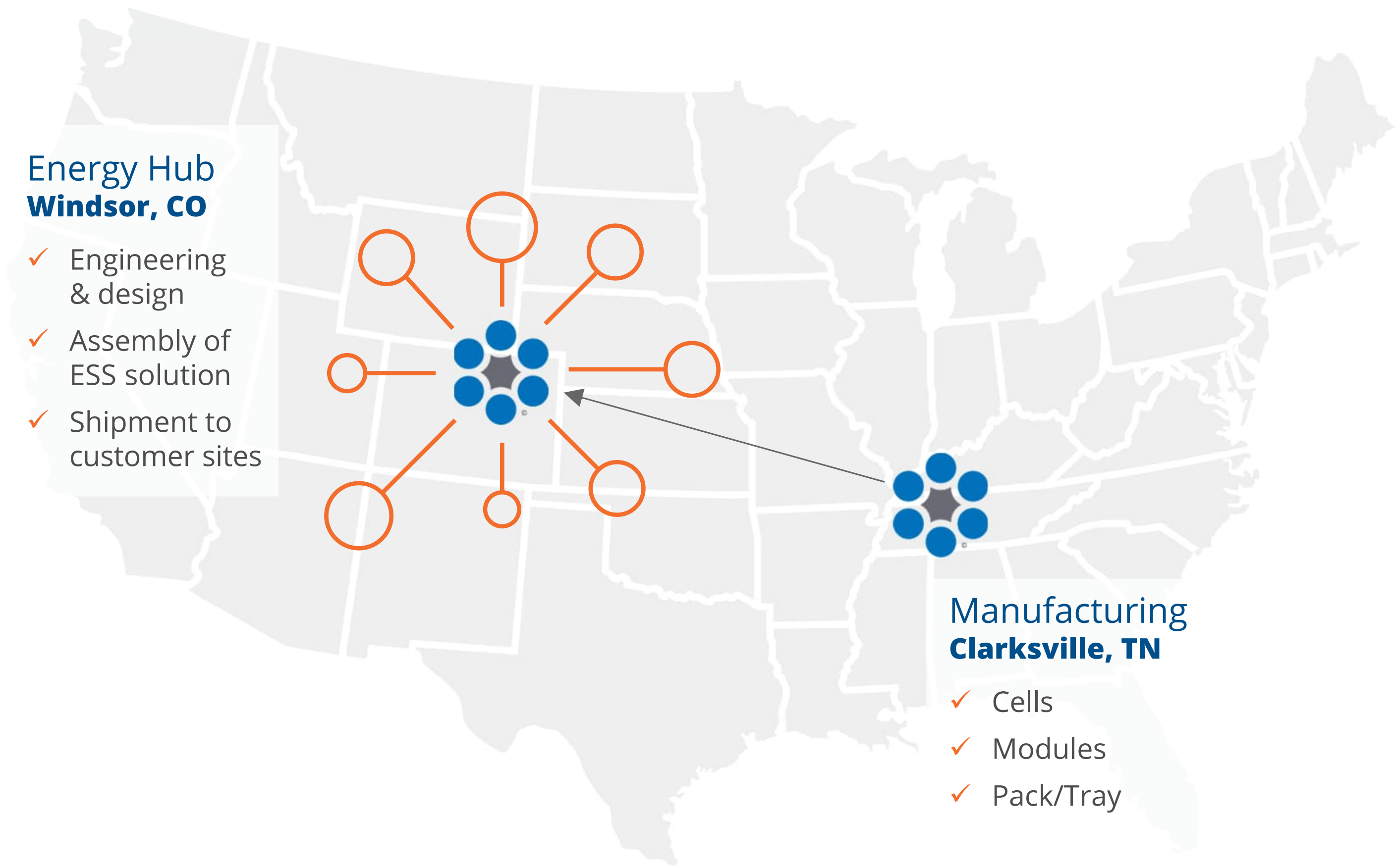
Servicing a Worldwide Customer Base

Europe	China/Asia Pacific	USA
IVECO	XCMG	microvast
GAUSSIN	DONGFENG	
MAFI TREPEL	JBM Group	
Kalmar	ASHOK LEYLAND	

Q2 2023

Microvast Energy

Our Golden Opportunity



Cells, modules, and packs produced from our new manufacturing facility in **Tennessee = IRA s45X tax credits**.

All engineering, design, battery management software, and assembly in **Colorado**. New facility has capacity of assembling 1,000 containers annually.

Our ESS solutions can be deployed for renewable energy storage and shifting applications throughout the **U.S.**

Increased energy resiliency, security, and availability for both developers and consumers. **Produced here in the U.S. = IRA domestic content bonus**.

Clarksville, TN - advanced manufacturing facility

Windsor, CO – product design, engineering, BMS, & assembly

Finished Product: ME-4300

Q2 2023

Continued Upward Trend – Q2 Revenue

CHALLENGES

- Unexpected DoE decision to cancel award of grant for separator business
- Huzhou phase 3.1 production ramp up to fulfill the significant market demand
- ESS Assembly shift due to new IRS rules on domestic content for the Investment Tax Credit

Q2 KEY STATS

$75.0M
Revenue

$675.9M
Sales Backlog

16%
YoY Revenue Growth in Q2

$271.3M
Order Intake

HIGHLIGHTS

- Received purchase order from leading U.S. commercial vehicle OEM for delivery starting 2024
- Acquired order from a leading European port vehicle OEM for a new heavy-duty port application
- Entered into general purchase agreement for 1,000 units with JBM Group, a leading Indian bus OEM

Q2 2023

Major Product Developments

Global Commercial Vehicle Market

OEM	IVECO	JBM Group	WEICHAI	REFIRE
Vehicle	Iveco Bus Crossway	E-bus	Hybrid Truck	4.5T Hydrogen Truck
Battery Type	HpCO-53.5Ah MV-I Gen1 pack	MpCO-21Ah MV-B/C Gen 3 pack HpCO-53.5Ah MV-B/C Gen 4 pack	MpCO-48Ah MV-B/C Gen 4 pack	MpCO-17.5Ah MV-F0 Gen 3 pack
Highlights	Substantial Q2 backlog increase	Enhanced partnership with major deliveries through Q2/24	Start hybrid truck development with Gen 4 high power battery	Partnership reinforced with over 100-unit delivery in Q2
				

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Q2 FINANCIALS

Q2 2023 P&L

($ in thousands)

GAAP Income Statement

GAAP Income Statement	Three-Months Ended June 30			Six-Months Ended June 30		
	2022	2023	YoY (%)	2022	2023	YoY (%)
Revenue	64,414	74,953	16%	101,082	121,926	21%
Cost of revenues	(59,573)	(63,492)	7%	(96,228)	(105,607)	10%
Gross Profit	**4,841**	**11,461**	**137%**	**4,854**	**16,319**	**236%**
Gross Margin	**7.5%**	**15.3%**	**103%**	**4.8%**	**13.4%**	**179%**
General and administrative expenses	(34,335)	(23,560)	-31%	(60,436)	(43,945)	-27%
Research and development expenses	(10,244)	(9,507)	-7%	(21,553)	(20,368)	-5%
Selling and marketing expenses	(5,810)	(5,897)	1%	(11,808)	(10,885)	-8%
Operating expense	**(50,389)**	**(38,964)**	**-23%**	**(93,797)**	**(75,198)**	**-20%**
Subsidy Income	576	637	11%	713	714	0%
Operating loss	**(44,972)**	**(26,866)**	**-40%**	**(88,230)**	**(58,165)**	**-34%**
Change in fair value of warrant liability	1,255	-	-100%	820	17	-98%
Others	(465)	788	269%	(548)	2,499	556%
Loss before income tax	**(44,182)**	**(26,078)**	**-41%**	**(87,958)**	**(55,649)**	**-37%**
Income tax	-	-		-	-	
Net loss	**(44,182)**	**(26,078)**	**-41%**	**(87,958)**	**(55,649)**	**-37%**
Less: net income attributable to noncontrolling interests	-	11		-	21	
Net loss attributable shareholders	**(44,182)**	**(26,089)**	**-41%**	**(87,958)**	**(55,670)**	**-37%**

Q2 2023 Adjusted Financials – Non-GAAP

($ in thousands)

	Three-Months Ended June 30		Six-Months Ended June 30	
	2022	2023	2022	2023
Revenue	64,414	74,953	101,082	121,926
Adjusted Cost of sales (non-GAAP)	(57,691)	(61,967)	(92,447)	(102,578)
Adjusted gross (loss) / profit (non-GAAP)	**6,723**	**12,986**	**8,635**	**19,348**
Adjusted gross margin (non-GAAP)	10.4%	17.3%	8.5%	15.9%
Adjusted Operating Expense	(21,748)	(22,670)	(52,798)	(42,487)
Adjusted Operating Loss (non-GAAP)	**(14,449)**	**(9,047)**	**(43,450)**	**(22,425)**
Adjusted Net Loss (non-GAAP)	**(14,914)**	**(8,259)**	**(43,998)**	**(19,926)**

Cost of Sales Adjustments

	Three-Months Ended June 30		Six-Months Ended June 30	
	2022	2023	2022	2023
Non-Cash Settled SBC	1,882	1,525	3,781	3,029

Operating Expense Adjustments

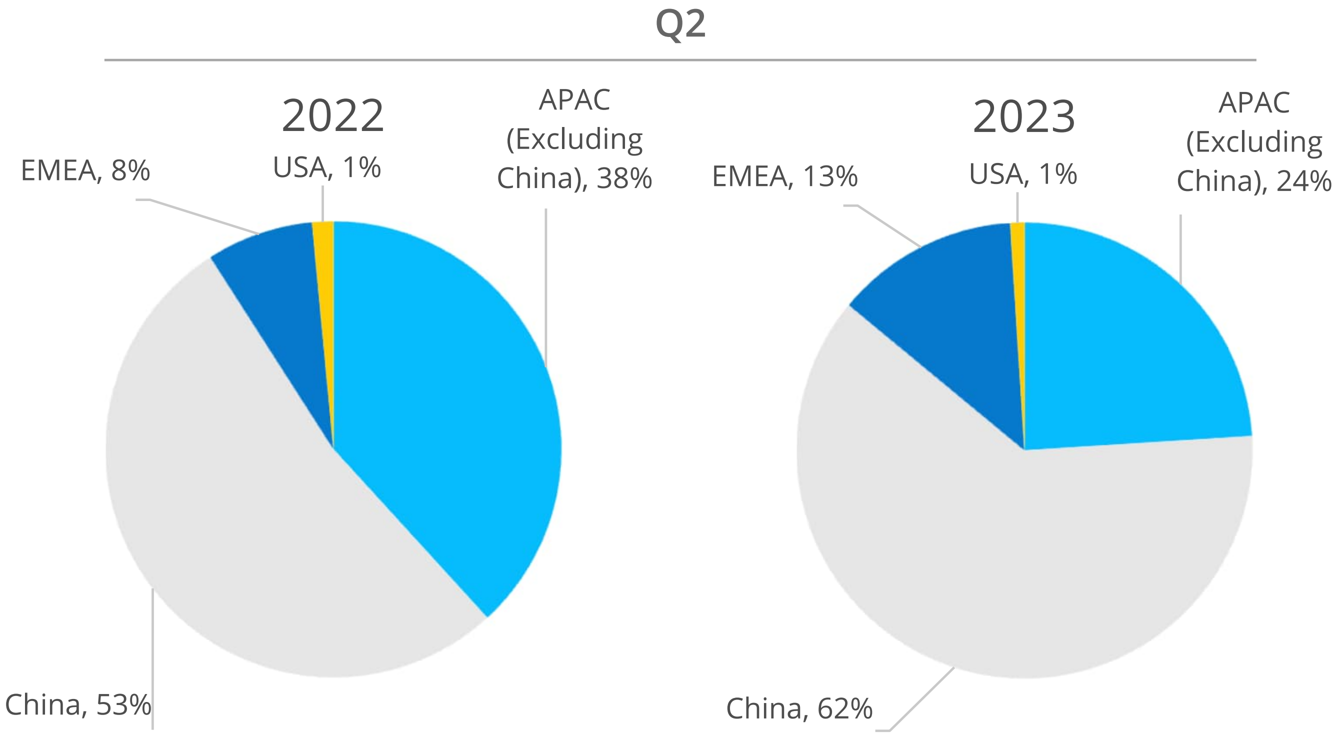
	Three-Months Ended June 30		Six-Months Ended June 30	
	2022	2023	2022	2023
Non-Cash Settled SBC	28,641	16,294	40,999	32,711

Net Loss Adjustments

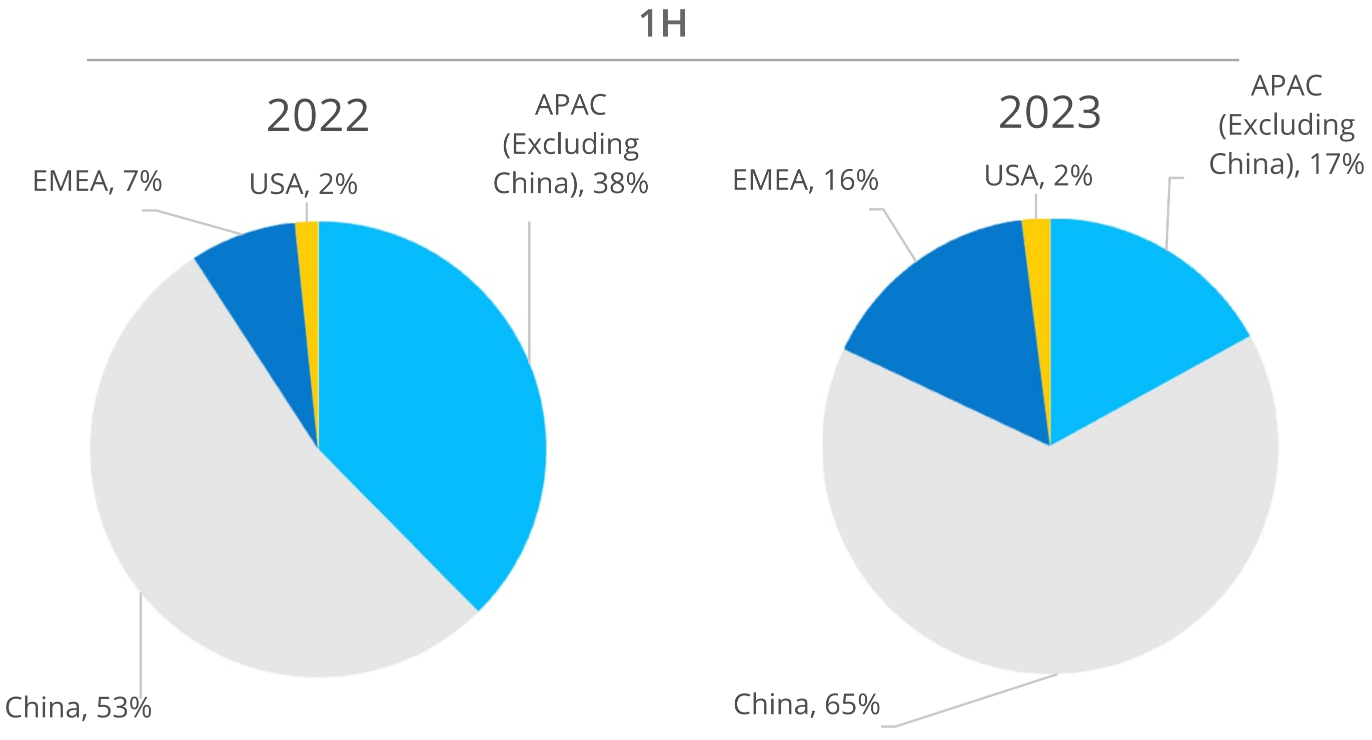
	Three-Months Ended June 30		Six-Months Ended June 30	
	2022	2023	2022	2023
Fair Value Changes	(1,255)	0	(820)	(17)

Q2 2023 Revenue by Region

($ in thousands)



Revenue by region	Three-Months Ended June 30		
	2022	2023	YoY %
APAC (Excluding China)	24,622	18,520	-25%
China	33,946	46,122	36%
EMEA	4,880	9,337	91%
USA	966	974	1%
Total	**64,414**	**74,953**	**16%**



Revenue by region	Six-Months Ended June 30		
	2022	2023	YoY %
APAC (Excluding China)	38,026	21,669	-43%
China	53,784	78,734	46%
EMEA	7,631	19,522	156%
USA	1,641	2,001	22%
Total	**101,082**	**121,926**	**21%**

Q2 2023 Financial Highlights

$195.8M
Cash position

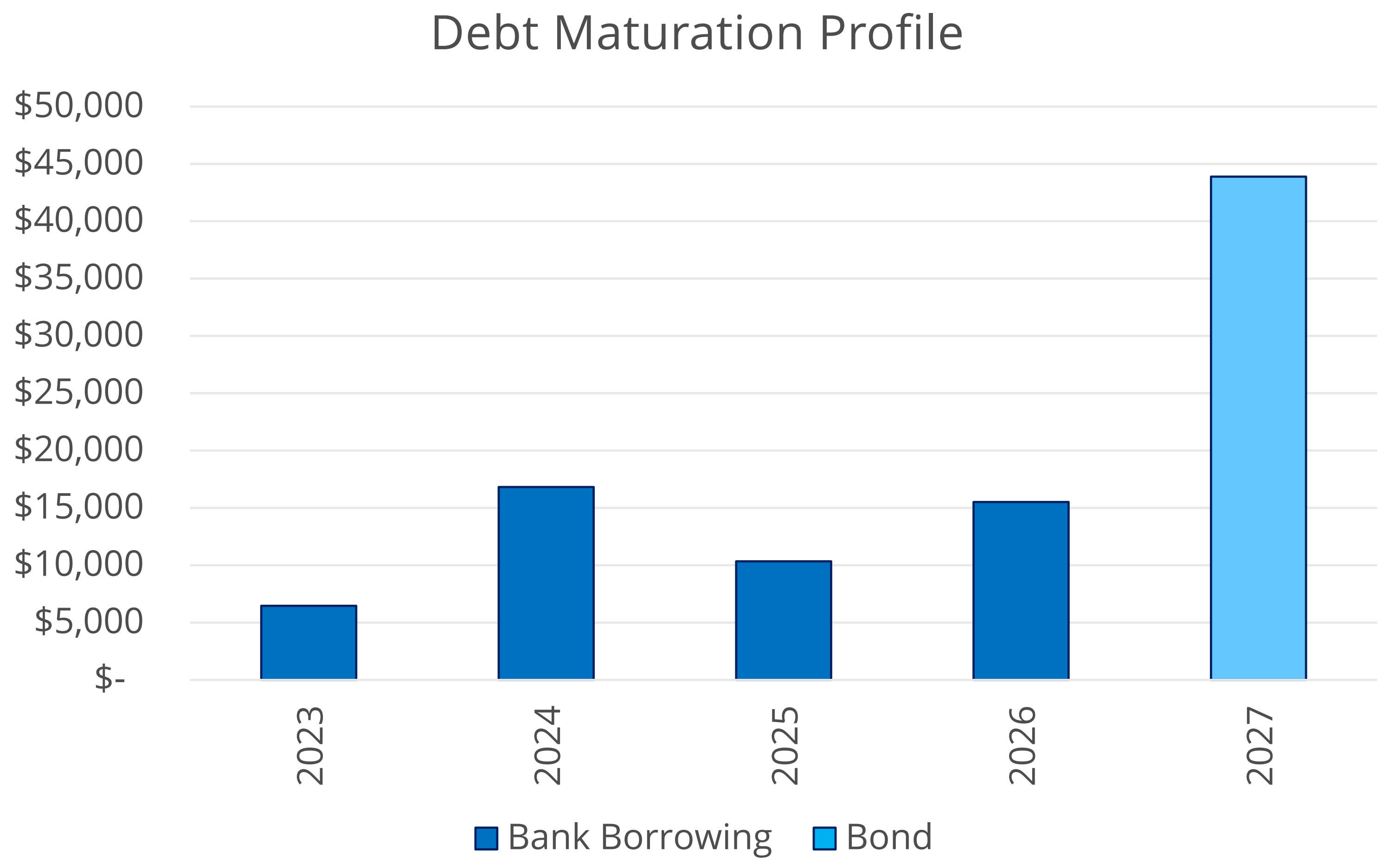
$675.9M
Backlog

$57.7M
Total Capex

- Solid cash position – $195.8M cash (includes short-term investment)
- Record backlog of $675.9M – underpins high growth forecast, HpCO-53.5Ah cell rapid adoption across CV and ESS
- Expansion CAPEX of $52.5M for 4GWh capacity additions of HpCO-53.5Ah, Expected to add ~$1B new revenue potential going into 2024
- U.S. footprint is expanding; growing asset base to support ESS and CV business and remains unlevered

Financial Resilience

- **Debt maturity schedule requires minimal cash flow** – $6.5M to be repaid in 2H23 and total to be retired before by YE25 is $33.6M.
- All current debt relates to our China operations and is **non-recourse to our U.S. holding structure** and operations.
- **No current leverage on U.S. business** – Project financing in progress to support Clarksville, securing and finalizing documentation for expected close in Q3.
- Low debt levels, combined with revenues showing strong multi-year growth, provide a **solid financial foundation** for our business.
- Helps us **maintain resilience** in future macro-economic uncertainties.



No material near term refinancings anticipated

Current facilities on low interest rates of 3.0 – 4.8% (~50% of debt is fixed rate)

We expect to be cashflow positive prior to 2027 bond maturation

Revenue Visibility

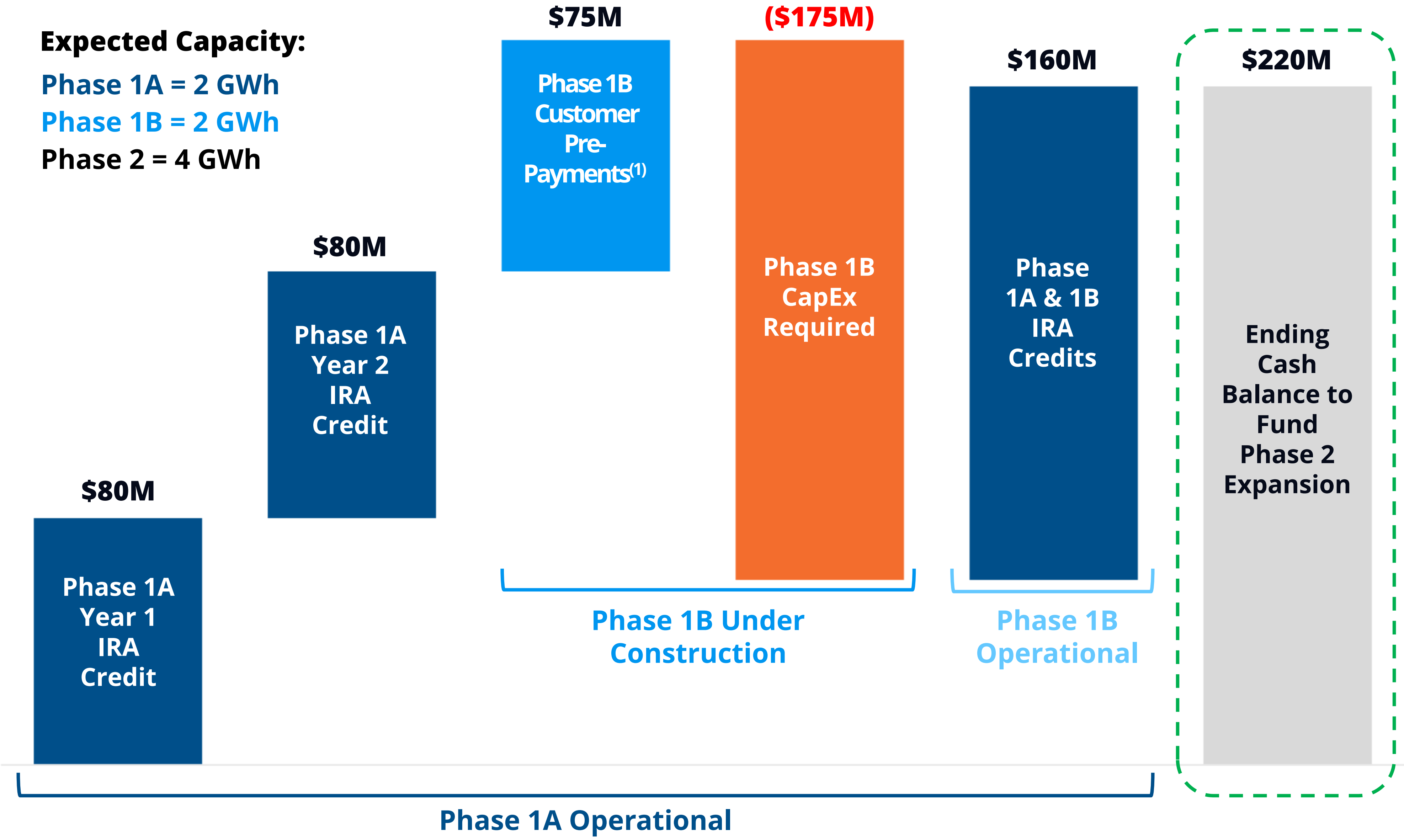
Backlog Turns Potential Into Reality

Funding More Capacity

Clarksville Expansions Potential to be Self-Funding

Expected Capacity:

Phase 1A = 2 GWh
Phase 1B = 2 GWh
Phase 2 = 4 GWh

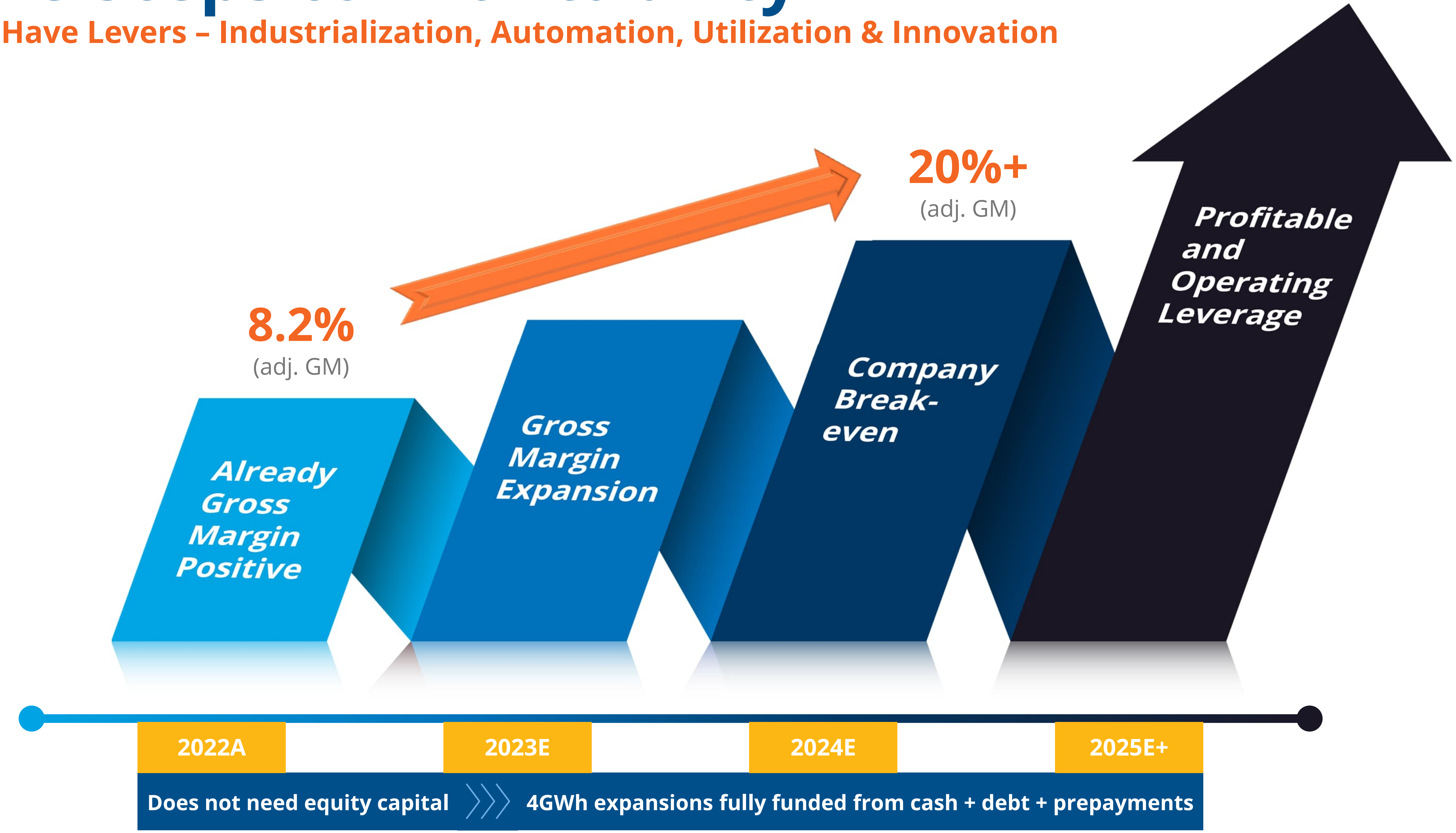


Note: Funding bridge does not reflect additional positive cash flows generated from Clarksville facility.
(1) Management estimates 40-50% manufacturing capacity would generate prepayments from customers.

- **Golden Rule:** We only add more capacity when we have customer orders in place
- Based on backlog, we **expect 2024 utilization for Phase 1A to be high**
- **Clarksville (up to 8GWh)** is self-funding due to IRA credits
- Expect **to monetize the IRA early** which provides funding for future expansions
- Customer down payments provide **access to cash**

The Steps to Profitability

We Have Levers – Industrialization, Automation, Utilization & Innovation



OUTLOOK

2023 Outlook

Strong Backlog & Technology Supports Multi-Year High Growth Phase

70%-80%
revenue growth
from 2022

$675.9M backlog
supported by energy storage business in the U.S. and strong demand in Europe

HpCO-53.5Ah cell accounts for
>80%
backlog due to superior technical performance

Clarksville, TN location **benefits from IRA at $45/kWh** for domestic battery cells & modules
2GWh = $80M
Annual IRA potential

$72-80M
Q3 revenue guidance

We anticipate significant uptick in orders and backlog supported by new commercial vehicle and energy storage projects

NEW
2GWh
Huzhou cell, module, and pack facility delivering qualified production and ongoing ramp-up

\+

NEW
2GWh
U.S. cell, module, and pack facility in Clarksville, TN trial production target in Q4

=

EXIT 2023 NEW CAPACITY
4GWh = $1B
Expected annual revenue potential
And 10M sqm. pilot line for polyaramid separator

Management believes path to profitability is within the next 2-3 years.