

microvast 

Q4 2022 |

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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.

Actual results, performance or achievements may differ materially, and potentially adversely, from any projections and forward-looking statements and the assumptions on which those forward-looking statements are based. All information set forth herein speaks only as of the date hereof and we disclaim any intention or obligation to update any forward-looking statements as a result of developments occurring after the date of this communication. Forecasts and estimates regarding Microvast’s industry and end markets are based on sources we believe to be reliable, however there can be no assurance these forecasts and estimates will prove accurate in whole or in part.

Microvast’s annual, quarterly and other filings with the U.S. Securities and Exchange Commission identify, address and discuss these and other factors in the sections entitled “Risk Factors.”

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.



2022 Overview

35%

revenue growth
year over year
to \$204.5M

>3.5x

increase in
backlog position



\$410.5M

driven by energy storage
business in the U.S. and
strong demand in Europe

Established Microvast Energy division in Colorado substantially expanding our addressable market to energy storage and secured

first win for **1.2GWh** utility-scale project in the U.S.

Expanded partnership with **Iveco** for multiple additional platforms in Europe

Selected by U.S. Dept. of Energy for

\$200M

grant for our unique polyaramid separator technology. Collaborating with GM to develop a specialized separator

Our new

2GWh

fully automated line in Huzhou for HpCO-53.5Ah cell production and began initial shipments

Our new

2GWh

US cell and module facility in Clarksville, TN in full construction mode, equipment ordered and direct beneficiary of IRA credits

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Q4 HIGHLIGHTS





Steady Business Growth Through Production Ramp-Up Period

CHALLENGES

- Raw material prices, especially lithium
- Worldwide inflationary pressures
- Increasing rate environment, led by Fed tightening
- Staff impact due to China removing Covid Zero Policy



Q4 KEY STATS

\$64.8M

Revenue (-3.0% YoY)

\$410.5M

Sales Backlog

4GWh

53.5Ah capacity expansions

\$364.7M

Order Intake

HIGHLIGHTS



Microvast Energy division secures 1.2GWh ESS project, one of the largest of its kind in the U.S.



Kalmar Partnership extended through 2026



Manufacturing capacity expansion projects near completion in Huzhou and well underway in Clarksville, TN



Increasing orders for our next generation battery products (HpCO-53.5Ah cells) by commercial vehicle customers



Received major orders for Gen 4 battery packs from airport cargo handling OEM Trepel Mafi

Major Product Developments in the Global Commercial Vehicle Market

OEM & Market
Vehicle
Battery Type
Highlights

GAUSSIN
Europe

Broad spectrum of vehicle types

Delivery plan in next 3 years:
175 MWh
HpCO-53.5Ah

Further opportunities in US and EMEA markets



CNH INDUSTRIAL
Europe

Full electric agricultural tractor

HpCO-53.5Ah
MV-C Gen 4 pack

Full day operation, one hour of recharge to 100% power



REE
Europe

Full electric skateboard platform

98 - 128 kWh
HpCO-53.5Ah

Innovative CV startup



DONGFENG
China

















Hybrid HD Trucks

MpCO-21/48Ah, MV-B/C Gen 3/4

Growth in demand for hybrid HD truck



Q4 2022 Highlights

Q4 ORDER INTAKE				
MAJOR ORDER	 ~\$10M Airport cargo handling		 ~\$6M E-bus	
				
ONGOING				
				

Stable business growth with existing customers & new projects with \$364.7M Q4 order value.

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FINANCIALS



Condensed Consolidated Statement of Operations

(USD'000)

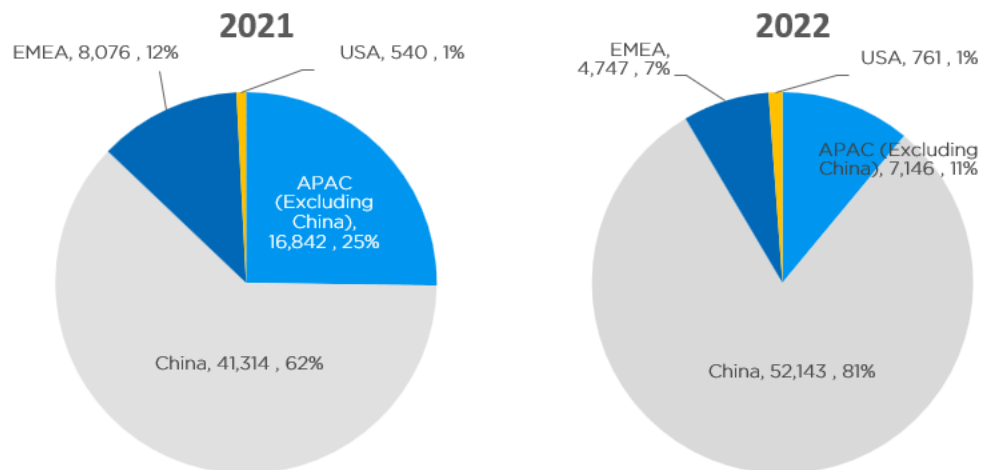
GAAP Income Statement	Three-Month Ended December 31			Twelve-Month Ended December 31		
	2021	2022	YoY(%)	2021	2022	YoY (%)
Revenue	66,772	64,797	-3%	151,976	204,495	35%
Cost of revenues	(65,619)	(62,571)	-5%	(194,719)	(195,422)	-
Gross Profit	1,153	2,226	93%	(42,743)	9,073	121%
Gross Margin	1.7%	3.4%	99%	-28.1%	4.4%	116%
Selling and marketing expenses	(7,189)	(5,242)	-27%	(21,431)	(22,611)	6%
General and administrative	(33,822)	(21,551)	-36%	(101,632)	(104,572)	3%
Research and development expenses	(11,186)	(10,498)	-6%	(34,385)	(43,508)	27%
Operating expense	(52,197)	(37,291)	-29%	(157,448)	(170,691)	8%
Subsidy Income	3,451	439	-87%	6,127	1,672	-73%
Operating loss	(47,593)	(34,626)	-27%	(194,064)	(159,946)	-18%
Loss on changes in fair value of convertible notes	-	-	-	(9,861)	-	-100%
Change in fair value of warrant liability	1,356	58	-96%	2,469	979	-60%
Others	(726)	903	-224%	(5,027)	800	-116%
Loss before income tax	(46,963)	(33,665)	-28%	(206,483)	(158,167)	-23%
Income tax	324	(33)	-110%	-	(33)	100%
Net loss	(46,639)	(33,698)	-28%	(206,483)	(158,200)	-23%

2022 Adjusted Financials Non-GAAP (USD'000)

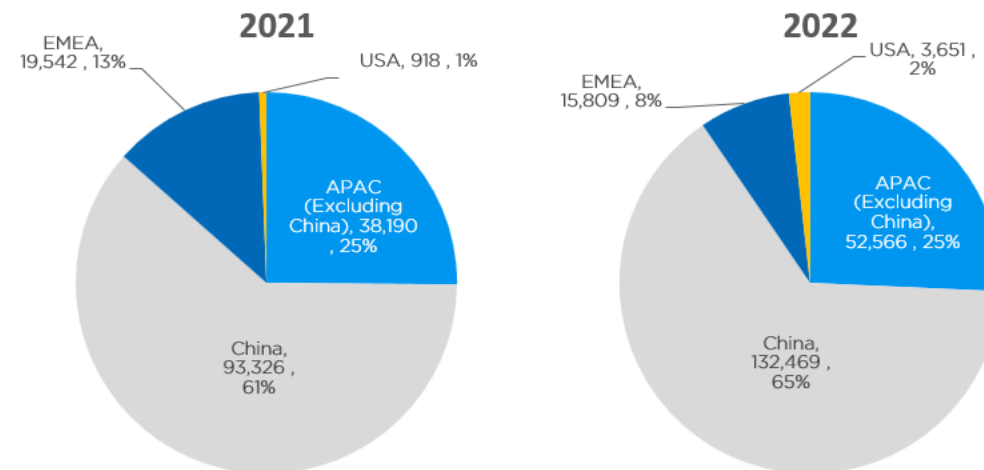
	Three-Month Ended December 31		Twelve-Month Ended December 31		Cost of Sales Adjustments				
	2021	2022	2021	2022	Three-Month Ended December 31		Twelve-Month Ended December 31		
	2021	2022	2021	2022	2021	2022	2021	2022	
Revenue	66,772	64,797	151,976	204,495					
Adjusted Cost of sales (non-GAAP)	(63,641)	(60,639)	(190,457)	(187,745)	Non-Cash Settled SBC	1,978	1,932	4,262	7,677
Adjusted gross (loss) / profit (non-GAAP)	3,131	4,158	(38,481)	16,750					
Adjusted gross margin (non-GAAP)	4.7%	6.4%	-25.3%	8.2%					
					Operating Expense Adjustments				
					Three-Month Ended December 31		Twelve-Month Ended December 31		
	2021	2022	2021	2022	2021	2022	2021	2022	
Adjusted Operating Expense	(39,594)	(21,356)	(97,624)	(96,462)	Non-Cash Settled SBC	12,603	15,935	59,824	74,229
Adjusted Operating Loss (non-GAAP)	(33,012)	(16,759)	(129,978)	(78,040)					
					Net Loss Adjustments				
					Three-Month Ended December 31		Twelve-Month Ended December 31		
	2021	2022	2021	2022	2021	2022	2021	2022	
Adjusted Net Loss (non-GAAP)	(33,414)	(15,889)	(135,005)	(77,273)	Fair Value Changes	(1,356)	(58)	7,392	(979)

2022 Revenue by Region (USD'000)

Q4



Jan - Dec



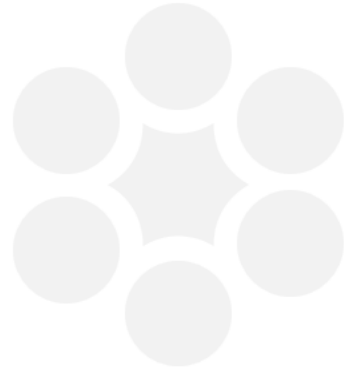
Three-Month Ended December 31

Revenue by region	2021	2022	YoY %
APAC (Excluding China)	16,842	7,146	-58%
China	41,314	52,143	26%
EMEA	8,076	4,747	-41%
USA	540	761	41%
Total	66,772	64,797	-3%

Twelve-Month Ended December 31

Revenue by region	2021	2022	YoY %
APAC (Excluding China)	38,190	52,566	38%
China	93,326	132,469	42%
EMEA	19,542	15,809	-19%
USA	918	3,651	298%
Total	151,976	204,495	35%

2022 Financial Highlights



\$327.7M

Cash position

\$410.5M

Order Backlog

\$128.7M

HpCO-53.5Ah Cell
Expansion Capex



Solid cash position -
\$327.7M cash
(includes short-term
investment)



Record backlog of
\$410.5M - underpins
high growth forecast,
HpCO-53.5Ah cell rapid
adoption across
CV and ESS



Expansion CAPEX of
\$128.7M, supporting ongoing
4GWh capacity expansions
for HpCO-53.5Ah, Adds c.
\$1BN new revenue potential



U.S. footprint is
expanding; growing asset
base, to support ESS and CV
business, remains unlevered

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OUTLOOK



2023 Outlook

Strong Backlog & Technology Supports Multi-Year High Growth Phase

65%-75% revenue growth from 2022-2023 >>> **\$410.5M 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 unmatched technical performance

Clarksville, TN location benefits from IRA at \$45/KWh on its domestic battery cell and module production.

2GWh=\$90M IRA potential p.a.

Anticipate significant uptick in orders and backlog

supported by new commercial vehicle and energy storage projects



New **2GWh**

Cell and module facility in Huzhou will begin deliveries in Q1

New **2GWh**

U.S. cell and module facility in Clarksville, TN will be online in Q4

Exit 2023 New Capacity **4GWh = \$1BN** ANNUAL REVENUE POTENTIAL

And a 10m sqm pilot line for polyaramid separator

On the path to achieve profitability within the next 2-3 years.

