

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2024

OR

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: 001-38826

Microvast Holdings, Inc.
(Exact name of registrant as specified in its charter)

Delaware

83-2530757

(State or other jurisdiction of
incorporation or organization)

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

12603 Southwest Freeway, Suite 300
Stafford, Texas

77477

(Address of principal executive office)

(Zip Code)

(281) 491-9505

(Registrant's telephone number, including area code)

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, par value \$0.0001 per share	MVST	The Nasdaq Stock Market LLC
Redeemable warrants, exercisable for shares of common stock at an exercise price of \$11.50 per share	MVSTW	The Nasdaq Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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 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	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

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

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

The aggregate market value of the common voting stock held by non-affiliates of the registrant as of June 30, 2024, based on the closing price on that date of \$0.456, was \$104.1 million.

As of March 24, 2025, the registrant had 325,209,085 shares of the Company's common stock, par value \$0.0001, issued and outstanding.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This annual report on Form 10-K (the “Annual Report”) 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 our future results of operations and financial position, our operational performance, our anticipated growth and business strategy, our future capital expenditures and debt service obligations, the projected costs, prospects and plans and objectives of management for future operations, including regarding expected growth and demand for our batteries and energy storage solutions and introduction of new batteries and energy storage solutions, the adoption of such offerings by customers, our expectations relating to backlog, pipeline and contracted backlog, our ability to implement our remediation plan in connection with the material weakness in our internal control over financial reporting, current expectations relating to legal proceedings and anticipated impacts and benefits from the Inflation Reduction Act of 2022 as well as any other proposed or recently enacted legislation. In some cases, you may also identify forward-looking statements by words such as “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “might,” “objective,” “plan,” “project,” “predict,” “outlook” “should,” “will,” “would,” or the negative of these terms, or other comparable terminology intended to identify statements about the future. Such forward-looking statements are based upon the current beliefs and expectations of 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.

In addition to factors identified elsewhere in this Annual Report, the following factors, among others, could cause actual results and the timing of events to differ materially from the anticipated results or other expectations expressed in the forward-looking statements:

- our ability to remain a going concern;
- risk that we may not be able to execute our growth strategies or achieve profitability;
- risk that we may be unable to meet our future capital requirements and we may require additional capital to support our business growth, and this capital might not be available on acceptable terms, or at all;
- potential difficulties in maintaining manufacturing capacity and establishing expected mass manufacturing capacity in the future;
- risks relating to delays, disruptions and quality control problems in our manufacturing operations;
- restrictions in our existing and any future credit facilities;
- risks of operations in China;
- the effects of mechanics liens filed by contractors that we do not have sufficient funds to pay;
- the effects of existing and future litigation;
- changes in general economic conditions, including increases in interest rates and associated Federal Reserve policies, a potential economic recession, and the impact of inflation on our business;
- changes in the highly competitive market in which we compete, including with respect to our competitive landscape, technology evolution or regulatory changes;
- changes in availability and price of raw materials;
- labor relations, including the ability to attract, hire and retain key employees and contract personnel;
- heightened awareness of environmental issues and concern about global warming and climate change;
- risk that we are unable to secure or protect our intellectual property;

- risk that our customers or third-party suppliers are unable to meet their obligations fully or in a timely manner;
- risks related to possible future reductions in pricing or order volume or loss of one or more of our significant customers;
- risks relating to our status as a relatively low-volume purchaser as well as from supplier concentration and limited supplier capacity;
- risk that our customers will adjust, cancel or suspend their orders for our products;
- risks relating to our ability to attract new customers and retain existing customers;
- risks related to our lengthy sales cycle for our products;
- risk of product liability or regulatory lawsuits or proceedings relating to our products or services;
- our ability to maintain and enhance our reputation and brand recognition;
- the effectiveness of our information technology and operational technology systems and practices to detect and defend against evolving cyberattacks;
- changing laws regarding cybersecurity and data privacy, and any cybersecurity threat or event;
- the effects and associated cost of compliance with existing and future laws and governmental regulations, such as the IRA;
- risks relating to whether renewable energy technologies are suitable for widespread adoption or if sufficient demand for our offerings does not develop or takes longer to develop than we anticipate;
- economic, financial and other impacts such as a pandemic, including global supply chain disruptions; and
- the impacts of geopolitical events, including the ongoing conflicts between Russia and Ukraine and in the Middle East.

Actual results, performance or achievements may differ materially, and potentially adversely, from any forward-looking statements and the assumptions on which those forward-looking statements are based. There can be no assurance that the data contained herein is reflective of future performance to any degree. You are cautioned not to place undue reliance on forward-looking statements as a predictor of future performance as forward-looking statements are based on estimates and assumptions that are inherently subject to various significant risks, uncertainties and other factors, many of which are beyond our control.

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 hereof except as may be required under applicable securities laws. Forecasts and estimates regarding our 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.

All references to the “Company,” “we,” “us” or “our” refer to Microvast Holdings, Inc. and its consolidated subsidiaries other than certain historical information which refers to the business of Microvast prior to the consummation of the Business Combination.

GLOSSARY

Industry Specific Defined Terms

- “Ah” refers to ampere hour;
- “°C” refers to degrees measured in Celsius;
- “BMS” refers to the battery management system;
- “ESS” refers to utility-scale energy storage systems;
- “EV” refers to an electric vehicle;
- “FCG” refers to the full concentration gradient;
- “GHG” refers to greenhouse gas;
- “GWh” refers to gigawatt hours;
- “KWh” refers to kilowatt-hour;
- “LFP” refers to lithium iron phosphate;
- “LTO” refers to lithium titanate oxide;
- “MWh” refers to megawatt hours;
- “NMC” refers to nickel manganese cobalt-based products generally;
- “NMC-1” refers to nickel manganese cobalt version 1;
- “NMC-2” refers to nickel manganese cobalt version 2;
- “OEMs” refers to original equipment manufacturers;
- “Wh/l” refers to watt hours per liter; and
- “Wh/kg” refers to watt hours per kilogram.

General Defined Terms

- "2012 Plan" refers to the Microvast Holdings, Inc. 2012 Share Incentive Plan;
- “2021 Plan” refers to the Microvast Holdings, Inc. 2021 Equity Incentive Plan;
- "2022 Facility Agreement" refers to the loan facilities agreement entered into with a group of lenders led by a bank in China;
- "2024 Director Compensation Policy" refers to the non-employee director compensation policy adopted by the Board on March 30, 2024;
- "2024 LTI" refers to the 2024 long-term incentive awards approved pursuant to the 2021 Plan;
- "AAA" refers to the American Arbitration Association;
- “Annual Report” refers to this annual report for the year ended December 31, 2024 filed on Form 10-K;
- “Annual RSUs” refers to an annual award of restricted stock units;
- "ASC" refers to Accounting Standards Codifications;

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- "ASC 360" refers to the ASC titled "Property, Plant and Equipment";
- "ASC 805" refers to the ASC titled "Business Combinations";
- "ASU" refers to Accounting Standards Updates;
- "ASU 2023-07" refers to the ASU titled "Improvements to Reportable Segment Disclosures";
- "ASU 2023-09" refers to the ASU titled "Improvements to Income Tax Disclosures";
- "Aurora" refers to Aurora Sheen Limited;
- "Board" refers to the board of directors of Microvast Holdings, Inc.;
- "Business Combination" refers to the business combination pursuant to the Agreement and Plan of Merger dated February 1, 2021, between Tuscan, Microvast, Inc. and TSCN Merger Sub Inc.;
- "CAC" refers to the Cyberspace Administration of China;
- "CAP" refers to compensation actually paid;
- "CDH Investment" refers to CDH Investment Management Company Limited;
- "CEO" refers to our chief executive officer;
- "CII" refers to critical information infrastructure;
- "Circular 43" refers to the CSRC release titled "Trial Measures for the Administration of Overseas Issuance and Listing of Securities by Domestic Enterprises";
- "Clarksville Property" refers to our property in Clarksville, Tennessee;
- "Closing Date" refers to July 23, 2021, the date of the merger between Microvast, Inc. and Tuscan;
- "CODM" refers to the Chief Operating Decision Makers of the Group;
- "Company" refers to Microvast Holdings, Inc. and its subsidiaries;
- "Consolidated Derivative Action" refers to the litigation captioned *In re Microvast Holdings, Inc. Derivative Litigation*, Lead Case No. 4:24-cv-00372 (S.D. Tex.);
- "COVID-19" refers to the coronavirus pandemic;
- "CRO" refers to the PRC's Cybersecurity Review Office;
- "CSRC" refers to the China Securities Regulatory Commission;
- "CRSU Modification" refers to the 2022 modification of the CRSUs under the 2021 Plan from cash settlement to share settlement;
- "CRSUs" refers to capped non-vested share units;
- "DGCL" refers to Delaware General Corporation Law;
- "Dinghui Equity" refers to Dinghui Equity Investment Management (Tianjin) Company Limited;
- "DOE" refers to the U.S. Department of Energy;
- "DOT" refers to the U.S. Department of Transportation;
- "EarlyBird Capital" refers to EarlyBird Capital, Inc.;

- "EGC" refers to an Emerging Growth Company, as defined under the JOBS Act;
- "EIT Law" refers to the PRC's Enterprise Income Tax law;
- "Elective RSUs" refers to RSUs that may be granted to non-employee directors, other than Mr. Zheng, in lieu of their annual cash retainer and/or committee chair retainer;
- "Employment Agreement" refers to the written employee arrangement between the Company and Mr. Yang Wu;
- "EPA" refers to the U.S. Environmental Protection Agency;
- "E.U." refers to the European Union;
- "Elective RSUs" refers to non-employee directors annual cash retainer;
- "Escrow Agent" refers to Continental Stock Transfer & Trust Company as escrow agent;
- "Escrow Agreement" refers to the Escrow Agreement between Tuscan, the Company, Continental Stock Transfer & Trust Company and the Tuscan Group;
- "Evergreen" refers to Evergreen Ever Limited;
- "Exchange Act" refers to the Securities Exchange Act of 1934, as amended;
- "FASB Topic 718" refers to the Financial Account Standards Board ASC Topic 718, Compensation—Stock Compensation";
- "FCPA" refers to the Foreign Corrupt Practices Act;
- "FERC" refers to the Federal Energy Regulatory Commission;
- "financial statements" refers to the Company's related consolidated statements of operations, comprehensive loss, changes in shareholders' equity, and cash flows, for each of the three years in the period ended December 31, 2024, and the related notes and the schedule listed in Schedule I of this Annual Report on Form 10-K;
- "First Amendment" refers to the First Amendment to the Loan Agreement entered into on March 17, 2025;
- "First Earn-Out Target" refers to the date on which the last sale price of our common stock equals or exceeds \$12.00 per share for any 20 trading days within any 30-trading day period following the closing of the Business Combination;
- "Founders" refers to Stefan M. Selig, Richard O. Rieger, Amy Butte and Tuscan Holdings Acquisition LLC;
- "Founder Shares" refers to the 6,900,000 founder shares purchased by the Tuscan Group for a purchase price of \$25,000 in connection with the IPO;
- "G&A" refers to general and administrative;
- "U.S. GAAP" refers to U.S. Generally Accepted Accounting Principles;
- "GITC" refers to information technology general controls;
- "Griffin Holdings" refers to CDH Griffin Holdings Company Limited;
- "HFCAA" refers to the Holding Foreign Companies Accountable Act of 2020;
- "HF Holdings" refers to CDH China HF Holdings Company Limited;
- "HMR" refers to the DOT's Hazardous Materials Regulations;
- "Hongwei" refers to our majority-owned subsidiary, Huzhou Hongwei New Energy Automobile Co., incorporated in Huzhou, PRC;

- "IATA" refers to the International Air Transport Association;
- "ICAO" refers to the International Civil Aviation Organization;
- "ICE" refers to an internal combustion engine;
- "Investment Committee" refers to the members of the investment committee of New Trend;
- "IPO" refers to Tuscan Holdings Corp.'s initial public offering;
- "IRA" refers to the Inflation Reduction Act of 2022;
- "IR Committee" refers to the investment and risk committee of Evergreen and Aurora;
- "JOBS Act" refers to the Jumpstart Our Business Startups Act of 2012;
- "Loan Agreement" refers to the convertible loan agreement between the Company and Mr. Yang Wu;
- "Merger" refers to the business combination pursuant to the Agreement and Plan of Merger dated February 1, 2021, between Tuscan, Microvast, Inc. and TSCN Merger Sub Inc.;
- "Merger Agreement" refers to the Agreement and Plan of Merger dated February 1, 2021, between Tuscan, Microvast, Inc. and TSCN Merger Sub Inc.;
- "MV Energy" refers to our energy division incorporated in Colorado and headquartered in Tennessee, that designs, develops and manufactures battery energy storage systems;
- "MV GmbH" refers to Microvast GmbH, our majority-owned subsidiary incorporated in Germany;
- "MPS" refers to Microvast Power Systems Co. Ltd., our majority-owned subsidiary incorporated in Huzhou, China;
- "MP Solutions" refers to Microvast Power Solutions, Inc., our majority-owned subsidiary incorporated in Texas, U.S.
- "MPW" refers to Microvast Precision Works Co., Ltd;
- "NASDAQ" refers to the NASDAQ stock exchange;
- "NEOs" refers to our named executive officers for the year ended December 31, 2024 as defined by the Securities Act;
- "New Trend" refers to Hangzhou CDH New Trend Equity Investment Partnership (Limited Partnership);
- "NHTE" refers to a New and High Tech Enterprise, as defined under PRC law;
- "Non-PEO NEOs" refers to non-PEO named executive officers;
- "notes" refers to bank acceptance notes;
- "NPDES" refers to the EPA's National Pollutant Discharge Elimination System;
- "OFAC" refers to the U.S. Department of Treasury's Office of Foreign Assets Control;
- "OSHA" refers to the U.S. Occupational Safety and Health Administration;
- "OTTI" refers to an other-than-temporary-impairment, in the context of short-term held-to-maturity investments;
- "PCAOB" refers to the Public Company Accounting Oversight Board;
- "PEO" refers to our principal executive officer;

- "PHMSA" refers to the U.S. DOT's Pipeline and Hazardous Materials Safety Administration;
- "Piccadilly" refers to Piccadilly, L.P.;
- "PIK" refers to paid in kind;
- "Pound" refers to the Great British Pound;
- "PRC" refers to the People's Republic of China;
- "Private Warrants" refer to the private placement warrants issued to the Sponsor and EarlyBird Capital;
- "PSUs" refers to performance stock units;
- "Public Warrants" refers to the publicly-traded warrants issued in connection with Tuscan's IPO;
- "PURPA" refers to the Public Utility Regulatory Policies Act;
- "R&D" refers to research and development;
- "RMB" refers to Renminbi;
- "RSUs" refers to restricted stock units;
- "SEC" refers to the U.S. Securities and Exchange Commission;
- "Second Earn-Out Target" refers to the date on which the last sale price of our common stock equals or exceeds \$15.00 per share for any 20 trading days within any 30-trading day period following the closing of the Business Combination;
- "Securities Act" refers to the Securities Act of 1933, as amended;
- "Schelling Action" refers to the litigation captioned *Schelling v. Microvast Holdings, Inc.*, Case No. 4:23-cv-04565 (S.D. Tex.) (filed Dec. 5, 2023);
- "SCT" refers to the summary compensation table;
- "Shanghai Baifu" refers to CDH Shanghai Baifu Wealth Management Company;
- "Shanghai Dinghui" refers to Shanghai Dinghui Pingxun Investment Partnership (LLP);
- "SOFR" refers to the Secured Overnight Financing Rate;
- "Sponsor" refers to Tuscan Holdings Acquisition LLC;
- "SRC" refers to a smaller reporting company, as defined in the Exchange Act;
- "Stockholders Agreement" refers to the agreement, entered into on July 23, 2021, by and among Microvast Holdings, Inc., Tuscan Holdings Acquisition LLC and Mr. Yang Wu;
- "Stock Incentive Plan" refers to the Microvast, Inc. Stock Incentive Plan;
- "TCO" refers to the total cost of ownership;
- "TSR" refers to total stockholder return;
- "Tuscan Director" refers to Stephen Vogel as the director nominated by the Tuscan Group under the terms of the Stockholders Agreement;

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- “Tuscan” refers to Tuscan Holdings Corp, a Delaware corporation established in November 2018 for the purpose of effecting a merger, capital stock exchange, asset acquisition, stock purchase, reorganization, or similar business combination with one or more businesses;
- “Tuscan Group” refers to Stefan M. Selig, Richard O. Rieger, Amy Butte and Tuscan Holdings Acquisition LLC;
- “U.K.” refers to the United Kingdom;
- “U.S.” refers to the United States of America;
- "U.S. Dollar" refers to the United States Dollar;
- "WARN Act" refers to the U.S. Worker Adjustment and Notification Act of 1988;
- "Warrants" refers to both the Public and Private Warrants;
- “WFOE” or “wholly foreign owned enterprises” refers to a company incorporated in China and wholly-owned by one or more foreign investors; and
- “Wu Directors” refers to the directors Yang Wu has nominated under the terms of the Stockholders Agreement, which currently include Yang Wu and Arthur Wong.

PART I

ITEM 1. BUSINESS

Microvast Holdings, Inc. is an advanced battery technology company, headquartered in Stafford, Texas, and publicly traded on the NASDAQ under the ticker symbol MVST. We specialize in the design, development, and manufacturing of battery components and systems primarily for electric commercial vehicles and utility-scale energy storage systems ("ESS").

Founded in 2006, Microvast was built on a guiding principle that remains central to our mission today: to innovate lithium-ion battery designs without relying on past technologies. We call this true innovation. We started without preconceived notions of lithium-ion battery creation, unlike many companies that repurposed legacy technologies for new markets like electric vehicles – a process we consider product development rather than true innovation. To understand this difference is to understand what we have set out to achieve.

Our mission is to accelerate the global transition to electrification by delivering innovative battery solutions that support the adoption of electric vehicles and renewable energy. A key strategic focus is to be in a position to lead U.S. domestic battery production, reducing reliance on overseas suppliers, and strengthening national energy independence. We believe continuous investment in our technology and operations will deliver long-term targeted revenue and income growth.

Through a vertically integrated approach, we have developed proprietary technologies spanning the entire battery system—from the core cell materials - including cathodes, anodes, electrolytes, and separators - to cells, modules, packs, energy storage containers, thermal management systems, battery management systems, high voltage control boxes, and more. Our expertise has driven advancements in ultra-fast charging, high energy density, long lifespan, and safety—critical factors for commercial transportation and ESS applications.

We are expanding our production of battery systems and components, with an increased emphasis on ESS solutions to support the broader shift to electrification. Our goal is to become a global leader in ESS, bridging the gap between EVs and renewable energy.

One of our recent innovations is our high-energy nickel manganese cobalt ("NMC") 53.5 ampere-hour battery cell (the "53.5Ah"). We believe its advanced performance characteristics make it an optimal solution for both commercial vehicle and ESS applications. To bring this product to market, we have made substantial investments in capacity expansion in Huzhou, China, where we operate fully automated production equipment that delivers significant operational efficiencies.

In previous years, we made significant investments in our capacity expansion in Clarksville, Tennessee and by the fourth quarter of 2023 had started to install certain sections of the production line. However, progress on certain third party construction workstreams as well as taking delivery and possession of further equipment started to be impacted toward the end of the fourth quarter of 2023 due to the required funding to complete the project not being secured. Ultimately, in the second quarter of 2024, we paused construction efforts on the Clarksville development due to insufficient funding. We made a strategic decision to pivot from the originally planned production of NMC production in Clarksville, Tennessee to the 565Ah lithium iron phosphate ("LFP") battery. We also consolidated our ESS operations previously in Colorado to Clarksville, Tennessee in order to enhance operational efficiencies and speed of deliveries for our U.S. business.

In August 2024, we introduced the Mega Energizer 6 MWh ("ME6") ESS container, featuring the LFP battery. The shift toward LFP technology for the U.S. ESS market is a strategic decision. The ME6 system offers a cycle life exceeding 10,000 cycles, a lifespan of up to 30 years, compact storage capabilities (6 megawatt hours ("MWh")), and enhanced reliability through IP55, C4, and nitrogen protection features. The adoption of LFP batteries provides lower costs, greater safety, and environmental benefits compared to NMC technology, further supporting our sustainability goals. Although construction progress has been negatively impacted by funding constraints, our goal is that our Clarksville, Tennessee facility will be our major production facility for LFP cells once financing is secured and the facility is completed.

In January 2025, we announced what we believe is a major breakthrough in solid-state battery technology. This innovation represents a paradigm shift, delivering higher energy density for extended range and improved efficiency, enhanced safety by eliminating risks associated with thermal runaway, and faster charging capabilities with an extended cycle life. We plan to make substantial investments in research and development ("R&D") to accelerate commercialization, with applications spanning EVs, grid storage, and high-performance energy systems.

For the year ended December 31, 2024, our revenue increased by \$73.2 million, reaching \$379.8 million, a 24% year-over-year increase. Additionally, our order backlog stood at \$401.3 million, with the majority of these orders expected to be fulfilled in 2025 and 2026. As we continue to expand production capacity and advance next-generation battery technologies, we remain committed to driving electrification, fostering innovation, and supporting long-term sustainable growth.

We remain committed to driving battery innovation, scaling global production, and delivering high-performance sustainable energy solutions that power the future of mobility and energy storage.

Our Applications

We are focusing on electrification with battery technologies designed to revolutionize three core sectors: electric commercial vehicles, ESS, and battery components. Our solutions empower industries to transition to cleaner, more efficient power sources, unlocking new levels of performance, longevity, and cost efficiency.

Electric Commercial Vehicles

We design, develop, and manufacture high-performance battery solutions for light, medium, and heavy-duty trucks, buses, trains, mining trucks, marine and port vehicles, automated guided vehicles, and specialty vehicles. Our advanced lithium-ion battery systems integrate ultra-fast charging, high energy density, extended lifespan, and industry-exceeding safety standards.

Our battery technology enables rapid charging from 10% to 80% in just 10 to 30 minutes, significantly reducing vehicle downtime. This ultra-fast charging capability is critical for industries requiring continuous fleet operation, such as logistics, ports, warehouses, and mass transit systems, where substantial downtime is not an option.

Microvast batteries are engineered to align with the full operational lifespan of commercial vehicles, eliminating the need for mid-cycle battery replacements. Our batteries are engineered for high durability and longevity, with performance validated for extended service life in the field. Our advanced cell chemistry and proprietary thermal management allow for a greater lifespan than many other competing products, which typically have a lifespan of five to six years.

The extended lifecycle of Microvast battery solutions translates into lower long-term costs for fleet operators, reducing the frequency of battery replacements and minimizing total system expenditures. This advantage is particularly significant in applications where high energy throughput and continuous operation are required, such as public transportation, heavy-duty trucking, and port electrification.

Fleet operators prioritize total cost of ownership ("TCO") metrics when evaluating battery solutions as an alternative to internal combustion engines ("ICEs"). Our combination of ultra-fast charging, extended cycle life, and high energy density provides a significant TCO advantage compared to traditional batteries, ensuring cost efficiency over the vehicle's lifetime.

By reducing charging downtime, replacement cycles, and overall maintenance costs, Microvast batteries enable fleet operators to achieve a lower cost per mile compared to both ICE vehicles and traditional lithium-ion battery solutions. This financial advantage makes Microvast battery systems a strategic long-term investment for commercial fleets transitioning to electrification.

We develop our own BMS technology in-house, ensuring that we control design and can make efforts to optimize battery performance, safety, and longevity. The latest BMS 5.0 platform meets ISO 26262 functional safety and ISO 21434 cybersecurity standards, integrating digital twin technology to better optimize battery for real-time monitoring and predictive diagnostics.

This technology enhances operational efficiency by:

- Optimizing battery performance through advanced cell balancing algorithms
- Identifying and addressing safety risks, including thermal runaway detection and mitigation
- Providing predictive analytics to extend battery lifespan and minimize unplanned downtime

Expanding Market Presence

The market potential for electric commercial vehicles is significant because the global transportation sector is the second largest emitter of greenhouse gases (“GHGs”), with commercial vehicles accounting for approximately one third of these emissions. This EV opportunity encompasses a large variety of vehicles, including buses, light commercial vans, light, medium and heavy duty trucks, mining equipment, port equipment and specialty vehicles. Microvast technologies are in operation in all of these vehicle types across Asia & Pacific, India, Europe, and North America.

The key benefits of our technologies are being recognized by leading commercial vehicle original equipment manufacturers (“OEMs”). Building upon the Industrial and Commercial Cooperation Agreement we entered into with Iveco Group N.V. in 2019, we are benefiting from the successful deployment of their light commercial vehicles (IVECO eDaily, which launched in fourth quarter of 2022) and also certain bus platforms, such as the Iveco Citybus, Intercity, Crossway, and others which have been presented for multiple tenders since 2022 using our battery technologies.

Additionally, we are collaborating with large OEMs such as BAIC Truck Co., Ltd., Higer Bus Co., Ltd., JBM Electric Vehicles Private Ltd. and Ashok Leyland Ltd. In the port equipment sector, we continue to supply to Kalmar Corp. (one of the world's leading OEMs in this segment), based on our existing long-term partnership agreement which is scheduled to run until 2026. Additionally, we are working on strengthening our position in the market for terminal tractors by serving customers like Trepel Airport Equipment GmbH. We remain engaged with mining truck OEMs such as Xuzhou Construction Machinery Group Co., Ltd., Lingong Heavy Machinery Co., Ltd. and others.

We have identified the marine market as an additional application for our battery systems. On June 27, 2024, Microvast announced a strategic partnership with Evoy AS (“Evoy”) to electrify small leisure boats marking our entry into the marine segment in Europe. Evoy will be integrating Microvast MV-I high-power battery packs into their leisure boat product line. The MV-I battery pack offers a range of environmental and technical benefits such as fast responsive torque for quick acceleration. The self-contained, integrated cooling plate of the MV-I battery pack offers enhanced safety and reliability in boat applications. Microvast-powered marine motors will provide an exhaust and fuel free power solution that reduces noise, air, and water pollution. The MV-I battery pack combines a lightweight design with innovative lithium-ion technology, increasing energy density by up to 180 Wh/kg. This groundbreaking design maintains the robustness required for boat applications, supporting high-performance electric boating. In addition to the marine market, we believe the railway market also presents potential attractive possibilities for our technologies which we are actively pursuing.

Microvast’s breakthroughs in ultra-fast charging, battery lifespan, TCO efficiency and BMS innovation solidify its potential as a key player in commercial fleet electrification. As global regulations push toward zero-emission transport, our proprietary battery solutions provide a distinct competitive edge, ensuring high performance, reliability and long-term cost savings for fleet operators and OEM partners worldwide.

Utility-Scale ESS

The transition to zero-emission commercial vehicles is most impactful when paired with clean, reliable energy sources. Renewable energy, such as solar and wind, requires robust storage solutions to ensure consistent availability, making energy storage a cornerstone of electrification and grid stability.

In October 2022, we announced the development of our new ESS battery solution. Our ESS solution captures excess energy from renewable sources and dispatches it to the grid during peak demand periods, a process known as energy shifting. Designed for high performance and efficiency, our ESS container incorporates our high-energy 53.5Ah NMC cell technology, offering an energy density of 235 Wh/kg to maximize efficiency and reliability.

On August 8, 2024, we unveiled the latest ESS product, the high energy density ME6 system and the latest product in our extensive battery solutions portfolio, the 565Ah LFP battery. Unlike our ultra-high performance NMC batteries which are produced to meet the demands of our commercial vehicle customers, our new 565Ah LFP batteries are specifically tailored to the unique demands of ESS customers, providing superior long-term performance, cost efficiency and reliability.

Our Clarksville, Tennessee facility, initially planned as a key U.S. manufacturing hub, remains incomplete due to the need for additional funding. These funding challenges have delayed our plans for domestic cell and module manufacturing, requiring us to leverage production capacity at our Huzhou, China facility to fulfill existing commitments. Despite these challenges, we remain committed to U.S. manufacturing expansion and continue to seek financing to complete the Clarksville facility.

We believe that the global energy storage market is poised for rapid expansion. In 2024, global energy storage installations surged to 169 gigawatt hours ("GWh"), marking a 76% increase from the previous year. Industry forecasts project further expansion, with a CAGR of 21%, reaching 137 GW/442 GWh by 2030. The U.S. and China are expected to lead this growth, with U.S. energy storage capacity projected to increase from 30 GWh in 2023 to approximately 450 GWh by 2030. A significant portion of this growth is projected to go towards energy-shifting applications, aligning with our expertise and market focus.

Battery Components

As a vertically integrated battery company, Microvast develops and owns proprietary intellectual property and know-how relating to the design, development, and manufacture of the four critical components of lithium-ion batteries: cathode, anode, electrolyte, and separator. This vertical integration allows us to use these components in our products and market the individual components to other lithium-ion battery manufacturers.

Our latest advancements in cathode and separator technology represent major breakthroughs in battery performance and safety. We believe that our FCG Cathode (as defined below) and polyaramid separator technologies are industry-leading innovations that provide higher energy density, enhanced safety and longer battery lifespan compared to conventional materials.

Our Technologies

Since 2008, our research and development efforts have been dedicated to pioneering cutting-edge battery technologies that offer ultra-fast charging, extended lifespan, high energy density and enhanced safety. Our commitment to innovation has positioned us as a leader in the development of next-generation lithium-ion batteries. Below are key highlights from our technology portfolio:

Battery Cell Materials

- **Polyaramid Separator:** Our proprietary polyaramid separator provides safety and durability, offering superior thermal stability and mechanical strength compared to traditional polyethylene or polypropylene separators. Made from polyaramid, the same high-performance material used in bulletproof vests, it provides exceptional chemical, electrochemical, and thermal resistance, is intended to ensure long-term reliability. Unlike conventional separators that melt at 138°C (280°F), our polyaramid separator maintains its structural integrity at temperatures up to 300°C (572°F), significantly enhancing battery safety. Additionally, it is intrinsically non-flammable, reducing the risk of thermal runaway, a critical factor in improving lithium-ion battery performance and reliability.
- **Lithium Titanate Oxide ("LTO") Powder:** Our LTO powder enhances high-power operation, making it ideal for ultra-fast charging applications. Unlike traditional anode materials, LTO is inherently stable with conventional lithium-ion electrolytes, offering superior safety and longevity when compared to traditional graphite anodes.
- **Full Concentration Gradient ("FCG") Cathode:** Licensed from Argonne National Laboratory in 2017, our FCG cathode technology is now produced with flexible and cost-effective manufacturing techniques, significantly improving affordability compared to standard NMC materials. We have found that by controlling the concentration of metals within each particle, we enhance battery safety and performance. Additionally, the cobalt content is reduced to less than 2% by weight, significantly lowering material costs while addressing the environmental and ethical concerns associated with cobalt mining. This versatile cathode can be customized for specific end-use applications, making it well-suited for ultra-fast charging and cost-efficient advanced lithium-ion cells. Additionally, this technology is especially well suited going forward for the development of materials that significantly reduce or eliminate cobalt.
- **Electrolyte Formulation:** Our proprietary electrolyte formulation significantly reduces the risk of lithium-ion cell fires. Reducing the flammability of lithium-ion cells is an important safety feature that we believe will become more valued as the industry shifts toward higher energy density batteries.

Cell Chemistries

- **Lithium Titanate Oxide ("LTO"):** LTO replaces traditional graphite anodes, significantly enhancing safety and fast-charging capabilities while maintaining a longer lifespan. Although it has slightly lower energy density, our LTO cells last up to 20 times longer than standard lithium-ion cells. They also mitigate cell gassing, a major factor in battery degradation, ensuring greater durability.

- Nickel Manganese Cobalt Oxide ("NMC"): For applications demanding higher energy density, our NMC-based cells excel in long-term cycle performance, sustaining thousands of charge cycles before significant degradation occurs. Our expertise in cathode and separator technology, enabled by our vertical integration, ensures that our NMC cells offer a lower total cost of ownership and enhanced safety compared to competitors. Third-party evaluations from U.S. National Labs and Technischer Überwachungsverein ("TÜV") have validated our performance claims. Our latest high-energy 53.5Ah cell exemplifies our advancements in NMC technology.
- Lithium Iron Phosphate ("LFP"): LFP is one of the safest and most cost-effective cathode materials, widely used in ESS and commercial vehicle applications. While LFP uses higher lithium quantities than NMC, its lower-cost raw materials contribute to its affordability.
- Solid-State Battery Development: Since 2015, we have been developing a 100% solid-state battery technology that eliminates the need for liquid electrolytes. This breakthrough approach replaces conventional designs with a fully solid framework, enhancing safety, energy density and longevity. Our dedicated R&D team has secured over 20 patents in the process and announcing what we believe is a major breakthrough in the development of all solid-state battery technology in January 2025. Currently, the energy density of the cell reaches 320 Wh/kg, and in bench scale validation.

Key Benefits of our Technology and Applications

Our advanced battery technologies and systems provide what we believe to be numerous advantages, ensuring high performance, safety and cost efficiency of our batteries across a wide range of applications.

Tailored Battery Solutions

Our research in lithium-ion battery technology has enabled us to develop and commercialize a diverse range of cell chemistries, including LTO, LFP, NMC-1 and NMC-2. This broad portfolio allows us to customize solutions to meet specific customer requirements. By integrating their preferred chemistry into our modules and packs, we optimize the performance of each of our battery systems.

Microvast has developed and commercialized multiple cell chemistries, including LTO, LFP, NMC-1 and NMC-2, enabling customized battery solutions. By integrating the preferred chemistry into our modules and packs, we optimize performance for each application.

We serve a diverse range of commercial vehicle markets, including:

- Light, medium and heavy-duty trucks.
- Buses and trains.
- Mining trucks, port vehicles and leisure boats.
- Automated guided vehicles and specialty vehicles.

Additionally, we provide BMS and installation support, enhancing safety, optimizing thermal control and extending system lifespan.

Ultra-Fast Charging Capability

Depending on battery chemistry, Microvast's battery solutions achieve a full charge in as little as 10 to 30 minutes, far exceeding conventional systems.

- LTO cells: Fully charge within 10 minutes, offering an energy density of up to 180 watt-hours per liter ("Wh/L") and 95 watt-hours per kilogram ("Wh/kg").
- NMC-2 products: Fully charge within 30 minutes, providing an energy density of over 220 Wh/kg.

Ultra-fast charging is a critical differentiator for our commercial vehicle solutions, while higher energy density cells are particularly beneficial for both electric commercial vehicles and ESS customers.

Long Battery Lifespan

Our battery systems last between 2,500 to 20,000 full charge cycles, ensuring they match the lifespan of vehicles and energy storage projects. LTO batteries retain 90% of their initial capacity after 10,300 full charge/discharge cycles, as validated by the Warwick Manufacturing Group at the University of Warwick.

Enhanced Safety and Reliability

Built on over a decade of research, our battery technologies deliver higher safety margins than conventional lithium-ion systems.

- LTO batteries offer exceptional thermal stability and operate across a wide temperature range, minimizing fire risks.
- High-energy applications utilize our polyaramid separator, non-flammable electrolyte and FCG cathode, further improving safety and durability.

Our Strategies

Our strategic objective is to generate long-term value for stakeholders, focusing on:

- *Expanding our ESS and electric commercial vehicle solutions.* We are committed to scaling our ESS and electric commercial vehicle battery solutions to meet the growing demand for clean and renewable energy sources. Our strategy includes leveraging our proprietary technologies to gain market share, support global decarbonization efforts and drive climate change mitigation. To date, we have primarily supplied our battery solutions to OEMs for use in electric commercial vehicles and specialty vehicles. We are continuously advancing our battery technologies to improve performance, efficiency and reliability in commercial applications. The energy storage market presents significant growth potential, with increasing demand for grid stabilization, renewable energy storage and frequency regulation. We are focusing on the development and deployment of our ESS container utilizing our 565Ah cell technology to strengthen our presence in the utility-scale ESS sector.
- *Continue our focus on U.S. and European Operations.* Historically, demand for electric commercial vehicle batteries was concentrated in the Asia & Pacific regions. As customer demand for our products and services grew in Europe and the U.S., we have expanded to meet these growth opportunities for our battery technologies. However, in 2024, Microvast intensified efforts to expand its footprint in the U.S. and Europe to capitalize on favorable policies such as the Inflation Reduction Act (IRA) in the U.S. and the European Union's Green Deal and Fit for 55 initiatives. In 2021, Microvast opened a 170,000-square-foot module and pack manufacturing facility near Berlin, Germany. In 2024, we consolidated our ESS operations into our Clarksville, Tennessee facility. In Florida, we continue to maintain our R&D center focusing on advanced technologies.

While prioritizing growth in the European and U.S. markets, we continue to invest in our operations in Asia-Pacific to capitalize on regional growth opportunities. This ensures a balanced global strategy while maintaining strong partnerships with OEMs in high-demand markets.

- *Improve Performance to Reduce Total Cost of Ownership ("TCO").* For commercial EV and ESS customers, TCO is an important criterion. To remain competitive, Microvast is committed to:
 - Investing in R&D to continuously improve battery technology and lower costs.
 - Developing new battery cells and modules with higher energy densities to enhance efficiency.
 - Integrating advanced materials and next-generation designs to optimize performance, durability and cost-effectiveness.
 - Strengthening our focus on material innovation, ensuring that improvements in base components translate to benefits across all battery solutions—including ESS systems and battery components.
- *Expand our manufacturing capacity to meet growing demand.* To support expanding global demand for EVs and ESS solutions, Microvast is strategically planning to increase its production capacity across the U.S., Europe and China. As of December 31, 2024, our total annual manufacturing capacity stands at approximately 3.5 GWh. We plan to add an additional 2 GWh of capacity annually with a future capability to produce both current and upcoming advanced cells such as HpCO-53.5Ah and HPCo-55Ah by the fourth quarter of 2025 to supporting growing demand for our existing products. Pending securing additional financing to complete expansion on our facility in Clarksville, Tennessee, we will be able to add up to 4GWh of new capacity.

Manufacturing Capacity

We measure our manufacturing capacity in GWh, which represents the energy capacity of all batteries produced for a single complete discharge, rather than the number of batteries we produce per year.

As of December 31, 2024, we had an annual manufacturing capacity of approximately 3.5 GWh cell, module and pack capacity, 600 tons per year of cathode capacity, 3,000 tons of electrolyte capacity and 5 million square meters of separator material capacity on a pilot line. All of this capacity currently originates from our Huzhou, China facility.

In Europe, we have a 170,000-square-foot module and pack manufacturing facility near Berlin, Germany which has been in production since 2021. We will continue to review investing in European manufacturing capacity to comply with new E.U. regulations and in order to meet the anticipated increased demand for battery-operated solutions due to "green" policies.

In 2021, we purchased an existing building in Clarksville, Tennessee and began renovating it to support up to 2 GWh of cell, module and pack capacity, which we initially expected to be in production by the third quarter of 2023. Due to delays in securing additional financing, progress of this project started to be impacted towards the end of the fourth quarter of 2023 and certain construction work streams could not be progressed on the timeframes we had originally planned. In the second quarter of 2024, we paused construction on the Clarksville facility due to insufficient funding. This facility was intended to produce 53.5Ah cells for our ESS solutions. We made a strategic decision to pivot from the originally planned production of NMC cells to LFP cells. Additionally, we consolidated our ESS operations from Colorado to Clarksville, Tennessee in order to streamline operations. Until financing is in place, this will limit our growth opportunities, especially in the U.S. market where our customers desire products that meet their domestic content requirements. We are seeking to secure financing to complete the Tennessee facility.

Patents and Other Intellectual Property

Over the past 18 years, Microvast has built a comprehensive intellectual property portfolio, encompassing patents, licenses and proprietary know-how that support our battery technology leadership.

Key Proprietary Material Technologies

- Polyaramid Separator – Our high-thermal polyaramid separator features a melting point above 300°C, significantly improving battery safety by reducing thermal runaway risks.
- Full Concentration Gradient (FCG) Cathode – Licensed from Argonne National Laboratory in 2017, this cathode technology is distinguished by a gradual gradient in transition metal content, enhancing energy density, stability, and longevity.
- High/Low-Temperature Electrolyte – Our proprietary electrolyte remains stable at high temperatures (up to approximately 70°C) while maintaining approximately 70% energy efficiency at extreme cold temperatures (down to approximately -30°C). It supports full charge cycles from 0% to 100% in just one hour, ensuring high performance in diverse environmental conditions.
- Lithium Titanate Oxide (LTO) Anode – Our LTO anode technology enables higher volumetric density, while maintaining ultra-fast charging properties. It prevents solid-electrolyte interphase (SEI) degradation and mitigates dendrite formation, which can lead to short circuits and fire hazards. Additionally, our proprietary LTO powder minimizes volume expansion, ensuring battery stability and extended lifespan.
- Advanced Anode Materials – We continue to experiment with and develop novel anode materials, including porous carbon-based anodes that allow higher charging rates than conventional materials. The porous structure enhances lithium-ion transport, contributing to faster charging without compromising safety or durability.

Intellectual Property Protection and Strategy

Our commercial success relies, in part, on securing and maintaining intellectual property protection for our designs and proprietary technologies. Safeguarding our intellectual property assets is critical, given that it is a key driver of profitability.

To mitigate technology infringement risks, we employ strict data compartmentalization, ensuring that U.S. trade secrets and proprietary know-how remain isolated. We actively pursue patent protections and implement internal safeguards to protect both current and future proprietary innovations. For a detailed discussion on intellectual property risks, refer to "Risk Factors - Risks Related to Our Intellectual Property."

Trademarks and Branding

To reinforce brand recognition and market positioning, we apply trademarks to our batteries and battery-related technologies. We consider distinctive trademarks crucial for marketing and brand differentiation.

Microvast has registered its corporate trademarks, including our logo and product marks, across China, the U.S. and key international markets. Our trademark portfolio includes:

- Microvast®
- LpTO®, LpCO®, MpCO®, HpCO®
- Clean City Transit®

Research and Development

At Microvast, our R&D and engineering teams are dedicated to pioneering new battery solutions and enhancing the performance of existing systems. Our battery systems are designed to meet specific performance metrics, including energy density, power density, charge rate capability, cycle life, throughput energy and safety. By continuously innovating, we aim to develop higher-performing, more efficient and safer batteries for a wide range of applications.

Our technology center leads the development of advanced battery materials, cells and packs, with a focus on FCG cathode technology, polyaramid separator manufacturing, high-energy density cells, battery safety and IT-integrated battery components. Our research efforts are dedicated to improving energy storage efficiency, thermal and mechanical performance and overall battery lifespan.

We recognize that our ability to deliver high-performance batteries depends on the seamless transfer of R&D breakthroughs into large-scale production. To bridge this gap, we allocate part of our manufacturing capacity to pilot plants, enabling structured experimentation for process refinement and scalability. By integrating R&D with manufacturing, we ensure that new innovations transition smoothly from the lab to full-scale production.

Our Huzhou, China manufacturing facility includes a technology center consisting of several buildings and is equipped with advanced scientific instruments such as X-ray powder diffraction machines, scanning electron microscopes, gas chromatograph/mass spectrometers, laser particle size analyzers and electrochemical test analyzers. These tools enable in-depth material analysis, safety testing and process optimization.

In September 2016, we established a research center in Orlando, Florida, focusing on long-term technology development. To further strengthen our U.S. R&D capabilities, we expanded our presence in October 2021 with the acquisition of a 75,000-square-foot facility, dedicated to advancing next-generation battery technologies.

Our continued investment in cutting-edge battery technology is reflected in our annual R&D expenditures, totaling \$41.1 million in 2024, \$45.0 million in 2023 and \$43.5 million in 2022. These investments underscore our commitment to research excellence, ensuring that Microvast remains at the forefront of battery innovation, safety and performance.

Sales and Marketing

Our products are marketed and sold through a direct sales force across three regions: Europe, Middle East and Africa; North and South America; and Asia & Pacific. Some of our key marketing attributes are our innovative technology and our commitment to quality and customer satisfaction. Microvast utilizes digital marketing and social media to reach a wide audience and engage with customers. Microvast also participates in industry trade shows and events to showcase its products and technologies, network with potential customers and generate leads. After-sales service and support are critical components of Microvast's sales strategy. We offer maintenance services, technical support and training programs to ensure that customers are satisfied with their products and receive ongoing assistance as needed. By utilizing a combination of direct sales, online channels and trade shows, Microvast is able to effectively reach customers across various industries and geographies. This diverse sales approach enables the company to maximize its market potential and drive continued growth in the battery industry.

Electric Commercial Vehicles

We directly engage with EV and drivetrain manufacturers to highlight our technology and product benefits. Sales cycles differ by market segment and usually involve an extensive development and qualification period before commercial production. We expect the total time from customer introduction to commercial manufacturing will range from 2 to 4 years depending on the specific solution and market segment. For example, total time in the transportation market includes a customer's preliminary technology review, which generally ranges from 3 to 9 months, followed by test and evaluation, which generally ranges from 12 to 18 months. We offer off-the-shelf packs that can significantly shorten our customers' time to market. Such off-the-shelf opportunities become more and more relevant for new market players of small and medium size whose prime objective is to disrupt the established markets especially in the light and medium duty vehicle sector by offering new vehicle concepts.

Utility-Scale ESS

The target audience for Microvast includes commercial and industrial scale customers. Our sales channels include direct sales, partnerships with utilities and developers.

Our sales cycle, involving a request for proposal process, typically spans 6 to 12 months from initiation to manufacturing. A key advantage of our ESS business is the shorter sales cycle, as project owners and developers face fewer testing requirements than those for EV batteries.

Battery Components

Our promotion of battery components begins with engaging R&D engineers from passenger car OEMs and consumer electronics manufacturers. We may provide select customers with material samples or prototypes for evaluation to facilitate component sales.

Materials

Every lithium-ion battery consists of an anode, cathode, electrolyte and separator.

- *Anode* — Our anode is selected historically from LTO or graphite in our product cells. In the coming years, we anticipate that we will develop and market a new product that contains silicon or silicon oxide.
- *Cathode* — For NMC, our existing products are made using commercially supplied materials, and our future cell products will utilize FCG when possible. For NMC-based cathodes, the sourcing and availability of cobalt is a key issue for many OEM buyers. As such, we are actively engaged in research to greatly reduce or eliminate the use of cobalt from our material stream. We have made LFP cells for a manufacturer of passenger EVs in China and the raw materials for this cell are sourced from a commercial supplier.
- *Electrolyte* — Our current lithium-ion cells utilize liquid-based electrolyte formulations. We often purchase base solvents for carbonate-based electrolytes from commercial suppliers to leverage cost benefits of scale, blending them in-house to protect our proprietary formulations.
- *Separator* — The separator is another key material in our lithium-ion cells. While we have in the past used the industry norm polyethylene/polypropylene materials, we are now working so that in the future we will integrate as many cells as possible with our proprietary polyaramid technology. Additionally, we are leveraging our polyaramid expertise to develop a solid electrolyte battery system incorporating polyaramid material. If the solid electrolyte approach is successful, not only will it eliminate the use of liquid electrolytes, but it will also potentially enable new anode chemistries such as lithium metal, which is needed to reach cells with over 1,000 Wh/l energy densities.

Suppliers and Supply Arrangements

We source key electrode raw materials and various components exclusively from a select few third-party suppliers. Purchasing raw materials in bulk has enabled us to secure long-term supply agreements, improving cost and payment terms with suppliers. We have also increased the sources of supply for some of our key raw materials. Our suppliers may adjust prices based on fluctuations in benchmark prices for raw materials or their base metals. See *“Risk Factors — Risks Related to our Business and Industry — We currently purchase certain key raw materials and components from third parties, some of which we only source from one supplier or from a limited number of suppliers.”*

Customers

We have established various arrangements with leading global EV manufacturers to develop batteries and systems, primarily for the commercial vehicle market. Our battery systems are used in the plug-in hybrid EV, battery EV and hybrid EV markets. In the electric commercial vehicle market, we typically engage in long-term supply or framework agreements without imposing minimum purchase obligations on the customer. Customers under these agreements issue purchase orders for specific quantities of battery systems, which serve as their contractual commitments.

The sales cycle of our solutions and a relatively small customer base result in significant customer concentration. In 2024, our top five customers accounted for 60.0% of our revenue. See *“Risk Factors — Risks Related to our Business and Industry — Our revenue heavily depends on a limited customer base, a trend likely to continue.”*

As of December 31, 2024, our battery systems had an order backlog worth approximately \$401.3 million. We expect to fulfill most of our backlog within 2025 and 2026.

Human Capital

As of December 31, 2024, Microvast employed 1,921 full-time employees and 334 independent contractors. Our senior management team and key decision-making processes are centralized in the U.S., ensuring strategic alignment across our global operations.

Our human capital strategy is centered on attracting, developing, and retaining top talent while fostering a culture rooted in integrity, transparency, safety, diversity, open-mindedness, and teamwork. We understand that our commitment to technological innovation and exceptional customer service is driven by the dedication and contributions of our employees. A versatile workforce—encompassing various backgrounds, skills, and perspectives—fuels innovation, enhances problem-solving, and strengthens our ability to meet customer needs.

Our results-oriented culture is dedicated to delivering differentiated solutions faster than our competitors, reinforcing our competitive edge. To support this, we provide full-time employees with competitive benefits packages, including annual performance-based bonuses and equity-based compensation opportunities for eligible employees. These programs help us attract, engage, and retain high-caliber professionals who are invested in our company’s growth.

Employee safety remains a top priority at all Microvast locations. Our health and safety programs are built on global safety standards, and performance is measured, evaluated and reported to leadership on a monthly basis. To date, we have not experienced any work stoppages due to labor disputes, health or safety issues, and we consider our employee relations to be strong. By continuously investing in workplace safety, employee well-being and professional growth, we aim to cultivate a dynamic and high-performing workforce that drives long-term success.

Competition

The battery industry is highly competitive and rapidly evolving, driven by technological advancements, shifting customer demands and the continuous introduction of new innovations. To maintain a competitive edge, battery manufacturers must adapt to changing market dynamics while delivering high-performance, cost-effective and reliable solutions.

We believe the primary competitive factors in our industry include:

- product performance, reliability and safety;
- integrated solutions;
- total cost of ownership;
- regional and industrial regulations;
- pricing and payment terms;
- balance sheet strength and access to financing;
- availability and pricing of raw materials;
- time to market for new technologies; and
- manufacturing capabilities.

Our competitors range from large, well-established battery manufacturers to emerging technology startups focused on disruptive battery innovations. The global battery market is dominated by manufacturers from China, Japan and South Korea, who leverage economies of scale and aggressive pricing strategies to maintain market share. See *“Risk Factors —*

Risks Related to Our Business and Industry.” Our ability to differentiate through superior technology, operational efficiency and market adaptability will be critical to sustaining long-term growth and competitiveness in this rapidly evolving landscape.

Governmental Regulation and Environmental Compliance

Environmental, Health and Safety Matters — Our China Facility

Our manufacturing activities in China are subject to the requirements of Chinese environmental laws and regulations on air emission, wastewater discharge, solid waste, noise and the generation, handling, storage, use, transportation and disposal of hazardous materials. Our Environmental Management system is certified to ISO 14001:2015 and our Occupational Health and Safety system is certified to ISO 45001:2018. Our management systems support our commitment to ensure we are in compliance with applicable environmental, health and safety laws and regulations in all material aspects. We have built environmental treatment facilities concurrently with the construction of our manufacturing facilities, where the waste air, wastewater and waste solids we generate can be treated in accordance with the relevant requirements. We have outsourced the disposal of hazardous solid waste we generate to a third-party contractor in accordance with the relevant laws. We believe we have maintained pollutant emission levels at each of our facilities in material compliance with levels prescribed by the relevant governmental authorities.

Environmental, Health and Safety Matters — Our Germany Production Facility

Operations at our German facility are subject to a variety of environmental, health and safety regulations. Quality Management system is certified to IATF 16949:2016 and ISO 9001:2015. We are working on the environmental certification to ISO 14001:2015 expected later into 2025. All our machines and production lines are delivered with Conformité Européenne, European Quality Standard label according to the Machinery Directive 2006/42/EG.

In transit, lithium-ion batteries are subject to rules governing the transportation of “dangerous goods.” We only use carriers that meet applicable legal requirements. Beginning in the third quarter of 2025, the shipment of used and waste batteries will be subject to the new EU Battery Regulation 2023/1542, requiring us to keep documentation on hand to allow authorities to distinguish between the shipments of used and waste batteries. We have policies and programs in place to help assure compliance with our obligations such as machine guarding, laser welding, hazardous material management and transportation. Furthermore, in order to obtain existing building permits, we are obligated to perform environmental compliance and fire protection concept requirements under German regulations. All these standards and certificates are designed to comply with applicable government regulations and laws, as well as the standards of the automotive industry.

We train our employees and conduct internal audits of our operations to assess our fulfillment of these policies. As demonstrated in our pilot project for “Sustainable Battery Production” with TÜV SÜD Germany, the environment is very important to us. Therefore, we are confident in our ability to timely meet the upcoming European regulatory obligations with regard to the environmental and sustainability requirements applicable to battery manufacturers.

Environmental, Health and Safety Matters — Our U.S. Production Facility

Federal, state and local regulations impose significant environmental, health, and safety requirements on the manufacture, storage, transportation and disposal of various components as currently used or that will be used in our U.S. battery cell manufacturing and ESS container assembly operations. On the federal level, various agencies regulate the manufacture, storage, transportation, and disposal of batteries, including the U.S. Environmental Protection Agency (“EPA”), the Occupational Safety and Health Administration (“OSHA”), and the U.S. Department of Transportation (“DOT”). Battery manufacturing facilities must follow the EPA’s Battery Manufacturing Effluent Guidelines and Standards, which are incorporated into the EPA’s National Pollutant Discharge Elimination System’s (“NPDES”) permitting regulations. NPDES permits are required for direct dischargers of certain battery manufacturing waste. In addition to providing general industrial safety regulations, OSHA also dictates specific safety requirements for workers in the battery manufacturing and battery charging industries. On the transportation side, lithium batteries are regulated as a hazardous material under the DOT’s Hazardous Materials Regulations (“HMR”) and must conform to all applicable HMR requirements when transported by air, highway, rail, or water. In addition, U.S. state and local laws can impose additional regulations, particularly in the areas of safety, recycling, and proper handling of batteries.

Moreover, federal, state and local governments may in the future enact additional regulations relating to the manufacture, storage, transportation and disposal of components of advanced ESS. Compliance with such additional regulations could require us to devote significant time and resources and could adversely affect demand for our products.

As we continue to develop our operations in the U.S. we are following international standards and guidelines as we develop our Environmental and Occupational Health and Safety Management systems. Although we believe that our operations are in material compliance with current applicable environmental regulations, there can be no assurance that changes in such laws and regulations will not impose costly compliance requirements on us or otherwise subject us to future liabilities.

General Environmental Matters

Currently, we face no admonitions, penalties, investigations, or inquiries from environmental regulators, nor are we involved in any legal proceedings as a defendant for violating environmental laws. We have no reason to anticipate any claims, actions, or proceedings against us related to environmental law that would materially and adversely affect our business, finances, or operations. See *“Risk Factors — Risks Related to our Business and Industry — Compliance with environmental regulations can be expensive, and failure to comply with these regulations may result in monetary damages and fines, adverse publicity and have a material adverse effect on our business.”*

Workers’ Health and Production Safety Compliance

We are subject to numerous laws and regulations related to the health of our employees and production safety of our facilities in each jurisdiction in which we operate.

These laws and regulations include in some jurisdictions a requirement to engage a qualified institution to make a safety evaluation report on its work safety conditions and to file such a safety evaluation report with the local work safety authority for the use of hazardous chemicals in our manufacturing process.

We are not currently subject to any admonitions, penalties, investigations or inquiries relating to workers’ health and production safety law or regulations, nor are we subject to any claims or legal proceedings to which we are named as a defendant for violation of any workers’ health and production safety law or regulation. We do not have any reasonable basis to believe that there are any threatened claims, actions or legal proceedings against us relating to any workers’ health and production safety law or regulation that would have a material adverse effect on our business, financial condition or results of operations. See *“Risk Factors — Risks Related to our Business and Industry — We may fail to comply with certain health and production safety laws and regulations governing hazardous materials.”*

Seasonality

We have historically experienced higher sales during our third and fourth fiscal quarters as compared to our first and second fiscal quarters. However, our limited operating history makes it difficult for us to judge the exact nature or extent of the seasonality of our business.

Corporate Information

Microvast, Inc. was initially incorporated in Texas in 2006, then re-incorporated as a Delaware corporation in December 2015. On July 23, 2021, Tuscan Holdings Corp. ("Tuscan") a Delaware corporation established in November 2018 for the purpose of effecting a merger, capital stock exchange, asset acquisition, stock purchase, reorganization, or similar business combination with one or more businesses, consummated the acquisition of Microvast, Inc. pursuant to an Agreement and Plan of Merger dated February 1, 2021, between Tuscan, Microvast, Inc. and TSCN Merger Sub Inc. (the “Business Combination”). Following the Business Combination, we changed our name from Tuscan to “Microvast Holdings, Inc.” Our principal executive offices are located at 12603 Southwest Freeway, Suite 300, Stafford, Texas 77477, and our telephone number is (281) 491-9505. Our website is <https://microvast.com>. The information posted on our website is not incorporated by reference into this Annual Report.

We make available on or through our website certain reports and amendments to those reports that we file with or furnish to the U.S. Securities and Exchange Commission (“SEC”) in accordance with the Securities Exchange Act of 1934, as amended (the “Exchange Act”). These include our annual reports on Form 10-K, our quarterly reports on Form 10-Q, and our current reports on Form 8-K, amendments to those reports and our Proxy Statement for our annual meeting of stockholders. These filings are available for download free of charge on our investor relations website located at <https://ir.microvast.com/financials-filings/sec-filings>. The SEC also maintains a website that contains reports, proxy statements and other information about issuers that file electronically at www.sec.gov.

ITEM 1A. RISK FACTORS

You should carefully consider the risk factors discussed below, as well as all other information, as an investment in the Company involves a high degree of risk. We operate in a changing environment that involves numerous known and unknown risks and uncertainties that could materially adversely affect our operations. Any of the following risks could materially and adversely affect our business, financial condition, results of operations or prospects. However, the selected risks described below are not the only risks facing us. Additional risks and uncertainties not currently known to us or those we currently view to be immaterial may also materially and adversely affect our business, financial condition, results of operations or prospects. In such a case, the trading price of our securities could decline.

Risk Factors Summary

Below is a summary of material factors that make an investment in our common stock speculative or risky:

Risks Related to Being a Public Company

- The restatement of our previously issued quarterly financial statements has subjected us to additional costs, risks and uncertainty and may also affect investor confidence and harm our reputation.
- We have identified material weaknesses in our internal control over financial reporting and, if we fail to remediate these material weaknesses in a timely manner or at all, we may not be able to comply with our financial reporting obligations, which could expose us to additional legal and business risks and uncertainties.
- If we are unable to design and maintain proper and effective internal control over financial reporting in the future, or our internal control over financial reporting is determined by us or our auditors to not be operating effectively, we may be exposed to additional risks and investor confidence in us and the value of our common stock could be adversely affected.

Risks Related to Our Business and Industry

- We may be unable to continue as a going concern.
- We may be unable to meet our current capital requirements and will require additional capital to meet our outstanding accounts payable and current liabilities.
- We may be unable to meet our future capital requirements and we may require additional capital to support business growth, and this capital might not be available on acceptable terms, or at all.
- Because substantially all of our revenues are currently derived from outside of the U.S. and the significant costs and restrictions associated with the repatriation of cash from our non-U.S. operations, we may not have sufficient cash flow to cover our liabilities, which may result in a material adverse effect on the Company's business.
- With a limited operating history and ongoing losses, achieving or sustaining profitability remains uncertain.
- Our business and our ability to complete the Clarksville expansion could be adversely affected by mechanics liens filed by contractors that we do not have sufficient funds to pay.
- Our future growth depends upon the willingness of commercial-vehicle and specialty-vehicle operators and consumers to adopt EVs, and the availability of alternative technology.
- Our revenue heavily depends on a limited customer base, a trend likely to continue.
- We primarily produce and sell lithium-based battery systems. Should a viable alternative to lithium-based batteries emerge and gain market acceptance, it could significantly harm our business, financial health and operational results. Furthermore, our failure to keep up with rapid technological changes and evolving industry standards within the lithium-based battery market may cause our products to become obsolete and less marketable, resulting in loss of market share to our competitors.
- We rely on third parties to manufacture chargers and charging poles and to build charging stations that are necessary for using our products, and our ability to market our products depends on the establishment of charging station networks that meet the needs of our products.
- We currently purchase certain key raw materials and components from third parties, some of which we only source from one supplier or from a limited number of suppliers primarily located in Asia.
- Losing our senior executives or key personnel could severely disrupt our business.
- Cyberattacks or risks related to cybersecurity could have a material effect on our business.

Risks Related to Doing Business in China

- Adverse changes in the PRC's political, economic, and other policies could materially affect China's economic growth and negatively impact our business growth and competitiveness, as well as adverse trade relations with the United States.
- PRC government regulations significantly impact our Chinese operations, with changes potentially increasing costs or limiting activities. We could become subject to regulations issued by the Cyberspace Administration of China (the "CAC") and the requirements of the PRC government's cyber or data security laws, which could impact our activities in China.
- Any future revocation of approvals or any future failure to obtain approvals applicable to our business or any adverse changes in foreign investment policies of the PRC government, including restrictions on the foreign ownership of companies, may have a material adverse impact on our business, financial condition and results of operations.
- The PRC government may exert substantial influence over the manner in which we conduct our business operations in China.
- China's legal and judicial system may not adequately protect our business and operations and the rights of our investors.
- Restrictions under PRC law on our China subsidiaries' ability to make dividends and other distributions could materially and adversely affect our ability to grow, make investments or acquisitions that could benefit our business, pay dividends to you, and otherwise fund and conduct our business.
- Our securities may be prohibited from trading in the United States under the Holding Foreign Companies Accountable Act (the "HFCAA") in the future if the PCAOB is unable to fully inspect or investigate our China-based auditors under the HFCAA. The delisting of our securities, or the threat of their being delisted, may materially and adversely affect the value of your investment.
- Changes in the policies of the PRC government, including more oversight and control over offerings that are conducted overseas and/or foreign investment in China-based issuers, could have a significant impact on the business we may be able to conduct in China, the profitability of our business and the value of our common stock.
- We have become subject to the recent scrutiny, criticism and negative publicity involving U.S.-listed companies with significant operations in China, and we have and we may continue to expend significant resources to investigate and resolve the matter which could harm our business operations, stock price and reputation, especially if such matter cannot be addressed and resolved favorably.
- Tariffs imposed on products of the PRC into the United States may lead to increased costs and impact our business.

Risks Related to Our Intellectual Property

- Protecting our intellectual property rights, especially in China, may be challenging, and infringement claims could result in substantial costs.
- Our reliance on unpatented proprietary technologies is significant.
- Infringement claims against us could lead to substantial costs.

Risks Related to Ownership of Common Stock

- We may issue additional shares of common stock or other equity or convertible securities, which may depress the market price of our common stock and could make it difficult for another company to acquire us.

General Risk Factors

- Our lengthy and variable sales cycle makes it difficult for us to accurately forecast our revenue and other operating results. As a result, we expect our results of the operation to fluctuate on a quarterly and annual basis, which could cause our stock price to fluctuate or decline.

Risks Related to Being a Public Company

The restatement of our previously issued quarterly financial statements has subjected us to additional costs, risks and uncertainty and may also affect investor confidence and harm our reputation.

We determined that our previously reported financial statements as of and for the quarterly periods ended June 30, 2024 and September 30, 2024, required restatement primarily to correct an error we identified relating to the previously recorded impairment associated with the Company's industrial facility located in Clarksville, Tennessee. Assessment of the error and the effectiveness of the Company's disclosure controls and procedures and its internal control over financial reporting, the resulting restatement of our reported financial statements for the impacted periods, and the process of remediating the material weakness in our internal control over financial reporting diverted management's attention and caused us to incur unanticipated expenses for legal, audit and other professional services fees.

The restatement and the associated non-reliance on our previously issued quarterly financial statements and other related financial information could also cause investors to lose confidence in our financial reporting and harm our reputation, which in turn, could have a material adverse effect on our business, financial condition, results of operations, cash flows and prospects. We may also face the potential for litigation or regulatory inquiries in connection with or related to the restatement and associated material weakness, including claims involving the U.S. federal securities laws. Litigation and any regulatory inquiries are likely to divert management's time and attention and, regardless of the outcome of such litigation, we will incur legal and other costs of defense, which could be significant. Further, if we do not prevail in the litigation, we could be required to pay substantial damages or settlement costs, which could have a material adverse effect on our financial condition, results of operations and cash flows.

If we are unable to design and maintain proper and effective internal control over financial reporting in the future, or our internal control over financial reporting is determined by us or our auditors to not be operating effectively, we may be exposed to additional risks and investor confidence in us and the value of our common stock could be adversely affected.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with U.S. Generally Accepted Accounting Principles ("U.S. GAAP"). We are required, pursuant to Section 404 of the Sarbanes-Oxley Act, to furnish a report by management on, among other things, the effectiveness of our internal control over financial reporting. This assessment must be made yearly and must include disclosure of any material weaknesses identified by our management in our internal control over financial reporting. We also must disclose changes made in our internal control and procedures on a quarterly basis. Further, our independent registered public accounting firm must report on the effectiveness of our internal control over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act.

As noted above and further disclosed in Part II, Item 9A, "Controls and Procedures" of this Annual Report, we identified material weakness in our internal control over financial reporting as of December 31, 2024, and as a result, our management concluded that our disclosure controls and procedures and internal control over financial reporting were not effective as of December 31, 2024. While we are actively engaged in the process of designing appropriate controls to address this material weakness, there can be no assurance that the actions will fully remediate the material weakness in a timely manner or that there will not be additional material weakness in our internal control over financial reporting in the future. If we are unable to remediate the identified material weakness in a timely manner, or at all, or are otherwise unable to maintain effective internal control over financial reporting in the future, our ability to record, process and report financial information accurately, and to comply with our financial reporting obligations, could be adversely impacted. If this occurs, it could jeopardize our ability to comply with our financial reporting obligations, including under SEC rules and regulations, NASDAQ listing standards and potential financial covenants under our financing agreements, which, in turn, could subject us to regulatory enforcement actions or stockholder litigation, cause us to breach the potential covenants under our financing agreements, limit our ability to access the credit and capital markets, adversely affect investor confidence in us and the value of our common stock, and harm our reputation, which may make it more difficult for us to market and sell products and services to new and existing customers.

We are a "smaller reporting company" and may take advantage of certain scaled disclosures available to us. We cannot be certain if the reduced reporting requirements applicable to smaller reporting companies will make our common stock less attractive to investors.

We are a "smaller reporting company" ("SRC") as defined in the Exchange Act. As an SRC, we are permitted to comply with scaled disclosure obligations in our SEC filings as compared to other issuers who are not SRCs, including with respect to disclosure obligations regarding executive compensation in our periodic reports and proxy statements. We have elected to adopt the accommodations available to SRCs. Until we cease to be an SRC, the scaled disclosure in our SEC filings will result in less information about our company being available than for public companies that are not SRCs.

We will be able to take advantage of these scaled disclosures for so long as our voting and non-voting common stock held by non-affiliates is less than \$250 million measured on the last business day of our second fiscal quarter, or (ii) our annual revenue is less than \$100 million during the most recently completed fiscal year and the market value of our voting and non-voting common stock held by non-affiliates is less than \$700 million as measured on the last business day of our second fiscal quarter.

We cannot predict if investors will find our common stock less attractive because we will rely on certain scaled disclosures that are available to SRCs. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our stock price may be more volatile.

Risks Related to Our Business and Industry

We may be unable to continue as a going concern.

In prior periods, we disclosed that substantial doubt as to our ability to continue as a going concern existed due to liquidity constraints and recurring operating losses.

For the years ended December 31, 2024, 2023 and 2022, we incurred net losses of \$195.5 million, \$106.4 million and \$158.2 million, and generated/(used) cash flows from/(in) operating activities amounting to \$2.8 million, \$(75.3) million and \$(53.9) million, respectively. As of December 31, 2024, we had working capital of \$97.9 million, shareholders' equity of \$387.9 million, and cash and cash equivalents of \$73.0 million. In addition, as of December 31, 2024, we held outstanding borrowings of \$111.7 million, with \$70.7 million due within the next 12 months, and other current liabilities of \$259.5 million and had \$48.2 million in purchase commitments primarily related to inventory, and \$53.2 million in capital commitments with \$30.7 million due within the next 12 months.

These conditions and events raise substantial doubt about our ability to continue as a going concern. However management has concluded that there is not substantial doubt about our ability to continue as a going concern because it is probable that management's plans regarding cash flow and debt management described in Note 2 to the financial statements and elsewhere in this report will allow the Company to continue as a going concern. These plans are subject to significant uncertainties, including our ability to increase cash flow, the accuracy of our cash flow projections and the fact that our revenues are highly concentrated on a few customers, all of which could have a material adverse effect on our ability to remain a going concern.

We may be unable to meet our current capital requirements and will require additional capital to meet our outstanding accounts payable and current liabilities.

As of December 31, 2024, we had outstanding borrowings of \$111.7 million of which the amount to be paid in the next 12 months is \$70.7 million, and other current liabilities of \$259.5 million, including accounts payable, notes payable, accrued expenses and other current liabilities. We also had purchase commitments for non-cancelable contractual obligations primarily related to purchases of inventory of \$48.2 million as of December 31, 2024.

We expect that additional funding will be needed to complete the Clarksville expansion, including payment for certain accounts payable owed to suppliers in relation to assets and services provided for this expansion. As of December 31, 2024, we had made capital commitments for construction and purchase of property, plant and equipment amounting to \$53.2 million, \$30.7 million of which is payable within one year.

As of December 31, 2024, the Group had outstanding payables of \$27.3 million related to the Tennessee facility. The Group is actively working with suppliers. Some of those suppliers have filed liens while others have filed lawsuits and we have entered into settlement agreements that include stays of proceedings, payment adjustments and lien releases.

There can be no assurance that we will be successful in obtaining sufficient funding. Should sufficient funding not be secured through the plans, or should there be a delay in the timing of securing funds through these funding initiatives, this would have adverse implications for our Company and its stockholders and could have a material adverse effect on our business and results of operations. In these scenarios, we would need to seek other options, including delaying or reducing operating and capital expenditure and the possibility of an alternative transaction or fundraising.

We may be unable to meet our future capital requirements and we may require additional capital to support business growth, and this capital might not be available on acceptable terms, or at all.

The development, design, manufacture and sale of batteries is a capital-intensive business, which we currently finance through various types of financings. As a result of the capital-intensive nature of our business, we expect to sustain substantial operating expenses without generating sufficient revenues to cover expenditures for a number of years.

In addition, we intend to continue to make investments to support our business growth and may require additional funds to respond to business challenges, including the need to develop new features or enhance our products, improve our operating infrastructure or acquire complementary businesses and technologies. Our capital requirements will depend on many factors, including, but not limited to: technological advancements; market acceptance of our products and product enhancements; the overall level of sales of our products; R&D expenses; our relationships with our customers and suppliers; our ability to control costs; sales and marketing expenses; enhancements to our infrastructure and systems and any capital improvements to our facilities; our ability to maintain existing manufacturing equipment; potential acquisitions of businesses and product lines; and general economic conditions, including the effects of international conflicts and their impact on the automotive industry in particular.

Accordingly, we may need to engage in equity or debt financings to secure additional funds. If we raise additional funds through future issuances of equity or convertible debt securities, our existing stockholders could suffer significant dilution, and any new equity securities we issue could have rights, preferences and privileges superior to those of holders of our common stock. Any debt financing that we may secure in the future could involve restrictive covenants relating to our capital raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities, including potential acquisitions. We may not be able to obtain additional financing on terms favorable to us, if at all. Moreover, rising interest rates may further increase the costs of obtaining additional capital to meet our requirements. If we are unable to obtain adequate financing or financing on terms satisfactory to us when we require it, our ability to continue to support our business growth and to respond to business challenges could be significantly impaired, and our business may be adversely affected.

Because substantially all of our revenues are currently derived from outside of the U.S. and the significant costs and restrictions associated with the repatriation of cash from our non-U.S. operations, we may not have sufficient cash flow to cover our liabilities, which may result in a material adverse effect on the Company's business.

Our cash and cash equivalents balances are concentrated in a few locations around the world, with approximately 63% and 74% of those balances held outside of the U.S. as of December 31, 2024 and 2023. Cash repatriation costs and restrictions limit our ability to repatriate cash held by our foreign subsidiaries and intercompany dividends. Additionally, the repatriation of cash held by our foreign subsidiaries may result in adverse tax consequences. Any repatriation of cash may be restricted or may result in our incurring substantial costs. For instance, we may be unable to repatriate cash from China and Germany to pay our accounts payable in the U.S. and fund the continued expansion of our U.S. operations. As a result, we must currently, and may in the future be required to, seek sources of cash to fund our operations outside of our subsidiaries, including through the issuance of equity securities, which may be dilutive to existing stockholders, or by incurring additional indebtedness. There can be no assurance that we will be able to secure sources of financing on terms favorable to us, or at all.

With a limited operating history and ongoing losses, achieving or sustaining profitability remains uncertain.

We incurred a net loss of approximately \$195.5 million for the year ended December 31, 2024, and an accumulated deficit of approximately \$1,093.0 million since our inception in 2006 through the year ended December 31, 2024. We expect to continue to incur significant expenses in connection with the design, development and manufacturing of our batteries, as we expand our R&D activities, invest in manufacturing capabilities, build up inventories of components for our batteries, increase our sales and marketing activities, develop our distribution infrastructure and increase our general and administrative functions to support our growing operations. We may find that these efforts are more expensive than we currently anticipate or that these efforts may not result in revenues, which would further increase our losses.

Our business and our ability to complete the Clarksville expansion could be adversely affected by mechanics liens filed by contractors that we do not have sufficient funds to pay.

Our recent inability to timely pay certain contractors at our Clarksville, Tennessee facility has resulted in the filing of mechanics liens against the Clarksville facility project. The effect of mechanics liens is to secure a contractor's right to payment of past due amounts by using our real property as collateral for such amounts. We have outstanding payables in relation to assets and services provided for the Clarksville expansion amounting to \$27.3 million that are to our suppliers as of December 31, 2024. Further, there are several suppliers which have filed liens, most of which are with the county in which the Tennessee project is situated, with a total amount of \$24.4 million being claimed against us as of December 31,

2024. We are currently in certain lawsuits with suppliers alleging that we failed to pay for the services performed or equipment or materials delivered. For more information on our pending legal proceedings, please see Note 28. Commitments and Contingencies, to the consolidated financial statements included elsewhere in this Annual Report.

We are working to resolve these matters but there is no guarantee that we will be successful in doing so at all or on favorable terms. The filing of mechanics liens and/or litigation could delay the financing or construction project while the matters are resolved, increase the overall cost of the project due to legal fees and potential settlements, limit our ability to obtain financing for our Clarksville, Tennessee expansion project, and/or have a material adverse impact on our business, financial condition and operating results.

Our future growth depends upon the willingness of commercial-vehicle and specialty-vehicle operators and consumers to adopt EVs, and the availability of alternative technology.

Our growth is highly dependent upon the adoption of EVs by commercial-vehicle and specialty-vehicle operators and consumers. If the markets for EVs in China, Europe or the U.S. do not develop as we expect or develop more slowly than we expect, our business, prospects, financial condition and operating results will be harmed, because demand for our products and services will not increase as expected or may even be reduced. The market for alternative fuel vehicles is relatively new, rapidly evolving, characterized by rapidly changing technologies, price competition, numerous competitors, evolving government regulation and industry standards, frequent new vehicle announcements and changing consumer demands and behaviors.

Other factors may influence the adoption of electric vehicles, including, but not limited to:

- perceptions about electric vehicle quality, design, performance and cost, especially if adverse events or accidents occur that are linked to the quality or safety of electric vehicles;
- perceptions about electric vehicle quality, safety (in particular with respect to lithium-ion battery packs), design, performance and cost, especially if adverse events or accidents occur that are linked to the quality or safety of electric vehicles;
- volatility in sales of electric vehicles;
- perceptions about vehicle safety in general, in particular safety issues that may be attributed to the use of advanced technology, including vehicle electronics and regenerative braking systems;
- negative perceptions of electric vehicles, such as that they are more expensive than non-electric vehicles and are only affordable with government subsidies or that they have failed to meet customer expectations;
- the limited range over which electric vehicles may be driven on a single battery charge and the effects of weather on this range;
- the decline of an electric vehicle's range resulting from deterioration over time in the battery's ability to hold a charge;
- concerns about electric charging infrastructure availability and reliability, which could derail past and present efforts to promote electric vehicles as a practical solution to vehicles which require gasoline;
- concerns about charging station standardizations, convenience and cost influencing consumers' perceptions regarding the convenience of electric vehicle charging stations;
- concerns of potential customers about the susceptibility of battery packs to damage from improper charging, as well as the lifespan of battery packs and the cost of their replacement;
- concerns regarding comprehensive insurance coverage related to electric vehicles;
- developments in alternative technologies, such as advanced diesel, ethanol, fuel cells or compressed natural gas, or improvements in the fuel economy of the internal combustion engine, which could adversely affect sales of electric vehicles;
- the environmental consciousness of consumers;
- the availability and volatility in the cost of natural gas, diesel, coal, oil, gasoline and other fuels relative to electricity;
- the availability of tax and other government incentives to purchase and operate electric vehicles or future regulation requiring increased use of nonpolluting vehicles;
- concerns regarding the value and costs for upkeep of electric vehicles in the used car market;
- the availability of enough skilled labor in after-sale services; and

- macroeconomic factors.

In anticipation of an expected increase in the demand for electric vehicles in the next few years, we have commercialized five types of ultra-fast charging lithium battery technologies (LpTO, LpCO, MpCO, HpCO and HnCO). We also intend to continue to invest in R&D of more ultra-fast charging lithium battery products and to expand the range of applications for such batteries. However, the markets we have targeted, primarily those in China, Europe and the U.S. may not achieve the level of growth we expect. If any market fails to achieve our expected level of growth, we may have excess manufacturing capacity and may not be able to generate enough revenue to achieve or sustain our profitability.

We may not be able to substantially increase our manufacturing output in order to fulfill orders from our customers.

We have expanded and expect to continue to expand our battery manufacturing capacity to meet the expected demand for our products. Such expansion will require significant capital expenditures. In addition, expansion imposes significant added responsibilities on our senior management and our resources, including financial resources and the need to identify, recruit, maintain and integrate additional employees. Our expansion will also expose us to greater overhead and support costs and other risks associated with the manufacture and commercialization of new products. Difficulties in effectively managing the budgeting, forecasting and other process control issues presented by such expansion could harm our business, prospects, results of operations and financial condition. Even if we succeed in expanding our manufacturing capacity, we may not have enough demand for our products to justify the increased capacity. If there is a persistent mismatch in the demand for our products and our manufacturing capacity, our business, financial condition and results of operations could be adversely affected.

Our ability to substantially increase our manufacturing output is subject to significant constraints and uncertainties, including:

- failure to execute our expansion plan effectively;
- delays by our suppliers and equipment vendors and cost overruns as a result of a number of factors, many of which may be beyond our control, such as increases in raw material prices and problems with equipment vendors;
- delays in the government approval process or denial of required approvals by relevant government authorities;
- diversion of significant management attention and other resources; and
- capital constraints and/or the terms on which capital is available to us.

If we are unable to increase our manufacturing output because of any of the risks described above, we may be unable to fulfill customer orders or achieve the growth we expect. Under our supply agreements with our customers, we would typically be liable to pay a charge of between 0.001% and 0.5% of the total contract price per day for our delay in delivering products, as well as any resulting costs and expenses incurred by the customers. In addition, if we are unable to fulfill customer orders, our reputation could be affected, and our customers could source battery systems from other companies. With a global supply chain, some raw material lead times are above average and can be challenging when responding to significant increases in customer demand. The combination of the foregoing could adversely affect our business, financial condition and results of operations.

Some battery components pose safety risks, potentially causing accidents that could lead to liability, manufacturing delays and negatively impact market acceptance.

Our battery systems contain lithium-ion cells, which have been used for years in laptops and cell phones. On rare occasions, lithium-ion cells can rapidly release the energy they contain by venting smoke and flames in a manner that can ignite nearby materials. Highly publicized incidents of laptop computers and cell phones bursting into flames have focused consumer attention on the safety of these cells. Moreover, there have been numerous widely publicized reports of electric buses bursting into flames, particularly in China. These events have also raised questions about the suitability of these lithium-ion cells for automotive applications. We are aware of at least two incidents occurring in our customers' vehicles. One incident resulting in a fire arose when an electric bus powered by our battery was left on a disqualified charger overnight. The other incident resulting in a fire involved a bus that was driven through deep water in a flood for over an hour. We have subjected our battery systems to various tests and damaging treatments such as baking, overcharging, crushing or puncturing to assess the response of our battery systems to deliberate and sometimes destructive abuse. However, there can be no assurance that a field failure of our battery systems will not occur, which could damage the vehicle in which it is fitted or lead to personal injury or death and may subject us to lawsuits. Moreover, any failure of a

competitor's battery system, especially those that use a high volume of cells similar to ours, may cause indirect adverse publicity for us. Such adverse publicity would negatively affect our brand and harm our business, prospects, financial condition and operating results.

As with any battery, our lithium-based batteries can short circuit when not handled properly. Due to the high energy and power density of lithium-based batteries, a short circuit can cause rapid heat buildup. Under extreme circumstances, this could cause a fire. This is most likely to occur during the formation or testing phase of our process. While we incorporate safety procedures and specific safety testing in our battery testing facilities to minimize safety risks, we cannot assure you that an accident in any part of our facilities where charged batteries are handled will not occur. Any such accident could result in injury to our employees or damage to our facility and would require an internal investigation by our technical staff. Our general liability insurance may not be sufficient to cover potential liability that would result from such accidents. Any such injuries, damages or investigations could lead to liability to us, cause delays in the manufacturing of our product and/or adversely affect market acceptance which could adversely affect our operations and financial condition.

Our manufacturing process incorporates pulverized solids, which can be toxic to employees when allowed to become airborne in high concentrations. We have incorporated safety controls and procedures into our manufacturing processes designed to maximize the safety of our employees and neighbors. Any related incident, including fire or personnel exposure to toxic substances, could result in significant manufacturing delays or claims for damages resulting from injuries, which could adversely affect our operations and financial condition.

Our revenue heavily depends on a limited customer base, a trend likely to continue.

Due to the nature of our industry and our limited operating history, we have a limited customer base and have depended on a small number of customers for a significant portion of our revenue. In the years ended December 31, 2024, 2023 and 2022, we sold our electric battery products to 297, 343 and 364 customers, respectively. Our top five customers accounted for approximately 60.0%, 48.6% and 36.1% of our revenues in the years ended December 31, 2024, 2023 and 2022, respectively. Our limited customer base and customer concentration could make it difficult to negotiate attractive prices for our products and could expose us to the risk of substantial losses if a single dominant customer stops purchasing, or significantly reduces orders for, our products. We expect that a limited number of customers will continue to contribute a significant portion of our sales in the near future. Our ability to maintain close relationships with these top customers is essential to the growth and profitability of our business. If we fail to sell our products to one or more of these top customers in any particular period, or if a large customer purchases fewer of our products, defers orders or fails to place additional orders with us, or if we fail to develop additional major customers, our revenue could decline, and our results of operations could be adversely affected.

The unavailability, reduction or elimination of, or uncertainty regarding, government and economic incentives or subsidies available to end-users and OEMs in the U.S., China, Europe and other jurisdictions could have a material adverse effect on our business, financial condition, operating results and prospects.

We believe that, currently, the availability of government subsidies and incentives available to end-users and OEMs is an important factor considered by our customers when purchasing our batteries for electric vehicles and ESS, and that our growth depends in part on the availability and amounts of these subsidies and incentives. Any further reduction or elimination of government and economic incentives or subsidies may result in the diminished competitiveness of the alternative fuel vehicle or energy storage industry generally or electric vehicles or energy storage projects that use our batteries in particular.

While government programs in the U.S., China and in Europe promote the purchase of electric vehicles, including through disincentives that discourage the use of gasoline-powered vehicles, it is unclear if such policies will continue. Any reduction, elimination or selective application of tax and other governmental programs and economic incentives because of policy changes, the reduced need for such programs due to the perceived success of the electric vehicle, fiscal tightening or other reasons may result in the diminished competitiveness of the electric vehicle industry generally, or our electric vehicles in particular, which would adversely affect our business, prospects, financial condition and results of operations. For example, the current U.S. presidential administration has issued executive orders to revoke certain executive orders from the prior administration, which directed federal agencies to review and potentially revise vehicle fuel efficiency and emissions standards. The revocation of these prior executive orders may decrease the demand and reduce the value of the greenhouse gas credits and similar regulatory credits, which we may sell to other manufacturers. Further, we cannot

guarantee that the current governmental incentives and subsidies available for purchasers of electric vehicles will remain available. For example, beginning in 2023, the Inflation Reduction Act of 2022 eliminated the \$7,500 federal sales tax credit for sedans that have a manufacturer's suggested retail price over \$55,000 and for SUVs that have a manufacturer's suggested retail price over \$80,000, although a tax credit remains available for vehicles that are leased rather than purchased. In addition, the current U.S. presidential administration has issued a policy statement aimed at eliminating the "electric vehicle mandate," which targets state emissions waivers and governmental subsidies. Corresponding executive orders may be further issued to implement this policy. If such government programs are reduced or eliminated, or the available benefits thereunder are exhausted earlier than anticipated, demand for electric vehicles may decrease and our sales of electric battery products could be adversely affected. In addition, customers may delay taking delivery of our battery products if they believe that certain electric vehicle incentives will be available at a later date, which may adversely affect our business, financial condition, operating results and prospects.

The demand for batteries in transportation and other markets depends on the attractiveness of fossil fuel alternatives. Extended periods of low oil prices could adversely affect demand for electric and hybrid electric vehicles.

Lower oil prices over extended periods of time may lower the perception in government and the private sector that cheaper, more readily available energy alternatives should be developed and produced and governments may eliminate or modify regulations or economic incentives related to fuel efficiency and alternate forms of energy. If oil prices remain at deflated levels for extended periods of time, the demand for hybrid and electric vehicles may decrease and the demand for our batteries could be reduced, which would have a material adverse effect on our business.

In addition, alternatives to gasoline, such as compressed natural gas and biofuels, could impact the demand for electric vehicles if the distribution and costs of these alternative fuels become more attractive through innovation. Biodiesel for trucks and specialty vehicles could become more commonplace, which would directly compete with our bus and specialty vehicle batteries, and which may result in decreased demand for our product.

We primarily produce and sell lithium-based battery systems. Should a viable alternative to lithium-based batteries emerge and gain market acceptance, it could significantly harm our business, financial health, and operational results. Furthermore, our failure to keep up with rapid technological changes and evolving industry standards within the lithium-based battery market may cause our products to become obsolete and less marketable, resulting in loss of market share to our competitors.

Our focus is on lithium-based battery systems, driven by our belief in their growth potential. Our R&D efforts are concentrated on discovering new lithium chemistries and formulations to improve product quality and features while lowering costs. Some of our competitors are conducting R&D on alternative battery technologies, such as fuel cells and super capacitors, and academic studies are ongoing as to the viability of sulfur and aluminum-based battery technologies. If any viable substitute products emerge and gain market acceptance because they have more enhanced features, more power, more attractive pricing or better reliability, the market demand for our products may decrease, and accordingly our business, financial condition and results of operations would be materially and adversely affected.

Major advancements in alternative technologies like fuel cells, advanced diesel, ethanol, hydrogen, natural gas, or breathing batteries could unexpectedly and negatively impact our business, prospects, financial health, and operational results. Existing and other battery technologies, fuels or sources of energy may emerge as customers' preferred alternatives to our battery products. Any failure by us to develop new or enhanced technologies or processes, or to react to changes in existing technologies, could materially delay our development and introduction of new and enhanced alternative products, which could result in decreased revenue and a loss of market share to our competitors. For example, research on the electrochemical applications of carbon nanotechnology and other storage technologies is developing at a rapid pace, and many private and public companies and research institutions are actively engaged in the development of new battery technologies based on carbon nanotubes, nanostructured carbon materials and other non-carbon materials. If we fail to adopt these new technologies, or develop new technologies of our own, such technologies may, if successfully developed by our competitors, offer significant performance or price advantages compared with our technologies and our technology leadership and competitive strengths may be adversely affected.

Our R&D efforts may not be sufficient to adapt to changes in alternative fuel and electric vehicle technology. As technologies evolve, we plan to upgrade or adapt our energy solutions with the latest technology, in particular lighter weight modules and packs, advanced cooling methods and advanced battery chemistry, which may also negatively impact the adoption of our other products. However, we may not compete effectively with alternative systems if we are not able to source and integrate the latest technology into our battery products. To achieve this goal, we have invested and plan to continue investing significant financial resources in our R&D infrastructure. R&D activities, however, are inherently

uncertain, and we might encounter practical difficulties in commercializing our research results. Accordingly, our significant investment in our R&D infrastructure may not lead to marketable products.

On the other hand, our competitors may improve their technologies or even achieve technological breakthroughs either as alternatives to lithium-based battery systems or improvements on existing lithium-based battery systems that would render our products obsolete or less marketable. Therefore, our failure to effectively keep up with rapid technological changes and evolving industry standards by introducing new and enhanced products may cause us to lose our market share and to suffer a decrease in our revenue.

We may not be able to maintain our competitive position if we face intense competition from other battery manufacturers, many of which have significantly greater resources.

The market for batteries used in electric vehicles, light electric vehicles and ESS is intensely competitive and is characterized by frequent technological changes and evolving industry standards. We expect competition to become more intense. Increased competition may result in a decline in average selling prices, causing a decrease in gross profit margins. We have faced and will continue to face competition from other manufacturers of lithium-ion batteries, as well as from companies engaged in the development of batteries incorporating new technologies. There are other competitors capable of manufacturing and delivering fast-charging battery systems that can charge as quickly as our LpTO and LpCO power battery solutions and we cannot assure you that they will not try to enter the markets that we are targeting with our product. For example, certain battery manufacturers offer lithium-based battery solutions that can be fully charged within a similar amount of time as our battery solutions, but with much shorter life cycles compared to our solutions. Other major manufacturers of high-power lithium batteries currently include Panasonic, Samsung SDI, BYD, CATL, Tianjin Lishen, Boston-Power, Wanxiang Group, Amperex Technology and LG Chem. In addition, vehicle manufacturers, such as GM, Ford, Rivian and Tesla, have entered the markets for our products and may become our competitors, either directly or through joint venture arrangements with major lithium-based battery manufacturers. Potential customers may choose to do business with these or other established vehicle manufacturers who enter the markets for our products because of their perception that vehicle manufacturers are more stable, have greater manufacturing capacity and have the capability to adapt battery products to their vehicles.

Many of these competitors have greater financial, personnel, technical, manufacturing, marketing, sales and other resources than we do. As a result, these competitors may be in a stronger position to respond quickly to market opportunities, new or emerging technologies and evolving industry standards. Many of our competitors are developing a variety of battery technologies, such as lithium polymer, silicon anode and solid-state batteries, which are expected to compete with our existing product lines. Other companies undertaking R&D activities of solid-polymer lithium-ion batteries have developed prototypes and are constructing commercial-scale manufacturing facilities. It is possible that our competitors will be able to introduce new products with more desirable features than ours and their new products will gain market acceptance. If our competitors successfully do so, we may not be able to maintain our competitive position and our future success would be materially and adversely affected.

Failing to anticipate customer preferences and develop appealing products could prevent us from maintaining or growing our revenue and profitability.

Our success depends on our ability to identify and originate product trends as well as to anticipate and react to changing customer demands in a timely manner. If we are unable to introduce new products or novel technologies in a timely manner or our new products or technologies are not accepted by customers, our competitors may introduce more attractive products, which could hurt our competitive position. Our new products might not receive customer acceptance if customer preferences shift to other products, and our future success depends in part on our ability to anticipate and respond to these changes. Failure to anticipate and respond in a timely manner to changing customer preferences could lead to, among other things, lower revenue and excess inventory levels.

As we continually seek to enhance our products, we may incur additional costs to incorporate new or revised features. We might not be able to, or determine that it is not in our interests to, raise prices to compensate for these additional costs.

Our future depends on the needs and success of our customers, as well as the demand for our customers' products or services.

Our battery products' demand hinges on end-market users. If our customers' industries underperform, leading to decreased demand for their output, our product demand may similarly decline. Demand in these industries is impacted by numerous factors, including, but not limited to, commodity prices, infrastructure spending, consumer spending, customer fleet replacement schedules, travel restrictions, fuel costs, energy demands, municipal spending and government mandates and incentives. Increases or decreases in these variables may significantly impact the demand for our products. Inaccurate demand predictions could lead to unmet customer needs, lost sales, or excess production, causing higher inventory, overcapacity, increased production costs and reduced operating margins. Additionally, the battery efficiency of electric vehicles declines over time. As such, vehicles using our battery systems will see performance decline as their batteries decay, particularly in the driving range. If this dissuades potential customers from purchasing EVs built using our battery system, it could negatively impact our sales.

Additionally, if our customers fail to successfully market and sell their products or services, it could severely impact our business and prospects, as they might not place new or additional orders with us. If we cannot achieve the expected level of sales, we will not be able to make sufficient profits to offset the expenditures we have incurred to expand our production capacity, nor will we be able to grow our business. Accordingly, our business, financial condition, results of operations and future success would be materially and adversely affected.

We may be subject to declining average selling prices, which may harm our revenue and gross profits.

As production of electric power battery systems scales up and technology continues to improve, we expect the average selling prices of our power battery systems to decline over time. As a result, manufacturers of these electric products expect us to cut our costs and lower the price of our products. We may have to reduce the price of our products in order to meet market demand due to market-driven downward pricing pressures in the future. Our revenue and profitability will suffer if we are unable to offset any declines in our average selling prices by developing new or enhanced products with higher selling prices or gross profit margins, increasing our sales volumes or reducing our manufacturing costs on a timely basis.

Our products might fail to qualify as "domestic origin" for purposes of "Buy America" requirements imposed on the recipients of U.S. government grants.

Some of our customers may be recipients of grants subject to regulations implemented by the U.S. Federal Transit Authority for purchases of rolling stock, including "Buy America" requirements codified at 49 C.F.R. Part 661. In some cases, our customers must ensure that our products, when incorporated into rolling stock subject to "Buy America" requirements, qualify as "domestic origin" components or subcomponents. Our manufacturing facilities are currently located in China and in Germany, and our current products are manufactured using parts or components procured outside of the United States. Further progress on the Clarksville expansion is dependent on securing additional financing, and even once the facility is established, not all of the raw materials we require to manufacture our products are currently available from U.S. suppliers. If our products manufactured from imported parts or components fail to meet the regulatory thresholds to qualify as "domestic origin" under the applicable regulations, we might be disqualified or otherwise precluded from supplying those products to customers that are subject to applicable "Buy America" requirements, or we might be liable to those customers for having failed to comply with certifications or representations that our products are "domestic origin," each of which would likely adversely affect our business, prospects, financial condition and operating results.

We may experience significant delays in the design, production and launch of our new products, which could harm our business, prospects, financial condition and operating results.

Our R&D team is continually looking to improve our battery systems. Any delay in the financing, design, production and launch of our new products could materially damage our brand, business, prospects, financial condition and operating results. There are often delays in the design, production and commercial release of new products, and to the extent, we delay the launch of the items identified above, our growth prospects could be adversely affected as we may fail to grow our market share, to keep up with competing products or to satisfy customers' demands or needs.

Our failure to cost-effectively manufacture our batteries in quantities which satisfy our customers' demand and product specifications and their expectations for product quality and reliable delivery could damage our customer relationships and result in significant lost business opportunities for us.

We manufacture our products rather than relying upon third-party outsourcing. To be successful, we must cost-effectively manufacture commercial quantities of our complex batteries that meet our customer specifications for quality and timely delivery. To facilitate the commercialization of our products, we will need to further reduce our manufacturing costs, which we intend to do by improving our manufacturing and development operations. If we are unable to manufacture products in commercial quantities on a timely and cost-effective basis, we could lose our customers and be unable to attract future customers.

Our working capital requirements involve estimates based on the demand expectations and may decrease or increase beyond those currently anticipated, which could adversely impact our operating results and financial condition.

In order to fulfill the product delivery requirements of our customers, we plan for working capital needs in advance of customer orders. As a result, we base our funding and inventory decisions on estimates of future demand. If demand for our products does not increase as quickly as we have estimated or drops off sharply, our inventory and expenses could rise, and our business and operating results could suffer. Alternatively, if we experience sales in excess of our estimates, our working capital needs may be higher than those currently anticipated. Our ability to meet this excess customer demand depends on our ability to arrange for additional financing for any ongoing working capital shortages since it is likely that cash flow from sales will lag behind these investment requirements.

Inaccurate manufacturing planning may lead to surplus inventory or shortages.

We typically have a short delivery window to deliver goods to our customers once an order has been placed. To meet short delivery deadlines, we generally decide on our manufacturing level and timing, procurement, facility requirements, personnel needs and other resource requirements based on an estimate taking into account forecasted demand, our past dealings with such customers, market conditions and other relevant factors. Our customers' final purchase orders may not be consistent with our estimates. If the final purchase orders substantially differ from our estimates, we may have excess product inventory or product shortages. Excess product inventory could result in unprofitable sales or write-offs as our products are susceptible to obsolescence and price declines. Producing additional products to make up for any product shortages within a short time frame may be difficult, making us unable to fulfill the purchase orders. In either case, our results of operation may be adversely affected.

We rely on complex machinery for our operations and our production involves a degree of risk and uncertainty in terms of operational performance and costs.

Our large-scale machinery may malfunction unexpectedly, requiring repairs and potentially unavailable spare parts. Unexpected malfunctions of our production equipment may significantly affect the intended operational efficiency. While the manufacturing equipment field is maturing, there are still significant changes and improvements occurring with respect to manufacturing devices. Such changes pose a risk that our manufacturing line will become outdated faster than anticipated. Expenses to upgrade equipment to more cutting-edge designs may be necessary, raising costs.

New component materials developed through our vertically integrated manufacturing process may require new, advanced equipment to produce. During the scale-up of new components, it may be difficult to predict a number of cost and risk factors including material yields, operation times, environmental hazards, utility needs, optimal equipment design, and necessary maintenance cycles which could add time and cost risks. Once scaled, the process may be found economically unfeasible.

Equipment malfunctions could cause worker injuries, equipment loss, facility damage, financial losses, and production disruptions. In addition, operational problems may result in environmental damage, administrative fines, increased insurance costs and potential legal liabilities. All of these operational problems could have a material adverse effect on our business, results of operations, cash flows, financial condition or prospects.

We rely on third parties to manufacture chargers and charging poles and to build charging stations that are necessary for using our products, and our ability to market our products depends on the establishment of charging station networks that meet the needs of our products.

We design, develop and manufacture electric power battery systems for electric vehicles. However, we do not manufacture chargers or charging poles that are necessary for using our products. In addition, we rely on third parties, such as city governments, utility providers and private investors, to build charging stations. A key part of our Clean City Transit

plan that aims to introduce our battery systems to electric buses, then to taxis and finally to passenger cars is premised on establishing compatible charging station networks in urban areas that accommodate our technologies and products. If no charging station network is built, in markets in which we target our products, there would be little demand for electric battery products in that area. Even if such a network were built, it might not be compatible with our products, in which case the demand for our technologies and products in those markets would be limited, which could affect the implementation of our strategy and our business, and our operating results may be adversely affected.

Further, existing charging station networks have not been established under a uniform standard and could diminish our sales if any of the networks are not compatible with our products and technologies. In particular, our products and technologies require charging stations that can provide high voltages compared to existing charging stations for ultra-fast charging to function. In order for our fast-charging battery systems to become widely adopted in electric buses, electric taxis and electric passenger cars, a critical mass of compatible fast-charging stations must be installed and in operation in any given urban area that we plan to enter. Establishing a network of fast-charging stations requires significant capital investment and government approvals. It also requires government regulators to believe that the merits of fast-charging stations support the costs of such construction. If a sufficient number of charging stations that accommodate our products and technologies cannot be built up and be functional in a timely manner, it will be difficult for us to retain our existing customers and to attract new customers. As a result, our business, results of operations, financial condition and prospects may be materially and adversely affected.

The ultra-fast charging infrastructure created for electric city buses is presumed to be compatible with electric taxis and electric passenger vehicles installed with our battery systems, which ensures that the voltage system, connector and control communications are compatible with the taxi or passenger vehicle battery system. As we do not produce or own the charging stations, there can be no assurance that they would be made available to or continue to be compatible with taxis and passenger vehicles that are installed with our batteries. If the charging stations are not made available or are no longer compatible, the implementation of our strategy and our business and our operating results may be adversely affected.

Incompatibility of emerging charging standards with our products could miss market opportunities, impacting financial performance. If other companies' products and services, including industry-standard technologies or other new standards, emerge or become dominant in any of these areas, or differing standards emerge in global markets, demand for our technology and products could diminish. As standards emerge, such as those in China which include specifications for hardware, connecting equipment and service networks and standards for communication and inspection, compatibility of prior fast-charging stations envisioned in our Clean City Transit plan could be made obsolete.

We also incorporate materials manufactured by third parties into our products. If there are quality issues with respect to these third-party components included in our battery systems, we may not discover the issue until after our products have been shipped and installed. In addition, we may have little or no recourse against these third-party suppliers arising out of warranty claims made by our customers.

We currently purchase certain key raw materials and components from third parties, some of which we only source from one supplier or from a limited number of suppliers primarily located in Asia.

We currently purchase certain key raw materials for our electrodes and a variety of other components from third parties, some of which we only source from one supplier or from a limited number of suppliers. For the years ended December 31, 2024, 2023 and 2022, we purchased 19%, 15% and 18% of our raw materials from two suppliers. We execute long-term contracts with suppliers for our key raw materials and components. Due to customer forecast variability, suppliers may be unable to satisfy our future requirements on a timely basis. Moreover, the price of purchased raw materials, components and assembled batteries could fluctuate significantly due to circumstances beyond our control. If our current suppliers are unable to satisfy our long-term requirements on a timely basis, we may be required to seek alternative sources for necessary materials and components, produce the raw materials or components in-house or redesign our proposed products to accommodate available substitutes or at a reasonable cost. However, given our current state of business, we may not be able to enter into the required manufacturing supply agreements with the battery manufacturers and component suppliers. If we fail to secure a sufficient supply of key raw materials and components and we are unable to produce them in-house in a timely fashion, it would result in a significant delay in our manufacturing and shipments, which may cause us to breach our sales contracts with our customers. Furthermore, failure to obtain a sufficient supply of these raw materials and components or produce them in-house at a reasonable cost could also harm our revenue and gross profit margins.

If rising prices or availability of raw materials continues to persist, our business and results of operations may be adversely affected.

Volatility in raw material prices and availability can impact our business and finances. Due to numerous factors beyond our control, including general, domestic, and international economic conditions, labor costs, production levels, competition, consumer demand, import duties, and tariffs, inflation and currency exchange rates. This volatility can significantly affect the availability and cost of raw materials, and may therefore have a material adverse effect on our business, results of operations, and financial condition.

Lingering inflation above the Federal Reserve's target rate, the ongoing conflicts between Russia and Ukraine and in the Middle East, and other macroeconomic factors has caused prices to increase across various sectors of the economy and we have been impacted by increases in the prices of our raw materials and other associated manufacturing costs. In particular, we have experienced rising costs or volatility in the prices for raw materials such as polyvinylidene difluoride, lithium salts and carbonates. At this time, there can be no assurance that we will be able to pass any portion of such increases on to customers. Further, we currently do not hedge against our exposure to changing raw material prices. As a result, fluctuations in raw material prices could have a material adverse effect on our business, results of operations, and financial condition.

In addition, the Trump Administration has indicated that it may propose a significant increase in tariff rates on various types of goods imported from Asia that could apply to the raw materials we require. In the event that any such possible tariff increases become enacted, they could significantly increase the cost of our imported components whenever the increased rates become effective.

Supply shortages or changes in availability for any particular type of raw material can delay production or cause increases in the cost of manufacturing our products. We may be negatively affected by changes in availability and pricing of raw materials, which could negatively impact our results of operations.

If we are unable to integrate our products into vehicles manufactured by our OEM customers, our results of operations could be impaired.

We cooperate with our OEM customers to integrate the design of our LpTO, LpCO, MpCO, HpCO and HnCO products, and any future products, into commercial and specialty electric vehicles, such as electric buses, electric cars and electric taxis. Our battery systems are composed of modules assembled from the battery cells that we manufacture. OEMs often require unique configurations or custom designs for battery systems. We tailor the design of our battery systems to the electric vehicles manufactured by our OEM customers. This development process requires not only substantial lead time between the commencement of design efforts for customized battery systems and the commencement of volume shipments of the battery products to the customer, but also the cooperation and assistance of the OEMs in order to determine the requirements for each specific application. Technical problems may arise that affect the acceptance of our product by the OEMs. If we are unable to design and develop products that meet the OEMs' requirements, we may lose opportunities to obtain purchase orders, and our reputation may be damaged. In addition, we may not receive adequate assistance from OEMs to successfully commercialize our products, which could impair our results of operations.

Under certain circumstances, our customers can modify or terminate their contracts.

We have ongoing arrangements with our customers and target customers. Some of these arrangements are evidenced by non-binding letters of intent and memoranda of understanding, early-stage agreements that are used for design and development purposes but will require renegotiation at later stages of development or production or master agreements that have yet to be implemented under separately negotiated statements of work, each of which could be modified to reduce the size of the project, terminated or may not materialize into next-stage contracts or long-term contract partnership arrangements. If these arrangements are modified or terminated or if we are unable to enter into next-stage contracts or long-term operational contracts, our business, prospects, financial condition and operating results may be materially adversely affected.

Modifications or termination of our existing contracts may also directly impact our business, prospects and financial condition, including by reducing backlog by significant amounts.

Losing our senior executives or key personnel could severely disrupt our business.

Our future success heavily depends on the continued service of our senior executives and other key employees. In particular, we rely on the expertise and experience of our Chairman, Chief Executive Officer, Mr. Yang Wu, Chief Operating Officer, Dr. Shengxian Wu and our Chief Technology Officer, Dr. Wenjuan Mattis. If one or more of our other senior executives are unable or unwilling to continue to work for us in their present positions, we may encounter similar problems, but on a compounded basis. Moreover, if any of our current or former senior executives joins a competitor or forms a competing company, we may lose customers, suppliers, know-how and key personnel. Each of our executive officers has entered into an employment agreement with us, which contains non-competition and confidentiality clauses. However, if any dispute arises between our current or former executive officers and us, it is hard to predict the extent to which any of these agreements could be enforced in different countries.

The success of our business depends on our ability to attract, train and retain highly-skilled employees and key personnel.

As a result of the highly specialized, technical nature of our business, we must attract, train and retain a sizable workforce comprising highly-skilled employees and other key personnel. Since our industry is characterized by high demand and intense competition for talent, we may have to pay higher salaries and wages and provide greater benefits in order to attract and retain highly-skilled employees or other key personnel that we will need to achieve our strategic objectives. As we are still a relatively young company and our business has grown rapidly, our ability to train and integrate new employees into our operations may not meet the requirements of our growing business. Our failure to attract, train or retain highly-skilled employees and other key personnel in numbers that are sufficient to satisfy our needs would materially and adversely affect our business. Staff that we are unable to retain also pose a risk since they can inform competitors of our know-how and may lessen the technological advantages over our competitors that we have developed.

Further, competition for highly-skilled employees is intense. We have experienced, and we expect to continue to experience difficulty in hiring and retaining employees with appropriate qualifications. We may face high turnover, requiring us to expend time and resources to source, train and integrate new employees. The challenging markets in which we compete for talent may also require us to invest significant amounts of cash and equity to attract and retain employees. In addition, many of the companies with which we compete for highly-skilled employees have greater financial resources than we have. If we hire employees from competitors or other companies, their former employers may attempt to assert that these employees or the Company has breached certain legal obligations, resulting in a diversion of our time and resources.

Our management has limited experience in operating a public company.

Our executive officers have limited experience in the management of a publicly-traded company. Their limited experience in dealing with the increasingly complex laws pertaining to public companies could significantly increase the amount of time they devote to these activities, which would result in less time being devoted to our strategy and growth.

We may not have adequate personnel with the appropriate level of knowledge, experience and training in the accounting policies, practices or internal controls over financial reporting required of public companies in the U.S. For example, on March 18, 2025, we filed a Form 12b-25 stating that we required additional time to complete this annual report on Form 10-K. Further, we filed a Form 8-K on March 20, 2025 regarding non-reliance on previously issued financial statements due to our error relating to the previously recorded impairment associated with our Clarksville, Tennessee facility.

The development and implementation of the standards and controls necessary for us to achieve the level of accounting standards required of a public company in the U.S. may require costs greater than expected. It is possible that we will be required to expand our employee base and hire additional employees to support our operations as a public company which will increase our operating costs in future periods.

We may acquire or invest in other companies or technologies, which could divert our management's attention, result in dilution to our stockholders and otherwise disrupt our operations and adversely affect our business.

We may selectively acquire or invest in other companies or technologies that we believe could complement or expand our platform, enhance our technical capabilities or otherwise offer growth opportunities. However, acquisitions are

complex, costly and time-consuming processes and involve numerous risks. The pursuit of potential acquisitions may divert the attention of management and cause us to incur various expenses in identifying, investigating and pursuing suitable acquisitions, whether or not they are consummated. Acquisitions also could result in dilutive issuances of equity securities or the incurrence of debt, which could adversely affect our operating results and financial condition. If we acquire additional businesses, we may not be able to integrate the acquired personnel, operations and technologies successfully or effectively manage the combined business following the acquisition.

We also may not achieve the anticipated benefits from the acquired business due to a number of factors, including: inability or difficulty integrating and benefiting from acquired technologies, services or clients in a profitable manner; unanticipated costs or liabilities associated with the acquisition; difficulty integrating the accounting systems, operations and personnel of the acquired business; adverse effects to our existing business relationships with business partners and clients as a result of the acquisition; assuming potential liabilities of an acquired company; possibility of overpaying for acquisitions, particularly those with significant intangibles and those assets that derive value using novel tools or are involved in niche markets; difficulty in acquiring suitable businesses, including challenges in predicting the value an acquisition will ultimately contribute to our business; the potential loss of key employees of the acquired business; and use of substantial portions of our available cash to consummate the acquisition. Any of these difficulties could adversely affect our ability to maintain relationships with clients, partners, suppliers and associates or our ability to achieve the anticipated benefits of the acquisition, or could reduce our earnings or otherwise adversely affect our business and financial results.

In addition, a significant portion of the purchase price of companies we acquire may be allocated to acquired goodwill and other intangible assets, which must be assessed for impairment at least annually. In the future, if our acquisitions do not yield expected returns, we may be required to take charge of our operating results based on this impairment assessment process, which could adversely affect our results of operations.

Our planned expansion into new applications and new markets as we continue to expand our global presence poses additional risks which could adversely affect our business, financial condition and results of operations.

To date, we have focused our business on the sale of our LpTO, LpCO, MpCO, HpCO, and HnCO battery systems, primarily for use in commercial electric vehicles. However, we have and intend to expand into new applications, including the recent development of our ESS container, and also have and continue to expand our customer demographic in order to further grow our business. The lithium-based battery market is highly competitive and there can be no assurance that use of our products for new applications will gain market acceptance.

We recently began marketing our new ESS container and it is possible we may never achieve commercial success with our ESS container. We have limited historical financial data upon which we may base our projected revenue and operating expenses. Accordingly, we continue to be subject to many of the risks inherent in business development, financing, unexpected expenditures, and complications and delays that often occur in a new business. Investors should evaluate an investment in the Company in light of the uncertainties encountered by companies pursuing new product lines in a competitive environment. There can be no assurance that our efforts will be successful or that we will ultimately be able to attain profitability with our ESS container.

After initially focusing on the Asia & Pacific regions, we have expanded and continue to expand our presence and product promotion to Europe and the U.S. and elsewhere. For instance, for the years ended December 31, 2024, 2023 and 2022, we derived 66.5%, 49.0% and 35.2%, respectively, of our sales from outside of China, including sales in the U.S., France, Germany, India, Singapore, the U.K., among others. As a result, we are subject to differences in these markets in regulatory requirements for product testing, intellectual property protection (including patents and trademarks), tax incentive policy, legal systems and rules, marketing costs, fluctuations in currency exchange rates and changes in political and economic conditions.

Expansion into new markets may increase costs and require us to make significant expenditures, including increased manufacturing costs, the establishment of local operating entities, hiring of local employees and establishing facilities in advance of generating any revenue. For example, production costs will be higher in some markets than others. However, higher production costs are partially offset by lower logistics costs and tariffs. In addition, average sales prices for customers in some markets will be higher than the average sales prices in others, resulting in different gross margins depending on the location of the production and the customer.

Further, any efforts to continue expanding into new markets might not be successful in creating demand for our products outside of our existing geographic markets or in effectively selling our products in the markets we enter. In addition, conducting operations in new markets, including the marketing, distribution and sale of our products, subjects us to new or unfavorable regulatory, economic and political risks. These risks include:

- localization of the marketing and deployment of our products;
- lack of familiarity with, and burdens of, complying with foreign laws, legal and commercial standards, regulatory requirements, export requirements, tariffs and other barriers, including laws related to employment or labor;
- conforming our products to various international regulatory and safety requirements where our products are sold, or homologation;
- difficulty in establishing, staffing and managing foreign operations;
- difficulties attracting customers in new jurisdictions;
- difficulty in engaging and retaining distributors that are knowledgeable about, and can function effectively, in overseas markets;
- management, communication and integration problems resulting from cultural or language differences and geographic dispersion;
- different pricing environments, longer sales cycles and longer accounts receivable payment cycles and collections issues;
- increased costs associated with maintaining marketing efforts in various countries;
- new and different sources of competition;
- increased financial accounting and reporting burdens and complexities;
- diversion of our management's attention and resources to explore, negotiate, or close acquisitions and to integrate, staff and manage geographically remote operations and employees;
- sufficiency of qualified labor pools in various international markets;
- foreign government taxes, currency controls, regulations and permit requirements, including foreign taxes that we may not be able to offset against taxes imposed upon us in the U.S., and foreign tax and other laws limiting our ability to repatriate funds to the U.S.;
- changes in global currency systems or fluctuations in exchange rates that may increase the volatility of or adversely affect our foreign-based revenue;
- our ability to enforce our contractual rights;
- compliance with anti-corruption laws, economic sanction laws and regulations, anti-tax laws, export controls and other laws and regulations regarding international business operations;
- foreign government trade restrictions, customs regulations, tariffs and price or exchange controls;
- preferences of foreign nations for domestically produced products;
- uncertain political and economic climates; and
- inability to obtain, maintain or enforce intellectual property rights in some countries.

These factors may cause our costs of doing business in certain markets to exceed our comparable costs incurred in other markets in which we do business. Any negative impact from our business efforts in new markets could adversely affect our business, operating results and financial condition as a whole.

Additionally, as we have expanded and continue to expand into new markets, we have faced challenges with ensuring that our charging equipment works successfully with the charging infrastructure in such markets. If customers experience problems with the way our charging equipment works with the local charging infrastructure, or if we are unable to adapt our equipment to resolve such problems, then the viability and acceptance of our vehicles in such markets could be materially and adversely affected. If we fail to successfully address these risks, our business, prospects, operating results and financial condition could be materially harmed.

Our battery packs rely on software and hardware that are highly technical, and if these systems contain errors, bugs or vulnerabilities, or if we are unsuccessful in addressing or mitigating technical limitations in our systems, our business could be adversely affected.

Our products rely on software and hardware, including software and hardware developed or maintained internally or by third parties, that are highly technical and complex and will require modification and updates over the life of a battery pack. In addition, certain of our products depend on the ability of such software and hardware to store, retrieve, process and manage immense amounts of data. Our software and hardware may contain errors, bugs or vulnerabilities, and our systems are subject to certain technical limitations that may compromise our ability to meet the objectives. Some errors, bugs or vulnerabilities inherently may be difficult to detect and may only be discovered after the code has been released for external or internal use. Errors, bugs, vulnerabilities, design defects or technical limitations may be found within our software and hardware. Although we attempt to remedy any issues that we observe in our products as effectively and rapidly as possible, such efforts may not be timely, may hamper production or may not be to the satisfaction of our customers. If we are unable to prevent or effectively remedy errors, bugs, vulnerabilities or defects in our software and hardware, we may suffer damage to our brand, loss of customers, loss of revenue or liability for damages, any of which could adversely affect our business and financial results.

We may be subject to financial and reputational risks due to product recalls and product liability claims, and we could face substantial liabilities which exceed our resources.

Lithium-based battery systems for use in electric vehicles and ESS are inherently complex and subject to failure, accidents or other malfunctions. Accordingly, we may be exposed to product recalls and product liability claims. The risk of product recalls and product liability claims, and associated adverse publicity, is inherent in the development, manufacturing and sale of our products. Our products and the products of third parties in which our products are a component are becoming increasingly sophisticated and complicated as advancements in technologies occur, and as demand increases for lighter and more powerful rechargeable batteries.

We typically offer warranties for our battery products against any defects due to product malfunction or workmanship for a period ranges from one to eight years (or up to 3 years in the case of ESS) from the date of purchase. We provide a reserve for these potential warranty expenses, which is based on an analysis of historical warranty issues.

Product quality and liability issues may affect not only our products but also the third-party products in which our battery products are a component. Our efforts and the efforts of our development partners to maintain product quality may not be successful, which may result in us incurring expenses in connection with, for example, product recalls and product liability claims, and adversely impact our brand image and reputation as a producer of high-quality products. Any product recall or product liability claims seeking significant monetary damages could have a material adverse effect on our business and financial condition. A product recall or product liability claim could generate substantial negative publicity about our products and business, interfere with our manufacturing plans and product delivery obligations as we seek to replace, or repair affected products, and inhibit or prevent commercialization of other future product candidates.

Further, there is no assurance that future warranty claims will be consistent with past history, and in the event we experience a significant increase in warranty claims, there is no assurance that our reserves will be sufficient. This could have a material adverse effect on our business, financial condition and results of operations.

If we have quality issues with our BMS and ESS container, our sales, profit, and cash flows could decrease and our relationships with our customers and our reputation may be harmed.

Products as complex as ours may contain undetected errors or defects, especially when first introduced. Our BMS and ESS container may contain defects that are not detected until after they are shipped or are installed because we and our suppliers cannot test for all possible scenarios. These defects could cause us to incur significant warranty, non-warranty, and re-engineering costs, which may not be covered by manufacturer warranties, and could significantly affect our customer relations and business reputation. If we deliver products with errors or defects, or if there is a perception that such products contain errors or defects, our credibility and the market acceptance and sales of our products could be harmed. In addition, some of our contractual arrangements with customers include provisions for liquidated damages. In certain cases, we could incur high liquidated damages if it is established that our products do not meet the performance guarantees we have given to our customers.

The reduction, elimination, or expiration of government incentives for, or regulations mandating the use of, renewable energy could reduce demand for our ESS container and harm our business.

Federal, state, local, and foreign government bodies provide incentives to owners, end users, distributors, system integrators and manufacturers of renewable energy products, including our ESS container, to promote renewable electricity in the form of rebates, tax credits and other financial incentives. The range and duration of these incentives varies widely by jurisdiction. The reduction, elimination, or expiration of government incentives for grid-connected electricity may negatively affect the competitiveness of our ESS container and could harm or halt the growth of our industry and our business. These subsidies and incentives may expire on a particular date, end when the allocated funding is exhausted or be reduced or terminated as renewable energy adoption rates increase or as a result of legal challenges, the adoption of new statutes or regulations, or the passage of time. These reductions or terminations may occur without warning. The reduction, elimination or expiration of such incentives could harm our business and cash flows.

In August 2022, the United States passed the IRA, which includes a number of government incentives that support the adoption of energy storage products and services and could potentially benefit the Company and its operations. On January 16, 2025, the U.S. Department of Treasury released its Guidance on Domestic Content Bonus for Clean Energy Credits, which included adjustments impacting battery electric storage systems. The Trump Administration has also issued executed orders that potentially impact ESS and EV operations. For instance, on January 20, 2025, the Trump Administration issued the Unleashing American Energy Executive Order that paused the disbursement of funds appropriated through the IRA. This pause could, among other things, delay or disrupt the rollout of EV charging stations. Future guidance from the U.S. Department of Treasury or other federal administrative agencies, or executive orders or policies issued or adopted by the current administration, could be adverse to our interests and could therefore harm our business, prospects, financial condition and results of operations.

If renewable energy technologies are not suitable for widespread adoption or sufficient demand for our offerings does not develop or takes longer to develop than we anticipate, our sales may decline, and we may be unable to achieve or sustain profitability.

The market for renewable, distributed energy generation is emerging and rapidly evolving, and its future success and trajectory is uncertain and subject to a number of risks. If renewable energy generation proves unsuitable for widespread commercial deployment or if demand for our ESS products fails to develop as currently anticipated, our revenue, market share, and our ability to achieve and/or sustain profitability may be adversely affected.

Many factors may influence the widespread adoption of renewable energy generation and demand for our offerings, including, but not limited to, the cost-effectiveness of renewable energy technologies as compared with conventional and competitive technologies, the performance and reliability of renewable energy products as compared with conventional and non-renewable products, fluctuations in economic and market conditions that impact the viability of conventional and competitive alternative energy sources, increases or decreases in the prices of oil, coal and natural gas, continued deregulation of the electric power industry and broader energy industry, policy priorities of different political administrations at the international, federal, state and local level, including the scope of governmental regulations regarding renewable energy generation, and the availability or effectiveness of government subsidies and incentives, including from the IRA. The growth of renewable energy generation is relevant to the demand for energy storage because increases in intermittent solar and wind power in many jurisdictions have spurred the demand for energy storage to help maintain reliability and support the integration of solar and wind power into the electrical grid.

All of the foregoing factors have the potential to impact demand for our products and thus our ability to achieve and sustain profitability. Our inability to effectively mitigate the risks associated with such factors could have a material adverse effect on our business, financial condition, results of operations and prospects.

Existing electric utility industry policies and regulations, and any subsequent changes, may present technical, regulatory, and economic barriers to the purchase and use of our ESS container that may significantly reduce demand for our products or harm our ability to compete.

Federal, state, local, and foreign government regulations and policies concerning the broader electric utility industry, as well as internal policies and regulations promulgated by electric utilities and organized electric markets with respect to fees, practices, and rate design, can influence the market for energy storage products and services. These regulations and policies often affect electricity pricing and the interconnection of generation facilities, and can be subject to frequent modifications by governments, regulatory bodies, utilities, and market operators. For example, changes in fee structures, electricity pricing structures, and system permitting, interconnection, and operating requirements can deter purchases of renewable energy products by reducing anticipated revenues or increasing costs or regulatory burdens for

would-be system purchasers. The resulting reductions in demand for energy storage products could harm our business, prospects, financial condition, and results of operations.

A significant recent development in renewable-energy pricing policies in the U.S. occurred on July 16, 2020, when the Federal Energy Regulatory Commission (“FERC”) issued a final rule amending regulations that implement the Public Utility Regulatory Policies Act (“PURPA”). Among other requirements, PURPA mandates that electric utilities buy the output of certain renewable generators below established capacity thresholds. PURPA also requires that such sales occur at a utility’s “avoided cost” rate. FERC’s PURPA reforms include modifications (1) to how regulators and electric utilities may establish avoided cost rates for new contracts; (2) that reduce from 20 MW to 5 MW the capacity threshold above which a renewable-energy qualifying facility is rebuttably presumed to have nondiscriminatory market access, thereby removing the requirement for utilities to purchase its output; (3) that require regulators to establish criteria for determining when an electric utility incurs a legally enforceable obligation to purchase from a PURPA facility; and (4) that reduce barriers for third parties to challenge PURPA eligibility. In general, FERC’s PURPA reforms have the potential to reduce prices for the output from certain new renewable generation projects while also narrowing the scope of PURPA eligibility for new projects. These effects could reduce demand for PURPA-eligible battery energy storage products and could harm our business, prospects, financial condition, and results of operations.

Changes in other current laws or regulations applicable to us or the imposition of new laws, regulations, or policies in the U.S., could have a material adverse effect on our business, financial condition, and results of operations. Any changes to government, utility, or electric market regulations or policies that favor electric utilities or other market participants could reduce the competitiveness of battery energy storage products and cause a significant reduction in demand for our products and services and adversely impact our growth.

The economic benefit of our energy storage products to our customers includes, among other things, the benefit of reducing such customer’s payments to the local electric utility company. The rates at which electricity is available from a customer’s local electric utility company are subject to change and any changes in such rates may affect the relative benefits of our energy storage products. Further, the local electric utility may impose “departing load,” “standby” or other charges on our customers in connection with their acquisition of our energy storage products, the amounts of which are outside of our control and which may have a material impact on the economic benefit of our energy storage products to our customers. Changes in the rates offered by local electric utilities and/or in the applicability or amounts of charges and other fees imposed by such utilities on customers acquiring our energy storage products could adversely affect the demand for our energy storage products.

The U.S. Congress, the Trump Administration, or any new administration may make substantial changes to fiscal, tax, and other federal policies that may adversely affect our business.

The Trump Administration has called for significant changes to U.S. trade, healthcare, immigration and government regulatory policy and has begun implementing policy changes at a rapid pace. Changes to U.S. policy implemented by the U.S. Congress, the Trump administration or any administration have impacted among other things, the U.S. and global economy, international trade relations, unemployment, immigration, healthcare, taxation, the U.S. regulatory environment, inflation and other areas. Although we cannot predict the impact, if any, of these changes to our business, they could adversely affect our business. Until we know what policy changes are made, whether those policy changes are challenged and subsequently upheld by the court system and how those changes impact our business and the business of our competitors over the long term, we will not know if, overall, we will benefit from them or be negatively affected by them.

Changes or increases in tariffs, trade restrictions, trade agreements, non-tariff trade barriers, local content requirements, uncertainty surrounding global trade policies, and the imposition of new or retaliatory tariffs against other countries or covering certain products may affect our competitive position and result in increased costs for products manufactured in the United States using inputs from other countries. For example, on February 1, 2025, President Trump imposed a 10% additional tariff on Chinese products imported into the United States and increased this rate by an additional 10% on March 3, 2025. If maintained, these and other potential tariffs yet to be announced or imposed may have an adverse impacts on general economic conditions and our business, the exact outcomes of which are uncertain and depend on various factors, such as negotiations between the U.S. and China or other foreign countries, the duration of such tariffs, the responses of other countries or regions to such tariffs, the actual increases in the costs of imported foreign products and raw materials, and exemptions or exclusions that may be granted. Should tariffs increase and be sustained, our inventory acquisition and carrying costs may be increased, which costs may be passed on to us and consumers through

higher prices for our products. These increased prices may adversely impact our new product sales and demand for such products, potentially impacting our ability to sell them profitably.

As components of electric vehicles, our products as installed in the products of our customers are subject to motor vehicle standards and the failure of the vehicles to satisfy such mandated safety standards could have a material adverse effect on the demand for our products, our business and our operating results.

Our products are used as components in electric vehicles. All vehicles sold must comply with applicable international, federal, and state motor vehicle safety standards, which vary by national and other jurisdictions. In the U.S., vehicles that meet or exceed all federally mandated safety standards are certified under federal regulations. Rigorous testing and the use of approved materials and equipment are among the requirements for achieving federal certification. Failure by our vehicle manufacturing customers to satisfy motor vehicle standards could have a material adverse effect on our business and operating results.

Moreover, we may incur our own significant costs in complying with these regulations. Regulations related to the electric vehicle industry and alternative energy are currently evolving and we face risks associated with changes to these regulations.

To the extent the laws become more stringent or otherwise change, our components or the vehicles into which they are incorporated may not comply with applicable international, federal, state or local laws, which would have an adverse effect on our business. Compliance with changing regulations could be burdensome, time consuming, and expensive. To the extent compliance with new regulations is cost prohibitive, our business, prospects, financial condition and operating results would be adversely affected.

Internationally, there may be laws in jurisdictions we have not yet entered or laws of which we are unaware in jurisdictions we have entered that may restrict our sales or other business practices. Even for those jurisdictions we have analyzed, the laws in this area can be complex, difficult to interpret and may change over time. Continued regulatory limitations and other obstacles interfering with our business or our customer's ability to sell products could have a negative and material impact on our business, prospects, financial condition and results of operations.

We may fail to comply with certain health and production safety laws and regulations governing hazardous materials.

In the sourcing of our products throughout the world, we process, store, dispose of and otherwise use large amounts of hazardous materials. As a result, we are subject to extensive and evolving health and production safety laws and regulations governing, among other things, the health of our employees and safety production requirements regarding the generation, handling, storage, use and transportation of hazardous materials. Compliance with these laws and regulations results in ongoing costs. Failure to comply with these laws or regulations, or to obtain or comply with the relevant permits, could result in fines, criminal charges or other sanctions by regulators. Furthermore, we may be ordered to rectify a noncompliance within a stipulated deadline and, if we fail to do so, we may be ordered to cease operations. From time-to-time, we may have instances of alleged or actual noncompliance that could result in the imposition of fines, penalties and required corrective actions. For instance, we are required under PRC law to design and build occupational disease prevention facilities concurrently with the construction of our manufacturing facilities, where hazardous elements that adversely affect the health of our employees are generated or used. Our ongoing compliance with health and safety laws, regulations and permits could require us to incur significant expenses, limit our ability to modify or expand our facilities or continue manufacturing and making other capital improvements. In addition, private parties, including current or former employees, could bring personal injury or other claims against us due to the presence of, or exposure to, hazardous substances used, stored or disposed of by us or contained in our products.

Environmental regulation compliance is costly; non-compliance could lead to fines, damage our reputation, and negatively impact our business.

As a manufacturer, we are subject to various environmental laws and regulations on air emission, wastewater discharge, solid waste, noise and the use, generation, and disposal of hazardous materials. Cobalt and lithium are toxic materials that are important raw materials in our batteries. We also use, generate and discharge other toxic, volatile and hazardous chemicals and wastes in our research, development and manufacturing activities. One of our manufacturing sites is in China, and under PRC environmental regulations we are required to maintain the pollutant emission levels at each of our facilities within the levels prescribed by the relevant governmental authorities and obtain a pollution discharge permit

for our water and air emissions. We are also required to design and build environmental treatment facilities concurrently with the construction of our manufacturing facilities, where waste air, wastewater and waste solids we generate can be treated in accordance with the relevant requirements.

In addition, certain laws and regulations require enterprises like us that generate hazardous waste to engage companies which are licensed and qualified to process the hazardous waste, and to collect, store, dispose of and transfer the hazardous waste. If we fail to comply with national and local environmental protection laws and regulations, the relevant governmental authorities may impose fines or deadlines to cure instances of noncompliance and may even order us to cease operations if we fail to comply with their requirements. In particular, any breach by us in connection with requirements relating to the handling of hazardous waste may subject us to monetary damages and fines. In addition, if any third party suffers any loss as a result of our pollutant emission practices, our improper handling of hazardous waste or our noncompliance with environmental regulations, such third parties may seek damages from us. We cannot assure you that we will be able to comply with all environmental laws and regulations at all times as the environmental legal regime is evolving and becoming more stringent in many jurisdictions. If any government imposes more stringent regulations in the future, we will have to incur additional substantial costs and expenses in order to comply with new regulations, which may negatively affect our results of operations. If we fail to comply with any of the present or future environmental regulations in any material aspect or cause any loss to any third parties due to our pollutant emission practices, improper handling of hazardous waste or other environmental noncompliance, we may suffer from negative publicity and may be required to pay substantial fines, pay damages to such third parties, or suspend or even cease operations. Failure to comply with environmental laws and regulations may materially and adversely affect our business, financial condition and results of operations.

To the extent we ship our products overseas, or to the extent our products are used in products sold overseas, they may be affected by laws and regulations on the movement of goods. For example, the transportation of non-rechargeable and rechargeable lithium batteries is regulated by the International Civil Aviation Organization (the "ICAO"), and corresponding rules and regulations of the International Air Transport Association (the "IATA"), the U.S. DOT's Pipeline & Hazardous Materials Safety Administration (the "PHMSA"), Dangerous Goods Regulations and the International Maritime Dangerous Goods Code, and in China by the General Administration of Civil Aviation of China and the Maritime Safety Administration of the PRC. These regulations are based on the United Nations, or UN, Recommendations on the Transport of Dangerous Goods Model Regulations and the UN Manual of Tests and Criteria. We currently ship our products pursuant to ICAO, IATA and PHMSA hazardous goods regulations. The regulations require companies to meet certain testing, packaging, labeling and shipping specifications for safety reasons. We believe we are in material compliance with all current PRC and international regulations for the shipment of our products and will seek to comply with any new regulations that are imposed. We also believe we have obtained all required certificates for the safe transport of our lithium battery products by air and water. If we are unable to comply with the new regulations, however, or if regulations are introduced that limit our ability to transport our products to customers in a cost-effective manner, this could have a material adverse effect on our business, financial condition and results of operations.

Our operations expose us to litigation, environmental and other legal compliance risks, including increased climate change legislation restricting GHG emissions.

We are subject to a variety of litigation, environmental, health and safety and other legal compliance risks. These risks include, among other things, possible liability relating to product liability matters, securities law matters, personal injuries, intellectual property rights, contract-related claims, government contracts, health and safety liabilities, environmental matters and compliance with U.S. and foreign laws, competition laws and laws governing improper business practices. We or one of our business units could be charged with wrongdoing as a result of such matters. If convicted or found liable, we could be subject to significant fines, penalties, repayments or other damages (in certain cases, treble damages). As a business with international reach, we are subject to complex laws and regulations in jurisdictions in which we operate, including the U.S., China, the E.U. and the U.K. Those laws and regulations may be interpreted in different ways. They may also change from time-to-time, as may related interpretations and other guidance. Changes in laws or regulations could result in higher expenses and payments, and uncertainty relating to laws or regulations may also affect how we conduct our operations and structures our investments and could limit our ability to enforce our rights. See the section titled "*Business — Legal Proceedings.*"

Changes in environmental and climate laws or regulations, including laws relating to GHG emissions, could lead to new or additional investment in manufacturing designs, subject us to additional costs and restrictions, including increased energy and raw materials costs, and could increase environmental compliance expenditures.

Our general liability insurance may not be sufficient to cover potential liability from product liability claims.

We currently have general liability insurance with an annual limit of up to approximately \$71.6 million to cover liabilities arising from product liability claims or product recalls worldwide (excluding the U.S. and Canada), which may not be sufficient to cover potential liability claims. Inability to obtain sufficient insurance coverage at an acceptable cost or otherwise to protect against potential product recalls and product liability claims could prevent or inhibit the commercialization of our product or could result in a loss of customers and decrease in revenue, unexpected expenses and a loss of market share, and if any of our products are found to have reliability, quality or compatibility problems, we will be required to accept returns, provide replacements, provide refunds, or pay damages. We cannot assure you that as we continue distribution of our products we will be able to obtain or maintain adequate coverage on acceptable terms, or that such insurance will provide adequate coverage against all potential claims. Even if we maintain adequate insurance, any successful claim could materially and adversely affect our reputation and prospects and divert management's time and attention. If we are sued for any injury allegedly caused by our future products, our liability could exceed our total assets and our ability to pay such liability. In any case, we may still be required to incur substantial amounts to cover costs associated with product recalls and/or to indemnify our customers in respect of their product quality claims against us, which would materially and adversely affect results operations and severely damage our reputation.

If currency exchange rates fluctuate substantially in the future, our financial results, which are reported in U.S. dollars, and the value of our securities could be adversely affected.

The value of our securities will be indirectly affected by the foreign exchange rate between the U.S. dollar and RMB and between those currencies and other currencies in which our sales may be denominated. Appreciation or depreciation in the value of the RMB relative to the U.S. dollar would affect our financial results reported in U.S. dollar terms without giving effect to any underlying change in our business or results of operations. Fluctuations in the exchange rate will also affect the relative value of any dividend we issue that will be exchanged into U.S. dollars, as well as earnings from, and the value of, any U.S. dollar-denominated investments we make in the future. It is difficult to predict how RMB exchange rates may change.

Additionally, limited hedging transactions are available in China to reduce our exposure to exchange rate fluctuations. To date, we have not entered into any hedging transactions. While we may enter into hedging transactions in the future, the availability and effectiveness of these transactions may be limited, and we may not be able to successfully hedge our exposure at all. Our foreign currency exchange losses may also be magnified by PRC exchange control regulations that restrict our ability to convert RMB into foreign currencies. As a result, fluctuations in exchange rates may have a material adverse effect on our financial condition.

U.S. tax law changes on international activities could significantly affect our finances and operational results.

Changes to U.S. tax laws, including limitations on the ability of taxpayers to claim and utilize foreign tax credits and the deferral of certain tax deductions until earnings outside of the U.S. are repatriated to the U.S., as well as changes to U.S. federal income tax laws that may be enacted in the future, could impact the tax treatment of our foreign earnings. Due to our international business activities, any changes in the U.S. federal income taxation of such activities may increase our worldwide effective tax rate and adversely affect our financial position and results of operations.

We may face unforeseen tax liabilities that could affect our financial health.

We are subject to federal, state and local taxes in the U.S. and are also subject to taxes in certain foreign jurisdictions. Significant judgment is required in evaluating our tax positions and our worldwide provision for taxes. During the ordinary course of business, there are many activities and transactions for which the ultimate tax determination is uncertain. In addition, our tax obligations and effective tax rates could be adversely affected by changes in the relevant tax, accounting and other laws, regulations, principles and interpretations, including those relating to income tax nexus, by our earnings being lower than anticipated in jurisdictions where we have lower statutory rates and higher than anticipated in jurisdictions where we have higher statutory rates, by changes in foreign currency exchange rates, or by changes in the valuation of our deferred tax assets and liabilities. We may be audited in various jurisdictions, and such jurisdictions may assess additional taxes against us. Although we believe our tax estimates are reasonable, the final determination of any tax audits or litigation could be materially different from our historical tax provisions and accruals, which could have a material adverse effect on our operating results or cash flows in the period or periods for which a determination is made.

International operations could lead to complex and unfavorable tax outcomes.

We generally conduct our international operations through wholly-owned subsidiaries, branches and representative offices and report our taxable income in various jurisdictions worldwide based upon our business operations in those jurisdictions. Our intercompany relationships are subject to complex transfer pricing regulations administered by taxing authorities in various jurisdictions. The relevant taxing authorities may disagree with our determinations as to the income and expenses attributable to specific jurisdictions. If such a disagreement were to occur, and our position was not sustained, we could be required to pay additional taxes, interest and penalties, which could result in one-time tax charges, higher effective tax rates, reduced cash flows and lower overall profitability of our operations. We believe that our financial statements reflect adequate reserves to cover such a contingency, but there can be no assurances in that regard.

In addition, under several of the tax regimes under which we operate, related party transactions must be conducted on an arm's-length basis. Such transactions between related parties may be subject to audit or scrutiny by tax authorities, including, in the case of the PRC government, within ten years after the taxable year when the transactions are conducted. If the relevant tax authorities determine that related party transactions have not been conducted on an arm's-length basis, they may adjust the taxable income of our specific subsidiaries through a transfer pricing adjustment and impose additional taxes (together with applicable interest) on those subsidiaries, as well as penalties for under-reporting of taxable income.

As revenues increase in our European and US operations and this involves inter-company transactions due to the production coming from MPS China, there is a risk that as those revenues increase, there will be higher scrutiny by local tax authorities on those inter-company transactions. While we obtain local, specialist third party tax advice on ensuring those transactions comply with local tax laws and regulations, there is always the risk that a tax authority will raise issue with these transactions and seek to impose a tax treatment that could be unfavourable to us, or may even seek to impose fines or penalties on us.

The uncertainty in global economic conditions and obligations arising under economic, financial or trade sanctions laws and regulations or export controls, such as those associated with the ongoing conflicts between Russia and Ukraine and in the Middle East, could negatively affect our operating results.

Our operating results are directly affected by the general global economic conditions of the industries in which our major customer groups operate. Our business segments are highly dependent on the economic and market conditions in each of the geographic areas in which we operate. The uncertainty in global economic conditions varies by geographic segment and can result in substantial volatility in global credit markets. Credit volatility could impact our working capital for manufacturing or result in cost changes or interruptions to suppliers whose components we rely upon if we are unable to access the needed credit for our operations. These conditions affect our business by reducing prices that our customers may be able or willing to pay for our products or by reducing the demand for our products, which could in turn negatively impact our sales and result in a material adverse effect on our business, cash flow, results of operations and financial condition.

We also are subject to certain laws and regulations concerning economic, financial, or trade sanctions or embargoes, including those administered by the Office of Foreign Assets Control ("OFAC") of the U.S. Department of the Treasury. Absent authorization from OFAC, these sanctions laws and regulations prohibit us from engaging in certain transactions or dealings with, for the benefit of, or involving individuals or entities, their property or property interests, or jurisdictions targeted thereunder. For example, in connection with the ongoing conflicts between Russia and Ukraine and in the Middle East, the U.S., the E.U. and certain other governments around the world have responded by imposing various economic sanctions which restrict or prohibit certain business opportunities in Russia, Ukraine and in the Middle East. These sanctions are complex and are rapidly evolving. The uncertain nature, magnitude, and duration of hostilities stemming from the conflicts between Russia and Ukraine and in the Middle East, including the potential effects of sanctions limitations, possibility of counter-sanctions, retaliatory cyber-attacks on the world economy and markets, further disruptions to global supply chains and potential shipping delays, have contributed to increased market volatility and uncertainty, which could have an adverse impact on macroeconomic factors that affect our business.

Our sales in Russia represented 0%, 0% and less than 1% of our total revenue in 2024, 2023 and 2022, respectively, and due to the ongoing military conflict in Ukraine we will not be active in the Russian market until there has been a peaceful resolution. This means we will forgo any sales opportunities in the Russian market which could result in a material adverse effect on our business, cash flow, results of operations and financial condition.

In addition, we rely on our payment processors to understand the destination of our payments to sellers. If our payment processors fail to maintain awareness of and comply with new or revised sanctions restrictions or prohibitions, which may evolve quickly and come into force with little or no notice, we may be at risk of being deemed to have violated such sanctions limitations. Further escalation of geopolitical tensions could have a broader impact that expands into other markets where we do business, which could adversely affect our business, business partners or customers in the broader region. Violations of applicable sanctions laws and regulations may result in severe criminal or civil penalties, and we may be subject to other liabilities in addition to adverse publicity, which could negatively affect our business, operating results and financial condition.

Our batteries and our website, systems, and data we maintain may be subject to intentional disruption, other security incidents, or alleged violations of laws, regulations, or other obligations relating to data handling that could result in liability and adversely impact our reputation and future sales.

We expect to face significant challenges with respect to information security and maintaining the security and integrity of our systems and other systems used in our business, as well as with respect to the data stored on or processed by these systems. Advances in technology, an increased level of sophistication, and an increased level of expertise of hackers, new discoveries in the field of cryptography or others can result in a compromise or breach of the systems used in our business or of security measures used in our business to protect confidential information, personal information, and other data.

The availability and effectiveness of our batteries, and our ability to conduct our business and operations, depend on the continued operation of IT and communications systems, some of which we have yet to develop or otherwise obtain the ability to use. Systems used in our business, including data centers and other IT systems, will be vulnerable to damage or interruption. Such systems could also be subject to break-ins, sabotage and intentional acts of vandalism, as well as disruptions and security incidents as a result of non-technical issues, including intentional or inadvertent acts or omissions by employees, service providers, or others. We anticipate using outsourced service providers to help provide certain services, and any such outsourced service providers face similar security and system disruption risks as we do. Some of the systems used in our business will not be fully redundant, and our disaster recovery planning cannot account for all eventualities. Any data security incidents or other disruptions to any data centers or other systems used in our business could result in lengthy interruptions in our service.

We are legally obligated to take back used batteries from clients and the cost of doing so may differ materially from our estimates.

According to Directive 2013/56/EU, which amended Directive 2006/66/EC and which has been implemented in Germany with the German Battery Act (Batteriegelgesetz), we are obligated, in several EU member states, to take back and recycle or otherwise safely dispose of all batteries we directly sell as a producer free of charge for our clients. The EU Battery Regulation 2023/1542 will expand these obligations throughout all EU member states as of August 18, 2025. In 2021, we began selling batteries and battery systems as a direct producer in the European market. As our batteries are capable of supporting up to 10 years of operations under typical conditions, we expect the next tranche of end-of-life batteries to be returned to us in 2031 at the latest, a cycle which we expect to be ongoing. In order to address the financial and other risks associated with battery exchanges, we have decided to either exchange batteries ourselves or to sell them to third parties following the end of their battery life with a customer or their end-user. We estimate that roughly half of the batteries we have sold will be refurbished and resold while the remaining batteries are expected to be recycled or reutilized for other purposes. We are also investigating opportunities to develop small size energy storage systems which can be used to run parts of our manufacturing site returned batteries.

Changes in regulatory policies and customer practices could have a material adverse effect on our business and operations. The EU has also imposed its new EU Battery Regulation, parts of which became effective in the first quarter of 2024. This regulation, in conjunction with the EU Critical Raw Materials Regulation 2024/1252 (which is intended to increase intra-EU lithium production), will push local (European) battery cell production and “green” energy usage for battery production. Additionally, starting in the first quarter of 2027, the EU Battery Regulation requires us to provide an electronic record for our industrial and electric vehicle batteries, which must include an identification QR code and CE marking. Further, we will be subject to stricter supply chain due diligence and reporting obligations. Finally, we are beginning to see OEM customer requirements for locally produced battery cells. The latest developments in European regulatory policies described above may lead to increased competitiveness in the European market, as we expect major cell manufacturers to add localized European cell production.

We may have difficulties transferring and communicating technology globally, especially if communications and visa processes between the U.S. and other countries worsen.

In different parts of the world, the technology platforms that are used to facilitate communication between staff are different, or in some cases banned. For example, the PRC government has banned a number of technology apps, and certain jurisdictions may attempt to restrict the operation and access of certain China-based companies, such as TikTok, WeChat and Alipay in the U.S. In response, government authorities in China, or elsewhere, may seek to restrict the access and operations of U.S. companies. As the options for communication become restricted, it may become difficult to efficiently coordinate complex manufacturing supply chains in a global setting, causing delays or missed income opportunities. Further, the software we use may be different in different countries, which makes it difficult to share certain engineering documents and resources between global subsidiaries. Delays due to inefficiencies in communication and file sharing may impact decision making, lead to errors, and affect our ability to maximize profit.

We have also transferred and expect to continue to transfer personnel between the United States and other geographies, specifically China, for short, medium and long-term or permanent durations. Global immigration requirements routinely change and are complex to navigate. We cannot assure you that we will be able to acquire adequate visas for the movement of our personnel between the locations we and/or our customers operate going forward. As our business is spread across many geographies, our current business relies on the ability of obtaining personnel visas so that our employees can freely move between our international offices and operations, and any restrictions or denials could limit our ability to train and pass along proprietary information efficiently.

Although challenges transferring and communicating technology globally, as well as obtaining personnel visas, have not currently, however, impacted our geographic diversification strategy, we cannot assure you that we will not experience these issues in the future.

Our \$200 million grant from the DOE was cancelled and there is no certainty that the Company will qualify or have access to future awards or grants in the United States.

In October 2022, we were notified by the DOE that we had been selected, in collaboration with General Motors, to receive \$200 million in grant funding as part of the DOE's Battery Materials Processing and Battery Manufacturing initiative pursuant to the recently enacted infrastructure law, subject to negotiation of specific terms and conditions. The grant funding was expected to support the construction of a new polyaramid separator manufacturing facility in Hopkinsville, Kentucky. On May 23, 2023, the DOE announced that it was declining to award the previously-announced \$200 million grant to us. Our ability to obtain grants or incentives from government entities in the future is subject to the availability of funds under applicable government programs and approval of our applications to participate in such programs. The application process for these grants and other incentives is highly competitive. We may not be successful in obtaining any additional grants, loans or other incentives. Further, the loss of this DOE award had an adverse impact on our reputation and standing, and it may not be possible for us to mitigate these negative perceptions concerning us and our business and/or we may have to spend considerable management time and resources defending our reputation and standing. Dealing with the fallout from the loss of the DOE award may also limit our access to funding for our business going forward as third party sources of finance are concerned about their own reputational risk of doing business with us.

Cyberattacks or risks related to cybersecurity could have a material effect on our business.

As an advanced battery technology company, we rely on innovative and creative technologies to both further our business and to operate on a regular basis. As such, we are potentially subject to risk from cybersecurity threats and cyberattacks that attempt to gain access to our systems to collect confidential data or disrupt our operations. Cyberattacks have become increasingly prevalent, and have continued to remain a threat among any company that engages in the collection and storage of sensitive data in the ordinary course of business, including, but not limited to, employee information, vendor information, proprietary information on our technology and any commercial transactions that the company might engage in. While we have policies and measures in place to both prevent and mitigate the risk of cyberattacks, this does not fully remove us from potential threats that could disrupt our operations. In addition, our business operations partially rely on outsourced parties for data centers, third-party services, and network operations that could be disrupted in the case of a cyberattack or a cybersecurity risk occurring through an outsourced party. The impacts of such a cybersecurity risk would be difficult to assess and to measure how severely it would impact our operations but could have a material impact on our business.

Artificial Intelligence presents risks and challenges that can impact our business, including by posing security risks to our confidential information, proprietary information and personal data.

Issues in the development and use of artificial intelligence, combined with an uncertain regulatory environment, may result in reputational harm, liability, or other adverse consequences to our business operations. As with many technological innovations, artificial intelligence presents risks and challenges that could impact our business. We may adopt and integrate generative artificial intelligence tools into our systems for specific use cases. Our vendors may incorporate generative artificial intelligence tools into their offerings without disclosing this use to us, and the providers of these generative artificial intelligence tools may not meet existing or rapidly evolving regulatory or industry standards with respect to privacy and data protection and may inhibit our or our vendor's ability to maintain an adequate level of service and experience. If we, our vendors, or our third-party partners experience an actual or perceived breach or privacy or security incident because of the use of generative artificial intelligence, we may lose valuable intellectual property and confidential information and our reputation and the public perception of the effectiveness of our security measures could be harmed. Further, bad actors around the world use increasingly sophisticated methods, including the use of artificial intelligence, to engage in illegal activities involving the theft and misuse of personal information, confidential information, and intellectual property. Any of these outcomes could damage our reputation, result in the loss of valuable property and information, and adversely impact our business.

Risks Related to Doing Business in China

Adverse changes in the PRC's political, economic, and other policies could materially affect China's economic growth and negatively impact our business growth and competitiveness, as well as adverse trade relations with the United States.

Our business operations have a material dependency on the Chinese market for both revenues generated in that market and as a source of finished products and components for our global operations. Accordingly, our business, financial condition, results of operations, and prospects are affected significantly by economic, political, and legal developments in China. The Chinese economy differs from the economies of most developed countries in many respects, including:

- the degree of government involvement;
- the level of development;
- the growth rate;
- the control of foreign exchange;
- the allocation of resources;
- an evolving and rapidly changing regulatory system; and
- a lack of sufficient transparency in the regulatory process.

The continued control and influence of the Chinese economy by the PRC government could materially and adversely affect our business. While the PRC government has implemented various measures to encourage economic growth and guide the allocation of resources, some of these measures may also have a negative effect on us. For example, our financial condition and results of operations may be adversely affected by government control over capital investments, foreign currency exchange restrictions, or changes in tax regulations that are applicable to us.

The PRC government exercises significant control over China's economic growth through the allocation of resources, controlling payments of foreign currency-denominated obligations, setting monetary policy, and providing preferential treatment to particular industries or companies.

Any adverse change in the economic conditions or government policies in China could have a material adverse effect on overall economic growth, which in turn could lead to a reduction in demand for our products and consequently have a material adverse effect on our businesses.

PRC government regulations significantly impact our Chinese operations, with changes potentially increasing costs or limiting activities. We could become subject to regulations issued by the CAC and the requirements of the PRC government's cyber or data security laws, which could impact our activities in China.

The PRC government has broad discretion and authority to regulate the technology industry in China. Additionally, the PRC government has implemented policies from time-to-time to regulate economic expansion in China. Personal privacy, cyber security, and data protection are becoming increasingly significant issues in China. To address these issues, the PRC government promulgated cyber security laws setting forth various requirements relating to the collection, use, storage, disclosure and security of data, among other things. In 2021, the PRC government also implemented a comprehensive data security law which aims to regulate a wide range of issues in relation to the collection,

storage, processing, use, provision, transaction and publication of any kind of data, and a law on personal information which provides a comprehensive set of rules on personal information protection in China.

Regulations and measures enacted to implement such laws aim to ensure the security of supply chains for critical information infrastructure (“CII”) and guarantee national security by prescribing a security review by the PRC government’s Cybersecurity Review Office (the “CRO”, subordinated to the CAC) for certain network products and services purchased by CII operators and data processing activities conducted by online platform operators. Among those regulations, any online platform operator which holds the personal information of more than one million individuals is required to apply to the CRO for a cybersecurity review if it seeks to list on a non-PRC exchange. While we do not believe that such a regulation would impact our operations since neither we nor our subsidiaries in China collect any personal information, it is possible that other requirements may increase our costs of compliance or even materially affect our ability to operate our business. It is also possible that the CAC elects to impose rules or regulations with respect to the collection of personal information that apply more broadly and that would apply to us or our operations.

Further, in 2022, the CAC published regulations related to cross-border data transfers, which specify that data handlers will be subject to security assessment if they match the following thresholds or conditions: (1) data handlers providing important data abroad; (2) CII operators and data handlers handling the personal information of over one million people providing personal information abroad; (3) data handlers providing abroad the personal information of more than 100,000 people or the sensitive personal information of more than 10,000 people since January 1 of the previous year; or (4) other situations provided for by the CAC that require a security assessment.

On September 24, 2024, the State Council of the PRC released the Administrative Regulations on the Network Data Security, or the Data Security Regulations, which became effective on January 1, 2025. The Data Security Regulations may apply to the use of networks to carry out data processing activities and the supervision and administration of network data security in mainland China and apply to activities outside mainland China to process personal information of any natural persons in mainland China under any of the following circumstances: (i) for the purpose of providing products or services to natural persons in mainland China; (ii) analyze and evaluate the behavior of natural persons in mainland China; and (iii) other circumstances stipulated by laws and administrative regulations. The Data Security Regulations further stipulate that where it is indeed necessary to transfer “important data” collected and generated by a network data processor during its operation within the territory of mainland China to overseas parties, it shall pass the security assessment for cross-border data transfer organized by the CAC. Network data processors should identify and declare “important data” in accordance with the relevant provisions, but they are not required to conduct security assessment for outbound data transfer for data that has not been notified or published as “important data” by relevant departments or regions. In addition, the Data Security Regulations provides that data processors that process “important data” must conduct an annual data security assessment with regard to the data process activities and submit the assessment report to relevant competent authorities at or above the provincial level. Since the Data Security Regulations is newly promulgated, there remains uncertainty as to how it will be implemented and interpreted by the competent authorities and whether the PRC regulatory agencies, including the CAC, will adopt new laws, regulations, rules, or detailed implementation and interpretation related to security assessment. We cannot predict the impact of the Data Security Regulations on us, if any, at this stage, and we will closely monitor and assess any development in the implementation and interpretation of the Data Security Regulations. Even though we do not believe our business activities fall under the scope of Data Security Regulations, in the event that a competent PRC governmental authority concludes otherwise, we face uncertainties as to whether such clearance can be timely obtained, or at all.

While we believe we are compliant in all material respects with the regulations and policies that have been issued to date by the CAC, we cannot guarantee we will be able to comply with all of these regulatory requirements. Any failure to comply with the cyber security, data security and personal information protection laws and the related regulations, measures and policies could result in further cost and liability to us and could adversely affect our business and results of operations. Additionally, increased costs to comply with, and other burdens imposed by such laws, regulations, measures and policies that are applicable to the businesses of our suppliers, vendors and other service providers, as well as our customers, could adversely affect our business and results of operations.

Any future revocation of approvals or any future failure to obtain approvals applicable to our business or any adverse changes in foreign investment policies of the PRC government may have a material adverse impact on our business, financial condition and results of operations.

Our subsidiaries in China operate as wholly foreign owned enterprises (“WFOE”) and, as a result, we are required to obtain governmental approvals, licenses, permits, and registrations from regulatory authorities such as CAC and the Ministry of Commerce of the PRC. We believe our Chinese subsidiaries possess the requisite governmental approvals, licenses, permits, and registration for our operations in China. However, the PRC regulatory authorities’ interpretation of the laws, rules, and regulations may change, which could materially and adversely affect the validity of the approvals, qualifications, licenses, permits, and registrations we have obtained or completed. Any failure to comply may result in fines, restrictions, and limits on our operations, as well as suspension or revocation of certain certificates, approvals, permits, licenses, or filings we have already obtained or made.

In addition, the PRC government may amend existing laws or regulations or enact new laws and regulations that require additional licenses, permits, approvals, registrations and/or restrictions for the operation of any of our operations in China. PRC regulations relating to foreign ownership in the power battery manufacturing industry, including the manufacturing of our current main products, have been revised periodically over the past decade. Under the current regulatory regime, there are no foreign ownership restrictions over the manufacture of power batteries.

However, we cannot assure you that we will have all the permits, licenses, registrations, approvals and/or business license items covering the sufficient scope of business required for our business in China in the future, or that we will be able to obtain, maintain or renew any permits, licenses, registrations, approvals and/or business license items covering the sufficient scope of our business in China in a timely manner or at all. Further, if there are changes to PRC regulations in the future that restrict foreign ownership of companies engaged in the manufacture of power batteries, such changes could materially and adversely affect our business, financial condition and results of operations.

If labor costs in the PRC increase substantially, our PRC subsidiaries' business and our costs of operations may be adversely affected.

In recent years, the Chinese economy has experienced inflation and labor cost increases. Average wages are projected to continue to increase. Further, under PRC law an employer is required to pay various statutory employee benefits, including pensions, housing funds, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance to designated government agencies for the benefit of its employees. The relevant government agencies may examine whether an employer has made adequate payments to the statutory employee benefits, and those employers who fail to make adequate payments may be subject to late payment fees, fines and/or other penalties. We expect that our labor costs, including wages and employee benefits, will continue to increase based on the past trends. If we are unable to control our labor costs or pass such increased labor costs on to our subsidiaries’ customers, our financial condition and results of operations may be adversely affected.

The PRC government may exert substantial influence over the manner in which we conduct our business operations in China.

The PRC government has exercised, and continues to exercise, substantial control over virtually every sector of the Chinese economy through regulation and state ownership. Our ability to conduct and expand our manufacturing operations in China may be harmed by changes in its laws and regulations, including those relating to taxation, import and export tariffs, environmental regulations, land use rights, property ownership and other matters. We believe that our operations in China are in material compliance with all applicable legal and regulatory requirements. However, the central or local governments of the jurisdictions in which we operate may impose new, stricter regulations or interpretations of existing regulations that would require additional expenditures and efforts on our part to ensure our compliance with such regulations or interpretations. Accordingly, government actions in the future, including any decision not to continue to support economic reforms and to return to a more centrally planned economy or regional or local variations in the implementation of economic policies, could have a significant effect on economic conditions in China or particular regions thereof and could require us to divest ourselves of any interest we then hold in PRC properties or entities, including our PRC operating subsidiary, Microvast Power Systems, Ltd (“MPS”).

China's legal and judicial system may not adequately protect our business and operations and the rights of our investors.

We conduct a significant amount of our operations in China through MPS, which is a wholly owned foreign enterprise of Microvast Inc. The legal and judicial systems in China are still rudimentary, and enforcement of existing laws is uncertain. It may be impossible to obtain swift and equitable enforcement of laws that do exist, or to obtain enforcement

of the judgment of one court by a court of another jurisdiction. China's legal system is based on the civil law regime, that is, it is based on written statutes. A decision by one judge does not set a legal precedent that is required to be followed by judges in other cases. In addition, the interpretation of Chinese laws may be varied to reflect domestic political changes. As a result, our investors may have more difficulty in protecting their interests through actions against our management, directors or major stockholders than would investors of a corporation doing business entirely or predominantly within the U.S.

Restrictions under PRC law on our China subsidiaries' ability to make dividends and other distributions could materially and adversely affect our ability to grow, make investments or acquisitions that could benefit our business, pay dividends to you, and otherwise fund and conduct our business.

We are a holding company, and we conduct all of our operations through our subsidiaries, including our subsidiaries in China. We have been and intend to continue to use our cash on hand to fund our growth. However, because all of our operations are conducted through subsidiaries, all revenue generated from our operations and all capital expenditures we make in our business are generated by or made through subsidiaries, including our subsidiaries based in China. Currently, cash generated by our Chinese subsidiaries is reinvested in our Chinese operations. We currently do not rely on dividends and distributions on equity paid by our subsidiaries, including our subsidiaries based in China. However, our subsidiaries, including our subsidiaries based in China, are subject to statutory and regulatory limitations on the payment of dividends to the Company, which could in the future result in limitations on the availability of cash to fund dividends or distributions and could materially and adversely limit our ability to grow, make investments or acquisitions. Further, if our subsidiaries are unable to make dividend payments to us and sufficient cash or liquidity is not otherwise available, we may not be able to make principal and interest payments on our outstanding debt or repurchase shares of our common stock.

Current regulations in China permit payment of dividends only out of accumulated profits as determined in accordance with PRC accounting standards and regulations. According to the PRC corporate law, our Chinese subsidiaries are required to set aside at least 10% of our after-tax profit based on the PRC accounting standards and regulations each year to our statutory surplus reserve, until the balance in the reserve reaches 50% of the registered capital of each of our Chinese subsidiaries. Funds in the reserve are not distributable to us in forms of cash dividends, loans or advances. In addition, if our PRC subsidiaries incur debt on our own behalf in the future, the instruments governing the debt may restrict their ability to pay dividends or make other distributions to us, which in turn will adversely affect our available cash. Any limitations on the ability of our Chinese subsidiaries to transfer funds to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our business and otherwise fund and conduct our business.

In addition, under PRC law, dividends payable by a foreign investment enterprise to any of our foreign non-resident enterprise investors will be subject to a 10% withholding tax, unless such foreign non-resident enterprise investor's jurisdiction of incorporation has signed a tax treaty or arrangement for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income in China that provides for a reduced rate of withholding tax on dividends.

Our securities may be prohibited from trading in the United States under the Holding Foreign Companies Accountable Act (the "HFCAA") in the future if the PCAOB is unable to fully inspect or investigate our China-based auditors under the HFCAA. The delisting of our securities, or the threat of their being delisted, may materially and adversely affect the value of your investment.

Pursuant to the HFCAA, if the SEC determines that we have filed audit reports issued by a registered public accounting firm that has not been subject to inspections by the PCAOB for two consecutive years, the SEC will prohibit our securities from being traded on a national securities exchange or in the over-the-counter trading market in the United States.

On December 16, 2021, the PCAOB issued a report to notify the SEC of its determination that the PCAOB was unable to inspect or investigate completely registered public accounting firms headquartered in mainland China and Hong Kong and our auditor was subject to that determination. On December 15, 2022, the PCAOB removed mainland China and Hong Kong from the list of jurisdictions where it is unable to inspect or investigate completely registered public accounting firms.

Each year, the PCAOB will determine whether it can inspect and investigate completely audit firms in mainland China and Hong Kong, among other jurisdictions. If the PCAOB determines in the future that it no longer has full access to

inspect and investigate completely accounting firms in mainland China and Hong Kong and we use an accounting firm headquartered in one of these jurisdictions to issue an audit report on our financial statements filed with the SEC, we would be identified as a Commission-Identified Issuer following the filing of the annual report on Form 10-K for the relevant fiscal year. In accordance with the HFCAA, our securities would be prohibited from being traded on a national securities exchange or in the over-the-counter trading market in the United States if we are identified as a Commission-Identified Issuer for two consecutive years in the future. If our securities are prohibited from trading in the United States, there is no certainty that we will be able to list on a non-U.S. exchange or that a market for our shares will develop outside of the United States. A prohibition of being able to trade in the United States would substantially impair your ability to sell or purchase our securities when you wish to do so, and the risk and uncertainty associated with delisting would have a negative impact on the price of our securities. Also, such a prohibition would significantly affect our ability to raise capital on terms acceptable to us, or at all, which would have a material adverse impact on our business, financial condition, and prospects.

Changes in the policies of the PRC government, including more oversight and control over offerings that are conducted overseas and/or foreign investment in China-based issuers, could have a significant impact on the business we may be able to conduct in China, the profitability of our business and the value of our common stock.

Recent regulatory developments in China, in particular with respect to restrictions on China-based companies raising capital offshore, may lead to additional regulatory review in China over our financing and capital raising activities in the U.S., even though our subsidiaries in China are controlled and managed by U.S. citizens and function as U.S. companies that access the China market through their WFOE status. If it is determined in the future that approval from the China Securities Regulatory Commission (the “CSRC”) or other regulatory authorities or other procedures, including the cybersecurity review under the enacted version of the Measures for Cybersecurity Review, are required in relation to our business activities in China, it is uncertain whether we can or how long it will take us to obtain such approval or complete such procedures and any such approval could be rescinded. Any failure to obtain or delay in obtaining such approval or completing such procedures, or a rescission of any such approval, if obtained by us, would subject our China operations to sanctions by the CSRC or other PRC regulatory authorities for failure to seek CSRC approval or other government authorization. These regulatory authorities may impose fines and penalties on our operations in China, limit our ability to pay dividends outside of China, limit our operating privileges in China, delay or restrict the funding of our China operations or take other actions that could materially and adversely affect our business, financial condition, results of operations, and prospects, as well as the trading price of our shares.

On February 17, 2023, the CSRC released the *Trial Measures for the Administration of Overseas Issuance and Listing of Securities by Domestic Enterprises* (“Circular 43”) and a series of associated regulatory guidelines which came into effect on March 31, 2023. Under Circular 43, both direct listing and indirect listing activities of China based enterprises will become subject to a unified filing requirement with the CSRC. We do not believe this Circular is applicable to Microvast and we believe the jurisdiction for how we conduct our offerings in the U.S. solely rests with the SEC. However, there is always the risk that the CSRC could rely on Circular 43 to cause disruption to our China business which in turn could have a material adverse impact on our business, results of operation and our stock price.

We have become subject to the recent scrutiny, criticism and negative publicity involving U.S.-listed companies with significant operations in China, and we have and we may continue to expend significant resources to investigate and resolve the matter which could harm our business operations, stock price and reputation, especially if such matter cannot be addressed and resolved favorably.

At various times during recent years, the U.S. and the PRC have had significant disagreements over political and economic issues, which may affect our economic outlook both in the U.S. and in China. Recently, there have been cases where U.S. public companies that have operations in China have been the subject of intense scrutiny, criticism and negative publicity by investors, financial commentators and regulatory agencies, such as the SEC. Much of the scrutiny, criticism and negative publicity has centered on financial and accounting irregularities and mistakes, a lack of effective internal controls over financial accounting, inadequate corporate governance policies or a lack of adherence thereto and, in many cases, allegations of fraud. As a result of the scrutiny, criticism and negative publicity, the publicly traded stock of many U.S.-listed companies with significant operations in China has sharply decreased in value and, in some cases, has become virtually worthless. Many of these companies are now subject to shareholder lawsuits and SEC enforcement actions and are conducting internal and external investigations into the allegations. This sector-wide scrutiny, criticism and negative publicity could have a negative influence on us, our business and our stock price. If we become the subject of any unfavorable allegations, whether such allegations are proven to be true or untrue, we will have to expend significant resources to investigate such allegations and/or defend ourselves. This situation will be costly and time consuming and

distract our management from growing our business. If such allegations are not proven to be groundless, we and our business operations will be adversely affected.

In addition, the U.S. government has recently been highly critical of U.S.-listed companies with significant operations in China, in some cases working to bar them from U.S. markets or stock exchanges. Any political or trade controversies between the U.S. and the PRC and any future allegations or regulations might negatively impact us, whether or not directly related to our business, could affect investors' willingness to hold or buy our stock and reduce the price of our common stock.

Tariffs imposed on products of the PRC into the United States may lead to increased costs and impact our business.

Changes or increases in tariffs, trade restrictions, trade agreements, non-tariff trade barriers, local content requirements, uncertainty surrounding global trade policies, and the imposition of new or retaliatory tariffs against the PRC or covering certain products may affect our competitive position and result in increased costs for products manufactured in the United States using Chinese-origin inputs. On February 1, 2025, President Trump imposed a 10% additional tariff on products of the PRC into the United States. If maintained, these and other potential tariffs yet to be announced or imposed may have an adverse impacts on general economic conditions and our business, the exact outcomes of which are uncertain and depend on various factors, such as negotiations between the U.S. and China, the duration of such tariffs, the responses of other countries or regions to such tariffs, the actual increases in the costs of imported PRC products and raw materials, and exemptions or exclusions that may be granted. Should tariffs increase and be sustained, our inventory acquisition and carrying costs may be increased, which costs may be passed on to us and consumers through higher prices for our products. These increased prices may adversely impact our new product sales and demand for such products, potentially impacting our ability to sell them profitably.

Risks Related to our Intellectual Property

Protecting our intellectual property rights, especially in China, may be challenging, and infringement claims could result in substantial costs.

We seek to protect the products and technology that we consider important to our business by pursuing patent applications in China and other countries, relying on trade secrets or regulatory protection or employing a combination of these methods. We note that the filing of a patent application does not mean that we will be granted a patent, or that any patent eventually granted will be as broad as requested in the patent application or will be sufficient to protect our technology. There are a number of factors that could cause our patents, if granted, to become invalid or unenforceable or that could cause our patent applications not to be granted, including known or unknown prior art, deficiencies in the patent application, or lack of originality of the technology. Furthermore, the terms of our patents are limited.

Intellectual property rights and confidentiality protections in China may not be as effective as those in the U.S. or other countries for many reasons, including lack of procedural rules for discovery and evidence, low damage awards, and lack of judicial independence. Implementation and enforcement of China intellectual property laws have historically been deficient and ineffective and may be hampered by corruption and local protectionism. Policing unauthorized use of proprietary technology is difficult and expensive, and we may need to resort to litigation to enforce or defend patents issued to us or to determine the enforceability and validity of our proprietary rights or those of others. The experience and capabilities of China courts in handling intellectual property litigation varies and outcomes are unpredictable. An adverse determination in any such litigation could materially impair our intellectual property rights and may harm our business.

Our reliance on unpatented proprietary technologies is significant.

Success relies on our capacity to acquire, uphold, and safeguard our intellectual property rights. To do so, we rely generally on copyright, trademark and trade secret laws, confidentiality and invention assignment agreements with employees and third parties, and other agreements with consultants, vendors and clients. Specifically, we rely substantially on unpatented proprietary technology. A significant number of our material proprietary technologies are know-how or trade secrets. For example, our proprietary polyvinylidene fluoride separator that allows for faster charge rates is unpatented. To protect our trade secrets, know-how and other proprietary information, we require employees, consultants, advisors and collaborators to enter into confidentiality agreements. Nonetheless, we cannot guarantee that these agreements will effectively protect our trade secrets, know-how, and proprietary information against unauthorized use, misappropriation, or disclosure. There's no guarantee that employees, consultants, vendors, and clients have signed such agreements, have not or will not breach them, that we'll have sufficient remedies for breaches, or that competitors won't discover or independently develop our trade secrets. Despite the protections we place on our intellectual property, a third party could, without authorization, copy or otherwise obtain and use our products or technology, or develop similar technology. The theft or unauthorized use or publication of our trade secrets and other confidential business information

could reduce the differentiation of our products and harm our business, the value of our investment in development or business acquisitions could be reduced and third parties might make claims against us related to losses of their confidential or proprietary information. Any of the foregoing could materially and adversely affect our business.

Additionally, others may independently create similar or identical technology or gain access to our unpatented technology, preventing us from asserting trade secret rights against them. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our trade secret rights and related confidentiality and nondisclosure provisions. If we fail to obtain or maintain trade secret protection, or if our competitors obtain our trade secrets or independently develop technology similar to our or competing technologies, our competitive business position could be materially and adversely affected. In addition, some courts inside and outside the U.S. may be less willing or unwilling to protect trade secrets and agreement terms that address non-competition are difficult to enforce in many jurisdictions and might not be enforceable in certain cases.

Our success partly hinges on protecting our trade secrets, confidential information, technology, trademarks, and other intellectual property rights.

We depend on our trademarks, service marks, trade names, and brand names to differentiate our products from competitors' and have registered or applied to register many of these marks. Our trademarks or trade names may be challenged, infringed, circumvented or declared generic or determined to be infringing on other marks, and we cannot assure you that our trademark applications will be approved. During trademark registration proceedings, we may receive rejections. Although we are given an opportunity to respond to those rejections, we may be unable to overcome such rejections. In addition, in the U.S. Patent and Trademark Office and in comparable agencies in many foreign jurisdictions, third parties are given an opportunity to oppose pending trademark applications and to seek to cancel registered trademarks. Opposition or cancellation proceedings may be filed against our trademarks, and our trademarks may not survive such proceedings. In the event that our trademarks are successfully challenged, we could be forced to rebrand our products, which could result in loss of brand recognition and could require us to devote resources towards advertising and marketing new brands. Further, we cannot assure you that competitors will not infringe our trademarks or that we will have adequate resources to enforce our trademarks and trade names, which we need to build name recognition among potential partners or customers in our markets of interest. At times, competitors may adopt trade names or trademarks similar to ours, thereby impeding our ability to build a brand identity and possibly leading to market confusion. In addition, there could be potential trade name or trademark infringement claims brought by owners of other registered trademarks or trademarks that incorporate variations of our registered or unregistered trademarks or trade names. Over the long term, if we are unable to establish name recognition based on our trademarks and trade names, then we may not be able to compete effectively and our business may be adversely affected.

Additionally, our strategy partly involves obtaining and maintaining patents for our proprietary products and processes. The process of applying for and obtaining a patent is expensive and time consuming, and we may not be able to file and prosecute all necessary or desirable patent applications at a reasonable cost, in a timely manner, or in all jurisdictions where protection may be commercially advantageous, or we financially may not be able to protect our proprietary rights at all. Despite our efforts, unauthorized parties may still access and use our proprietary information. In addition, the issuance of a patent does not ensure that it is valid or enforceable, so even if we obtain patents, they may not be valid or enforceable against third parties. In addition, the issuance of a patent does not give us the right to practice the patented invention. Third parties may have blocking patents that could prevent us from marketing our products and practicing our own technology. Alternatively, third parties may seek approval to market their products similar to or otherwise competitive with our products. In these circumstances, we may need to defend and/or assert our patents, including by filing lawsuits alleging patent infringement.

In any of these types of proceedings, a court or agency with jurisdiction may find our patents invalid and/or unenforceable. Even if we have valid and enforceable patents, these patents still may not provide protection against competing products or processes sufficient to achieve our business objectives. Some of our patents and patent applications may be co-owned with third parties. If we are unable to obtain an exclusive license to any such third-party co-owners' interest in such patents or patent applications, such co-owners may be able to license their rights to other third parties, including our competitors, and our competitors could market competing products and technology. In addition, we may need the cooperation of any such co-owners of our patents in order to enforce such patents against third parties, and such cooperation may not be provided to us. Any of the foregoing could have a material adverse effect on our competitive position, business, financial conditions, results of operations, and prospects.

Issued patents may be challenged, narrowed, invalidated or circumvented. Some countries' legal systems do not strongly enforce patents, limiting our ability to protect our inventions as effectively as in the U.S. and Europe. For example, the validity, enforceability and scope of protection available under the relevant intellectual property laws in China

is uncertain and still evolving. Implementation and enforcement of PRC intellectual property-related laws has historically been deficient and ineffective. Accordingly, the protection of intellectual property rights in China may not be as effective as in the U.S. or other developed countries. There can be no assurance that our intellectual property rights will not be challenged by third parties or found by a governmental authority to be invalid or unenforceable. Furthermore, policing unauthorized use of proprietary technology is difficult and expensive, and we may need to resort to litigation to enforce or defend patents issued to us or our other intellectual property rights or to determine the enforceability, scope and validity of our proprietary rights or those of others. Such litigation and an adverse determination in any such litigation, if any, could result in substantial costs, loss of our proprietary rights, and diversion of resources and management's attention.

Because patent applications in the U.S., Europe and many other non-U.S. jurisdictions are typically not published until 18 months after filing, or in some cases not at all, and because publications of discoveries in scientific literature lag behind actual discoveries, we cannot be certain that we were the first to make the inventions claimed in our issued patents or pending patent applications, or that we were the first to file for protection of the inventions set forth in our patents or patent applications. As a result, we may not be able to obtain or maintain protection for certain inventions. Therefore, the enforceability and scope of our patents in the U.S., Europe, China and in other non-U.S. countries cannot be predicted with certainty and, as a result, any patents that we own may not provide sufficient protection against competitors. We may not be able to obtain or maintain patent protection from our pending patent applications, from those we may file in the future, or from those we may license from third parties. Moreover, even if we are able to obtain patent protection, such patent protection may be of insufficient scope to achieve our business objectives.

In some instances, we may have legal grounds to enforce our rights related to our patented technology, but may elect not to do so as a result of the cost of litigation or the limited value in enforcing our patent rights.

Infringement claims against us could lead to substantial costs.

In recent years, there has been significant litigation in the U.S., Europe and China involving patents and other intellectual property rights. Companies in the battery industry are increasingly bringing and becoming subject to suits alleging infringement of proprietary rights, particularly patent rights, and our competitors and other third parties may hold patents or have pending patent applications which could be related to our business. For example, we are aware of third-party patents and patent applications (if issued) that may be construed to cover one or more of our products or technologies. If these patents or patent applications (if issued) are asserted against us and we are found to infringe any of these patents, and we are unsuccessful in demonstrating that such patents are invalid or unenforceable, then we could be required to pay substantial monetary damages or cease further development or commercialization of one or more of our products or technologies. Although we generally conduct a freedom to operate search and review with respect to our products and technologies, we cannot guarantee that our search and review is complete and thorough, nor can we be sure that we have identified each and every patent and pending application in the U.S. and abroad that is relevant or necessary to the commercialization of our products or use of our technology. Because patent applications can take many years to issue, there may be currently pending patent applications that may later result in issued patents that our products or technologies may infringe. In addition, third parties may obtain patents in the future and claim that use of our technologies infringes upon these patents. These risks have been amplified by the increase in third parties, which we refer to as non-practicing entities, whose primary business is to assert infringement claims or make royalty demands. It is difficult to proceed with certainty in a rapidly evolving technological environment in which there may be patent applications pending related to our technologies, many of which are confidential when filed. We rely substantially on unpatented proprietary technology, which may make it more difficult to protect and enforce our intellectual property rights. We cannot assure you that we will have meaningful protection for our trade secrets, know-how or other intellectual property and proprietary information in the event of any unauthorized use, misappropriation, or disclosure, which could have a material adverse impact on our business.

Third parties might infringe, misappropriate, or violate our intellectual property or proprietary rights, or we might have to defend against claims of such infringements or violations by others. To counter infringement or unauthorized use claims or to defend against such claims can be expensive and time consuming. Being involved in intellectual property litigation, even if resolved in our favor, can incur significant costs and distract our staff from their duties. In addition, there could be public announcements of the results of hearings, motions or other interim proceedings or developments and if securities analysts or investors perceive these results to be negative, it could have a substantial adverse effect on the price of our stock. Such litigation or proceedings could substantially increase our operating losses and reduce the resources available for development activities or any future sales, manufacturing, marketing or distribution activities. We may not have sufficient financial or other resources to adequately conduct such litigation or proceedings. Moreover, many of our current and potential competitors may dedicate substantially greater resources than we can to the protection and enforcement of intellectual property rights, especially patents. Incurring significant expenses and distracting our personnel

for an intellectual property-related proceeding could have a material adverse effect on our business, financial condition, results of operations and prospects.

Risks Related to Ownership of Common Stock

We may issue additional shares of common stock or other equity or convertible securities, which may depress the market price of common stock and could make it difficult for another company to acquire us.

From time to time in the future, we issue additional shares of common stock or other equity or convertible securities for any reason or in connection with, among other things, future acquisitions, the redemption of outstanding warrants, or repayment of outstanding indebtedness, without stockholder approval, in a number of circumstances.

Our issuance of additional shares of common stock or other equity or convertible securities of equal or senior rank would have the following effects:

- our existing stockholders' proportionate ownership interest in us will decrease;
- the amount of cash available per share, including for payment of dividends in the future, may decrease;
- the relative voting strength of each previously outstanding share of common stock may be diminished;
- the market price of common stock may decline; and
- it could make it difficult for another company to acquire us.

In the future, we may obtain financing or to further increase our capital resources by issuing additional shares of our capital stock or offering debt or other equity securities, including senior or subordinated notes, debt securities convertible into equity, or shares of preferred stock. Debt securities convertible into equity could be subject to adjustments in the conversion ratio pursuant to which certain events may increase the number of equity securities issuable upon conversion. Preferred stock, if issued, could have a preference with respect to liquidating distributions or a preference with respect to dividend payments that could limit our ability to pay dividends to the holders of common stock. Our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control, which may adversely affect the amount, timing or nature of our future offerings. As a result, holders of common stock bear the risk that our future offerings may reduce the market price of common stock and dilute their percentage ownership.

Resales of our common stock may cause the market price of our securities to drop significantly, even if our business is doing well.

In connection with the Business Combination, outstanding warrants to purchase an aggregate of 28,437,000 shares of our common stock are exercisable in accordance with the terms of the Warrant Agreement governing those securities. The exercise price of these warrants is \$11.50 per share. To the extent such warrants are exercised, additional shares of our common stock will be issued, which will result in dilution to the holders of our common stock and increase the number of shares eligible for resale in the public market. Sales of substantial numbers of such shares in the public market or the fact that such warrants may be exercised could adversely affect the market price of our common stock. However, there is no guarantee that the warrants will ever be in the money prior to their expiration, and as such, the warrants may expire worthless.

Further, on October 1, 2021, we filed a registration statement with the SEC on Form S-8 providing for the registration of shares of common stock issued or reserved for issuance under the Microvast Holdings, Inc. 2021 Equity Incentive Plan (the "2021 Plan"). Subject to the satisfaction of vesting conditions and the expiration of lockup agreements, shares registered under the registration statement on Form S-8 are available for resale immediately in the public market without restriction and such resales could adversely affect the trading price and volatility of our common stock.

Even though the warrants have become exercisable, there is no guarantee that the warrants will be in the money prior to their expiration, and they may expire worthless.

The exercise price for our warrants is \$11.50 per share of common stock, and the trading price of our common stock was \$1.27 as of March 24, 2025. There is no guarantee that the warrants will be exercised following the time they become exercisable and prior to their expiration, and as such, the warrants may expire worthless. Further, since the

registration of the warrants was not completed within 90 days following the Business Combination, pursuant to the Registration Rights and Lock-Up Agreement, warrant holders may exercise the warrants on a net-share basis.

The Tuscan Group is likely to make a substantial profit even if the trading price of our common stock materially declines due to the nominal purchase price the Tuscan Group paid for the Founder Shares (as defined below).

The Tuscan Group paid only a nominal aggregate purchase price of \$25,000 for the Founder Shares, or approximately \$0.004 per share, while the initial public offering ("IPO") price of our common stock was \$10.00 per share and the trading price of our common stock \$1.27 as of March 24, 2025. As a result, even if the trading price of our common stock significantly declines, the Tuscan Group will stand to make a significant profit on its investment in us. In addition, the Tuscan Group could potentially recoup its entire investment in us even if the trading price of our common stock is less than \$1.00 per share. As a result, the Tuscan Group is likely to make a substantial profit on its investment in us even if the trading price of our common stock declines, while our public stockholders could lose significant value in their common stock and experience a negative rate of return on the shares they purchased in the IPO or in the public market.

Loss of certain reduced reporting requirements may increase compliance costs and regulatory burdens.

As of December 31, 2024, we no longer qualify as an Emerging Growth Company ("EGC") under the Jumpstart Our Business Startups Act ("the JOBS Act"). As a result, we are now subject to increased disclosure requirements and regulatory compliance obligations, which may result in higher costs, additional administrative burdens, and increased legal and accounting expenses.

We are a "smaller reporting company" as defined in the Exchange Act. As a smaller reporting company, we are still permitted to comply with scaled disclosure obligations in our SEC filings as compared to other issuers who are not smaller reporting companies, including with respect to disclosure obligations regarding executive compensation in our periodic reports and proxy statements. We have elected to adopt the accommodations available to smaller reporting companies. Until we cease to be a smaller reporting company, the scaled disclosure in our SEC filings will result in less information about our company being available than for public companies that are not smaller reporting companies.

We will be able to take advantage of these scaled disclosures for so long as our voting and non-voting common stock held by non-affiliates is less than \$250 million measured on the last business day of our second fiscal quarter, or (ii) our annual revenue is less than \$100 million during the most recently completed fiscal year and the market value of our voting and non-voting common stock held by non-affiliates is less than \$700 million as measured on the last business day of our second fiscal quarter.

We cannot predict if investors will find our common stock less attractive because we will rely on certain scaled disclosures that are available to smaller reporting companies. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our stock price may be more volatile.

Our Charter provides, subject to limited exceptions, that the Court of Chancery of the State of Delaware will be the sole and exclusive forum for certain stockholder litigation matters, which could limit stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, employees or stockholders.

Our Charter provides that unless we consent in writing to the selection of an alternative forum, (i) any derivative action or proceeding brought on behalf of us, (ii) any action asserting a claim of breach of a fiduciary duty owed by any current or former director, officer, employee or stockholder to us or our stockholders, (iii) any action asserting a claim (A) arising pursuant to any provision of the Delaware General Corporation Law ("DGCL"), the Charter or the Bylaws or (B) as to which the DGCL confers jurisdiction on the Court of Chancery of the State of Delaware or (iv) any action asserting a claim governed by the internal affairs doctrine of the law of the State of Delaware will, to the fullest extent permitted by applicable law, be solely and exclusively brought in the Court of Chancery of the State of Delaware or, if such court does not have jurisdiction, any state or federal court located in the State of Delaware with jurisdiction. The forum provision further provides that the federal district courts of the United States of America will, to the fullest extent permitted by applicable law, be the sole and exclusive forum for the resolution of any action asserting claims arising under the Securities Act of 1933, as amended (the "Securities Act"). This forum selection provision does not apply to any action asserting claims arising under the Exchange Act or the Securities Act. Any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock will be deemed to have notice of and consented to the forum provisions in the Charter.

This choice of forum provision may limit a stockholder's ability to bring a claim in a judicial forum that we do not find favorable for disputes with us or any of our directors, officers, other employees or stockholders, which may discourage lawsuits with respect to such claims. Alternatively, if a court were to find the choice of forum provision contained in the Charter to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could harm our business, operating results and financial condition.

Our Charter and Bylaws contain certain provisions that limit the ability of stockholders to take certain actions and could delay, discourage or prevent takeover attempts that stockholders may consider favorable.

Our Charter and Bylaws contain provisions that could have the effect of rendering more difficult, discouraging, delaying or preventing a takeover attempt that may be beneficial to our stockholders but that is deemed undesirable by Yang Wu and therefore depresses the trading price of our common stock. These provisions could also make it difficult for our stockholders to take certain actions, including electing directors who are not nominated by Yang Wu or the Tuscan Group or amending the Charter. Our Charter and Bylaws provide for, among other things:

- the ability of the board of directors (the "Board") to issue shares of preferred stock and to determine the price and other terms of those shares, including preferences and voting rights, without stockholder approval, which could be used to significantly dilute the ownership of a hostile acquirer;
- the limitation of the liability of, and the indemnification of, our directors and officers;
- any increase or decrease in the number of directors will require the affirmative vote of the directors nominated by Yang Wu as provided in the Stockholders Agreement (as defined below);
- the requirement that any Board vacancies occurring by reason of the death, resignation or removal of any director nominated by Yang Wu or the Tuscan Group must be filled by the stockholder who was entitled to nominate such director to the Board;
- the requirement that committees of the Board will consist of the number of directors nominated by Yang Wu that is proportionate to the number of directors on the Board nominated by Yang Wu;
- the prohibition of stockholder action by written consent for any action that is required or permitted to be taken at an annual or special stockholders meeting;
- the ability to call for a special meeting of stockholders will only be available to (i) the Board, (ii) the chairman of the Board and (iii) Yang Wu, so long as Yang Wu beneficially owns at least 10% of the total voting power of all the then outstanding shares of stock of the Company entitled to vote generally in the election of directors, which could delay the ability of stockholders to force consideration of a proposal or to take action, including the removal of directors;
- the limitation that directors on the Board may only be removed for a cause and only upon the affirmative vote of the holders of at least a majority of the total voting power of all the then outstanding shares of stock of the Company entitled to vote generally in the election of directors, voting together as a single class;
- the election that the Company will not be governed by Section 203 of the DGCL, which will prohibit the Company from taking certain actions involving an "interested stockholder" for a certain period of time;
- the requirement that any amendment to the Charter will be approved by (i) the holders of 75% of the total voting power of all the then outstanding shares of stock of the Company entitled to vote generally in the election of directors, so long as Yang Wu beneficially owns at least 10% of the total voting power of all the then outstanding shares of stock of the Company entitled to vote generally in the election of directors, or (ii) the holders of a majority of the total voting power of all the then outstanding shares of stock of the Company entitled to vote generally in the election of directors, if Yang Wu ceases to beneficially own at least 10% of the total voting power of all the then outstanding shares of stock of the Company entitled to vote generally in the election of directors; and
- the ability of the Board to amend the Bylaws, which may allow the Board to take additional actions to prevent an unsolicited takeover and inhibit the ability of an acquirer to amend the Bylaws to facilitate an unsolicited takeover attempt.

These provisions, alone or together, could delay or prevent hostile takeovers and changes in control or changes in the Board or management.

Any provision of the Charter or Bylaws that has the effect of delaying or preventing a change in control could limit the opportunity for stockholders to receive a premium for their shares of the Company's capital stock and could also affect the price that some investors are willing to pay for the Company's common stock.

The price of our common stock may be volatile or may decline regardless of our operating performance.

The trading price of common stock may be volatile. This volatility of our common stock may be due to a number of factors such as those listed in “—Risks Related to our Business and Industry” and “—Risks Related to doing Business in China” and the following:

- our operating and financial performance and prospects;
- our quarterly or annual earnings or those of other companies in our industry compared to market expectations;
- conditions that impact demand for our products;
- future announcements concerning our business, our product users’ businesses or our competitors’ businesses;
- the public’s reaction to our press releases, other public announcements and filings with the SEC;
- the size of our public float;
- coverage by or changes in financial estimates by securities analysts or failure to meet their expectations;
- the issuance of short reports;
- market and industry perception of our success, or lack thereof, in pursuing our growth strategy;
- strategic actions by us or our competitors, such as acquisitions or restructurings;
- changes in laws or regulations which adversely affect our industry or us;
- changes in accounting standards, policies, guidance, interpretations or principles;
- changes in senior management or key personnel;
- issuances, exchanges or sales, or expected issuances, exchanges or sales of our capital stock;
- changes in our dividend policy;
- adverse resolution of new or pending litigation against us;
- the impact of possible pandemics on our financial condition and the results of operations;
- the ongoing conflicts between Russia and Ukraine and in the Middle East, and any restrictive actions that have been or may be taken by the U.S. and/or other countries in response thereto, such as economic, financial or trade sanctions or export controls; and
- changes in general market, economic and political conditions in the U.S. and global economies or financial markets, including those resulting from natural disasters, terrorist attacks, acts of war and responses to such events.

These broad market and industry factors may materially reduce the market price of common stock, regardless of our operating performance. In addition, price volatility may be greater if the public float and trading volume of common stock is low.

In the past, following periods of market volatility, stockholders have instituted securities class action litigation. If we were involved in securities litigation, we could have a substantial cost and divert resources and the attention of executive management from our business regardless of the outcome of such litigation.

We do not intend to pay dividends on common stock for the foreseeable future.

We currently intend to retain all available funds and any future earnings to fund the development and growth of our business. As a result, we do not anticipate declaring or paying any cash dividends on the common stock in the foreseeable future. Any decision to declare and pay dividends in the future will be made at the discretion of the Board and will depend on, among other things, the business prospects, results of operations, financial condition, cash requirements and availability, legal requirements, certain restrictions related to indebtedness, industry trends and other factors that the Board may deem relevant. Any such decision will also be subject to compliance with contractual restrictions and covenants in the agreements governing current and future indebtedness. In addition, we may incur additional indebtedness, the terms of which may further restrict or prevent us from paying dividends on the common stock. Our inability or decision not to pay dividends, particularly when others in our industry have elected to do so, could also adversely affect the market price of the common stock.

If securities analysts do not publish research or reports about us, or if they issue unfavorable commentary about us or industry or downgrade the common stock, the price of the common stock could decline.

The trading market for the common stock depends in part on the research and reports that third-party securities analysts publish about us and the industries in which we operate. We may be unable or slow to attract research coverage and if one or more analysts cease coverage on us, the price and trading volume of our securities would likely be negatively impacted. If any of the analysts that may cover us change their recommendation regarding our securities adversely, or provide more favorable relative recommendations about our competitors, the price of our securities would likely decline. If any analyst that may cover us ceases covering us or fails to regularly publish reports on us, it could cause us to lose visibility in the financial markets, which could cause the price or trading volume of the securities to decline. Moreover, if one or more of the analysts who cover us downgrades the common stock, or if our reporting results do not meet their expectations, the market price of the common stock could decline.

General Risk Factors

We may be exposed to liabilities under the FCPA, U.K. Bribery Act, Chinese and other anti-corruption laws, and any determination that we violated these laws could have a material adverse effect on our business.

We are subject to the FCPA, U.K. Bribery Act and other applicable anti-corruption laws that prohibit improper payments or offers of payments to foreign governments and their officials and political parties by U.S. persons and issuers as defined by the statutes, for the purpose of obtaining or retaining business. We have operations, agreements with third parties, and we currently have a sizeable portion of our sales in China. Since most of the end users and OEM bus manufacturers are state-owned companies in China, substantially most of our interactions with our end users and customers are with “government officials,” as such term is defined in the FCPA. The PRC also strictly prohibits bribery of government officials. Our activities in China create the risk of unauthorized payments or offers of payments by the employees, consultants, sales agents, or distributors of our subsidiaries, even though they may not always be subject to our control. We have implemented safeguards that seek to discourage and prevent these practices by our employees. However, our existing safeguards and any future improvements may prove to be less than effective, and the employees, consultants, sales agents, or distributors of our subsidiaries may engage in conduct for which we might be held responsible. Violations of the FCPA, U.K. Bribery Act, or Chinese or other anti-corruption laws may result in severe criminal or civil sanctions, and we may be subject to other liabilities in addition to adverse publicity, which could negatively affect our business, operating results and financial condition. In addition, the U.S. government may seek to hold our subsidiaries liable for FCPA violations committed by companies in which we invest or that we acquire.

We face risks related to health epidemics, including any ongoing public health crises, which has disrupted our business and could have a material adverse effect on our business and results of operations.

Public health crises such as pandemics or similar outbreaks could adversely impact our business, including lingering effects of the COVID-19 pandemic on our business operations. Actual or threatened public health crises may have a number of adverse impacts, including volatility in the global economy, impacts to our business operations, or significant disruptions in the markets we serve, caused by a variety of factors such as quarantines, closures, or other government-imposed restrictions, any of which could adversely impact our business, operations, financial condition and operating results.

For example, the COVID-19 pandemic caused changes in consumer and business behavior, pandemic fears and market downturns, and restrictions on business and individual activities, has created significant volatility in the global economy and led to reduced economic activity. The spread of COVID-19 also created a disruption in the manufacturing, delivery and overall supply chain of vehicle manufacturers and suppliers and led to a global decrease in vehicle sales in markets around the world.

Our facilities or operations could be damaged or adversely affected as a result of natural disasters and other catastrophic events.

Our facilities or operations could be adversely affected by events outside of our control, such as natural disasters, wars, health epidemics such as the COVID-19 pandemic, and other calamities. We cannot assure you that any backup systems will be adequate to protect us from the effects of fire, floods, typhoons, earthquakes, power loss, telecommunications failures, break-ins, war, riots, terrorist attacks or similar events. Any of the foregoing events may give rise to interruptions, breakdowns, system failures, technology platform failures or internet failures, which could cause the loss or corruption of data or malfunctions of software or hardware as well as adversely affect our ability to provide services.

Our lengthy and variable sales cycle makes it difficult for us to accurately forecast our revenue and other operating results. As a result, we expect our results of the operation to fluctuate on a quarterly and annual basis, which could cause our stock price to fluctuate or decline.

The sales cycle for our products, especially those that are used in commercial vehicle applications, is lengthy, beginning from initial contact with a prospective customer to routine commercial utilization of our products, which makes it difficult for us to accurately forecast our revenue in a given period, and may cause our revenue and operating results to vary significantly from period to period. Some potential customers of our products typically need to commit significant time and resources in evaluating the technology used in our products and their decision to purchase our products may be further limited by budgetary constraints, lack of funding and numerous rounds of internal review and approval, which are beyond our control. We spend substantial time and effort assisting potential customers in evaluating our products, including providing demonstrations and validation. Even after initial approval by appropriate decision-makers, the negotiation and documentation processes for the actual adoption of our products can be lengthy. As a result of these factors, based on our experience to date, our sales cycle has varied and can sometimes be four years or longer. In addition, the revenue generated from sales of our products may fluctuate from time to time due to market and general economic conditions.

As a result, our quarterly and annual operating results have fluctuated in the past and likely will fluctuate in the future. The demand for our products is driven largely by the demand for the end-product applications that are powered by our products. Accordingly, the battery industry is affected by market conditions that are often outside our control. Our results of operations may fluctuate significantly from period to period due to a number of factors, including general economic, industry and market conditions, capacity ramp up by competitors, industry-wide technological changes, the loss of a key customer or the postponement, rescheduling or cancellation of large orders by a key customer. As a result of these factors and other risks discussed in this section, year-over-year comparisons should not be relied upon to predict our future performance.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 1C. CYBERSECURITY

Cybersecurity Risk Management and Strategy

The security and integrity of our information systems, communication networks, IT infrastructure, and data centers are critical to the successful operation of our business.

As such, we have invested in advanced technologies to identify and manage material cybersecurity risks that could impede our operations. We also engage reputable outsourced service providers to perform key operational functions, ensuring comprehensive protection of shared data and adherence to rigorous cybersecurity protocols.

Microvast utilizes a set of policies, procedures, and technologies designed to prevent, detect, respond to, and recover from cybersecurity threats and incidents. These policies, based on the NIST Cybersecurity Framework, are regularly reviewed and updated to integrate industry best practices. Internal control evaluations are conducted routinely to ensure compliance and address any identified vulnerabilities.

Our company did not experience any cybersecurity incidents that materially impacted our operations for the year ended December 31, 2024. We remain unaware of any active threats that could significantly affect our business strategy or financial condition. For more information on cybersecurity risks, see “Risk Factors — Risks Related to Our Business and Industry.”

Cybersecurity Governance

On July 26, 2023, the SEC adopted a rule requiring enhanced disclosure of cybersecurity risk management, strategy, and governance. Microvast's SVP of Information Technology, is responsible for risk assessment and management.

This individual has experience in developing security policies, enforcing compliance, orchestrating incident responses, and implementing cybersecurity strategies.

Management is actively involved in cybersecurity governance, ensuring alignment with our overall business strategy. Their responsibilities include:

- **Security Objectives:** Establishing security goals that correspond with corporate objectives and risk appetite.
- **Resource Allocation:** Providing adequate resources, including budget and personnel, to address cybersecurity risks effectively.
- **Policy Development:** Developing and maintaining policies that meet industry standards.
- **Risk Management:** Directing risk management initiatives and instituting control measures to mitigate recognized risks.
- **Incident Response:** Overseeing the implementation and regular testing of incident response plans, with employee training to ensure effective response capabilities.
- **Compliance:** Ensuring adherence to applicable regulations, while remaining vigilant about emerging threats.

Our Board of Directors evaluates our readiness to manage cybersecurity threats, receiving regular updates from the SVP of Information Technology, General Counsel, and CEO regarding any materially impactful cybersecurity risks.

Specific Cybersecurity Measures

Microvast has implemented various cybersecurity measures, including, but not limited to the following:

- Establishing physical security protocols and securing network access via VPN.
- Requiring multi-factor authentication for email and collaboration platforms.
- Deploying endpoint detection and response (EDR) and antivirus solutions across all devices.
- Enforcing strong password policies with a secured password vault for system credentials.
- Minimizing attack vectors by eliminating external web-facing business-critical applications.
- Utilizing encryption technologies to safeguard intellectual property and mitigate data loss risks.
- Developing a comprehensive suite of information security policies and a strategic information security roadmap.
- Implementing a Security Information and Event Management (SIEM) system.

These efforts, coupled with the isolation of industrial networks and structured software installation processes, demonstrate our continued commitment to maintaining robust cybersecurity defenses.

ITEM 2. PROPERTIES**Facilities**

Our corporate headquarters is located in Stafford, Texas at 12603 Southwest Freeway, Suite 300, Stafford, Texas 77477. A summary of our physical properties as of December 31, 2024 follows in the table below.

Location	Country	Approximate Size	Function	Owned / Leased
Stafford, Texas	United States	4,400 sq. ft.	Corporate headquarters, administrative offices	Leased
Lake Mary, Florida	United States	75,000 sq. ft. on 7 acres	Research and development, administrative offices	Owned
Clarksville, Tennessee	United States	577,000 sq. ft. on 82 acres	Manufacturing (cell, module and pack), testing, energy storage container assembly, warehouse, sales, after-sales service, administrative offices	Owned
Timnath, Colorado	United States	24,993 sq.ft. on 6.76 acres	administrative offices	Owned
Berlin	Germany	185,000 sq. ft. on 9 acres	European headquarters, administrative offices, manufacturing (module and pack), testing, warehouse, sales, after sales-service	Leased
London	United Kingdom	4,990 sq. ft.	Sales, after sales-service, warehouse, testing	Leased
Huzhou	China	1,400,000 sq. ft. on 72 acres	Asia Pacific headquarters, manufacturing (components, cell, module and pack), testing, warehouse, sales, after-sales service, research and development, administrative offices, and canteen services	Owned
Huzhou	China	61,000 sq. ft.	Manufacturing (other), testing, warehouse, sales, after-sales service, research and development, administrative offices, and canteen services	Leased

ITEM 3. LEGAL PROCEEDINGS

For a description of our pending legal proceedings, please see Note 28. Commitments and Contingencies, to the consolidated financial statements included elsewhere in this Annual Report. While the lawsuits are being vigorously defended, the outcome of any litigation is inherently uncertain, and there is always the possibility that a court rules in a manner that is adverse to the interests of the Company and the individual defendants. However, the amount of any such loss in that scenario cannot be reasonably estimated at this time. Regardless of the outcome, litigation has the potential to have an adverse impact on us because of defense and settlement costs, diversion of management resources and other factors.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II**ITEM 5. MARKET FOR THE REGISTRANT’S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES****Market Information**

Microvast Holdings, Inc.’s common stock is listed on NASDAQ under the symbol “MVST” and began trading on July 26, 2021. Microvast Holdings, Inc.’s publicly-traded warrants are listed on NASDAQ under the symbol “MVSTW.”

Prior to the consummation of the Business Combination, Tuscan’s common stock and public warrants were listed on the NASDAQ under the symbols “THCB” and “THCBW,” respectively.

Holders of Common Stock

As of March 24, 2025, there were approximately 93 registered holders of our common stock according to the records maintained by our transfer agent.

Dividend Policy

We currently intend to retain all available funds and any future earnings to fund the development and growth of our business. As a result, we do not anticipate declaring or paying any cash dividends in the foreseeable future. Any decision to declare and pay dividends in the future will be made at the discretion of the Board and will depend on, among other things, the business prospects, results of operations, financial condition, cash requirements and availability, legal requirements, certain restrictions related to indebtedness, industry trends and other factors that the Board may deem relevant. Any such decision will also be subject to compliance with contractual restrictions and covenants in the agreements governing current and future indebtedness.

Securities Authorized for Issuance Under Equity Compensation Plans

Our equity compensation plans that provide for the annual awarding of stock-based compensation have been approved by our stockholders. For additional detail, see Note 21. Share-Based Payment, to our audited consolidated financial statements included in Part II, Item 8 of this Annual Report.

The following table sets forth, as of December 31, 2024, certain information related to our compensation plans under which shares of our common stock may be issued.

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans
Equity compensation plans approved by security holders	61,348,476 ⁽¹⁾	\$ 5.80	15,608,278 ⁽²⁾
Equity compensation plans not approved by security holders	—	\$ —	—
Total	61,348,476		15,608,278

(1) Includes (i) 56,675,326 stock options and restricted stock units (“RSUs”) granted under the Microvast, Inc. Stock Incentive Plan (the “Stock Incentive Plan”) that were converted in the Business Combination into options to purchase 33,647,927 shares of our common stock and RSUs with respect to 23,027,399 shares of our common stock. No further awards may be granted under the Stock Incentive Plan.

(2) Represents shares available for future issuance under the 2021 Plan.

Recent Sales of Unregistered Securities

Information regarding all equity securities of the registrant sold by us during the period covered by this Annual Report that was not registered under the Securities Act was included in a Current Report on Form 8-K, and therefore is not required to be furnished herein.

Issuer Purchases of Equity Securities

None.

ITEM 6. [RESERVED]

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis provides information that our management believes is relevant to an assessment and understanding of our consolidated results of operations and financial condition. The discussion should be read together with the historical consolidated financial statements and related notes that are included elsewhere in this Annual Report. Discussion of the earliest of the three years covered by the Consolidated Financial Statements presented in this report has been omitted as that disclosure is included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2024 in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations within that report. This discussion may contain forward-looking statements based upon current expectations that involve risks and uncertainties.

The Business

Microvast Holdings, Inc. is an advanced battery technology company, headquartered in Stafford, Texas, and publicly traded on the NASDAQ under the ticker symbol MVST. We specialize in the design, development, and manufacturing of battery components and systems primarily for electric commercial vehicles and utility-scale energy storage systems ("ESS").

Founded in 2006, Microvast was built on a guiding principle that remains central to our mission today: to innovate lithium-ion battery designs without relying on past technologies. We call this true innovation. We started without preconceived notions of lithium-ion battery creation, unlike many companies that repurposed legacy technologies for new markets like electric vehicles – a process we consider product development rather than true innovation. To understand this difference is to understand what we have set out to achieve.

Our mission is to accelerate the global transition to electrification by delivering innovative battery solutions that support the adoption of electric vehicles and renewable energy. A key strategic focus is to be in a position to lead U.S. domestic battery production, reducing reliance on overseas suppliers, and strengthening national energy independence. We believe continuous investment in our technology and operations will deliver long-term targeted revenue and income growth.

Through a vertically integrated approach, we have developed proprietary technologies spanning the entire battery system—from the core materials of a battery cell (cathode, anode, electrolyte, separator) to thermal management systems and advanced software controls. Our expertise has driven advancements in ultra-fast charging, high energy density, long lifespan, and safety—critical factors for commercial transportation and ESS applications.

We are expanding our production of battery systems and components, with an increased emphasis on ESS solutions to support the broader shift to electrification. Our goal is to become a global leader in ESS, bridging the gap between EVs and renewable energy.

One of our recent innovations is our high-energy nickel manganese cobalt ("NMC") 53.5 ampere-hour battery cell (the "53.5Ah"). We believe its advanced performance characteristics make it an optimal solution for both commercial vehicle and ESS applications. To bring this product to market, we have made substantial investments in capacity expansion in Huzhou, China, where we operate fully automated production equipment that delivers significant operational efficiencies.

In previous years, we made significant investments in our capacity expansion in Clarksville, Tennessee and by the fourth quarter of 2023 had started to install certain sections of the production line. However, progress on certain third party construction workstreams as well as taking delivery and possession of further equipment started to be impacted toward the end of the fourth quarter of 2023 due to the required funding to complete the project not being secured. Ultimately, in the second quarter of 2024, we paused construction efforts on the Clarksville development due to insufficient funding. We made a strategic decision to pivot from the originally planned production of NMC production in Clarksville, Tennessee to the 565Ah lithium iron phosphate ("LFP") battery. We also consolidated our ESS operations previously in Colorado to Clarksville, Tennessee in order to enhance operational efficiencies and speed of deliveries for our U.S. business.

In August 2024, we introduced the ME6 ESS, featuring the LFP battery. The shift toward LFP technology for the U.S. ESS market is a strategic decision. The ME6 system offers a cycle life exceeding 10,000 cycles, a lifespan of up to 30 years, compact storage capabilities (6 megawatt hours ("MWh") in a 21-foot container), and enhanced reliability through IP55, C4, and nitrogen protection features. The adoption of LFP batteries provides lower costs, greater safety, and environmental benefits compared to NMC technology, further supporting our sustainability goals. Although construction progress has been negatively impacted by funding constraints, our goal is that our Clarksville, Tennessee facility will be our major production facility for LFP cells pending financing and facility completion.

In January 2025, we announced what we believe is a major breakthrough in solid-state battery technology. This innovation represents a paradigm shift, delivering higher energy density for extended range and improved efficiency, enhanced safety by eliminating risks associated with thermal runaway, and faster charging capabilities with an extended cycle life. We plan to make substantial investments in research and development ("R&D") to accelerate commercialization, with applications spanning EVs, grid storage, and high-performance energy systems.

For the year ended December 31, 2024, our revenue increased by \$73.2 million, reaching \$379.8 million, a 24% year-over-year increase. Additionally, our order backlog stood at \$401.3 million, with the majority of these orders expected to be fulfilled in 2025 and 2026. As we continue to expand production capacity and advance next-generation battery technologies, we remain committed to driving electrification, fostering innovation, and supporting long-term sustainable growth.

We remain committed to driving battery innovation, scaling global production, and delivering high-performance sustainable energy solutions that power the future of mobility and energy storage.

Segment Reporting and Financial Performance

The Company evaluates segment performance based on revenue growth, operating income, and geographic breakdowns. In accordance with ASU 2023-07, we have expanded our segment disclosures to provide enhanced insights into key financial metrics.

Segment Revenue and Performance Overview

Revenue Growth: The Company experienced a 24% increase in revenue for the most recent fiscal year, driven by strong regional market expansion and improved sales execution.

Geographical Breakdown: Revenue contributions from North America, Europe, and Asia reflect our diversified business strategy.

Operating Performance: Key operational improvements in cost management and product optimization led to enhanced segment profitability.

Completion of the Business Combination

On July 23, 2021, Microvast Holdings, Inc. (formerly known as Tuscan Holdings Corp.) consummated the previously announced acquisition of Microvast, Inc., a Delaware corporation, pursuant to the Agreement and Plan of Merger dated February 1, 2021, between Tuscan, Microvast and TSCN Merger Sub Inc., a Delaware corporation, pursuant to which TSCN Merger Sub Inc. merged with and into Microvast, with Microvast surviving the merger.

Going Concern

In accordance with Accounting Standards Codification ("ASC") Topic 205-40, Presentation of Financial Statements – Going Concern, the Company evaluates whether there are conditions or events, considered in the aggregate,

that raise substantial doubt about its ability to continue as a going concern within one year after the date the consolidated financial statements are issued. This evaluation includes considerations related to liquidity and capital resources.

In prior periods, the Company disclosed that substantial doubt existed about its ability to continue as a going concern, due to uncertainties related to liquidity, capital requirements, and operating losses.

However, during the third and fourth quarters of the year ended December 31, 2024, the Company achieved positive operating income, reflecting meaningful progress toward sustainable profitability. This improvement was driven by increased customer demand, improved gross margins, and reduced operating expenses, which have positively impacted the Company's liquidity position.

Based on this recent operating performance, current cash balances, available funding sources, and management's expectations regarding future operations and capital needs, the Company has concluded that it is probable that their plans will alleviate substantial doubt about its ability to continue as a going concern for at least twelve months from the issuance date of these consolidated financial statements. For additional detail, refer to Note 2 to the audited consolidated financial statements included in this Annual Report.

Subsequent Events

See Note 29 to the audited consolidated financial statements of this Annual Report.

Smaller Reporting Company

We are a "smaller reporting company" as defined in Rule 10(f)(1) of Regulation S-K. Smaller reporting companies may take advantage of certain reduced disclosure obligations, including, among other things, providing only two years of audited financial statements. We will remain a smaller reporting company until the last day of the fiscal year in which (1) the market value of our shares held by non-affiliates equals or exceeds \$250 million as of the prior June 30th, or (2) our annual revenues equaled or exceeded \$100 million during such completed fiscal year and the market value of our shares held by non-affiliates equals or exceeds \$700 million as of the prior June 30th.

Key Factors Affecting Our Performance

Our future success depends on several critical factors, including those outlined below. While these represent opportunities for growth, they also pose challenges and risks that we must effectively manage to sustain our business momentum and improve financial performance.

Technology and Product Innovation

Our financial performance is driven by development and sales of new products with innovative technology. Our ability to develop innovative technology has been and will continue to be dependent on our dedicated research team. As part of our efforts to develop innovative technology, in October 2021, we expanded our R&D footprint in Orlando by purchasing a 75,000 square foot facility dedicated to R&D. We plan to continue expanding our R&D presence in the U.S. We also plan to continue leveraging our knowledge base in our overseas locations, including China and to continue expanding our R&D efforts on a global basis. We expect our results of operations will continue to be impacted by our ability to develop new products with improved performance and reduced ownership cost, as well as the cost of our R&D efforts.

Market Demand

Our revenue and profitability depend substantially on the demand for battery systems and battery components, which is driven by the growth of the commercial and passenger electric vehicle and energy storage markets. Many factors contribute to the development of the electric vehicle and battery energy storage sector, including product innovation, general economic and political conditions, environmental concerns, energy demand, government support and economic incentives(e.g., the IRA in the U.S. and the E.U. Green Deal, E.U. Fit for 55). While governmental economic incentives and mandates can drive market demand for the markets in which we operate and, as a result, battery systems and components, governmental economic incentives can always be gradually reduced or eliminated. Any reduction or

elimination of governmental economic incentives may result in reduced demand for our products and adversely affect our financial performance.

Manufacturing Capacity

Our growth depends on being able to meet anticipated demand for our products. In order to do this, we will need to increase our manufacturing capacity. As of December 31, 2024, we had a backlog of approximately \$401.3 million for our battery systems. So far we have used \$475.4 million of the proceeds from the Business Combination to expand our manufacturing facilities in order to increase our manufacturing output, enabling us to address our backlog and to capture growing market opportunities.

In the third quarter of 2023, we successfully completed the 2 GWh cell, module and tray capacity expansion for our 53.5Ah cell technology in Huzhou, China. The demand for our 53.5Ah cell technology from our commercial vehicle customer base will be primarily met from this facility.

Without access to financing, we are unable to progress the Clarksville expansion project on its intended timetable, and further progress is still contingent on having full access to funding to complete the remaining project work.

Future capacity expansions, will require significant capital expenditures and will require a corresponding expansion of our supporting infrastructure, further development of our sales and marketing team, an expansion of our customer base and strengthened quality control. This capacity expansion will be carried out in a measured manner based on our ongoing assessment of medium- and long-term demand for our solutions.

Sales Geographic Mix

After initially being focused on the Asia & Pacific regions, we have expanded and continue to expand our presence and product promotion to Europe and the U.S. to capitalize on the rapidly growing electric vehicle and battery energy storage markets in those geographies. As we continue to expand our geographic focus to Europe and the U.S., we believe sales of our products in Europe and the U.S. will have the potential to generate higher gross margins because average sales prices for customers in the U.S. and Europe are typically significantly higher than the average sales prices in China. It has been our experience that buyers in Europe and the U.S. are more motivated by the technologies and quality of our products than are buyers in China, making them less sensitive to the price of our products than are similarly situated buyers in China where we are also faced with intense competition from local Chinese battery manufacturers. Therefore, the geographic sources of our revenue will have an impact on our revenue and gross margins.

Manufacturing Costs

Our profitability may also be affected by our ability to effectively manage our manufacturing costs. Our manufacturing costs are affected by fluctuations in the price of raw materials. If raw material prices increase, we will have to offset these higher costs either through price increases to our customers or through productivity improvements. Our ability to control our raw materials costs is also dependent on our ability to negotiate with our suppliers for a better price and our ability to source raw materials from reliable suppliers in a cost-efficient manner. In addition, we expect that an increase in our sales volume will enable us to lower our manufacturing costs through economies of scale.

Regulatory Landscape

The battery industry is subject to stringent and evolving environmental regulations, particularly concerning hazardous waste management, pollution control, and sustainability requirements. Over time, these regulations have become increasingly strict, impacting both product costs and gross margins. Compliance with these standards requires continuous investment in manufacturing processes, material sourcing, and waste disposal practices to ensure adherence to environmental mandates across multiple jurisdictions.

Additionally, government policies and economic incentives play a critical role in shaping demand for electric vehicles (EVs) and energy storage systems (ESS). Incentives such as EV purchase subsidies, tax credits for battery manufacturers, and renewable energy project grants have historically supported market growth. Similarly, carbon emission penalties and fleet-wide regulatory requirements for automakers further drive the adoption of zero-emission transportation and clean energy solutions. These policies expand our total addressable market, creating opportunities for increased sales and broader adoption of our battery technologies. However, changes in these incentives—such as reductions or eliminations of subsidies—could negatively affect demand for our products.

As a global company with operations and sales in China, the Asia-Pacific region, Europe, and the U.S., we are also exposed to trade policies, tariffs, and regulatory shifts that could impact our ability to meet projected sales and maintain profit margins. Any significant changes in international trade agreements, supply chain restrictions, or geopolitical tensions may influence production costs, material sourcing, and cross-border sales strategies. Navigating these regulatory complexities is essential to sustaining our competitive position and long-term growth trajectory.

Basis of Presentation

We currently conduct our business through one operating segment. Our historical results are reported in accordance with U.S. GAAP and in U.S. dollars.

Components of Results of Operations

This section of this Form 10-K generally discusses 2023 and 2024 items and year-to-year comparisons between 2023 and 2024. Discussions of 2022 items and year-to-year comparisons between 2022 and 2023 are not included in this Form 10-K, and can be found in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in the Form 10-K filed on April 1, 2024.

Revenue

We derive revenue from the sales of our electric battery products, including LpTO, LpCO, MpCO, HpCO and HnCo battery power systems. While our sales have historically been concentrated in China and the broader Asia-Pacific region, we are actively expanding our international presence to capture growing demand in key global markets.

The following table provides a breakdown of our revenue by major geographic regions, based on the locations of our customers, for the periods indicated:

	Year ended December 31,			
	2024		2023	
	(In thousands)		(In thousands)	
	Revenue	%	Revenue	%
<i>China</i>	127,138	33 %	156,480	51 %
<i>Other Asia & Pacific countries</i>	50,558	13 %	62,653	21 %
Asia & Pacific Region	\$ 177,696	46 %	\$ 219,133	72 %
Europe	187,718	50 %	84,358	27 %
U.S.	14,387	4 %	3,126	1 %
Total	\$ 379,801	100 %	\$ 306,617	100 %

We have historically derived a portion of our revenue in a given reporting period from a limited number of key customers, which have varied from period to period. For the year ended December 31, 2024, one customer accounted for 39% of our net revenues. In 2023, two customers accounted for 18% and 11% of our net revenues.

Cost of Revenues and Gross Profit

Cost of revenues includes direct and indirect materials, manufacturing overhead (including depreciation, freight and logistics), warranty reserves and expenses, provision for obsolete inventories, and labor costs and related personnel expenses, including stock-based compensation and other related expenses that are directly attributable to the manufacturing of products.

Gross profit is equal to revenue less cost of revenues. Gross profit margin is equal to gross profit divided by revenue.

Operating Expenses

Our operating expenses consist of selling and marketing, general and administrative (G&A), and research and development (R&D) expenses.

Selling and marketing expenses. Selling and marketing expenses include personnel-related costs for our sales and marketing teams, including salaries, stock-based compensation, and commission-based incentives. These expenses also cover advertising, promotional activities, and customer engagement efforts to drive product awareness and sales growth. As we continue to expand, we plan to hire additional sales personnel, enhance marketing programs, and strengthen customer relationships. Consequently, selling and marketing expenses are expected to increase in absolute dollar terms over the long term.

General and administrative expenses. General and administrative expenses primarily comprise personnel-related costs for our executive, legal, finance, human resources, and IT teams, along with professional service fees, depreciation, amortization, and insurance costs. As we scale operations, we anticipate additional expenditures for personnel hiring, infrastructure development, and compliance-related activities. These investments are necessary to support our anticipated growth and ensure operational efficiency.

R&D expenses. primarily include salaries and stock-based compensation for our engineers and scientists, as well as raw material costs for experimental development, utility expenses, and depreciation costs related to R&D activities. As we continue to invest in new product development, advanced battery technologies, and enhanced functionality, we expect R&D expenditures to increase in absolute dollar terms. These investments are critical to maintaining technological leadership and delivering next-generation battery solutions to the market.

Subsidy Income

Government subsidies represent government grants received from local government authorities. The amounts of and conditions attached to each subsidy were determined at the sole discretion of the relevant governmental authorities. Our subsidy income is non-recurring in nature.

Other Income and Expenses

Other income and expenses consist primarily of the interest expense associated with our debt financing arrangements, interest income earned on our cash balances, gains and losses from foreign exchange conversion, and gains and losses on disposal of assets.

Income Tax Expense

We are subject to income taxes in the U.S. and the foreign jurisdictions in which we do business, namely China, Germany and the U.K. These foreign jurisdictions have statutory tax rates different from those in the U.S. Accordingly, our effective tax rates will vary depending on the relative proportion of foreign to U.S. income, the absorption of foreign tax credits, changes in the valuation of our deferred tax assets and liabilities and changes in tax laws. We regularly assess the likelihood of adverse outcomes resulting from the examination of our tax returns by the U.S. Internal Revenue Service and other tax authorities to determine the adequacy of our income tax reserves and expense. Should actual events or results differ from our current expectations, charges or credits to our income tax expense may become necessary. Any such adjustments could have a significant impact on our results of operations.

Income tax in China is generally calculated at 25% of the estimated assessable profit of our subsidiaries in China, except that two of our subsidiaries in China are qualified as “High and New Tech Enterprises” and thus enjoy a preferential income tax rate of 15%. The federal corporate income tax rate of 21% is applied for our U.S. entities. Our income tax in the U.K. is calculated at an average tax rate of 19% of the estimated assessable profit of our subsidiary in the U.K. The German enterprise income tax, which is a combination of corporate income tax and trade tax, is calculated at 29.1% of the estimated assessable profit of our subsidiary in Germany.

Results of Operations

This section of this Form 10-K generally discusses 2024 and 2023 items and year-to-year comparisons between 2024 and 2023.

Comparison of the Year Ended December 31, 2024 to the Year Ended December 31, 2023

The following table sets forth our historical operating results for the periods indicated:

Amounts in thousands

	December 31,		\$ Change	% Change
	2024	2023		
Revenues	379,801	306,617	73,184	23.9 %
Cost of revenues	(260,249)	(249,390)	(10,859)	4.4 %
Gross profit	119,552	57,227	62,325	108.9 %
	31.5 %	18.7 %		
Operating expenses:				
General and administrative expenses	(81,486)	(96,787)	15,301	(15.8) %
Research and development expenses	(41,065)	(45,004)	3,939	(8.8) %
Selling and marketing expenses	(22,576)	(23,614)	1,038	(4.4) %
Impairment loss of long-lived assets	(93,173)	(504)	(92,669)	18386.7 %
Total operating expenses	(238,300)	(165,909)	(72,391)	43.6 %
Subsidy income	2,658	1,953	705	36.1 %
Operating loss	(116,090)	(106,729)	(9,361)	8.8 %
Other income and expenses:				
Interest income	742	3,609	(2,867)	(79.4) %
Interest expense	(9,711)	(2,628)	(7,083)	269.5 %
Gain on debt restructuring	9,406	—	9,406	100.0 %
Other income/ (expense), net	156	(713)	869	(121.9) %
Changes in fair value of warrant liability and convertible loan	(79,960)	59	(80,019)	(135625.4) %
Loss before income tax	(195,457)	(106,402)	(89,055)	83.7 %
Income tax expense	—	(10)	10	(100.0) %
Net loss	(195,457)	(106,412)	(89,045)	83.7 %
Less: Net loss attributable to noncontrolling interest	—	(76)	76	(100.0) %
Net loss attributable to Microvast Holdings, Inc.	(195,457)	(106,336)	(89,121)	83.8 %

Revenue

Our revenue increased from \$306.6 million in 2023 to \$379.8 million in 2024, reflecting a 23.9% year-over-year (YoY) growth. This expansion was primarily driven by a 41.6% increase in sales volume, rising from 1,139.6 MWh in 2023 to 1,613.6 MWh in 2024.

The surge in volume was fueled by strong demand for our battery cell products from both new and existing customers across the Asia-Pacific and European markets. As we broadened our geographic footprint and strengthened customer relationships, our ability to scale production and meet rising demand contributed to this sustained growth.

Cost of Revenue and Gross Profit

Our cost of revenues for the year ended December 31, 2024, increased by 4.4% compared to 2023, primarily due to higher sales volumes. However, this increase was significantly lower than the 23.9% year-over-year revenue growth, reflecting improved operational efficiency, cost controls, and economies of scale.

As a result, our gross profit margin expanded from 18.7% in 2023 to 31.5% in 2024. This improvement was driven by higher production utilization, which enhanced the absorption of fixed costs. A more favorable product mix, with a growing share of higher-margin battery solutions, contributed to increased profitability. Additionally, lower raw material prices helped reduce input costs. These factors collectively highlight our ability to scale operations while improving profitability, positioning us for continued margin expansion and long-term financial growth.

Selling and Marketing

Selling and marketing expenses for the year ended December 31, 2024, decreased by \$1.0 million (4.4%) compared to 2023. This reduction was primarily driven by a \$2.1 million decrease in share-based compensation expenses and reductions of the U.S. headcount in Q2 2024, which was partially offset by continued investments in customer engagement and market expansion initiatives.

General and Administrative

General and administrative expenses for the year ended December 31, 2024, decreased by \$15.3 million (15.8%) compared to 2023. This decline was primarily driven by a \$24.4 million reduction in share-based compensation expenses, partially offset by higher legal and insurance costs.

Research and Development

Research and development expenses for the year ended December 31, 2024, decreased by \$3.9 million (8.8%) compared to 2023. This reduction was primarily driven by a \$5.0 million decrease in share-based compensation expenses, partially offset by a \$1.8 million increase in personnel-related costs as we expanded our research team to support ongoing product development and innovation initiatives.

Impairment loss from long-lived assets

During the first half year of 2024, the Company decided to pause the construction of the battery plant in Clarksville, Tennessee until additional funding for the remaining capital expenditure is secured. The Company reassessed the recoverability of the long-lived assets in U.S. For the year ended December 31, 2024, the Company recognized \$93.2 million impairment losses which is mainly from the impairment of long-lived assets in U.S.

Subsidy Income

Subsidy income increased from \$2.0 million for the year ended December 31, 2023 to \$2.7 million in the same period in 2024. The amounts are the one-time awards granted by local governments in 2023 and 2024.

Gain on debt restructuring

During the year ended December 31, 2024, the company recorded a gain of \$9.4 million on the payable concession.

Changes in fair value of warrant liability and convertible loan

For the year ended December 31, 2024, we recorded a non-cash loss of \$80.0 million, primarily related to the change in the fair value of our convertible loan. This includes a \$79.7 million fair value adjustment on the convertible loan issued to a shareholder. The loss was primarily driven by a significant increase in our share price during the period, which raised the fair value of the loan's conversion feature.

These instruments are measured at fair value on a recurring basis, and their valuation requires the use of significant estimates and assumptions. The fair value changes do not impact our cash position or operating performance but have a material effect on our reported net income. As of December 31, 2024 the outstanding balance was \$104.6 million.

Liquidity and Capital Resources

Since inception, we have financed our operations primarily through capital contributions from equity holders, the issuance of convertible notes, and bank borrowings. As of December 31, 2024, our principal sources of liquidity included cash and cash equivalents and restricted cash totaling \$109.6 million.

Our consolidated net cash position of \$109.6 million as of December 31, 2024, comprised \$73.0 million in cash and cash equivalents, with \$37.0 million held by our China subsidiary and \$9.2 million held by our German and UK subsidiaries. These funds are not readily available for domestic operations unless repatriated. If we need to transfer any of these funds to the U.S. in the form of a dividend, we would be required to accrue and pay withholding taxes. However, we do not intend to pay cash dividends on our common stock in the foreseeable future. Instead, we plan to retain available funds and future earnings to support our ongoing operations and expansion efforts in China, the E.U., and the U.S.

In accordance with Accounting Standards Update ("ASU") No. 2014-15, "Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern (Subtopic 205-40)," management has evaluated whether there are conditions and events, considered in the aggregate, that raise substantial doubt about our ability to continue as a going concern within one year after the date of the consolidated financial statements are issued and has determined that our ability to continue as a going concern is dependent on our ability to generate cash from future operations and additional capital. In light of operating requirements under our current business plan, we are projecting that the existing cash and assets available for sale and equity securities will not be sufficient to fund our operations through the next twelve months. These conditions and events raise substantial doubt about the our ability to continue as a going concern.

To alleviate the conditions and events that raise substantial doubt about the Company's ability to continue as a going concern, management developed primary plans as described below.

- **Forecasted cash inflow from operations** - For the year ended December 31, 2024, we generated cash flow of \$2.8 million from operating activities. In the forecasted period, we have order backlog of \$401.3 million, with the majority of these orders expected to be fulfilled in 2025 and 2026. Additionally, we expected to generate higher gross margins because we will generate more revenue from Europe and the U.S with higher sales prices. We don't expect significant fluctuations in the gross margin considering the selling price secured by the contract backlogs and the market conditions of major raw materials. Thus, we believe that the operating cash flow in the forecasted period will continue to grow.
- **Refinancing of short-term bank borrowings** - Historically, we have rolled over or obtained replacement borrowings from existing creditors for its short-term bank loans upon the maturity date of the loans if needed. For \$37.1 million short-term bank borrowings outstanding as of December 31, 2024 which we have successful refinancing experience, if needed, we will be able to refinance them as they become due for the next twelve months. In early 2025, the Company successfully refinanced loans of \$12.3 million that matured.

Based on the above, we concluded that it is probable that these plans will alleviate substantial doubt about the Group's ability to continue as a going concern and that adequate sources of liquidity will exist to fund the working capital and capital expenditures requirements and to meet our short term debt obligations, and other liabilities and commitments as they become due.

To enhance liquidity, we secured a \$101.5 million bank loan during the year ended December 31, 2024 (see Note 12 – Bank Borrowings). Additionally, workforce reductions in the U.S. during the second and third quarters of 2024 have resulted in cost savings and improved cash flow.

Further strategies to strengthen liquidity include optimizing operations, asset sales, and evaluating funding options. The Company achieved income from operation in the second half of 2024, and continued execution of its business strategy is expected to support positive cash flow generation over the next twelve months. Additionally, the Group is actively pursuing the sale of non-core U.S. real estate assets, which is expected to enhance liquidity without affecting core operations.

Although no additional binding financing agreements have been entered into, the Group remains engaged in discussions with third parties to explore further capital-raising opportunities. Future capital requirements may change based on business developments, market conditions, and liquidity needs. The company continues to evaluate potential options, including equity offerings and debt financing, to ensure financial flexibility and long-term growth.

Financings

As of December 31, 2024, we had bank borrowings of \$111.7 million, the terms of which range from one month to two years. The interest rates of our bank borrowings ranged from 3.25% to 4.85% per annum. As of December 31, 2024, we had convertible bonds of \$43.2 million, with interest rates ranging from 3% to 4%. The convertible bonds are due in 2027. As of December 31, 2024, we also had the convertible loan with shareholder of \$104.6 million outstanding at an initial interest rate equal to Term SOFR for the applicable interest period, plus an initial applicable margin of 9.75% per

annum, 3.75% of which shall be paid in kind and added to the outstanding principal under the convertible loan with shareholder, with the remaining interest to be paid in cash. See Note 26 for details. As of December 31, 2024, we were in compliance with all material terms and covenants of our loan agreements, credit agreements and bonds.

On July 23, 2021, we received \$708.4 million from the completion of the Business Combination, \$705.1 million net of transaction costs paid by Microvast, Inc. We have used \$475.4 million of the net proceeds from the Business Combination to expand our manufacturing facilities and for the purchase of property and equipment associated with our existing manufacturing and R&D facilities. In addition, \$185.6 million of the net proceeds were used for working capital as of December 31, 2024.

Although no additional binding financing agreements have been entered into, the Group remains engaged in discussions with third parties to explore further capital-raising opportunities. Future capital requirements may change based on business developments, market conditions, and liquidity needs. The company continues to evaluate potential options, including equity offerings and debt financing, to ensure financial flexibility and long-term growth.

The exercise price for our outstanding warrants is \$11.50 per share of common stock, and the trading price of our common stock was \$1.27 as of March 24, 2025. There is no guarantee that the warrants will be exercised prior to their expiration, however, we do not expect this to impact our liquidity.

Capital expenditures and other contractual obligations

Our capital expenditures amounted to \$49.9 million and \$186.8 million for the years ended December 31, 2024 and 2023, respectively. Our capital expenditures in 2024 and 2023 related primarily to the construction of manufacturing facilities under our Clarksville expansion and Huzhou, China.

In 2021, we started our capacity expansion plans in Huzhou, China, Berlin, Germany and Clarksville, Tennessee. The project in Germany was completed in 2021. The China Phase 3.1 capacity expansion was successfully completed in the third quarter of 2023.

Because of delays in securing additional financing, in the fourth quarter of 2023 we began experiencing slow progress in continuing construction of our Clarksville expansion, slowing down certain construction work streams due to the need for additional financing. This facility was initially intended to produce 53.5Ah cells for our ESS solutions; however, we believe that LFP cells are better suited for our ESS solutions and intend to utilize the Tennessee facility to produce LFP cells instead of 53.5Ah cells. Additionally, our ESS products that were previously developed and assembled in Colorado are now planned to be assembled at our Tennessee facility once the facility is completed. The proceeds from the Business Combination alone will not be sufficient to complete the Clarksville expansion and meet our general working capital needs and due to foreign restrictions and adverse tax consequences as well as the working capital needs of Microvast Power Systems Co. Ltd., we are unable to repatriate cash from China to pay our accounts payable in the U.S. and fund the continued expansion of our U.S. operations. We are seeking alternate sources of capital. Until financing is in place, this will limit our growth opportunities, especially in the U.S. market where our customers desire products that meet their domestic content requirements. We are seeking to secure financing to complete the Tennessee facility.

Our future capital requirements will depend on many factors, including, but not limited to funding planned production capacity expansions and for general working capital. In addition, we may in the future enter into arrangements to acquire or invest in complementary businesses or technologies. We may need to seek additional equity or debt financing in order to meet these future capital requirements. If we are unable to raise additional capital when desired, or on terms that are acceptable to us, our business, financial condition and results of operations could be adversely affected. There are no material off-balance sheet arrangements other than those described below.

Lease Commitments

We lease certain facilities and equipment under non-cancellable lease agreements that expire at various dates through 2036. For additional information, see Note 17 – Leases, in the notes to the audited condensed consolidated financial statements in Part II, Item 8 of this Report on Form 10-K.

Purchase Commitments

We regularly enter into non-cancelable contractual obligations primarily related to purchases of inventory. As of December 31, 2024, such purchase commitments, which do not qualify for recognition on our consolidated balance sheets, amount to \$48.2 million, most of which is short-term.

Cash Flows

The following table provides a summary of our cash flow data for the years indicated:

	Year Ended December 31,	
	2024	2023
<i>Amount in thousands</i>		
Net cash generated from (used in) operating activities	2,814	(75,303)
Net cash used in investing activities	(12,152)	(165,605)
Net cash provided by financing activities	37,589	33,041

Cash Flows from Operating Activities

During the year ended December 31, 2024, our operating activities generated \$2.8 million in cash, compared to a cash outflow of \$75.3 million in 2023. The positive operating cash flow in 2024 was primarily driven by non-cash adjustments and changes in working capital, offsetting the net loss for the year.

In 2024, our net loss totaled \$195.5 million, offset by \$251.0 million in non-cash charges, including \$30.1 million in depreciation of property, plant, and equipment, \$30.8 million in non-cash share-based compensation, \$93.2 million in impairment losses from property, plant and equipment, and \$80.0 million in fair value changes related to warrants and convertible loans. However, operating assets and liabilities resulted in a \$52.7 million cash outflow, mainly due to a \$0.5 million increase in inventories, a \$13.2 million decrease in accrued liabilities and prepaid expenses, and a \$54.4 million reduction in accounts payable and notes payable, partially offset by a \$15.3 million net decrease in accounts receivable and notes receivable and a \$0.1 million increase in other operating assets and liabilities.

In 2023, operating activities used \$75.3 million in cash, driven by a net loss of \$106.4 million and \$109.6 million in non-cash adjustments, including \$22.1 million in depreciation and \$65.0 million in share-based compensation. A \$78.5 million decrease in cash flows from operating assets and liabilities contributed to the cash outflow, primarily due to a \$47.1 million increase in accounts receivable and notes receivable, a \$74.4 million increase in inventories, and a \$7.7 million decrease in accrued liabilities and prepaid expenses, partially offset by a \$65.1 million increase in accounts payable and notes payable.

Cash Flows from Investing Activities

During the year ended December 31, 2024, cash used in investing activities totaled \$12.2 million, a significant reduction compared to previous years. This outflow was primarily driven by \$27.7 million in capital expenditures related to the expansion of our manufacturing facilities and the acquisition of property and equipment for existing manufacturing and R&D operations. These outflows were partially offset by \$5.5 million in proceeds from the maturity of short-term investments and \$10.0 million from the disposal of property, plant, and equipment.

During the year ended December 31, 2023, cash used in investing activities totaled \$165.6 million, primarily due to \$186.8 million in capital expenditures for manufacturing expansion and R&D infrastructure, along with \$5.9 million in short-term investment purchases. These were partially offset by \$25.5 million in proceeds from the maturity of short-term investments and \$1.6 million from the disposal of property, plant, and equipment.

The significant reduction in investing cash outflows in 2024 reflects a measured approach to capital expenditures, as we continue to align investment decisions with available funding and strategic growth priorities.

Cash Flows from Financing Activities

During the year ended December 31, 2024, cash generated by financing activities totaled \$37.6 million. This inflow was primarily driven by \$101.5 million in proceeds from bank borrowings and \$25.0 million in proceeds from a convertible loan. These were partially offset by \$66.2 million in repayments on bank borrowings, \$0.5 million in debt costs related to the convertible loan, and \$22.2 million in deferred payments for property, plant, and equipment purchases.

During the year ended December 31, 2023, cash generated by financing activities totaled \$33.0 million. This was primarily attributable to \$47.8 million in proceeds from bank borrowings, partially offset by \$14.1 million in repayments on bank borrowings and a \$0.7 million partial repayment on outstanding bonds.

The increase in financing activities in 2024 reflects our efforts to secure additional funding through bank borrowings and convertible loans, supporting ongoing operational and strategic initiatives.

Critical Accounting Policies and Estimates

Our consolidated financial statements are prepared in accordance with U.S. GAAP. The preparation of these consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses, and related disclosures. We evaluate our estimates and assumptions on an ongoing basis. Our estimates are based on historical experience and various other assumptions that we believe to be reasonable under the circumstances. Our actual results could differ from these estimates.

We believe the following critical accounting policies involve a higher degree of judgment and complexity than our other accounting policies. Therefore, these are the policies we believe are the most critical to understanding and evaluating our consolidated financial condition and results of operations.

Impairment of Long-Lived Assets

In accordance with ASC 360, Property, Plant and Equipment ("ASC 360"), we review long-lived assets such as property, plant and equipment for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the future net undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets, and an impairment loss is recorded as a component of operating expenses. Fair value is estimated based on various valuation techniques. For assets held for sales, the amount of potential impairment may be based upon appraisal of the asset, estimated market value of similar assets or estimated cash flow from the disposition of the asset. The evaluation of asset impairment requires us to make assumptions about future cash flows over the life of the asset being evaluated. These assumptions require significant judgment and actual results may differ from assumed and estimated amounts.

Convertible loan with shareholder

We elected the fair value option to account for the convertible loan with shareholder and records changes in fair value in the consolidated statements of operations, with the exception of changes in fair value due to instrument-specific credit risk which, if present, will be recorded as a component of other comprehensive income. Interest expense related to the convertible loan is included in the changes in fair value. The fair value of the convertible loan with shareholder was determined by using a discounted cash flow model for the bond component and a Black-Scholes-Merton model for the conversion option, which is considered a Level 3 fair value measurement.

Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined using the weighted average method. Inventory levels are analyzed periodically and written down to their net realizable value if they have become obsolete, have a cost basis in excess of expected net realizable value or are in excess of expected demand. We analyze current and future product demand relative to the remaining product life to identify potential excess inventories. These forecasts of future demand are based upon historical trends and analysis as adjusted for overall market conditions. Inventory write-downs are measured as the difference between the cost of the inventory and its net realizable value, and charged to inventory reserves, which is a component of cost of revenue. At the point of the loss recognition, a new, lower cost basis for those inventories is established, and subsequent changes in facts and circumstances do not result in the restoration or increase in that newly established cost basis. We recorded inventory impairment losses of \$3.3 million and

\$3.6 million during the years ended December 31, 2024 and 2023, respectively. We monitor the inventory impairments periodically and, since battery technology continues to advance, we may incur inventory impairment losses in the future.

Income Taxes

We utilize the asset and liability method in accounting for income taxes. Deferred tax assets and liabilities reflect the estimated future tax consequences of temporary differences between the financial reporting and tax bases of assets and liabilities. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred tax expense or benefit is the result of changes in the deferred tax asset and liability. Valuation allowances are established when necessary to reduce deferred tax assets where it is more likely than not that the deferred tax assets will not be realized. We make estimates, assumptions and judgments to determine its provision for its income taxes, deferred tax assets and liabilities, and any valuation allowance recorded against deferred tax assets. We assess the likelihood that our deferred tax assets will be recovered from future taxable income, and to the extent we believe that recovery is not likely, we established a valuation allowance.

We account for uncertain tax positions by reporting a liability for unrecognized tax benefits resulting from uncertain tax positions taken or expected to be taken in a tax return. Tax benefits are recognized from uncertain tax positions when we believe that it is more-likely-than-not that the tax position will be sustained on examination by the taxing authorities based on the technical merits of the position. We recognize interest and penalties, if any, related to unrecognized tax benefits in income tax expense.

Stock-Based Compensation

We recognize compensation expense on a straight-line basis over the service period that awards are expected to vest, based on the estimated fair value of the awards on the date of the grant. We recognize forfeitures as they occur. Fair value excludes the effect of non-market based vesting conditions. The fair value of RSUs with service conditions is based on the grant date share price. We estimate the fair value of options utilizing the Binomial-Lattice Model. The fair value of non-vested shares that vest based on market conditions are estimated using the Monte Carlo valuation method. These fair value estimates of stock related awards and assumptions inherent therein are estimates and, as a result, may not be reflective of future results or amounts ultimately realized by recipients of the grants. For these awards with performance conditions, we recognize compensation expense when the performance goals are achieved, or when it becomes probable that the performance goals will be achieved. Management performs the probability assessment on a quarterly basis by reviewing external factors, such as macroeconomic conditions and the analog industry revenue forecasts, and internal factors, such as our business and operational objectives and revenue forecasts. Changes in the probability assessment of achievement of the performance conditions are accounted for in the period of change by recording a cumulative catch-up adjustment as if the new estimate had been applied since the service inception date. As a result, our stock-based compensation expense is subject to volatility and may fluctuate significantly each quarter due to changes in our probability assessment of achievement of the performance conditions or actual results being different from projections made by management. Liability-classified awards are remeasured at lower of capped value or fair value as of each report date during settlement.

Loss of Emerging Growth Company Status

Under Section 102(b)(1) of the JOBS Act, emerging growth companies are exempt from complying with new or revised financial accounting standards until private companies are required to do so. The JOBS Act also allows companies to opt out of this extended transition period and follow the same reporting requirements as non-emerging growth companies, an election that is irrevocable once made.

As of December 31, 2024, the Company no longer qualifies as an emerging growth company. Consequently, we are now required to comply with new or revised accounting standards on the same timeline as public companies and are subject to the full regulatory and reporting requirements applicable to non-emerging growth companies under the JOBS Act.

Internal Control Over Financial Reporting

The information required by this Item regarding internal control over financial reporting is set forth in Part II, Item 9A of this Annual Report.

Recent Accounting Pronouncements

See Note 2 to the audited consolidated financial statements beginning on page F-14 of this Annual Report for more information about recent accounting pronouncements, the timing of their adoption, and our assessment, to the extent we have made one, of their potential impact on our financial condition and its results of operations and cash flows.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk

Our cash and cash equivalents primarily consist of cash deposits and money market accounts, which are subject to interest rate fluctuations. While these interest-earning instruments carry a degree of interest rate risk, historical fluctuations in interest income have not been material.

Our bonds payable bear fixed interest rates and are not publicly traded, limiting exposure to interest rate volatility. However, our project finance loans in China include an interest rate spread of 115 basis points over the Loan Prime Rate (LPR) in China, making them sensitive to market interest rate changes. Future movements in benchmark interest rates could materially impact our interest expenses.

The primary objective of our investment activities is to preserve principal while optimizing returns, without significantly increasing risk. Due to the short maturity of our cash equivalents, our portfolio remains relatively insensitive to interest rate fluctuations. We do not anticipate that a 100-basis-point increase or decrease in interest rates would have a material impact on our operating results or financial condition. We will continue to review and adjust our investment policy as needed to ensure it aligns with our risk management strategy and financial objectives.

Foreign Currency Risk

Given our significant operational presence in China, a large portion of our transactions is denominated in RMB. The volatility of exchange rates is influenced by multiple macroeconomic factors, making it difficult to predict future fluctuations with certainty.

We have experienced, and will likely continue to experience, fluctuations in our operating results due to foreign exchange gains and losses. These fluctuations arise from the translation of cash balances, trade accounts receivable and payable, and intercompany balances denominated in currencies other than the U.S. Dollar, primarily RMB.

A hypothetical 10% adverse change in foreign exchange rates for RMB-denominated accounts as of December 31, 2024, including intercompany balances, would have resulted in a foreign currency loss of approximately \$15.2 million. As our foreign sales and expenses increase, our operating results may be further impacted by exchange rate fluctuations.

At present, we do not utilize foreign exchange hedging instruments, but we may consider implementing derivative or financial instruments in the future to mitigate currency risk. However, the potential impact of such hedging activities on our financial performance remains uncertain.

Credit Risk

Our credit risk primarily relates to trade receivables, restricted cash, cash equivalents, and amounts due from related parties. We typically extend credit only to customers and counterparties with strong credit ratings and actively monitor overdue accounts to minimize default risk.

Our evaluation of credit risk exposure involves significant estimates and judgment. Holding other factors constant, a hypothetical 100-basis-point increase in the expected loss rate on our financing receivables portfolio would have resulted in an increase in the allowance for credit losses of approximately \$0.6 million as of December 31, 2024.

To mitigate credit risk, we have a dedicated credit management team responsible for establishing credit limits, approving credit terms, and implementing collection strategies. At each reporting period, we review the recoverability of outstanding balances and ensure that adequate impairment provisions are recorded for potentially uncollectible amounts. If necessary, we negotiate revised payment terms or settlement plans with customers facing financial difficulties.

Given our robust credit risk management practices, we consider our overall credit risk exposure to be significantly mitigated.

Seasonality

Historically, we have observed higher sales volumes in the third and fourth fiscal quarters, compared to the first and second quarters. However, due to our relatively limited operating history, it remains difficult to determine the exact extent or nature of seasonality in our business. We continue to monitor sales trends and market conditions to better understand the potential impact of seasonal demand fluctuations on our operations.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

MICROVAST HOLDINGS, INC.
For the Years Ended December 31, 2024, 2023 and 2022

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of Microvast Holdings, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Microvast Holdings, Inc. and its subsidiaries (the “*Company*”) as of December 31, 2024 and 2023, the related consolidated statements of operations, comprehensive loss, changes in shareholders’ equity, and cash flows, for each of the three years in the period ended December 31, 2024, and the related notes and the schedule listed in Schedule I (collectively referred to as the “*financial statements*”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2024, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (“PCAOB”), the Company’s internal control over financial reporting as of December 31, 2024, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 31, 2025, expressed an adverse opinion on the Company’s internal control over financial reporting because of a material weakness identified.

Basis for Opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current-period audit of the financial statements that were communicated or required to be communicated to the audit committee and that (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Going concern – refer to Note 2 of the Financial Statements

Critical Audit Matter Description

As discussed in Note 2 to the financial statements, there are conditions and events that raise substantial doubt about the Company’s ability to continue as a going concern. Management’s plans including generation of cash inflows from operations and refinancing of short-term bank borrowings in the next twelve months since the date of issuance of the financial statements to alleviate the substantial doubt are also described in Note 2.

We identified the evaluation of the Company’s assessment of its ability to continue as a going concern as a critical audit matter because a high degree of auditor judgment was required to evaluate the reasonableness of management’s estimates and assumptions related to the Company’s cash flow forecast used in its going concern analysis.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the Company's going concern included the following, among others:

- We tested the effectiveness of internal controls over the Company's going concern assessment and forecasted cash flows.
- We performed a retrospective review to compare the Company's historical forecasted cash flows to actual results to assess the Company's ability to accurately forecast.
- We assessed the reasonableness of the underlying data and assumptions included in management's forecasted cash flows.
- We performed sensitivity analyses to assess the impact of changes in the key assumptions such as revenue growth rate and gross margin ratio.
- We inspected the terms of loan agreements to determine whether any covenants have been breached and whether the repayment within the next twelve months are properly included in the forecast.
- We evaluated the reasonableness of the Company's assessment that the management plans are probable to alleviate the substantial doubt.
- We reviewed subsequent events to identify those that represent additional conditions and events to be considered in aggregate and whether any contradictory evidence exists.

Impairment of Long-lived assets – refer to Note 2 and Note 6 of the Financial Statements.

Critical Audit Matter Description

As discussed in Note 2 and 6 to the financial statements, during the year ended December 31, 2024, the Company paused the construction of the battery plant in Clarksville, Tennessee, the United States, until additional funding for the remaining capital expenditure is secured. As of December 31, 2024, the Company's net value of the building and auxiliary equipment in Clarksville ("Clarksville Property") is approximately \$140 million. The Company assessed and concluded that the undiscounted cash flows indicate that the carrying value of Clarksville Property will not be recoverable. As a result, the Company utilized the residual method to estimate its fair value, with the assistance of an independent valuer. The Company recognized \$57 million impairment of the Clarksville Property equaling the excess of the Clarksville Property's carrying amount over its estimated fair value for the year ended December 31, 2024.

Auditing the Company's impairment assessment was complex due to the significant estimation and judgement required to evaluate the market and economic conditions as well as the degree of subjectivity involved in determining the indicative market value of the asset group. The Company developed its significant assumptions such as gross development value, indirect cost, development profit.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the impairment of property, plant and equipment included the following, among others:

- We tested the effectiveness of the key controls over the impairment assessment of this property, plant and equipment.
- We evaluated the independent valuer's objectivity, competence and capabilities.
- With the involvement of our fair value specialists, we performed the following:
 - i. Assessed the appropriateness of the valuation methodology and significant assumptions, such as gross development value, indirect cost, development profit.
 - ii. Tested the accuracy of mathematical calculation.
- We assessed the reasonableness of the underlying data used by the Company such as remaining capital expenditure to complete the construction.

/s/ Deloitte Touche Tohmatsu Certified Public Accountants LLP

Beijing, the People's Republic of China
March 31, 2025

We have served as the Company's auditor since 2011.

MICROVAST HOLDINGS, INC.
CONSOLIDATED BALANCE SHEETS
(In thousands of U.S. dollars, except share and per share data, or as otherwise noted)

	December 31, 2024	December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 73,007	\$ 44,541
Restricted cash, current	36,572	37,477
Short-term investments	—	5,634
Accounts receivable (net of allowance for credit losses of \$5,090 and \$4,571 as of December 31, 2024 and 2023, respectively)	120,626	138,717
Notes receivable	7,579	23,736
Inventories, net	143,327	149,749
Prepaid expenses and other current assets	27,019	25,752
Assets held for sale	19,896	—
Total Current Assets	428,026	425,606
Restricted cash, non-current	22	6,171
Property, plant and equipment, net	478,189	620,667
Land use rights, net	11,371	11,984
Acquired intangible assets, net	2,607	3,136
Operating lease right-of-use assets	17,628	19,507
Other non-current assets	14,024	9,661
Total Assets	\$ 951,867	\$ 1,096,732
Liabilities		
Current liabilities:		
Accounts payable	\$ 64,940	\$ 112,618
Notes payable	51,756	63,374
Accrued expenses and other current liabilities	98,456	148,284
Advance from customers	43,678	43,087
Amounts due to related parties	5	—
Short-term bank borrowings	70,666	35,392
Income tax payables	652	655
Total Current Liabilities	330,153	403,410
Long-term bank borrowings	41,062	43,761
Long-term bonds payable	43,157	43,157
Warrant liability	290	67
Share-based compensation liability	98	199
Convertible loan with shareholder measured at fair value	104,613	—
Operating lease liabilities	14,596	17,087
Other non-current liabilities	30,003	24,861
Total Liabilities	\$ 563,972	\$ 532,542
Commitments and contingencies (Note 28)		
Shareholders' Equity		

MICROVAST HOLDINGS, INC.
CONSOLIDATED BALANCE SHEETS - continued
(In thousands of U.S. dollars, except share and per share data, or as otherwise noted)

	December 31, 2024	December 31, 2023
Common Stock (par value of US\$0.0001 per share, 750,000,000 shares authorized as of December 31, 2024 and 2023; 324,831,634 and 316,694,442 shares issued, and 323,144,134 and 315,006,942 shares outstanding as of December 31, 2024 and 2023)	\$ 33	\$ 32
Additional paid-in capital	1,512,982	1,481,241
Statutory reserves	6,032	6,032
Accumulated deficit	(1,092,958)	(897,501)
Accumulated other comprehensive loss	(38,194)	(25,614)
Total Equity	\$ 387,895	\$ 564,190
Total Liabilities and Equity	\$ 951,867	\$ 1,096,732

The accompanying notes are an integral part of these consolidated financial statements.

MICROVAST HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands of U.S. dollars, except share and per share data, or as otherwise noted)

	Year Ended December 31,		
	2024	2023	2022
Revenues	\$ 379,801	\$ 306,617	\$ 204,495
Cost of revenues	(260,249)	(249,390)	(195,422)
Gross profit	119,552	57,227	9,073
Operating expenses:			
General and administrative expenses	(81,486)	(96,787)	(102,774)
Research and development expenses	(41,065)	(45,004)	(43,508)
Selling and marketing expenses	(22,576)	(23,614)	(22,611)
Impairment loss of long-lived assets	(93,173)	(504)	(1,798)
Total operating expenses	(238,300)	(165,909)	(170,691)
Subsidy income	2,658	1,953	1,672
Loss from operations	(116,090)	(106,729)	(159,946)
Other income and expenses:			
Interest income	742	3,609	3,179
Interest expense	(9,711)	(2,628)	(3,323)
Changes in fair value of warrant liability and convertible loan	(79,960)	59	979
Gain on debt restructuring	9,406	—	—
Other income (expense), net	156	(713)	944
Loss before provision for income tax	(195,457)	(106,402)	(158,167)
Income tax expense	—	(10)	(33)
Net loss	\$ (195,457)	\$ (106,412)	\$ (158,200)
Less: Net loss attributable to noncontrolling interest	—	(76)	—
Net loss attributable to Microvast Holdings, Inc.	\$ (195,457)	\$ (106,336)	\$ (158,200)
Net loss per share attributable to common stock shareholders of Microvast Holdings, Inc.			
Basic and diluted	\$ (0.61)	\$ (0.34)	\$ (0.52)
Weighted average shares used in calculating net loss per share of common stock:			
Basic and diluted	318,462,843	310,909,379	303,279,188

The accompanying notes are an integral part of these consolidated financial statements.

MICROVAST HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(In thousands of U.S. dollars, except share and per share data, or as otherwise noted)

	Year Ended December 31,		
	2024	2023	2022
Net loss	\$ (195,457)	\$ (106,412)	\$ (158,200)
Foreign currency translation adjustment	(12,580)	(7,621)	(24,782)
Comprehensive loss	\$ (208,037)	\$ (114,033)	\$ (182,982)
Comprehensive loss attributable to noncontrolling interests	—	(164)	—
Total comprehensive loss attributable to Microvast Holdings, Inc.	\$ (208,037)	\$ (113,869)	\$ (182,982)

The accompanying notes are an integral part of these consolidated financial statements.

MICROVAST HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(In thousands of U.S. dollars, except share and per share data, or otherwise noted)

	Year Ended December 31, 2024						
	Common Stock		Additional paid-in capital	Accumulated deficit	Accumulated other Comprehensive (loss) /income	Statutory reserves	Total Microvast Holdings, Inc. Shareholders' Equity
	Shares	Amount					
Balance as of December 31, 2023	315,006,942	\$ 32	\$ 1,481,241	\$ (897,501)	\$ (25,614)	\$ 6,032	\$ 564,190
Net loss	—	—	—	(195,457)	—	—	(195,457)
Issuance of common stock in connection with vesting of share-based awards	8,137,192	1	(1)	—	—	—	—
Share-based compensation(Note 21)	—	—	30,963	—	—	—	30,963
Issuance of warrants(Note 26)	—	—	779	—	—	—	779
Foreign currency translation adjustments	—	—	—	—	(12,580)	—	(12,580)
Balance as of December 31, 2024	323,144,134	\$ 33	\$ 1,512,982	\$ (1,092,958)	\$ (38,194)	\$ 6,032	\$ 387,895

The accompanying notes are an integral part of these consolidated financial statements.

MICROVAST HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY - Continued
(In thousands of U.S. dollars, except share and per share data, or otherwise noted)

Year Ended December 31, 2023									
	Common Stock		Additional paid-in capital	Accumulated deficit	Accumulated other comprehensive income/(loss)	Statutory reserve	Total Microvast Holdings, Inc. Shareholders' Equity	Noncontrolling Interests	Total Equity
	Shares	Amount							
Balance as of December 31, 2022	307,628,511	\$ 31	\$ 1,416,160	\$ (791,165)	\$ (18,081)	\$ 6,032	\$ 612,977	\$ —	\$ 612,977
Net loss	—	—	—	(106,336)	—	—	(106,336)	(76)	(106,412)
Capital contribution from noncontrolling interests	—	—	—	—	—	—	—	2,174	2,174
Reduction of noncontrolling interest	—	—	(164)	—	—	—	(164)	(2,010)	(2,174)
Issuance of common stock in connection with vesting of share-based awards	7,378,431	1	(1)	—	—	—	—	—	—
Share-based compensation(Note 21)	—	—	65,246	—	—	—	65,246	—	65,246
Foreign currency translation adjustments	—	—	—	—	(7,533)	—	(7,533)	(88)	(7,621)
Balance as of December 31, 2023	315,006,942	\$ 32	\$ 1,481,241	\$ (897,501)	\$ (25,614)	\$ 6,032	\$ 564,190	\$ —	\$ 564,190

The accompanying notes are an integral part of these consolidated financial statements.

MICROVAST HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY - Continued
(In thousands of U.S. dollars, except share and per share data, or as otherwise noted)

	Year Ended December 31, 2022							Total Microvast Holdings, Inc. shareholders' Equity
	Common Stock		Additional paid-in capital	Accumulated deficit	Accumulated other comprehensive income	Statutory reserve		
	Shares	Amount						
Balance as of December 31, 2021	298,843,016	\$ 30	\$ 1,306,034	\$ (632,099)	\$ 6,701	\$ 6,032	\$ 686,698	
Net loss	—	—	—	(158,200)	—	—	(158,200)	
Cumulative effect adjustment related to opening retained earnings for adoption of ASU2016-13, Financial instruments-Credit losses (Topic 326)	—	—	—	(866)	—	—	(866)	
Issuance of common stock in connection with vesting of share-based awards	8,785,495	1	(1)	—	—	—	—	
Share-based compensation(Note 21)	—	—	110,127	—	—	—	110,127	
Foreign currency translation adjustments	—	—	—	—	(24,782)	—	(24,782)	
Balance as of December 31, 2022	<u>307,628,511</u>	<u>\$ 31</u>	<u>\$ 1,416,160</u>	<u>\$ (791,165)</u>	<u>\$ (18,081)</u>	<u>\$ 6,032</u>	<u>\$ 612,977</u>	

The accompanying notes are an integral part of these consolidated financial statements.

MICROVAST HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands of U.S. dollars, except share and per share data, or as otherwise noted)

	Year Ended December 31,		
	2024	2023	2022
Cash flows from operating activities			
Net loss	\$ (195,457)	\$ (106,412)	\$ (158,200)
Adjustments to reconcile net loss to net cash used in operating activities:			
Loss /(gain) on disposal of property, plant and equipment	844	1,947	(14)
Gain on debt restructuring	(9,406)	—	—
Interest expense	2,248	—	—
Depreciation of property, plant and equipment	30,057	22,141	19,811
Amortization of land use rights and intangible assets	775	787	554
Noncash lease expenses	2,686	2,764	2,214
Share-based compensation	30,840	64,971	90,808
Changes in fair value of warrant liability and convertible loan	79,960	(59)	(979)
Allowance of credit losses	3,743	236	1,640
Write-down for obsolete inventories	3,286	3,613	4,789
Impairment loss from long-lived assets	93,173	504	1,798
Product warranty	12,826	12,688	14,097
Changes in operating assets and liabilities:			
Notes receivable	6,488	(25,338)	3,187
Accounts receivable	8,791	(21,759)	(38,924)
Inventories	(546)	(74,406)	(43,694)
Prepaid expenses and other current assets	3,289	(14,291)	3,628
Amounts due from/to related parties	5	—	85
Operating lease right-of-use assets	(1,780)	(5,446)	(19,375)
Other non-current assets	(973)	(547)	(282)
Notes payable	(9,911)	(3,507)	13,490
Accounts payable	(44,523)	68,576	7,146
Advance from customers	836	(10,949)	53,022
Accrued expenses and other liabilities	(16,486)	6,602	(24,674)
Operating lease liabilities	(1,607)	2,266	14,999
Other non-current liabilities	3,656	316	946
Net cash generated from (used in) operating activities	2,814	(75,303)	(53,928)
Cash flows from investing activities			
Purchases of property, plant and equipment	(27,721)	(186,788)	(150,880)
Proceeds on disposal of property, plant and equipment	10,005	1,649	5
Purchase of short-term investments	—	(5,966)	(25,070)
Proceeds from maturity of short-term investments	5,564	25,500	—
Net cash used in investing activities	(12,152)	(165,605)	(175,945)
Cash flows from financing activities			
Proceeds from bank borrowings	101,517	47,852	58,708

MICROVAST HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS - continued
(In thousands of U.S. dollars, except share and per share data, or as otherwise noted)

	Year Ended December 31,		
	2024	2023	2022
Repayment of bonds payable	—	(692)	(29,259)
Repayment of bank borrowings	(66,248)	(14,119)	(24,482)
Convertible loan borrowed from a shareholder	25,000	—	—
Payment for debt issue costs	(525)	—	—
Deferred payment related to purchases of property, plant and equipment	(22,155)	—	—
Net cash generated from financing activities	<u>37,589</u>	<u>33,041</u>	<u>4,967</u>
Effect of exchange rate changes	(6,839)	(6,561)	(8,586)
Increase/ (decrease) in cash, cash equivalents and restricted cash	<u>21,412</u>	<u>(214,428)</u>	<u>(233,492)</u>
Cash, cash equivalents and restricted cash at beginning of the year	88,189	302,617	536,109
Cash, cash equivalents and restricted cash at end of the year	<u>\$ 109,601</u>	<u>\$ 88,189</u>	<u>\$ 302,617</u>
Reconciliation to amounts on consolidated balance sheets			
Cash and cash equivalents	\$ 73,007	\$ 44,541	\$ 231,420
Restricted cash	36,594	43,648	71,197
Total cash, cash equivalents and restricted cash	<u>\$ 109,601</u>	<u>\$ 88,189</u>	<u>\$ 302,617</u>
Supplemental disclosure of cash flow information			
Interest paid	\$ 7,440	\$ 4,373	\$ 5,135
Income tax paid	\$ —	\$ —	\$ —
Non-cash investing and financing activities			
Payable for purchase of property, plant and equipment	\$ 45,983	\$ 96,350	\$ 29,183

The accompanying notes are an integral part of these consolidated financial statements.

MICROVAST HOLDINGS, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022
(In thousands of U.S. dollars, except share and per share data, or as otherwise noted)

1. DESCRIPTION OF ORGANIZATION AND BUSINESS OPERATIONS

Microvast, Inc. was incorporated under the laws of the State of Texas in the United States of America on October 12, 2006 and re-domiciled to the State of Delaware on December 31, 2015. On July 23, 2021 (the "Closing Date"), Microvast, Inc. and Tuscan Holdings Corp. ("Tuscan") consummated the previously announced merger (the "Merger" or the "Business Combination"), pursuant to the Agreement and Plan of Merger (the "Merger Agreement") dated February 1, 2021, between Tuscan, Microvast, Inc. and TSCN Merger Sub Inc., a Delaware corporation ("Merger Sub").

Pursuant to the Merger Agreement, the Merger Sub merged with and into Microvast, Inc., with Microvast, Inc. surviving the Merger. As a result of the Merger, Tuscan was renamed "Microvast Holdings, Inc." (the "Company"). The Merger was accounted for as a reverse recapitalization as Microvast, Inc. was determined to be the accounting acquirer under Financial Accounting Standards Board's Accounting Standards Codification Topic 805, Business Combinations ("ASC 805").

As of December 31, 2024, details of the Company's major subsidiaries are as follows:

Subsidiaries	Place of incorporation	Date of incorporation	Percentage of ownership
Microvast, Inc. (" <i>Microvast</i> ")	Delaware, USA	October 2006	100 %
Microvast Power Solutions, Inc (" <i>MP Solutions</i> ")	Texas, USA	July 2013	100 %
Microvast Power Systems Co., Ltd. (" <i>MPS</i> ")	Huzhou, PRC	December 2006	100 %
Microvast GmbH (" <i>MV GmbH</i> ")	Germany	May 2016	100 %
Huzhou Hongwei New Energy Automobile Co., Ltd. (" <i>Hongwei</i> ")	Huzhou, PRC	December 2016	100 %
Microvast Energy, Inc. (" <i>MV Energy</i> ")	Colorado, USA	July 2022	100 %

The Company and its subsidiaries (collectively, the "Group") are primarily engaged in developing, manufacturing, and selling lithium-ion battery technologies for use in commercial electric vehicles and battery energy storage systems across the globe.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The consolidated financial statements of the Group have been prepared in accordance with the generally accepted accounting principles in the United States of America ("U.S. GAAP").

Basis of consolidation

The consolidated financial statements of the Group include the financial statements of the Company and its subsidiaries. All intercompany transactions and balances have been eliminated upon consolidation.

MICROVAST HOLDINGS, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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2. SIGNIFICANT ACCOUNTING POLICIES - continued

Going concern

The accompanying consolidated financial statements of the Group have been prepared on a going concern basis, which assumes that the Group will continue to realize its assets and settle its liabilities in the ordinary course of business.

For the years ended December 31, 2024, 2023 and 2022, the Group incurred net losses of \$195,457 (including a \$93,173 impairment loss from property, plant and equipment and a \$79,960 loss on changes in fair value of warrant liability and convertible loan), \$106,412 and \$158,200, and generated /(used) cash flows from /(in) operating activities amounting to \$2,814, \$(75,303), \$(53,928), respectively.

As of December 31, 2024, the Group had working capital of \$97,873, shareholders' equity of \$387,895 (including an accumulated deficit of \$1,092,958), and cash and cash equivalents of \$73,007. As of December 31, 2024, the Group held outstanding borrowings of \$111,728, with \$70,666 due within the next 12 months, and other current liabilities of \$259,487, which include accounts payable, notes payable, accrued expenses and other current liabilities. Additionally, as of December 31, 2024, the Group had \$48,242 in purchase commitments primarily related to inventory, and \$53,228 in capital commitments with \$30,713 due within the next 12 months.

These conditions and events raise substantial doubt about the Group's ability to continue as a going concern.

Management's primary plans to alleviate the substantial doubt are as described below.

- **Forecasted cash inflow from operations** - As of March 31, 2025, the Group has performed a review of its cash flow forecast for the twelve months ending March 31, 2026. For the year ended December 31, 2024, the Group generated cash flow of \$2,814 from its operating activities. The Group believes that its operating cash flow in the forecasted period will continue to grow. Management believes the forecast is based on reasonable assumptions including: i) there is no significant uncertainty on the execution of the existing contract backlog in the forecasted period, and ii) despite the potential fluctuation of the raw material prices, the gross margin in the forecasted period is not expected to significantly decline considering the selling price secured by the contract backlogs and the market conditions of major raw materials.
- **Refinancing of short-term bank borrowings** - While there can be no assurance that the Group will be able to refinance its short-term bank borrowings as they become due, historically, the Group has rolled over or obtained replacement borrowings from existing creditors for its short-term bank loans upon the maturity date of the loans if needed. For \$37,083 short-term bank borrowings outstanding as of December 31, 2024 which the Company has successful refinancing experience, the Group assumed that it will continue to be able to do so for the next twelve months.

Below factors are considered by the management in assessing whether the plan is probable of being effectively implemented.

- The refinancing of these loans have regularly occurred historically, even during the Group's financially distressed periods.
- These loans were borrowed by MPS, the Group's main operating subsidiary. MPS generated profit and positive cash flow during the year ended December 31, 2024 and has shown improvement in operations comparing to the year ended December 31, 2023.
- In early 2025 the Group successfully refinanced loans of \$12,330 that matured.
- The Group has established long-term relationships with those banks and has never defaulted on repayments historically.

Based on the above, the Group concluded that it is probable that management's plans will alleviate the substantial doubt about the Group's ability to continue as a going concern and that adequate sources of liquidity will exist to fund the Company's working capital and capital expenditures requirements and to meet its short term debt obligations, and other liabilities and commitments as they become due. Therefore, the accompanying consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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2. SIGNIFICANT ACCOUNTING POLICIES - continued

Noncontrolling interests

For the Company's consolidated subsidiaries, noncontrolling interests are recognized to reflect the portion of their equity that is not attributable, directly or indirectly, to the Company as the controlling shareholder. Noncontrolling interests are classified as a separate line item in the equity section of the Company's consolidated balance sheets and have been separately disclosed in the Company's consolidated statements of operations and comprehensive loss to distinguish the interests from that of the Company.

Use of estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenue, costs and expenses in the consolidated financial statements and accompanying notes, and disclosure of contingent liabilities at the date of the consolidated financial statements. Actual results could differ from these estimates. Significant accounting estimates reflected in the Group's financial statements include allowance for credit losses, provision for obsolete inventories, impairment of property, plant and equipment, valuation allowance for deferred tax assets, product warranties, fair value measurement of Bridge Notes, fair value measurement of warrant liability and share based compensation.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and highly liquid investments, which are unrestricted from withdrawal or use, or which have maturities of three months or less.

Restricted cash

Restricted cash represents deposits made to banks to secure bank acceptance notes (or Notes Payable), letters of credit issued by the Group, and restricted use bank borrowings (see Note 12). It is common in the PRC that the banks require the Group to pledge notes receivable or make a deposit as collateral. The deposits and the matured bank acceptance notes from its customers are recorded as restricted cash in the consolidated balance sheets.

Accounts receivable

Accounts receivable represents those receivables derived in the ordinary course of business, net of allowance for credit losses. Beginning on January 1, 2022, the Group evaluates its accounts receivable for expected credit losses on a regular basis. The Group maintains an estimated allowance for credit losses to reduce its accounts receivable to the amount that it believes will be collected. The Group uses the creditworthiness of customers, aging of the receivables, past transaction history with customers and their current condition, changes in customer payment terms, specific facts and circumstances, and the overall economic climate in the industries the Group serves to monitor the Group's receivables within the scope of expected credit losses model and use these as a basis to develop the Group's expected loss estimates.

Notes receivable and payable

The Group accepts bank acceptance notes ("notes") from customers in the PRC in the normal course of business. These notes may be presented to banks in the PRC for cash settlement or endorsed to suppliers to settle accounts payable. The Group derecognizes the notes upon endorsement to suppliers, as it no longer retains control over instruments. Notes receivable and notes payable are typically non-interest bearing and have maturities of one year or less.

As of December 31, 2024 and 2023, the balance of notes receivable were \$7,579 and \$23,736, respectively while certain notes receivable have been pledged to banks to secure their issuance of bank acceptance notes for the Group.

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2. SIGNIFICANT ACCOUNTING POLICIES - continued

Short-term investments

The Group's short-term held-to-maturity investments are classified based on their contractual maturity dates which are less than one year and are recorded at their amortized costs. The Company recognized \$3, \$438 and \$70 interest income from the short-term investments for the years ended December 31, 2024, 2023 and 2022, respectively.

The Group reviews its held-to-maturity investments for other-than-temporary impairment ("OTTI") based on the specific identification method. The Group considers available quantitative and qualitative evidence in evaluating the potential impairment of its short-term investments. If the cost of an investment exceeds the investment's fair value, the Group considers, among other factors, general market conditions, expected future performance of the instruments, the duration and the extent to which the fair value of the investment is less than the cost, and the Group's intent and ability to hold the investments. OTTI is recognized as a loss in the consolidated statements of operations.

Inventories, net

Inventories of the Group consist of raw materials, work in process and finished goods. Inventories are stated at the lower of cost or net realizable value. Inventory costs include expenses that are directly or indirectly incurred in the acquisition and production process, including shipping and handling costs charged by suppliers. The cost of materials and supplies used in production, direct labor costs and allocated overhead costs are all included in the inventory costs. The allocated overhead cost includes depreciation, insurance, employee benefits, and indirect labor. Cost is determined using the weighted average method. Inventories are written down to net realizable value taking into consideration of estimates of future demand, technology developments, market conditions and reasonably predicative costs of completion or disposal.

Prepaid expenses and other current assets

Prepaid expenses and other current assets primarily consist of advances to suppliers, prepaid expenses, deposits and value-added tax receivables.

Property, plant and equipment, net

Property, plant and equipment are carried at cost less accumulated depreciation. Depreciation is calculated on a straight-line basis over the following estimated useful lives:

Buildings	20 years
Machineries and equipment	10 years
Fixtures and electronic equipment	4 - 5 years
Motor vehicles	5 years
Leasehold improvements	Shorter of the lease term or estimated useful lives

Construction in progress represents manufacturing facilities and equipment under construction, and is stated at cost. The capitalization of these costs ceases when construction in progress is transferred to property, plant and equipment and substantially ready for its intended use. No depreciation is recorded for construction in progress. Repair and maintenance costs are charged to expenses as incurred.

Land use rights, net

Land use rights are recorded at cost less accumulated amortization. Amortization is provided on a straight-line basis over the estimated useful lives, which are generally 50 years and represent the shorter of the estimated usage periods or the terms of the land use rights agreements.

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2. SIGNIFICANT ACCOUNTING POLICIES - continued

Acquired intangible assets, net

Acquired intangible assets with definite lives are amortized on a straight-line basis over their expected useful economic lives.

Impairment of long-lived assets

In accordance with ASC 360, Property, Plant and Equipment ("ASC 360"), the Company reviews long-lived assets such as property, plant and equipment for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the future net undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets, and an impairment loss is recorded as a component of operating expenses. Fair value is estimated based on various valuation techniques. For assets held for sales, the amount of potential impairment may be based upon appraisal of the asset, estimated market value of similar assets or estimated cash flow from the disposition of the asset. The evaluation of asset impairment requires the Company to make assumptions about future cash flows over the life of the asset being evaluated. These assumptions require significant judgment and actual results may differ from assumed and estimated amounts. Refer to Note 6 for details.

Assets held for sale

Assets to be disposed of by sale are reported at the lower of the carrying value or fair value less cost to sell when the Company has committed to a sale agreement and would be reported separately as assets held for sale in the consolidated balance sheets.

Debt Restructuring

A debt restructuring is the modification of debt in which a creditor grants a concession it would not otherwise consider to a debtor that is experiencing financial difficulties. These modifications may include an extension of the maturity date, a reduction of the face amount or maturity amount of the debt, or a reduction of accrued interest. During the year ended December 31, 2024, the Company entered into several settlement agreements with certain suppliers with payables, under which the Company received concessions that forgive certain contractually owed amounts and allow for deferred payment schedules. A restructuring gain of \$9,406 on the payable concession was recorded in the consolidated statements of operations.

Fair value of financial instrument

Financial instruments include cash and cash equivalents, restricted cash, short-term investments, accounts receivable, notes receivable, other receivable, amounts due from/to related parties, accounts payable, short-term bank borrowings, notes payable, long-term bank borrowing, bonds payable, warrant liability and convertible loan with shareholder. The Group carries its cash and cash equivalents, restricted cash, warrant liability and convertible loan with shareholder at fair value. The carrying values of other financial instruments approximate their fair values reported in the consolidated balance sheets.

Fair value

Fair value is the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required or permitted to be recorded at fair value, the Group considers the principal or most advantageous market in which it would transact and it considers assumptions that market participants would use when pricing the asset or liability.

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(In thousands of U.S. dollars, except share and per share data, or as otherwise noted)

2. SIGNIFICANT ACCOUNTING POLICIES - continued

Fair value - continued

Authoritative literature provides a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. An asset or liability categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement as follows:

Level 1

Level 1 applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

Level 2

Level 2 applies to assets or liabilities for which there are inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which significant inputs are observable or can be derived principally from, or corroborated by, observable market data.

Level 3

Level 3 applies to assets or liabilities for which there are unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the assets or liabilities.

Convertible loan with shareholder measured at fair value

The Company has elected the fair value option to account for the convertible loan with shareholder described in Note 26 – Convertible loan with shareholder measured at fair value herein, and records changes in fair value in the consolidated statements of operations, with the exception of changes in fair value due to instrument-specific credit risk which, if present, will be recorded as a component of other comprehensive income. Interest expense related to the convertible loan is included in the changes in fair value. As a result of applying the fair value option, direct costs and fees related to the convertible loan were expensed as incurred. Loss of \$79,737 was recognized for the year ended December 31, 2024. The fair value of the convertible loan with shareholder was determined by using a discounted cash flow model for the bond component and a Black-Scholes-Merton model for the conversion option, which is considered a Level 3 fair value measurement.

Revenue recognition

Nature of Goods and Services

The Group's revenue consists primarily of sales of lithium-ion batteries. The obligation of the Group is providing the battery products. Revenue is recognized at the point of time when control of the promised goods or services is transferred to the customer, in an amount that reflects the consideration the Group expects to be entitled to in exchange for the goods or services.

Contract balances

Contract balances include accounts receivable and advances from customers. Accounts receivable represent cash not received from customers and are recorded when the rights to consideration is unconditional. The allowance for credit losses reflects the best estimate of probable losses inherent to the accounts receivable balance. Contract liabilities, recorded in advance from customers in the consolidated balance sheet, represent payment received in advance. During the years ended December 31, 2024, 2023 and 2022, the Group recognized \$4,348, \$2,492 and \$1,151 of revenue previously included in advance from customers as of January 1, 2024, January 1, 2023 and January 1, 2022, respectively, which consist of payments received in advance related to its sales of lithium-ion batteries.

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2. SIGNIFICANT ACCOUNTING POLICIES - continued

Value added taxes

The Group reports revenue net of VAT. Entities in PRC that are VAT general tax payers are allowed to offset qualified VAT paid against their output VAT liabilities.

Cost of revenues

Cost of revenues primarily consists of the cost of the products ultimately sold to customers, shipping and handling costs charged to the Group in the sales, product warranty expense, provision for obsolete inventories and other related cost that are directly attributable to the production of products.

Product Warranty

The Group provides product warranty, which entails repair or replacement of non-conforming items, in conjunction with the sales of products. The warranty liability recorded at each balance sheet date reflects management's best estimates of its product warranty based on historical information and other currently available evidence.

The Group's product warranty generally ranges from one to eight years. The Group establishes a reserve for the estimated cost of the product warranty at the time revenue is recognized. The portion of the warranty that is expected to incur within the next 12 months is recorded in accrued expenses and other current liabilities, while the remaining balance is recorded in other non-current liabilities on the consolidated balance sheets. Product warranty is recorded as a cost of revenues.

Research and development expenses

Research and development expenses primarily consist of salaries and benefits for research and development personnel, raw materials, office rental expense, general expenses and depreciation expenses associated with research and development activities.

Subsidy income

Government subsidies represent government grants received from local government authorities.

Government subsidies related to the investment in production facilities is initially recorded as other current or other non-current liabilities and is amortized on a straight-line basis to offset the cost of revenues over the life of the relevant production assets or amortized on an effective interest method over the term of the loan.

The Group amortized the deferred subsidy at \$620, \$390 and \$538 during the years ended December 31, 2024, 2023 and 2022, respectively. As of December 31, 2024 and 2023, the carrying amount of the current portion of the deferred subsidy income was \$1,026 and \$531, and the non-current portion was \$5,610 and \$3,382, respectively.

Income taxes

Current income taxes are provided for in accordance with the laws of the relevant tax authorities. Deferred income taxes are recognized when temporary differences exist between the tax bases of assets and liabilities and their reported amounts in the consolidated financial statements. Net operating loss carry forwards and credits are applied using enacted statutory tax rates applicable to future years. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more-likely-than-not that a portion of or all of the deferred tax assets will not be realized.

The Group accounts for uncertain tax positions by reporting a liability for unrecognized tax benefits resulting from uncertain tax positions taken or expected to be taken in a tax return. Tax benefits are recognized from uncertain tax positions when the Group believes that it is more likely than not that the tax position will be sustained on examination by the taxing authorities based on the technical merits of the position. The Group recognizes interest and penalties, if any, related to unrecognized tax benefits in income tax expense.

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2. SIGNIFICANT ACCOUNTING POLICIES - continued

Share-based compensation

Share-based payment transactions with employees are measured based on the grant date fair value of the equity instrument and recognized as compensation expense on a straight-line basis over the requisite service period, with a corresponding impact reflected in additional paid-in capital.

For share-based awards granted with performance condition, the compensation cost is recognized when it is probable that the performance condition will be achieved. The Company reassesses the probability of achieving the performance condition at the end of each reporting date and records a cumulative catch-up adjustment for any changes to its assessment. For performance-based awards with a market condition, such as awards based on total stockholder return ("TSR"), compensation expense is recognized on a straight-line basis over the estimated service period of the award, regardless of whether the market condition is satisfied. Forfeitures are recognized as they occur.

Liability-classified awards are remeasured at their fair-value-based measurement as of each reporting date until settlement.

Leases

The Company determines if an arrangement is a lease or contains a lease at lease inception. Operating leases are required to be recorded in the statement of financial position as right-of-use assets and lease liabilities, initially measured at the present value of the lease payments. The Company has elected the package of practical expedients, which allows the Company not to reassess (1) whether any expired or existing contracts as of the adoption date are or contain a lease, (2) lease classification for any expired or existing leases as of the adoption date and (3) initial direct costs for any expired or existing leases as of the adoption date. The Company also elected the practical expedient not to separate lease and non-lease components of contracts. Lastly, for lease assets other than real estate, such as printing machines and electronic appliances, the Company elected the short-term lease exemption as their lease terms are 12 months or less.

As the rate implicit in the lease is not readily determinable, the Company estimates its incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments. The incremental borrowing rate is estimated in a portfolio approach to approximate the interest rate on a collateralized basis with similar terms and payments in a similar economic environment. Lease expense is recorded on a straight-line basis over the lease term.

As of December 31, 2024, the Company recorded operating lease right-of-use (ROU) assets of \$17,628 and operating lease liabilities of \$17,635, including current portion in the amount of \$3,039, which was recorded under accrued expenses and other current liabilities on the balance sheet.

As for lessor accounting, the Company provides leasing arrangement to its customers primarily for the sale of vehicles. Revenue from the sale of these products under sales-type leases is recognized at the inception of the lease. Interest income on sales-type leases is recognized over the life of each respective lease using the interest method. As of December 31, 2024, the Company recorded net investment in sales-type leases of \$8,031 including current portion in the amount of \$3,678, which was recorded under accounts receivables on the balance sheet.

Warrant Liability

The Company accounts for warrants in accordance with the guidance contained in ASC 815-40 under which the warrants do not meet the criteria for equity treatment and must be recorded as liabilities. As the Private Warrants (as defined below Note 15) meet the definition of a derivative as contemplated in ASC 815, the Company classifies the Private Warrants as liabilities. This liability is subject to re-measurement at each balance sheet date until exercised, and any change in fair value is recognized in the statements of operations. The Private Warrants are valued using a Monte Carlo simulation model on the basis of the quoted market price of the Company's publicly-traded warrants.

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2. SIGNIFICANT ACCOUNTING POLICIES - continued

Comprehensive loss

Comprehensive loss includes net loss and foreign currency translation adjustments. Comprehensive loss is reported in the consolidated statements of comprehensive loss.

Net loss per share

Basic loss per share is computed by dividing net loss attributable to common stock by the weighted average number of common stock outstanding during the year using the two-class method. Under the two-class method, any net loss is allocated between Common Stock and other participating securities based on their participating rights. Net loss is not allocated to participating securities when the participating securities do not have a contractual obligation to share losses.

Diluted loss per share is calculated by dividing net loss attributable to Common Stock by the weighted average number of Common Stock and dilutive Common equivalent stock outstanding during the period. Common equivalent stock consist of shares issuable upon the conversion of convertible bonds using the if-converted method, and Common Stock issuable upon the vesting of non-vested shares or exercise of outstanding share options (using the treasury stock method). Common equivalent stock are calculated based on the most advantageous conversion rate or exercise price from the standpoint of the security holder. Common equivalent stock are not included in the denominator of the diluted earnings per share calculation when inclusion of such shares would be anti-dilutive.

Foreign currencies

The functional currency of the Company and all subsidiaries located in the U.S. is the United States dollar ("U.S. dollar"). For the Company's subsidiaries located in the PRC, the functional currency is the Chinese Renminbi ("RMB"); the Company's UK subsidiary, MP UK, the functional currency is the Great British Pound ("Pound"); and the Company's Germany subsidiary, MV GmbH, the functional currency is the Euro.

In preparing the consolidated financial statements of each individual group subsidiary, transactions in currencies other than the subsidiary's functional currency (foreign currencies) are converted into the functional currency at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on the monetary items are recognized in the consolidated statements of operations in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the reporting currency of the Group (i.e. US\$) at the prevailing exchange rate at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the year. Translation adjustments are reported as cumulative translation adjustments and are shown as a component of other comprehensive loss.

Foreign currency risk

RMB is not a freely convertible currency. The State Administration for Foreign Exchange, under the authority of the People's Bank of China, controls the conversion of RMB into other currencies. The value of the RMB is subject to changes in central government policies and to international economic and political developments affecting supply and demand in the China Foreign Exchange Trading System market. Cash and cash equivalents and restricted cash of the Group included aggregate amounts of \$87,802 and \$62,829 as of December 31, 2024 and 2023, respectively, which were denominated in RMB.

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2. SIGNIFICANT ACCOUNTING POLICIES - continued***Concentration of credit risk***

Financial instruments that potentially expose the Group to concentrations of credit risk consist primarily of cash and cash equivalents, restricted cash, accounts receivable, notes receivable and short-term investments. The Group places its cash and cash equivalents with financial institutions with high credit ratings and quality. The Group conducts credit evaluations of customers and generally does not require collateral or other security from its customers.

The following table summarizes net revenues from customers that accounted for 10% or more of the Group's net revenues for 2024, 2023 and 2022:

	December 31, 2024	December 31, 2023	December 31, 2022
Percentage of revenue contributed by Customer A	39 %	18 %	*%
Percentage of revenue contributed by Customer B	*%	11 %	*%
Percentage of revenue contributed by Customer C	*%	*%	12 %

*Revenue from such customer represented less than 10% of the Group's revenue during the respective periods.

The following table summarizes accounts receivable from customers that accounted for 10% or more of the Group's accounts receivable:

	December 31, 2024	December 31, 2023
Percentage of accounts receivable from Customer A	16 %	18 %
Percentage of accounts receivable from Customer D	*%	11 %

*Accounts receivable from such customers represented less than 10% of the Group's accounts receivable during the respective years.

Supplier Concentration

The Group relies on third parties for the supply of raw materials. In instances where these parties fail to perform their obligations, the Group may find alternative suppliers in the open market. For the years ended December 31, 2024, 2023 and 2022, 19%, 15% and 18% of our raw materials were purchased through company E, E and F, respectively, although numerous alternate sources of supply are readily available on comparable terms for the raw materials supplied by company E and F.

Recent accounting pronouncements newly adopted

In November 2023, the FASB issued ASU 2023-07 "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures" ("ASU 2023-07"). ASU 2023-07 intends to improve reportable segment disclosure requirements, enhance interim disclosure requirements and provide new segment disclosure requirements for entities with a single reportable segment. ASU 2023-07 is effective for fiscal years beginning after December 15, 2023, and for interim periods with fiscal years beginning after December 15, 2024. ASU 2023-07 is to be adopted retrospectively to all prior periods presented. The Company adopted this guidance on January 1, 2024. For additional information, see "Note 24—Segment Information."

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2. SIGNIFICANT ACCOUNTING POLICIES - continued***Recent accounting pronouncements not yet adopted***

In December 2023, the FASB issued ASU 2023-09 "Improvements to Income Tax Disclosures" ("ASU 2023-09"). ASU 2023-09 intends to improve the transparency of income tax disclosures. ASU 2023-09 is effective for fiscal years beginning after December 15, 2024 and is to be adopted on a prospective basis with the option to apply retrospectively. The Company is currently assessing the impact of this guidance, however, the Company do not expect a material impact to the consolidated financial statements.

In November 2024, the FASB issued ASU 2024-03, Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses. The amended guidance requires disaggregation of certain expense captions into specified natural expense categories in the disclosures within the notes to the financial statements. In addition, the guidance requires disclosure of selling expenses and its definition. The new guidance is effective for fiscal years beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027, with early adoption permitted. The guidance can be applied either prospectively or retrospectively. The Company is currently assessing the impact of this guidance, however, the Company do not expect a material impact to the consolidated financial statements.

3. ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following:

	December 31, 2024	December 31, 2023
Accounts receivable	\$ 125,716	\$ 143,288
Allowance for credit losses	(5,090)	(4,571)
Accounts receivable, net	<u>\$ 120,626</u>	<u>\$ 138,717</u>

Movement of allowance for credit losses was as follows:

	Year Ended December 31,		
	2024	2023	2022
Balance at beginning of the period	\$ 4,571	\$ 4,407	\$ 5,005
Cumulative-effect adjustment upon adoption of ASU2016-13, Financial instruments- Credit losses (Topic 326)	—	—	866
Charge of expenses	3,743	236	1,640
Write off	(3,125)	(128)	(2,631)
Recoveries of credit losses	—	121	—
Exchange difference	(99)	(65)	(473)
Balance at end of the period	<u>\$ 5,090</u>	<u>\$ 4,571</u>	<u>\$ 4,407</u>

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4. INVENTORIES, NET

Inventories consisted of the following:

	December 31, 2024	December 31, 2023
Work in process	\$ 85,179	\$ 86,379
Raw materials	39,388	35,867
Finished goods	18,760	27,503
Total	\$ 143,327	\$ 149,749

Write-down of obsolete inventories at \$3,286, \$3,613 and \$4,789 were recognized for the years ended December 31, 2024, 2023 and 2022, respectively, primarily related to inventory becoming obsolete as a result of technology development or product upgrade.

5. PREPAID EXPENSES AND OTHER CURRENT ASSETS

	December 31, 2024	December 31, 2023
VAT and tariff refund receivables	\$ 17,374	\$ 14,279
Advances to suppliers	6,813	5,800
Prepaid expenses	1,430	3,972
Deposits	972	950
Other receivables	430	751
Total	\$ 27,019	\$ 25,752

The balance of the VAT receivables represented the amount available for future deduction against VAT payable.

6. PROPERTY, PLANT AND EQUIPMENT, NET

Property, plant and equipment, net consisted of the following:

	December 31, 2024	December 31, 2023
Machineries and equipment	\$ 213,107	\$ 204,599
Buildings	139,817	144,497
Leasehold improvements	32,737	32,808
Fixtures and electronic equipment	20,223	19,132
Motor vehicles	9,925	6,027
Total	415,809	407,063
Less: accumulated depreciation	(133,734)	(108,309)
Construction in progress	196,114	321,913
Property, plant and equipment, net	\$ 478,189	\$ 620,667

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6. PROPERTY, PLANT AND EQUIPMENT, NET - continued

The Group recorded depreciation expenses of \$30,057, \$22,141 and \$19,811 for the years ended December 31, 2024, 2023 and 2022, respectively. During the first half year of 2024, the Company decided to pause the construction of the battery plant in Clarksville, Tennessee until additional funding for the remaining capital expenditure is secured. The Company utilized the residual method to estimate the fair value of the building and auxiliary equipment in Clarksville ("Clarksville Property") and recognized \$56,889 impairment losses. For the years ended December 31, 2024, 2023 and 2022, the Company assessed the recoverability of the long-lived assets and recognized \$93,173, \$504 and \$1,798 impairment losses, respectively.

Property, plant and equipment, net of accumulated depreciation, of \$24,359 and \$1,251 was subject to liens as of December 31, 2024 and 2023, respectively.

7. LESSOR ACCOUNTING

Lease income is included in products sales in the accompanying consolidated statements of operations. Supplemental income statement information is as follows:

	Year Ended December 31,		
	2024	2023	2022
Lease income – sales-type leases			
Revenue at lease commencement	\$ 9,664	\$ —	\$ —
Interest income on lease receivables	137	—	—
	<u>\$ 9,801</u>	<u>\$ —</u>	<u>\$ —</u>

Net Investment in Sales-type Leases

Net investment in sales-type leases, which is the sum of the present value of the future contractual lease payments, is presented on the consolidated balance sheets as a component of Accounts receivables for the current portion and as Other non-current assets for the long-term portion. Lease receivables relating to sales-type leases are presented on the consolidated balance sheets as follows:

	December 31, 2024	December 31, 2023
Gross lease receivables	\$ 8,743	\$ —
Unearned income	(429)	—
Less allowance for credit losses	(283)	—
Net investment in sales-type leases	8,031	—
Less current portion	(3,678)	—
Other non-current assets	\$ 4,353	\$ —

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7. LESSOR ACCOUNTING - continued*Allowance for Credit Losses*

The activities in the allowance for credit losses are as follows:

	Year Ended December 31,	
	2024	2023
Balance at beginning of the period	\$ —	\$ —
Write-offs	—	—
Provision	(283)	—
Translation adjustments and other	—	—
Balance at end of the period	<u>\$ (283)</u>	<u>\$ —</u>

Maturity Analysis

The following is a schedule by year of the future minimum lease payments to be received under Sales-type finance leases at December 31, 2024.

Year ending December 31:	Sales-type Leases
2025	\$ 4,216
2026	2,467
2027	1,728
2028	332
2029	—
Thereafter	—
Total	<u>\$ 8,743</u>

8. LAND USE RIGHTS, NET

Land use rights consisted of the following:

	December 31, 2024	December 31, 2023
Cost of land use rights	\$ 14,309	\$ 14,711
Less: accumulated amortization	(2,938)	(2,727)
Land use rights, net	<u>\$ 11,371</u>	<u>\$ 11,984</u>

The land use rights were acquired for the use of the Group's production facilities. Land use rights are amortized on a straight-line basis for 50 years or shorter of the estimated usage periods or the terms of the land use rights agreements. The Group recorded amortization expenses of \$291, \$294 and \$310 for the years ended December 31, 2024, 2023 and 2022, respectively. Future amortization expense is \$291 per year for each of the next five years through December 31, 2029 and thereafter.

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9. ACQUIRED INTANGIBLE ASSETS, NET

	December 31, 2024	December 31, 2023
Cost of acquired intangible assets	\$ 5,377	\$ 5,472
Less: accumulated amortization	(2,770)	(2,336)
Acquired intangible assets, net	\$ 2,607	\$ 3,136

The Group recorded amortization expense of \$484, \$493 and \$244 for the years ended December 31, 2024, 2023 and 2022, respectively. No impairment losses were recognized for the years ended December 31, 2024, 2023 and 2022.

The annual amortization expense for each of the five succeeding fiscal years and thereafter are as follows:

2025	\$ 477
2026	476
2027	469
2028	381
2029	374
Thereafter	430
Total	\$ 2,607

10. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	December 31, 2024	December 31, 2023
Payables for purchase of property, plant and equipment	\$ 45,983	\$ 96,350
Other current liabilities	13,776	14,312
Product warranty, current	9,999	13,738
Accrued payroll and welfare	8,596	8,089
Other tax payable	7,399	7,117
Accrued expenses	9,570	6,224
Operating lease liabilities, current	3,039	2,413
Interest payable	94	41
Total	\$ 98,456	\$ 148,284

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11. PRODUCT WARRANTY

Movement of product warranty was as follows:

	Year Ended December 31,		
	2024	2023	2022
Balance at beginning of the year	\$ 35,217	\$ 42,060	\$ 58,458
Provided during the year	12,826	12,688	14,097
Utilized during the year	(13,982)	(18,379)	(26,916)
Exchange difference	(954)	(1,152)	(3,579)
Balance at end of the year	\$ 33,107	\$ 35,217	\$ 42,060
Product warranty, current	\$ 9,999	\$ 13,738	\$ 13,044
Product warranty, non-current	23,108	21,479	29,016

Warranty provisions are based upon historical experience.

12. BANK BORROWINGS

On September 27, 2022, the Group entered into a \$111,483 (RMB800 million) loan facilities agreement with a group of lenders led by a bank in China (the "2022 Facility Agreement"). The interest rate is prime plus 115 basis points where prime is based on Loan Prime Rate published by the National Inter-bank Funding Center of the PRC and is payable on a quarterly basis. The loan facilities can only be used for the manufacturing capacity expansion at the Group's facility located in Huzhou, China. The unutilized draw-down amount are recorded as non-current restricted cash. The Group had a balance of non-current restricted cash of \$22 and \$6,171 as of December 31, 2024 and 2023, respectively. The 2022 Facility Agreement contains certain customary restrictive covenants, including but not limited to disposal of assets and dividend distribution without the consent of the lenders, and certain customary events of default.

As of December 31, 2024, the Group had outstanding borrowings of \$68,436 under the 2022 Facility Agreement and the table below is the repayment schedule.

Repayment Date	Repayment Amount
June 10, 2025	\$13,687 (RMB99.9 million)
December 10, 2025	\$13,687 (RMB99.9 million)
June 10, 2026	\$20,531 (RMB149.9 million)
December 10, 2026	\$20,531 (RMB149.9 million)

The amount of interest expenses capitalized, which was recorded in the construction in progress and the property, plant and equipment, was \$359 and \$1,503 as of December 31, 2024 and 2023, respectively.

The Group has also entered into short-term loan agreements and bank facilities with Chinese banks. The original terms of the loans from Chinese banks are within 12 months and the interest rates range from 3.25% to 4.85% per annum. The amount of interest expenses, which was recorded in profits and loss was \$1,405 and \$639 as of December 31, 2024 and 2023, respectively.

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12. BANK BORROWINGS - continued

Changes in bank borrowings were as follows:

	Year Ended December 31,		
	2024	2023	2022
Beginning balance	\$ 79,153	\$ 46,395	\$ 13,301
Proceeds from bank borrowings	101,517	47,852	58,708
Repayments of principal	(66,248)	(14,119)	(24,482)
Exchange difference	(2,694)	(975)	(1,132)
Ending balance	<u>\$ 111,728</u>	<u>\$ 79,153</u>	<u>\$ 46,395</u>

	December 31,	
	2024	2023
Balance of bank borrowings includes:		
Current	\$ 70,666	\$ 35,392
Non-current	41,062	43,761
Total	<u>\$ 111,728</u>	<u>\$ 79,153</u>

Certain assets of the Group have been pledged to secure the above banking facilities granted to the Group. The aggregate carrying amount of the assets pledged by the Group as of December 31, 2024 and 2023 were as follows:

	December 31, 2024	December 31, 2023
Buildings	\$ 119,166	\$ 124,565
Machinery and equipment	60,991	—
Land use rights	11,371	11,984
Construction in progress	335	—
Total	<u>\$ 191,863</u>	<u>\$ 136,549</u>

13. OTHER NON-CURRENT LIABILITIES

	December 31, 2024	December 31, 2023
Product warranty, non-current	23,108	\$ 21,479
Deferred subsidy income, non-current	5,610	3,382
Other non-current payable	1,285	—
Total	<u>\$ 30,003</u>	<u>\$ 24,861</u>

14. BONDS PAYABLE

	December 31, 2024	December 31, 2023
Long-term bonds payable		
Huzhou Saiyuan	\$ 43,157	\$ 43,157
Total	<u>\$ 43,157</u>	<u>\$ 43,157</u>

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14. BONDS PAYABLE - continued

Huzhou Saiyuan Loan

On December 29, 2018, MPS signed an agreement with Huzhou Saiyuan, an entity established by the local government, to issue convertible bonds to Huzhou Saiyuan for a total consideration of \$87,776 (RMB600 million). The Company pledged its 12.39% equity holding over MPS to Huzhou Saiyuan to facilitate the issuance of the convertible bonds.

If the subscribed bonds are not repaid by the maturity date of January 31, 2027, Huzhou Saiyuan has the right to dispose of the equity interests pledged by the Company in proportion to the amount of matured bonds, or convert the bonds into equity interests of MPS within 60 days after the maturity date. If Huzhou Saiyuan decides to convert the bonds into equity interests of MPS, the equity interests pledged would be released and the convertible bonds would be converted into equity interest of MPS based on an entity value of MPS of \$950,000.

In September 2020 and 2022, MPS entered into two supplement agreements with Huzhou Saiyuan, respectively, to change the repayment schedule as follows: (i) \$14,629 (RMB100 million) was repaid, together with interest accrued, on or before November 10, 2022, (ii) \$14,630 (RMB100 million) was repaid, together with interest accrued, on or before December 31, 2022, and (iii) the remaining \$43,888 (RMB300 million) will be repaid, together with interest accrued, on or before January 31, 2027. The applicable interest rate will be increased to 12% if the Group is in default on the repayment of the bonds at the due date. The remaining terms and conditions of the convertible bonds were unchanged. The Company has fully complied with the amended repayment schedule. With \$692 (equivalent to RMB5 million) repaid in 2023, the outstanding balance of the convertible bonds was \$43,157 (RMB295 million) as of December 31, 2024.

15. WARRANTS

Upon the Merger, the Company assumed 27,600,000 publicly-traded warrants ("Public Warrants") which were issued in connection with Tuscan's initial public offering. The Company also assumed 837,000 private placement warrants issued to Tuscan Holdings Acquisition LLC ("Sponsor") and EarlyBirdCapital, Inc. ("EarlyBirdCapital") ("Private Warrants" and together with the Public Warrants, the "Warrants") upon the Merger, all of which were issued in connection with Tuscan's initial public offering (other than 150,000 Private Warrants that were issued in connection with the closing of the Merger). The Warrants entitle the holder to purchase one share of the Company's Common Stock at an exercise price of \$11.50 per share. During the year ended December 31, 2024, none of the Public Warrants or the Private Warrants have been exercised.

The Public Warrants became exercisable 30 days after the completion of the Merger. No Warrants were exercisable for cash until the Company registered Common Stock issuable upon exercise of the Warrants with the SEC. Since the registration of Common Stock was not completed within 90 days following the Merger, warrant holders were able to exercise the Warrants on a net-share settlement basis until the registration statement became effective on June 8, 2022. The Public Warrants will expire five years after the completion of the Merger or earlier upon redemption or liquidation.

Once the Public Warrants became exercisable, the Company may redeem the Public Warrants:

- in whole and not in part;
- at a price of \$0.01 per warrant;
- upon not less than 30 days' prior written notice of redemption;
- if, and only if, the reported last sale price of the Company's Common Stock equals or exceeds \$18.00 per share for any 20-trading days within a 30-trading day period ending on the third business day prior to the notice of redemption to the warrant holders; and
- if, and only if, there is a current registration statement in effect with respect to the shares of Common Stock underlying the warrants.

If the Company calls the Public Warrants for redemption, management will have the option to require all holders that wish to exercise the Public Warrants to do so on a net-share settlement basis.

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15. WARRANTS - continued

The Public Warrant was determined to be equity classified in accordance with ASC 815, Derivatives and Hedging.

The Private Warrants are identical to the Public Warrants, except that the Private Warrants will be exercisable for cash or on a net-share settlement basis, at the holder's option, and be non-redeemable so long as they are held by the initial purchasers or their permitted transferees. If the Private Warrants are held by someone other than the initial purchasers or their permitted transferees, the Private Warrants will be redeemable by the Company and exercisable by such holders on the same basis as the Public Warrants. In addition, so long as the Private Warrants are held by EarlyBirdCapital and its designee, the Private Warrants will expire five years from the effective date of the Merger.

The exercise price and number of shares of Common Stock issuable upon exercise of the Warrants may be adjusted in certain circumstances including in the event of a stock dividend, or recapitalization, reorganization, merger or consolidation. However, the Warrants will not be adjusted for issuance of Common Stock at a price below its exercise price. Additionally, in no event will the Company be required to net cash settle the Warrants.

The Private Warrant liability was measured at fair value, resulting in (loss)/gain of \$(223), \$59 and \$979 for the years ended December 31, 2024, 2023 and 2022, respectively. This was classified within changes in fair value of warrant liability in the consolidated statements of operations.

The Private Warrants were valued using the following assumptions under the Monte Carlo Model that assumes optimal exercise of the Company's redemption option at the earliest possible date:

	December 31, 2024
Market price of public stock	\$ 2.07
Exercise price	\$ 11.50
Expected term (years)	1.57
Volatility	113.75 %
Risk-free interest rate	4.13 %
Dividend rate	0.00 %

The market price of public stock is the quoted market price of the Company's Common Stock as of the valuation date. The exercise price is extracted from the warrant agreements. The expected term is derived from the exercisable years based on the warrant agreements. The expected volatility is a blend of implied volatility from the Company's own public warrant pricing, the average volatility of peer companies and the Company's historical volatility. The risk-free interest rate was estimated based on the market yield of US Government Bond with maturity close to the expected term of the warrants. The dividend yield was estimated by the Company based on its expected dividend policy over the expected term of the warrants.

On May 28, 2024, the Company also issued a warrant exercisable for 5,500,000 shares of Common Stock at an initial exercise price of \$2.00 per share. The Warrant expires on May 28, 2029 in connection of the convertible loan with shareholder. See Note 26 – Convertible loan with shareholder measured at fair value.

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16. FAIR VALUE MEASUREMENT
Measured or disclosed at fair value on a recurring basis

The Group measured its financial assets and liabilities, including cash and cash equivalents, restricted cash, warrant liability, convertible loan with shareholder at fair value on a recurring basis. Cash and cash equivalents and restricted cash are classified within Level 1 of the fair value hierarchy because they are valued based on the quoted market price in an active market. The fair value of the warrant liability and convertible loan with shareholder are based on significant unobservable inputs, which represent Level 3 measurements within the fair value hierarchy. In determining the fair value of the warrant liability, the Company used the Monte Carlo Model that assumes optimal exercise of the Company's redemption option at the earliest possible date. Refer to Note 26 for disclosure of valuation model utilized in measuring the fair value of convertible loan.

As of December 31, 2024 and 2023, information about inputs for the fair value measurements of the Group's assets and liabilities that are measured at fair value on a recurring basis in periods subsequent to their initial recognition is as follow:

(In thousands)	Fair Value Measurement as of December 31, 2024			
	Quoted Prices in Active Market for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Cash and cash equivalents	\$ 73,007	—	—	\$ 73,007
Restricted cash	36,594	—	—	36,594
Total financial assets	\$ 109,601	—	—	\$ 109,601
Warrant liability	\$ —	—	290	\$ 290
Convertible loan with shareholder measured at fair value	\$ —	—	104,613	\$ 104,613
Total financial liabilities	\$ —	—	104,903	\$ 104,903

(In thousands)	Fair Value Measurement as of December 31, 2023			
	Quoted Prices in Active Market for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Cash and cash equivalents	\$ 44,541	—	—	\$ 44,541
Restricted cash	43,648	—	—	43,648
Total financial assets	\$ 88,189	—	—	\$ 88,189
Warrant liability	\$ —	—	67	\$ 67
Total financial liability	\$ —	—	67	\$ 67

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16. FAIR VALUE MEASUREMENT - continued*Measured or disclosed at fair value on a recurring basis-continued*

The following is a reconciliation of the beginning and ending balances for Level 3 warrant liability during the year ended December 31, 2024, 2023 and 2022:

(In thousands)	Year Ended December 31,		
	2024	2023	2022
Balance at the beginning of the year	\$ 67	\$ 126	\$ 1,105
Changes in fair value	223	(59)	(979)
Balance at end of the year	\$ 290	\$ 67	\$ 126

The following is a reconciliation of the beginning and ending balances for Level 3 convertible loan with shareholder during the year ended December 31, 2024:

	Twelve Months Ended December 31, 2024
Balance at the beginning of the period	\$ —
Issuance of convertible loan with shareholder	25,944
Interest paid during the period	(1,068)
Changes in fair value	79,737
Balance at end of the period	\$ 104,613

Measured or disclosed at fair value on a nonrecurring basis

The Company's assets measured at fair value on a nonrecurring basis include long-lived assets. The Company reviews the carrying amounts of such assets when events indicate that their carrying amounts may not be recoverable. Any resulting asset impairment would require that the asset be recorded at its fair value. The fair value of the asset or asset group is determined using cost approach, sales comparison approach and income capitalization approach with unobservable inputs (Level 3), depending on the underlying nature of the asset or the asset group.

17. LEASES

The Group has operating leases for office spaces and warehouses. Certain leases include termination options, which are factored into the Group's determination of lease payments when appropriate.

Operating lease cost for the years ended December 31, 2024, 2023 and 2022 were \$3,478, \$3,663 and \$3,030, which excluded cost of short-term contracts. Short-term lease cost for the years ended December 31, 2024, 2023 and 2022 were \$458, \$435 and \$373.

As of December 31, 2024, the weighted average remaining lease term was 9.1 years and weighted average discount rate was 5.2% for the Group's operating leases.

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17. LEASES - continued

Supplemental cash flow information of the leases were as follows:

	Year Ended December 31,		
	2024	2023	2022
Cash payments for operating leases	\$ 3,459	\$ 3,633	\$ 3,063
Right-of-use assets obtained in exchange for new operating lease liabilities	\$ 2,368	\$ 5,725	\$ 548

The following is a maturity analysis of the annual undiscounted cash flows for lease liabilities as of December 31, 2024:

	As of December 31, 2024
2025	\$ 3,858
2026	2,820
2027	2,356
2028	1,753
2029	1,561
Thereafter	9,497
Total future lease payments	\$ 21,845
Less: Imputed interest	\$ (4,210)
Present value of operating lease liabilities	\$ 17,635

18. INCOME TAXES**US**

The Company is incorporated in the U.S. and is subject to the U.S. state and federal income tax. Net operating losses incurred in taxable years beginning after December 31, 2017, may be carried forward indefinitely but are subject to an 80% taxable income limitation. The Coronavirus Aid, Relief, and Economic Security (CARES) Act enacted in 2020 did not have a material impact on the Company's income tax provision for the years ended December 31, 2024, 2023 and 2022. are permitted to be carried forward indefinitely but may not be carried back.

PRC

Under the Enterprise Income Tax Law of the PRC (the "EIT Law"), PRC enterprise income tax is generally calculated at 25% of the Company's subsidiaries located in the PRC as determined in accordance with the EIT Law, except for certain subsidiaries which enjoy tax rates substantially lower than 25% due to incentive policies.

MPS was recognized as a "New and High Tech Enterprise" ("NHTE") by the relevant PRC government authorities in 2021 and 2024. Therefore, MPS, as the NHTE, is entitled to an income tax rate of 15% for 2024, 2023 and 2022.

Huzhou Hongwei New Energy Automobile Co., Ltd. ("Hongwei") was recognized as a NHTE by the relevant PRC government authorities in 2020 and 2023, and it is entitled to an income tax rate of 15% for 2024, 2023 and 2022.

The withholding tax rate of 10% under the EIT Law is imposed on dividends declared to foreign investors with respect to profit earned by PRC subsidiaries from January 1, 2008 onward. Deferred tax liability was not provided with respect to undistributed profits of relevant PRC subsidiaries for the years ended December 31, 2024, 2023 and 2022, as the Group concluded that profits generated by the relevant PRC subsidiaries are considered to be permanently reinvested, because the Group does not have any present plan to pay any cash dividends on its ordinary shares in the foreseeable future and intends to retain all of its available funds and any future earnings for use in the operation and expansion of its business.

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18. INCOME TAXES - continued**Germany**

German enterprise income tax, which is a combination of corporate income tax and trade tax, is calculated at an average tax rate of 29.1%, 29.9% and 27.9% for the years ended December 31, 2024, 2023 and 2022, respectively, for the Company's subsidiary located in Germany in accordance with relevant tax rules and regulations in Germany.

A provision for income tax of nil, \$10, and \$33 has been recognized for the years ended December 31, 2024, 2023 and 2022, respectively.

Loss before provision for income tax for the years ended December 31, 2024, 2023 and 2022 was as follows:

	December 31, 2024	December 31, 2023	December 31, 2022
Domestic (USA)	\$ (227,937)	\$ (101,077)	\$ (116,353)
Foreign	32,480	(5,325)	(41,814)
Loss before provision for income tax	\$ (195,457)	\$ (106,402)	\$ (158,167)

The current and deferred components of the income tax expense in the consolidated statements of operations were as follows:

	December 31, 2024	December 31, 2023	December 31, 2022
Current tax expense	\$ —	\$ 10	\$ 33
Deferred tax expense	—	—	—
Total provision for income tax	\$ —	\$ 10	\$ 33

The components of the Group's deferred tax assets are as follows:

	December 31, 2024	December 31, 2023
Deferred tax assets:		
Net operating loss carry-forwards	\$ 64,949	\$ 67,569
Changes in fair value of convertible loan	16,744	—
Allowance for credit losses and inventory provision	1,252	1,385
Product warranty	4,917	5,306
Impairment of property, plant and equipment	15,885	282
Deferred income	814	397
Accrued expense	1,475	669
Others	615	615
Less: valuation allowance	(106,651)	(76,223)
Net deferred tax assets	\$ —	\$ —

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18. INCOME TAXES - continued

The movements of valuation allowance for the years end December 31, 2024, 2023 and 2022 are as follows:

	December 31, 2024	December 31, 2023	December 31, 2022
Balance at beginning of the year	\$ 76,223	\$ 66,853	\$ 55,100
Additions	41,706	12,725	11,838
Reversal	(11,278)	(3,355)	(85)
Balance at end of the year	\$ 106,651	\$ 76,223	\$ 66,853

Reconciliation between the income tax expense computed by applying the U.S. federal corporate income tax rate of 21% to loss before provision for income tax and actual provision is as follows:

	December 31, 2024	December 31, 2023	December 31, 2022
Loss before provision for income tax	\$ (195,457)	\$ (106,402)	\$ (158,167)
Tax credit at the U.S. federal corporate income tax rate of 21%	(41,047)	(22,343)	(33,214)
Tax effect of permanent differences – share-based compensation	6,477	13,644	20,098
Tax effect of permanent differences – others	(2,292)	(220)	(4,295)
Tax effect of income tax rate difference in other jurisdictions	(1,284)	(1,411)	1,657
Changes in valuation allowance	38,146	10,330	15,754
Others	—	10	33
Income tax expense	\$ —	\$ 10	\$ 33

As of December 31, 2024, the Group had \$359,290 operating loss carried forward. The operating loss carried forward for the Company's PRC subsidiaries amounted to \$219,668, which will expire on various dates from 2025 to 2034. For the remaining operating loss, \$139,622 will be carried forward indefinitely. The Group determined the valuation allowance on an entity by entity basis and assesses the available positive and negative evidence to estimate if sufficient future taxable income will be generated to utilize the existing deferred tax assets. The valuation allowance is primarily related to entities with net operating loss carry-forwards for which the Group does not believe it will ultimately be realized.

19. NONCONTROLLING INTERESTSNon controlling interests of Microvast Inc.

On December 19, 2022, Microvast Inc. and a third party set up a company named Microvast Precision Works Co., Ltd ("MPW"). The Company holds a 70% shareholding in MPW and consolidates MPW, and the third party holds 30%. The total registered capital of MPW is \$7,246 which the shareholders intended to fund pro-rata to their shareholding. As of December 31, 2022, no investment was paid by any of the parties and MPW had no operation. In 2023, the Company invested cash of \$5,072 in MPW and fulfilled its funding obligation. The third party shareholder did not fully inject its funding as was required, and informed the Company that it would withdraw from MPW. As a result, Microvast Inc. became MPW's sole owner as of December 31, 2023. The amount of net loss attributable to non controlling interests was nil, \$76 and nil for the years ended December 31, 2024, 2023 and 2022, respectively.

20. COMMON STOCK

The Company has authorized 800,000,000 shares to be issued at \$0.0001 par value, with 750,000,000 shares designated as Common Stock and 50,000,000 shares of redeemable convertible preferred stock.

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21. SHARE-BASED PAYMENT

On July 21, 2021, the Company adopted the Microvast Holdings, Inc. 2021 Equity Incentive Plan (the “2021 Plan”), effective upon the Closing Date. The 2021 Plan provides for the grant of incentive and non-qualified stock option, restricted stock units, restricted share awards, stock appreciation awards, and cash-based awards to employees, directors, and consultants of the Company. Options awarded under the 2021 Plan expire no more than 10 years from the date of grant. Concurrently with the closing of the Business Combination, the share awards granted under 2012 Share Incentive Plan of Microvast, Inc. (the “2012 Plan”) were rolled over by removing original performance conditions and converting into options and capped non-vested share units with modified vesting schedules, using the ratio of 160.3. The 2021 Plan reserved 5% of the fully-diluted shares of Common Stock outstanding immediately following the Closing Date plus the shares underlying awards rolled over from the 2012 Plan for issuance in accordance with the 2021 Plan’s terms. As of December 31, 2024, 15,608,278 shares of Common Stock was available for grant under the 2021 Plan.

Share options

On April 10, 2024, a termination and transition advisory services agreement was entered between a former employee and the Company. According to this agreement, all unvested restricted stock units, performance-based restricted stock units and stock options held by the employee as of April 10, 2024 will vest in full immediately following April 10, 2025. The Company accounted for the modification as a Type III (improbable-to-probable) modification, which represents the modification of the award that was not expected to vest under the original vesting conditions at the date of the modification. The Company recognized compensation cost equal to the modified award’s fair value at the date of the modification over the period in which the former employee serves as consultant to the Company.

The grant and modification date fair value of the stock options was determined using the Black Scholes model with the following assumptions:

	Year Ended December 31,	
	2024	2023
Exercise price	\$1.29-\$5.69	\$1.21-\$6.28
Expected terms (years)	1.25-7.26	0.25-6.00
Volatility	85.66%-103.11%	55.59%-86.83%
Risk-free interest rate	4.05%-5.00%	3.48%-5.38%
Expected dividend yields	0.00 %	0.00 %
Weighted average fair value of options granted	\$0.0035-\$0.89	\$0.01-\$1.48

The exercise prices for each award were extracted from the option agreements. The expected terms for each award were derived using the simplified method, and is estimated to occur at the midpoint of the vesting date and the expiration date. The volatility of the underlying common stock during the lives of the options was a blend of implied volatility from the average volatility of peer companies, implied volatility and the Company’s historical volatility. Risk-free interest rate was estimated based on the market yield of US Government Bonds with maturity close to the expected term of the options. The dividend yield was estimated by the Company based on its expected dividend policy over the expected term of the options.

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21. SHARE-BASED PAYMENT - continuedShare options - Continued

Share options activity for the year ended December 31, 2024 was as follows:

Share options life	Number of Shares	Weighted Average Exercise Price (US\$)	Weighted Average Grant Date Fair Value (US\$)	Weighted Average Remaining Contractual
Outstanding as of December 31, 2023	32,876,682	6.01	4.73	5.7
Granted	2,000,000	1.29	0.89	
Forfeited	(2,175,283)	4.90	3.37	
Outstanding as of December 31, 2024	32,701,399	5.80	4.58	4.5
Expected to vest and exercisable as of December 31, 2024	32,701,399	5.80	4.58	4.5
Exercisable as of December 31, 2024	29,768,065	6.14	4.89	4.4

During the years ended December 31, 2024, 2023 and 2022, the Company recorded share-based compensation expense of \$25,175, \$51,289 and \$60,020 related to the option awards.

The total unrecognized equity-based compensation costs as of December 31, 2024 related to the stock options was \$2,001, which is expected to be recognized over a weighted-average period of 1.7 years. The aggregate intrinsic value of the share options as of December 31, 2024 was \$1,637.

Capped Non-vested share units

The capped non-vested share units ("CRSUs") represent rights for the holder to receive cash determined by the number of shares granted multiplied by the lower of the fair market value and the capped price, which will be settled in the form of cash payments. The CRSUs were accounted for as liability classified awards.

On June 27, 2022, the Board of Directors and Compensation Committee approved a modification of the settlement terms of 20,023,699 CRSUs under the 2021 Plan from cash settlement to share settlement (the "CRSU Modification"). Pursuant to the CRSU Modification, on each vesting date, if the stock price is higher than the capped price, the number of shares to be issued will be calculated based on the following formula:

Number of shares to be issued = Capped price* Number of shares vested /Vesting date stock price

If the stock price is equal to or less than the capped price, the Company will grant a fixed number of shares on each vesting date based on the vesting schedule. All other terms of the CRSUs remain unchanged. The CRSU Modification resulted in a change of the CRSUs' classification from liability to equity, as the predominant feature of the modified CRSUs was the granting of a fixed number of shares on each vesting date instead of a fixed monetary amount. The determination of the predominant feature was based on the estimated probability of how the awards will be settled using the Monte Carlo model.

At the CRSU Modification date, the Company reclassified the amounts previously recorded as a share-based compensation liability to additional paid-in capital. The modified CRSUs were accounted for as an equity award going forward from the date of the CRSU Modification with compensation expenses recognized for each tranche at the fair value measured on the modification date.

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21. SHARE-BASED PAYMENT - continuedCapped Non-vested share units - continued

At the CRSU Modification date, the Company used the Monte Carlo valuation model in determining the fair value of the CRSUs with assumptions as follows:

	Modification Date
Expected term (years)	0.07 ~ 2.07
Volatility	50.93 % ~ 73.89%
Risk-free interest rate	1.15 % ~ 3.05%
Expected dividend yields	0.00%

Expected term was the time left (in years) from the CRSU Modification date to the vesting date based on the terms of the applicable award agreements. The volatility of the underlying common stock was estimated based on the historical stock price volatility of comparable listed companies over a period comparable to the expected term of the awards. Risk-free interest rate was estimated based on the market yield of US Government Bonds with maturity close to the expected term of the awards. The dividend yield was estimated by the Company based on its expected dividend policy over the expected term of the awards.

During the years ended December 31, 2024, 2023 and 2022, the Company recorded share-based compensation expense of \$2,793, \$9,647 and \$32,804 related to these CRSUs awards.

CRSUs' activity for the year ended December 31, 2024 was as follows:

	Number on Non-Vested Shares	Weighted Average Grant Date Fair Value per Share (US\$)
Outstanding as of December 31, 2023	6,665,014	2.29
Vested	(6,665,014)	2.29
Outstanding as of December 31, 2024	—	—

There is no unrecognized equity-based compensation costs as of December 31, 2024 related to the CRSUs.

Restricted Stock Units

Following the Merger, the Company granted 5,158,451 restricted stock units ("RSUs") and 2,680,372 performance-based restricted stock unit ("PSU") awards subject to service, performance and/or market conditions. The service condition requires the participant's continued services or employment with the Company through the applicable vesting date, and the performance condition requires the achievement of the performance criteria defined in the award agreement. The market condition is based on the Company's TSR. For RSU awards with performance conditions, stock-based compensation expense is only recognized if the performance conditions become probable to be satisfied.

The fair value of RSUs is determined by the price of Common Stock at the grant date and is amortized over the vesting period on a straight-line basis. The fair value of PSU awards that include vesting based on market conditions are estimated using the Monte Carlo valuation method. Compensation cost for PSU awards is recognized based on the grant date fair value which is recognized over the vesting period on a straight-line basis. Accordingly, the Company recorded stock-based compensation expense of \$1,850, \$1,992 and \$1,358 related to these RSU awards and \$1,044, \$2,386 and \$2,048 related to these PSU awards during the years ended December 31, 2024, 2023 and 2022.

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21. SHARE-BASED PAYMENT - continued
Restricted Stock Units - continued

The following assumptions were used for the respective periods below to calculate the fair value of common shares to be issued under TSR awards on the date of grant using the Monte Carlo pricing model:

	Year Ended December 31,
	2023
Expected term (years)	2.92
Volatility	61.89 %
Risk-free interest rate	3.83 %
Expected dividend yields	0.00 %

Expected term was derived based on the remaining time from the grant date through the end of the performance period. The volatility of the underlying common stock during the lives of the awards was estimated based on the historical stock price volatility of comparable listed companies over a period comparable to the expected term of the awards. Risk-free interest rate was estimated based on the market yield of US Government Bond with maturity close to the expected term of the awards. The dividend yield was estimated by the Company based on its expected dividend policy over the expected term of the awards.

The restricted stock units activity for the year ended December 31, 2024 was as follows:

	Number of Non-Vested Shares	Weighted Average Grant Date Fair Value Per Share (US\$)
Outstanding as of December 31, 2023	3,598,606	3.07
Grant	2,516,736	1.17
Vested	(1,472,178)	2.39
Forfeited	(1,219,859)	4.00
Outstanding as of December 31, 2024	3,423,305	1.63

The total unrecognized equity-based compensation costs as of December 31, 2024 related to the non-vested restricted stock units was \$3,318.

The following summarizes the classification of share-based compensation:

	Year Ended December 31,		
	2024	2023	2022
Cost of revenues	\$ 3,479	\$ 6,091	\$ 7,712
General and administrative expenses	19,429	43,831	67,261
Research and development expenses	6,082	11,103	13,987
Selling and marketing expenses	1,850	3,946	6,745
Construction in progress	22	343	525
Total	\$ 30,862	\$ 65,314	\$ 96,230

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22. MAINLAND CHINA CONTRIBUTION PLAN

Full time employees of the Group in the PRC participate in a government-mandated multiemployer defined contribution plan pursuant to which certain pension benefits, medical care, unemployment insurance, employee housing fund and other welfare benefits are provided to employees. Chinese labor regulations require the Group to accrue for these benefits based on certain percentages of the employees' salaries. The total provisions for such employee benefits were \$5,012, \$3,552 and \$3,370 for the years ended December 31, 2024, 2023 and 2022, respectively.

23. STATUTORY RESERVES AND RESTRICTED NET ASSETS

Relevant PRC statutory laws and regulations permit payments of dividends by the Group's PRC subsidiaries only out of their retained earnings, if any, as determined in accordance with PRC accounting standards and regulations. The results of operations reflected in the financial statements prepared in accordance with U.S. GAAP differ from those reflected in the statutory financial statements of the Company's subsidiaries.

Because the Group's entities in the PRC can only be paid out of distributable profits reported in accordance with PRC accounting standards, the Group's entities in the PRC are restricted from transferring a portion of their net assets to the Company. In accordance with the Regulations on Enterprises with Foreign Investment of China and their articles of association, a foreign invested enterprise established in the PRC is required to provide certain statutory reserves, namely general reserve fund, the enterprise expansion fund and staff welfare and bonus fund which are appropriated from net profit as reported in the enterprise's PRC statutory accounts, which is included in the retained earnings account in the equity section of the consolidated balance sheets. A wholly-owned foreign invested enterprise is required to allocate at least 10% of its annual after-tax profit to the general reserve until such reserve reaches 50% of its respective registered capital based on the enterprise's PRC statutory accounts. Appropriations to the enterprise expansion fund and staff welfare and bonus fund are at the discretion of the board of directors for all foreign invested enterprises. The aforementioned reserves can only be used for specific purposes and are not distributable as cash dividends. If any PRC subsidiary incurs debt on its own behalf in the future, the instruments governing the debt may restrict their ability to pay dividends or make other payments to the Group. Any limitation on the ability of the PRC subsidiaries to distribute dividends or other payments to their respective shareholders could materially and adversely limit the ability to grow, make investments or acquisitions that could be beneficial to pay dividends.

The restricted amounts include the paid-in capital and statutory reserves of the Group's entities in the PRC. The aggregate amount of paid-in capital and statutory reserves, which is the amount of net assets of the Group's entities in the PRC (mainland) not available for distribution, were \$528,337 and \$528,337 as of December 31, 2024 and 2023, respectively.

24. SEGMENT INFORMATION

Operating segments are defined as components of an enterprise engaging in businesses activities for which separate financial information is available that is regularly evaluated by the Group's chief operating decision makers ("CODM") in deciding how to allocate resources and assess performance. The Group's CODM has been identified as the Chief Executive Officer ("CEO"), who uses consolidated net loss to measure segment profit or loss, allocate resources, and assess performance. The CODM is regularly provided with the consolidated statements of operations and uses consolidated net loss to monitor budget versus actual results when making decisions about the allocation of operating and capital resources. As such, the Group concluded that it has one operating segment and one reporting segment.

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24. SEGMENT INFORMATION - continued

Long-lived assets, classified by major geographic regions are as follows:

Geographic regions	December 31,		December 31,	
	2024		2023	
	Amount	%	Amount	%
PRC	290,512	59 %	304,380	48 %
Asia & Pacific	290,512	59 %	304,380	48 %
Germany	14,846	3 %	18,076	3 %
United Kingdom	25	0 %	43	0 %
Europe	14,871	3 %	18,119	3 %
United States	184,177	38 %	310,152	49 %
Total	489,560	100 %	632,651	100 %

Disaggregation of revenue

Revenues, classified by major geographic regions in which the Group's customers are located are as follows:

Geographic regions	Year ended December 31,		Year ended December 31,		Year ended December 31,	
	2024		2023		2022	
	Amount	%	Amount	%	Amount	%
PRC	127,138	33 %	156,480	51 %	132,469	65 %
India	48,767	13 %	60,606	20 %	47,323	23 %
Other Asia & Pacific countries	1,791	0 %	2,047	1 %	5,243	2 %
Asia & Pacific	177,696	46 %	219,133	72 %	185,035	90 %
Italy	150,809	40 %	56,592	18 %	6,389	3 %
Other European countries	36,909	10 %	27,766	9 %	9,420	5 %
Europe	187,718	50 %	84,358	27 %	15,809	8 %
United States	14,387	4 %	3,126	1 %	3,651	2 %
Total	379,801	100 %	306,617	100 %	204,495	100 %

25. RELATED PARTY BALANCES AND TRANSACTIONS

The outstanding balance for the amount due to Ochem Chemical Co., Ltd controlled by the Chief Executive Officer was \$5 as of December 31, 2024 and nil as of December 31, 2023, respectively.

26. CONVERTIBLE LOAN WITH SHAREHOLDER MEASURED AT FAIR VALUE

On May 28, 2024, Microvast Inc. entered into a \$25,000 convertible loan agreement ("Loan Agreement") with Mr. Yang Wu, the Company's Chief Executive Officer and Chairman.

The loan consists of an initial term loan of \$12,000 and a delayed draw term loan of \$13,000, bearing an initial interest rate equal to the Secured Overnight Financing Rate ("SOFR") plus an applicable margin of 9.75% per annum. Of this margin, 3.75% will be paid in kind ("PIK"), with the remainder payable in cash. The original maturity date was November 28, 2025, subject to acceleration in the event of default under the terms of the Loan Agreement.

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On March 17, 2025, the Company entered into a First Amendment to the Loan Agreement (the "First Amendment") with Mr. Yang Wu, the Company's Chief Executive Officer and Chairman. The First Amendment extends the maturity date from November 28, 2025 to May 28, 2026. All other terms and conditions of the Loan Agreement remain unchanged.

The Loan Agreement also grants Mr. Wu the right to convert the outstanding principal balance of the loan into shares of common stock at an initial conversion rate of two shares per \$1.00 of principal amount converted.

The initial term loan of \$12,000 was received in May 2024 and the delayed draw term loan of \$13,000 was received in July 2024.

The loan is secured by a first priority security interest in substantially all of its assets by Microvast Inc. and all other entities within the Group as guarantors.

The Group has elected fair value option to account for the convertible loan. Direct costs and fees related to the convertible loan were expensed as incurred. Subsequent changes in the fair value are recorded as a gain/(loss) in the consolidated statement of operations. The outstanding balance for the Convertible loan with shareholder was \$104,613 as of December 31, 2024.

The significant input of the discounted cash flow model for the bond component is the discount rate. Below are the key inputs used in Black-Scholes-Merton model for the conversion option:

	December 31,
	2024
Market price of public stock	\$ 2.07
Exercise price	\$ 0.50
Expected term (years)	0.91
Volatility	76.99 %
Risk-free interest rate	4.09 %
Dividend rate	0.00 %

The market price of public stock is the quoted market price of the Company's Common Stock as of the valuation date. The exercise price is extracted from the warrant agreements. The expected term is derived from the exercisable years based on the warrant agreements. The expected volatility is estimated using a blend of the average volatility of peer companies and the Company's historical volatility. The risk-free interest rate was estimated based on the market yield of U.S. Government Bond with maturity close to the expected term of the warrants. The dividend yield was estimated by the Company based on its expected dividend policy over the expected term of the warrants.

In connection with the convertible loan from Mr. Wu, on May 28, 2024, the Company also issued to Mr. Wu a warrant exercisable for 5,500,000 shares of common stock at an initial exercise price of \$2.00 per share. The warrant expires on May 28, 2029. No warrants were exercised for the year ended December 31, 2024. Since the warrant met the criteria of equity classification, the Group recorded the warrant in additional paid-in capital on the issuance date at \$779, with no changes recognized subsequent to the issuance date. The initial carrying amounts of the warrant is determined by the difference between the total proceeds received and the fair value of the convertible loan.

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27. NET LOSS PER SHARE

The following table sets forth the computation of basic and diluted net loss per share for the years indicated:

	Year Ended December 31,		
	2024	2023	2022
Numerator:			
Net loss attributable to Common Stock shareholders	\$ (195,457)	\$ (106,336)	\$ (158,200)
Denominator:			
Weighted average Common Stock outstanding used in computing basic and diluted net loss per share	318,462,843	310,909,379	303,279,188
Basic and diluted net loss per share	\$ (0.61)	\$ (0.34)	\$ (0.52)

For the years ended December 31, 2024, 2023 and 2022, the following Common Stock outstanding were excluded from the calculation of diluted net loss per share, as their inclusion would have been anti-dilutive for the years prescribed.

	Year ended December 31,		
	2024	2023	2022
Shares issuable upon exercise of share options	31,767,047	35,572,123	35,244,877
Shares issuable upon vesting of non-vested shares	2,662,282	3,623,777	1,399,711
Shares issuable upon exercise of capped non-vested shares	3,733,136	10,393,732	7,314,598
Shares issuable upon exercise of warrants	31,697,929	28,437,000	28,437,000
Shares issuable upon vesting of earn-out shares	11,202,179	19,999,988	19,999,988
Shares issuable that may be subject to cancellation	1,687,500	1,687,500	1,687,500
Shares issuable upon convert of convertible loan	25,803,279	—	—

28. COMMITMENTS AND CONTINGENCIESLitigation**Corporate Governance Actions**

Stephen Vogel, Ruth Epstein, Stefan Selig, Richard Rieger, Amy Butte, Yang Wu and Yanzhuan Zheng have been named as defendants in a litigation filed in the Court of Chancery captioned *Matt Jacob v. Stephen A. Vogel, et al., C.A. No. 2022-0600-PAF* (Del. Ch.) (filed July 07, 2022). The plaintiff is seeking to certify the litigation as a stockholder class action. The complaint alleges that Stephen Vogel, Ruth Epstein, Stefan Selig, Richard Rieger and Amy Butte breached their fiduciary duties in connection with Tuscan's acquisition of Microvast, Inc., including by making inadequate disclosures concerning the projected earnings of Microvast, Inc. The complaint further alleges that once the earnings of the combined company became public, the Company's stock dropped, causing losses to investors. The complaint also alleges that Yang Wu and Yanzhuan Zheng aided and abetted these purported breaches. Certain defendants have answered the complaint, and certain defendants have filed motions to dismiss, which will be argued on April 03, 2025.

On December 13, 2023, in response to a stockholder litigation demand, the Company filed a petition in the Court of Chancery pursuant to Section 205 of the Delaware General Corporation Law seeking validation of an amendment to the Company's Amended Certificate of Incorporation, the Business Combination and the issuance of the shares issued pursuant thereto, and the Company's Second Amended and Restated Certificate of Incorporation adopted in connection with the Business Combination (collectively, the "Acts") to resolve any uncertainty with respect to those matters, which action was captioned *In re Microvast Holdings Inc., C.A. No. 2023-1245-PAF*. On March 18, 2024, the Court of Chancery granted the petition, validating and declaring effective each Act as of the time and date such Act was originally taken.

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28. COMMITMENTS AND CONTINGENCIES - continuedLitigation - continued**Corporate Governance Actions - continued**

The Company, the directors of Company predecessor, Tuscan, and certain former and current Company officers and directors have also been named as defendants in a litigation filed in the Court of Chancery captioned *Denish Bhavsar v. Stephen Vogel, et al.*, Case No. 2024-0137-PAF (Del. Ch.) (filed Feb. 14, 2024). The plaintiff purports to assert derivative claims on behalf of the Company. The complaint alleges among other things that the individual defendants breached their fiduciary duties in connection with Tuscan's acquisition of Microvast, Inc., including by making inadequate disclosures concerning Microvast, Inc.'s earnings and alleged conflicts of interest that existed between certain directors and Company stockholders.

The Company, certain former and current Company officers and directors have also been named as defendants in a litigation filed in the Court of Chancery captioned *Henry Park v. Yang Wu, et al.*, C.A. No. 2024-0868-PAF (Del. Ch.) (filed August 19, 2024). The plaintiff purports to assert derivative claims on behalf of the Company. The complaint alleges that certain individual defendants breached their fiduciary duties in connection with Tuscan's acquisition of Microvast, Inc., including by making inadequate disclosures concerning Microvast, Inc.'s earnings and by refusing to investigate a litigation demand. On October 14, 2024, the Company and other defendants filed a motion to dismiss but the judge has not yet ruled on the motion.

The Company has received additional demands from purported Company stockholders, requesting that the Company's Board of Directors investigate whether current and former directors and officers of the Company and its predecessors, Tuscan and Microvast, Inc., breached their fiduciary duties by allegedly making material misrepresentations about *inter alia* (1) Microvast Inc.'s performance and financial health in connection with the merger between Tuscan and Microvast Inc., and (2) the Company's loss of a conditional grant from the United States Department of Energy. The Company has reviewed and responded to a certain of the demands and is evaluating responses to others. The Company has also received, reviewed and responded to a stockholder demand for books and records made pursuant to Section 220 of the Delaware General Corporation Law that purportedly seeks to investigate the loss of the DOE grant.

Securities Litigation

The Company and certain of its officers have also been named as defendants in a putative class action complaint by a shareholder of the Company in the U.S. District Court for the Southern District of Texas under the caption *Schelling v. Microvast Holdings, Inc.*, Case No. 4:23-cv-04565 (S.D. Tex.) (filed Dec. 5, 2023) (the "Schelling Action"). The complaint alleges that defendants violated certain federal securities laws by making misleading statements regarding the receipt of a conditional grant from the United States Department of Energy, the Company's profitability, and the nature of Company-associated operations in China. On March 1, 2024, the court appointed Co-Lead Plaintiffs and Co-Lead Counsel for the proposed class of Company investors. Plaintiffs amended their complaint on May 13, 2024, and defendants filed a motion to dismiss on June 20, 2024. Briefing on the motion to dismiss was completed on September 10, 2024. The Court has not ruled yet on the motion.

The Company and certain of its officers and directors have also been named as defendants in three derivative actions filed in the Southern District of Texas under the captions *Bhavsar v. Wu et al.*, No. 4:24-cv-00372 (S.D. Tex.) (filed Jan. 31, 2024), *Marti et al v. Wu et al*, Case No. 4:24-cv-00633 (S.D. Tex.) (filed Feb. 23, 2024), *Gidaro v. Wu et al*, Case No. 4:24-cv-00828 (S.D. Tex.) (filed Mar. 6, 2024). The complaints allege that the officer and director defendants violated the federal securities laws by making inadequate disclosures substantially similar to those alleged in the *Schelling* Action. The complaints further allege that these inadequate disclosures resulted from, and constituted, breaches of the officer and director defendants' fiduciary duties. On February 24, 2024, the court entered in an order in the first-filed case, *Bhavsar v. Wu et al.*, No. 4:24-cv-00372, consolidating the *Bhavsar* case and *Marti et al v. Wu et al*, Case No. 4:24-cv-00633. The consolidated derivative litigation (the "Consolidated Derivative Action") is captioned *In re Microvast Holdings, Inc. Derivative Litigation*, Lead Case No. 4:24-cv-00372 (S.D. Tex.). The parties in the *Gidaro* action filed a stipulation to consolidate the *Gidaro* case into the Consolidated Derivative Action. The Consolidated Derivative Action is stayed pending disposition of an anticipated motion to dismiss in the *Schelling* Action.

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28. COMMITMENTS AND CONTINGENCIES - continuedLitigation - continued**Securities Litigation - continued**

Pursuant to the Company's governing documents and indemnification agreements entered into by the Company with certain of the named defendants, in the above-described actions, the Company has indemnified those defendants for all expenses and losses related to the litigation subject to the terms of those indemnification agreements. While the lawsuits are being vigorously defended, other reported lawsuits of this type have resulted in a broad range of outcomes, with each case being dependent on its own unique set of facts and circumstances. Litigation of this kind can lead to settlement negotiations, including negotiations prompted by pre-trial civil court procedures. The outcome of any litigation is inherently uncertain, and there is always the possibility that a court rules in a manner that is adverse to the interests of the Company and the individual defendants. However, the amount of any such loss in that scenario, which could be material, cannot be reasonably estimated at this time.

Other Matters

The Company and Microvast Energy, Inc. ("MV Energy"), a subsidiary of the Company, have been named as defendants in a litigation filed in the Montgomery County Chancery Court for the State of Tennessee under the caption *Stoncor Group, Inc. v. Microvast, Inc., et al.*, Case No. CD-24-12 (Tenn. Ch.) (filed Mar. 18, 2024). The plaintiff alleges that the Company failed to pay it for construction work that it performed on a Microvast facility in Tennessee, and seeks damages of \$1,251, plus certain fees and expenses, and foreclosure on the facility to satisfy the payment allegedly owed. The parties have entered into a settlement agreement and this matter has been stayed by the order of the court.

Deidra Milan is an ex-employee of Microvast, and is the putative representative of a class of more than 100 individual employees who were let go from their jobs at a plant in Clarksville, Tennessee. She has filed *Civil Action No. 3:24-cv-00627, Deidre Milan, Plaintiff v. Microvast, Inc. and Microvast Holdings, Inc.* in the US District Court for the Middle District of Tennessee. The Company filed an answer to the suit on July 19, 2024. The Class Action Complaint is brought under the Worker Adjustment and Notification Act, 29 U.S.C. §§2101-2109 (the "WARN Act"), which requires advance notice before certain types of plant closings and mass layoffs. Plaintiff alleges that Defendants failed to give proper advance notice of a mass layoff in violation of the WARN Act. Plaintiffs seek backpay, medical expenses, attorney's fees and statutory penalties in an unspecified amount.

Microvast, Inc., a subsidiary of the Company, has been named as a defendant in a contract dispute litigation filed in Montgomery County Chancery Court for the State of Tennessee under the caption *DPR Construction, GP vs. Microvast, Inc., et al.*, Case No. CD-24-31 (Tenn. Ch.) (filed June 20, 2024). The Plaintiff alleges that the Company failed to pay it for construction work that is performed on a Microvast facility in Tennessee, and seeks damages of \$19,950 in progress billings, the additional sum of \$1,566 being held as retainage on Plaintiff's progress billings under the contract, lost profits on the work yet to be performed under the contract plus certain fees and expenses, and foreclosure on the facility to satisfy the payment allegedly owed. The Parties entered into a settlement agreement and this matter has been stayed by order of the court.

Microvast, Inc. has been named as a defendant in a contract dispute litigation filed in Montgomery County Chancery Court for the State of Tennessee under the caption *Faith Technologies, Inc. Microvast, Inc. et al.*, Case No. CD-24-36 (Tenn. Ch.) (filed on July 15, 2024). Plaintiff asserts claims for damages related to its subcontract with DPR Construction, GP under which Plaintiff provided fire protection system services on a Microvast facility in Tennessee, and seeks damages of \$1,699 plus cost of court and attorneys and prejudgment interest. The Parties entered into a settlement agreement and this matter has been stayed by order of the court.

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28. COMMITMENTS AND CONTINGENCIES - continued

Litigation - continued

Other Matters - continued

Microvast, Inc. was named as a defendant in an action filed in Montgomery County Chancery Court for the State of Tennessee under the caption *Bernhard MCC, LLC vs. U.S. Engineering Innovations, LLC, DPR Construction, Microvast, Inc. and the Industrial Development Board of the County of Montgomery*, Case No. CD-24-27 (Tenn. Ch.) (filed on May 28, 2024) brought by a subcontractor on the Microvast Facility in Tennessee for lien enforcement of \$5,681. The Parties entered into a settlement agreement and this matter has been stayed by order of the court. On November 11, 2024, this matter was stayed by order of the court.

Microvast, Inc. was named as a defendant in an action filed in Montgomery County Chancery Court for the State of Tennessee under the caption *Virginia Transformer Corp. v. Microvast, Inc. and the Industrial Development Board of the County of Montgomery, Tennessee*, Case No. RE-24-32 (Tenn. Ch.) (filed on July 01, 2024) brought by a prime contractor on the Microvast Facility in Tennessee for lien enforcement of \$1,769. The Parties entered into a settlement agreement and this matter has been stayed by order of the court. Plaintiff has filed a motion to lift the stay and to amend its complaint to add a claim for breach of the settlement agreement. That motion remains pending.

Microvast, Inc. has initiated lawsuit as a plaintiff in an action filed in the 11th Judicial District Court, Harris County, Texas under the caption *Microvast, Inc. v. Grupo Basan Barba Santana, S.A. De C.V., Cause No. 2025-11326* (filed on February 19, 2025). Microvast ordered and paid energy storage systems from Grupo Basan. Microvast ended the supply contract and under the supply contract, Microvast was entitled to the return of a large portion of the \$3.5 million deposit Microvast had paid Grupo Basan as well as compensation for a significant number of products that it never received. However, Grupo Basan not only has failed to return those funds, but Grupo Basan has itself demanded \$2.4 million in million in termination costs that are not provided for in the supply agreement. Microvast recently filed suit in Harris County, Texas seeking at least \$2.6 million plus fees and interest.

On November 14, 2024, Microvast Energy, Inc. was named as a defendant in breach of contract action filed before the American Arbitration Association (“AAA”) under the caption *Clenera Battery Holdco LLC v. Microvast, Inc., Case No. 01-24-0008-7288*. Clenera's breach of contract claim centers on a supply agreement between Microvast and Clenera for custom-made battery containers. Clenera alleges that Microvast must refund approximately \$36 million due to Microvast's failure to deliver the containers by the contractual deadline, per the terms of the supply agreement. Clenera also seeks interest and attorneys' fees. The parties have appointed their arbitrators and a chair has been selected. On November 15, 2024, Clenera had filed an action for the same claim against Microvast Holdings, Inc. in the Supreme Court of the State of New York, County of New York, under the caption *Clenera Battery Holdco LLC v. Microvast Holdings, Inc.*, Index No. 659103/2024. Microvast Holdings, Inc. was the guarantor for the supply agreement between Clenera and Microvast Energy. Clenera's allegations are identical to its arbitration claim against Microvast Energy. Clenera has agreed to consolidate this action into the AAA arbitration. This consolidation is under review by the AAA panel.

The Group is also involved in other litigation, claims, and proceedings. The Group evaluates the status of each legal matter and assesses the potential financial exposure. If the potential loss from any legal proceedings or litigation is considered probable and the amount can be reasonably estimated, the Group accrues a liability for the estimated loss. Significant judgment is required to determine the probability of a loss and whether the amount of the loss is reasonably estimated. As of December 31, 2024 and December 31, 2023, based on the information currently available, the Group believes that any loss contingencies that may arise as a result of currently pending legal proceedings cannot be accurately quantified at this time and thus cannot determine whether they will have a material adverse effect on the Group's business, results of operations, financial condition, and cash flows.

Capital commitments

Capital commitments for construction of property and purchase of property, plant and equipment were \$53,228 as of December 31, 2024.

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28. COMMITMENTS AND CONTINGENCIES - continued

Purchase Commitments

Purchase commitments for non-cancelable contractual obligations primarily related to purchases of inventory were \$48,242 as of December 31, 2024.

Pledged assets

Other than the pledges disclosed in Note 12, the Group may pledge certain assets to banks to secure the issuance of bank acceptance notes for the Group. As of December 31, 2024, notes receivable from customers in the amount of \$5,167, together with certain of the Group's machinery and equipment with a carrying value of \$23,809 has been pledged to secure the issuance of such notes.

Liens

As of December 31, 2024, the Company had received \$24,359 of liens.

29. SUBSEQUENT EVENTS

Subsequent funding activities

On March 17, 2025, the Company entered into the First Amendment to Loan and Security Agreement (the "First Amendment") to its Loan and Security Agreement (the "Loan Agreement"), dated as of May 28, 2024, with Mr. Yang Wu, the Company's shareholder, Chief Executive Officer and Chairman. The First Amendment amends the Loan Agreement to extend the Maturity Date from November 28, 2025 to May 28, 2026. All other terms and conditions of the Loan Agreement remain the same.

From the year end of 2024 to the date of issuance of the financial statements in this Annual Report, the Company received \$28,085 of short-term bank borrowings.

ADDITIONAL INFORMATION FINANCIAL STATEMENT SCHEDULE I
CONDENSED FINANCIAL INFORMATION OF PARENT COMPANY
BALANCE SHEETS
(In thousands of U.S. dollars, except share and per share data, or as otherwise noted)

	December 31, 2024	December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 3	\$ 1,510
Short-term investment	—	—
Amount due from subsidiaries	31,792	21,875
Total Current Assets	31,795	23,385
Investments in subsidiaries	365,395	540,954
Total Assets	\$ 397,190	\$ 564,339
Liabilities		
Current liabilities:		
Amount due to subsidiaries	8,970	5
Accrued expenses and other current liabilities	35	77
Total Current Liabilities	9,005	82
Warrant liability	290	67
Total Liabilities	\$ 9,295	\$ 149
Shareholders' Deficit		
Common Stock (par value of US\$0.0001 per share, 750,000,000 shares authorized as of December 31, 2024 and 2023; 324,831,634 and 316,694,442 shares issued, and 323,144,134 and 315,006,942 shares outstanding as of December 31, 2024 and 2023)	\$ 33	\$ 32
Additional paid-in capital	1,512,982	1,481,241
Statutory reserves	6,032	6,032
Accumulated deficit	(1,092,958)	(897,501)
Accumulated other comprehensive loss	(38,194)	(25,614)
Total Shareholders' Equity	387,895	564,190
Total Liabilities and Shareholders' Equity	\$ 397,190	\$ 564,339

The accompanying notes are an integral part of these consolidated financial statements.

ADDITIONAL INFORMATION FINANCIAL STATEMENT SCHEDULE I
CONDENSED FINANCIAL INFORMATION OF PARENT COMPANY
STATEMENT OF OPERATIONS
(In thousands of U.S. dollars, except share and per share data, or as otherwise noted)

	Year Ended December 31,		
	2024	2023	2022
Revenues from subsidiaries	\$ —	\$ —	\$ —
Operating expenses:			
General and administrative expenses	(426)	(654)	(2,438)
Total operating expenses	(426)	(654)	(2,438)
Loss from operations	(426)	(654)	(2,438)
Other income and expenses:			
Interest income	6	2,666	2,179
Interest expense	(358)	—	—
Gain on change in fair value of warrant liability	(223)	59	979
(Loss) /income before provision for income taxes	(1,001)	2,071	720
Income tax expense	—	—	—
Loss from investment in subsidiaries	(194,456)	(108,407)	(158,920)
Net loss attributable to Microvast Holdings, Inc.	\$ (195,457)	\$ (106,336)	\$ (158,200)
Other comprehensive loss, net of tax of nil:			
Foreign currency translation adjustment	(12,580)	(7,533)	(24,782)
Total comprehensive loss attributable to Microvast Holdings, Inc.	\$ (208,037)	\$ (113,869)	\$ (182,982)

The accompanying notes are an integral part of these consolidated financial statements.

ADDITIONAL INFORMATION FINANCIAL STATEMENT SCHEDULE I
CONDENSED FINANCIAL INFORMATION OF PARENT COMPANY
STATEMENT OF CASH FLOWS
(In thousands of U.S. dollars, except share and per share data, or as otherwise noted)

	Year Ended December 31,		
	2024	2023	2022
Net cash generated (used) in operating activities	8,531	2,552	(4,498)
Cash flows from investing activities			
Investment in subsidiaries	(10,038)	(125,449)	(255,662)
Purchases of short-term investment	—	(430)	(25,070)
Proceeds from maturity of short-term investments	—	25,500	—
Net cash used in investing activities	(10,038)	(100,379)	(280,732)
Cash flows from financing activities			
Cash received from shareholders	—	—	27,559
Net cash generated from financing activities	—	—	27,559
Decrease in cash, cash equivalents and restricted cash	(1,507)	(97,827)	(257,671)
Cash, cash equivalents and restricted cash at beginning of the period	1,510	99,337	357,008
Cash, cash equivalents and restricted cash at end of the period	\$ 3	\$ 1,510	\$ 99,337

The accompanying notes are an integral part of these consolidated financial statements.

**ADDITIONAL INFORMATION FINANCIAL STATEMENT SCHEDULE I
CONDENSED FINANCIAL INFORMATION OF PARENT COMPANY
NOTES OF THE CONDENSED FINANCIAL STATEMENTS**

1. BASIS FOR PREPARATION

The financial information of the Company has been prepared using the same accounting policies as set out in the Group's consolidated financial statements except that the Company has used the equity method to account for investments in its subsidiaries.

2. INVESTMENTS IN SUBSIDIARIES

The Company and its subsidiaries were included in the consolidated financial statements where the inter-company transactions and balances were eliminated upon consolidation. For the purpose of the Company's stand-alone financial statements, its investments in subsidiaries were reported using the equity method of accounting. The Company's share of income from its subsidiaries were reported as equity in earnings of subsidiaries in the accompanying parent company financial statements.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Under supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of December 31, 2024. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were not effective as of December 31, 2024, as a result of the material weakness identified below.

In light of this material weakness, we performed additional analysis as deemed necessary to ensure that our financial statements were prepared in accordance with U.S. GAAP. Based on such analysis and notwithstanding the identified material weakness, management, including our Chief Executive Officer and Chief Financial Officer, believe the consolidated financial statements included in this Annual Report fairly represent in all material respects our financial condition, results of operations and cash flows at and for the periods presented in accordance with U.S. GAAP.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended. Our internal control over financial reporting is designed 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.

Management assessed the effectiveness of our internal control over financial reporting as December 31, 2024. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control-Integrated Framework. As a result of this assessment, management has concluded that, as of December 31, 2024, our internal control over financial reporting was not effective due to the material weakness described below.

Material Weakness

As defined in the standards established by the PCAOB, a "material weakness" is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our Company's annual or interim financial statements will not be prevented or detected on a timely basis.

In connection with the audit of the financial year ended December 31, 2024, we identified control deficiencies in the design and operation of internal controls over financial reporting that constituted a material weakness in aggregation. Significant improvement in the design and monitoring of information technology general controls ("GITC") was made in 2024, however a material weakness has been identified relating to the design, implementation and monitoring of GITC for the ERP system that are relevant to the preparation of our financial statements. In particular, the Company's GITC findings included: (i) inappropriate implementation of controls allowed developers to gain access to application layer of ERP; (ii) the monitoring controls were not appropriately designed to review the overall operations of the privileged users; (iii) the monitoring controls were not appropriately designed to review the permissions granted to users. A substantial portion of the Company's controls are dependent upon the information derived from the ERP system and therefore the dependent controls were also concluded to be ineffective.

Material Weakness Remediation

Subsequent to the identification of the material weakness, we have taken steps to address the control deficiencies and continue to implement our remediation plan, which we believe addresses the underlying causes. We executed on our remediation plan for the material weakness by:

- Removing all inappropriate access as of December 31, 2024, and strictly following segregation of duty rule set for developers.
- Establishing more robust and precise processes to monitor the privileged user activities.
- Establishing more robust and precise processes for the user access review.

While we believe these efforts will continue to improve our internal controls and address the underlying causes of the material weakness, the material weakness will not be remediated until our remediation plan has been fully implemented and tested and we have concluded that following the improvements, our IT general controls are operating effectively for a sufficient period of time.

Other Control Deficiencies Evaluated During the Year

During the impairment assessment process for plant, property and equipment as of December 31, 2024, management identified a material misstatement in the previously issued financial statements for the second and third quarter of 2024. It is related to the impairment assessment of the Clarksville facility. Specifically, certain assets primarily including clean rooms were inadvertently excluded from the calculation of carrying value of the asset group used in the impairment test for the second quarter of 2024, leading to a \$23.1 million understatement of the impairment charge, resulting in the need to restate the Company's interim financial statements.

The Company is required to become SOX compliant as of December 31, 2024 for the first year and was in process during the year to design and implement appropriate internal controls. While this misstatement was not prevented or detected by internal controls during interim, the Company has implemented controls during the year-end closing to strengthen the impairment assessment process including 1) conducting a precise review of the calculation of carrying value of assets group; and 2) reconciling the individual assets included in the assets group carrying value calculation to the valuation scope of external valuers. By implementing those controls for purpose of the impairment assessment as of December 31, 2024, the Company was able to detect this issue and then proactively investigated the discrepancy and corrected the misstatement by restating the affected interim financial statements.

While this control deficiency was material to the interim periods, management concluded it did not constitute a material weakness as of December 31, 2024, because appropriate controls have been effectively implemented during the year end to detect the misstatement therefore the deficiency was fully remediated for the year ended December 31, 2024. The Company's internal control over financial reporting was therefore effective at year-end, except for the GITC-related material weakness noted above.

Changes in Internal Control Over Financial Reporting

As described above, the Company is taking steps to remediate the material weakness noted above. Other than in connection with these remediation steps, there have been no changes in our internal control over financial reporting during the fiscal year ended December 31, 2024, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Limitations on Effectiveness of Controls and Procedures

Our management, including our Chief Executive Officer and Chief Financial Officer, believe that our disclosure controls and procedures and internal control over financial reporting are designed to provide reasonable levels of assurance of achieving their objectives and are effective at the reasonable assurance level. However, management does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent or detect all errors or all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the company have been detected. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and may not be detected.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of Microvast Holdings, Inc.

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Microvast Holdings, Inc. and subsidiaries (the “Company”) as of December 31, 2024, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, because of the effect of the material weakness described below on the achievement of the objectives of the control criteria, the Company has not maintained effective internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets, and related consolidated statements of operations, comprehensive loss, changes in shareholders’ equity, cash flows and financial statement schedule(the “financial statements”) as of and for the year ended December 31, 2024, of the Company and our report dated March 31, 2025, expressed an unqualified opinion on those financial statements.

Basis for Opinion

The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company’s internal control over financial reporting is a process designed 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. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Material Weakness

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company’s annual or interim financial statements will not be prevented or detected on a timely basis. The following unremediated material weakness has been identified and included in management’s assessment: the material weakness related to management’s failure to design, implement and monitor the information technology general controls for ERP system that relevant to preparation of the financial statements. Consequently, business process controls that rely upon information from the ERP system were also deemed ineffective. This material weakness was considered in determining the nature, timing, and extent of audit tests

applied in our audit of the financial statements as of and for the year ended December 31, 2024, of the Company, and this report does not affect our report on such financial statements.

/s/Deloitte Touche Tohmatsu Certified Public Accountants LLP

Beijing, the People's Republic of China

March 31, 2025

ITEM 9B. OTHER INFORMATION

Not applicable.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

An issuer will not be required to comply with Item 9C until the SEC has identified it as having non-inspection year.

PART III**ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE****Our Executive Officers and Board of Directors**

The following information is as of March 24, 2025.

Name	Age	Position(s)
Yang Wu	59	Founder, Chairman and Chief Executive Officer
Fariyal Khanbabi	57	Chief Financial Officer
Wenjuan Mattis, Ph.D.	44	Chief Technology Officer
Shengxian Wu, Ph.D.	42	Chief Operating Officer
Isida Tushe	38	President, General Counsel and Corporate Secretary
Arthur Wong	65	Director
Wei Ying	58	Director
Yixin Pan	58	Director

Our Executive Officers

Yang Wu was elected to our Board as a Class III Director on July 23, 2021. Mr. Wu is the founder of Microvast and has been its Chairman, Chief Executive Officer and director since its inception in October 2006. Mr. Wu has periodically served as the Company's President, including from its inception through April 14, 2022, from January 10, 2023 through August 3, 2023 and from February 5, 2024 through the present. From 2000 to 2006, Mr. Wu served as chief executive officer at Omex Environmental Engineering Co., Ltd., a water treatment company, which he founded and was acquired by Dow Chemical Company in 2006. From 1996 to 2000, Mr. Wu served as chief executive officer and founder of Omex Engineering and Construction Inc. Prior to Omex Engineering and Construction, from 1989 to 1996, Mr. Wu was the founder of World Wide Omex, Inc., an agent for a large oilfield service company. Mr. Wu received his bachelor's degree from Southwest Petroleum University, Chengdu.

Mr. Wu is qualified to serve on our Board due to his deep industry expertise and his leadership experience.

Mr. Wu is a U.S. citizen and resides in the U.S.

Fariyal Khanbabi was appointed as our Chief Financial Officer on October 21, 2024. Ms. Khanbabi previously served as Group Chief Executive Officer of Dialight PLC (LSE: DIA) starting in August 2019. Prior to her promotion to CEO of Dialight, she held the position of Group Chief Financial Officer from September 2014 to August 2019. Prior to her tenure at Dialight, Ms. Khanbabi held several senior finance leadership roles, including serving as Chief Financial Officer at Harvest Energy from March 2009 to August 2014 and as Chief Financial Officer at Britannia Bulk Inc. from August 2006 to March 2009.

Ms. Khanbabi is a U.K. citizen and resides in the U.S.

Dr. Shengxian Wu was appointed as our Chief Operating Officer on April 18, 2024. He joined Microvast, Inc. in 2016, and he has served as Microvast China's President since January 2021. Prior to joining Microvast China, Dr. Wu served as manager of the Commercial Vehicle Research Institute of Zhejiang Geely Holding Group.

Dr. Wu is a citizen of China and resides in China.

Isida Tushe was elected to our Board as a Class III Director on October 18, 2024 and currently serves as Microvast's President, General Counsel and Corporate Secretary. Ms. Tushe has served as Microvast's General Counsel since March 15, 2023 and as Microvast's Corporate Secretary since May 8, 2023, and she was appointed as Microvast's President on April 18, 2024. Prior to joining Microvast, Ms. Tushe served as the General Counsel and Corporate Secretary at DC Green Bank and mPhase Technologies, Inc., where she oversaw all legal and compliance matters. Prior to that, Ms. Tushe served as the General Counsel of FFP New Hydro LLC, a developer of low-impact hydroelectric energy generation

and storage in the United States, overseeing all legal and lobbying functions. Ms. Tushe has also held various senior positions involving finance, commercial and legal aspects of structured finance, M&A, project finance and development, intellectual property and corporate governance, including as VP and Senior Counsel at Pine Gate Renewables, LLC. and as VP of Project Finance and Counsel at Fuel Cell Energy, Inc. (NASDAQ: FCEL)

Ms. Tushe is qualified to serve on our Board due to her legal and finance project experience, particularly with companies in power generation, renewables and clean technologies.

Ms. Tushe is a U.S. citizen and resides in the U.S.

Dr. Wenjuan Mattis was appointed as our Chief Technology Officer on July 23, 2021. She joined Microvast, Inc. in 2013, and she has served as Microvast Inc.'s Chief Technology Officer since January 2018, leading the development of battery materials, cells, modules and packs from R&D to production. Prior to that she served as Vice President of Technology since January 2015, and as Chief Scientist from October 2013 to December 2014. From March 2010 to October 2013, Dr. Mattis served as Senior Research Engineer at Dow Chemical Company in Midland, Michigan, where she led and participated in battery projects developing materials and cells for electrified vehicles and consumer electronics. In May 2016, Dr. Mattis was the youngest member ever elected to the board of directors of the International Meeting on Lithium Batteries association. She has also served as the Vice President of International Automotive Lithium Battery Association since June 2013. Dr. Mattis holds a Bachelor of Science degree in Mechanics and Engineering Science from Fudan University, Shanghai and a Ph.D. degree in Materials Science and Engineering from the Pennsylvania State University. Dr. Mattis has been working on the development of lithium-ion battery technology for over 16 years. She has authored 22 papers and holds 97 patents.

Dr. Mattis is a U.S. citizen and resides in the U.S.

Our Board of Directors

Yang Wu's biographical information is set forth above.

Wei Ying was elected to the Board as a Class I Director on July 23, 2021. Mr. Ying has been a director of Microvast, Inc. since June 2017. Since December 2014, Mr. Ying has been a managing partner and director of CDH Shanghai Dinghui Bai Fu Investment Management Co., Ltd., a key investment manager entity under CDH Investments Management Limited, and some of its affiliates. Mr. Ying has served as a director of Fountain Set (Holdings) Limited (HKG: 0420) since January 2015, a director of Zhongsheng Group Holdings Limited (OTCMKTS: ZSHGY) since December 2016, a director of Beijing East Environment Energy Technology Co., Ltd. (NEEQ: 831083) since February 2019, a director of Guolian Industry Investment Fund Management (Beijing) Co., Ltd. since February 2014, a director of Ningbo Dingcheng Investment Management Co., Ltd. since March 2018, a director of Shenzhen Tajirui Biomedical Co., Ltd. since July 2018, and as a director of Ningbo Dingyi Asset Management Co., Ltd. since October 2015. Mr. Ying received a Bachelor's Degree in Economics from Zhejiang Gongshang University and a Master of Business Administration from the University of San Francisco School of Management. Mr. Ying is a Fund Practitioner and non-practitioner member of China Certified Public Accountant Association.

Mr. Ying is qualified to serve on our Board due to his extensive leadership experience and industry knowledge experience.

Mr. Ying is a Hong Kong citizen and resides in Hong Kong.

Arthur Wong was elected to the Board as a Class II Director on July 23, 2021. Mr. Wong currently serves as an independent director and Chairman of the Audit Committee of Daqo New Energy Corp. (NYSE: DQ). From March 2019 to June 2024, Mr. Wong served as an independent director and Chairman of the Audit Committee of Canadian Solar Inc. (NASDAQ: CSIQ). From November 2014 to February 2023, Mr. Wong served as an independent director and Chairman of the Audit Committee of Maple Leaf Educational Systems Limited (HKSE: 1317). From March 2020 to March 2022, Mr. Wong served as an independent director of Tarena International, Inc. (NASDAQ: TEDU). From 2008 to 2018, Mr. Wong served as the Chief Financial Officer for Asia New-Energy, Nobao Renewable Energy, GreenTree Inns Hotel Management Group and Beijing Radio Cultural Transmission Company Limited, sequentially. From 1982 to 2008, Mr. Wong worked for Deloitte Touche Tohmatsu in Hong Kong, San Jose and Beijing over various periods of time, with his last position as a partner in the Beijing office. Mr. Wong received a bachelor's degree in applied economics from the University of San Francisco and a higher diploma of accountancy from Hong Kong Polytechnic University. He is a member of the American

Institute of Certified Public Accountants, the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants.

Mr. Wong is qualified to serve on our Board due to his extensive experience and knowledge of accounting and financial matters as well as audit functions.

Mr. Wong is both a U.K. citizen and a Hong Kong citizen and resides in China.

Yixin Pan was elected to the board of directors of Microvast on October 18, 2024. Ms. Pan has over 25 years of experience in tech innovation, entrepreneurship, operations, marketing, investment banking and M&A across multiple industries and for Fortune 500 companies and small emerging technology startups. She has served as managing partner of XTVUE, LLC, a boutique investment bank and management consulting firm, since 2008. Ms. Pan received her MBA from Cornell University and an MS in Mechanical Engineering from Northern Illinois University

Ms. Pan is qualified to serve on our Board due to her extensive leadership experience.

Ms. Pan is a U.S. citizen and resides in the U.S.

Isida Tushe's biographical information is set forth above.

Composition of our Board

Our Board is divided into three classes, with each class serving a three-year term. The Class I director is Wei Ying, whose term expires at the annual meeting in 2025; the Class II director is Arthur Wong, whose term expires at the annual meeting in 2026; and the Class III directors are Yang Wu, Isida Tushe and Yixin Pan, each of whom serves a term expiring at the annual meeting in 2027.

Wei Ying agreed to serve as directors on our Board in his personal capacity and not as representative of CDH Griffin Holdings Company Limited or any of its affiliates. Mr. Ying has been a director of Microvast, Inc. since June 2017.

Arrangements and Family Relationships

There are no arrangements or understandings between any of Yang Wu, Isida Tushe, Shengxian Wu, Ph.D., Wenjuan Mattis, Ph.D., or Fariyal Khanbabi and any other persons pursuant to which such individual was appointed as an executive officer of the Company. There are no family relationships between any of Yang Wu, Isida Tushe, Yixin Pan, Wei Ying, Arthur Wong, Shengxian Wu, Ph.D., Wenjuan Mattis, Ph.D., or Fariyal Khanbabi and any director, executive officer or any person nominated or chosen by the Company to become a director or executive officer.

Committees of the Board

Our Board has an Audit Committee, a Nominating & Corporate Governance Committee and a Compensation Committee. The Board committees act in an advisory capacity to the full Board, except that the Compensation Committee has direct responsibility for the Chief Executive Officer and Chairman's goals, performance and compensation along with compensation of other executive officers, and the Audit Committee is expected to have direct responsibility for appointing, replacing, compensating and overseeing the independent registered public accounting firm. Our Board has adopted a written charter for each of the standing committees that clearly establishes the committees' respective roles and responsibilities, which is posted to our website. In addition, each committee has the authority to retain independent outside professional advisors or experts as it deems advisable or necessary, including the sole authority to retain and terminate any such advisors, to carry out its duties. The Board has determined that each member of the Audit, Nominating & Corporate Governance and Compensation Committees is independent under our categorical standards and that each member is free of any relationship that would interfere with his or her individual exercise of independent judgment. The Board has determined that each member of the Audit Committee meets the independence requirements under the SEC rules and the NASDAQ listing standards applicable to audit committee members. The Board has also determined that each member of the Compensation Committee meets the independence requirements under the SEC rules and the NASDAQ listing standards applicable to compensation committee members.

Audit Committee

The Audit Committee has three members and consists entirely of independent directors, each of whom meets the independence requirements set forth in the listing standards of the NASDAQ and Rule 10A-3 under the Exchange Act and under our categorical standards. Each member of the Audit Committee is financially literate, and at least one member of the Audit Committee has accounting and related financial management expertise and satisfies the criteria to be an “audit committee financial expert” under the rules and regulations of the SEC, as those qualifications are interpreted by our Board in its business judgment. Our Audit Committee consists of Ms. Pan, Mr. Wong and Mr. Ying, with Mr. Wong serving as chair and as the audit committee financial expert.

Code of Business Conduct and Ethics

We have adopted a code of business conduct and ethics applicable to our directors, officers and employees. A copy of that code is available on our principal corporate website at <https://microvast.com>.

Delinquent Section 16(a) Reports

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires our directors, certain officers and any beneficial owners of more than 10% of our common stock to file reports relating to their ownership and changes in ownership of our common stock with the SEC and NASDAQ by certain deadlines. Based on a review of Section 16 filings with respect to our Company made during or with respect to the preceding year, we are not aware of any late Section 16(a) filings other than one late filing by Mr. Wu reporting three transactions, one late filing by Dr. Mattis reporting one transaction, one late filing by Mrs. Tushe reporting two transactions and one late filing by Mrs. Pan reporting one transaction. Dr. Wu has not made any Section 16 filings with respect to the preceding year.

ITEM 11. EXECUTIVE COMPENSATION

This section sets forth the compensation of our named executive officers for the year ended December 31, 2024 (our “NEOs”). Our NEOs are:

Name	Position
Yang Wu	Founder, Chairman and Chief Executive Officer
Shengxian Wu	Chief Operating Officer
Isida Tushe	President, General Counsel and Corporate Secretary

As a smaller reporting company, we are eligible to follow the reduced disclosure obligations regarding executive compensation that apply to smaller reporting companies. Accordingly, we have not included in this section a compensation discussion and analysis of our executive compensation programs or tabular compensation information other than the “Summary Compensation Table” and the “Outstanding Equity Awards at Fiscal Year-End” table below.

Summary Compensation Table

The following table sets forth the compensation of our NEOs for the years ended December 31, 2024 and 2023. Dr. Wu and Ms. Tushe were not NEOs in 2023.

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$) ⁽¹⁾	Option Awards (\$) ⁽²⁾	Nonequity Incentive Plan Compensation (\$) ⁽³⁾	All other compensation (\$)	Total Compensation (\$)
Yang Wu	2024	546,480	—	590,000	—	—	—	1,136,480
<i>Founder, Chairman and Chief Executive Officer</i>	2023	550,008	—	—	—	99,000	—	649,008
Shengxian Wu	2024	400,000	93,750	—	890,000	—	—	1,383,750
<i>Chief Operating Officer</i>	2023							
Isida Tushe	2024	450,000	125,000	—	890,000	—	—	1,465,000
<i>President, General Counsel and Company Secretary</i>	2023							

(1) Represents the aggregate grant date fair value of stock awards granted to our named executive officers, computed in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718, Compensation—Stock Compensation (“FASB Topic 718”). The 2024 stock awards consist of grants of restricted stock units (“RSUs”) granted pursuant to the Microvast Holdings Inc 2021 Equity Incentive Plan (the “2021 Plan”). The terms of the 2024 RSUs are summarized in “Elements of Executive Compensation—Long Term Incentives” below. The assumptions made when calculating the amounts reported are found in Note 21, “Share-Based Payment” to our audited consolidated financial statements included in Part II, Item 8 of the Annual Report. Assuming maximum level of performance, the aggregate grant date values of the RSUs are as follows:

Name	RSUs (\$)	PSUs (\$)	Total (\$)
Yang Wu	590,000	—	590,000
Shengxian Wu	—	—	—
Isida Tushe	—	—	—

(2) Represents the grant date fair value of stock options granted to our named executive officers, computed in accordance with FASB Topic 718. The assumptions made when calculating the amounts reported are found in Note 21, “Share-Based Payment” to our audited consolidated financial statements included in Part II, Item 8 of the Annual Report.

(3) 2023 non-equity incentive plan compensation was earned pursuant to the Company’s short-term cash incentive program. On January 31, 2023, the Compensation Committee of the Board established short-term cash incentive opportunities for our NEOs for 2023, which pay out in cash as a percentage of each NEO’s base salary based on achievement of pre-determined revenue and adjusted gross margin performance goals, each weighted equally. The Compensation Committee set the following bonus target for Mr. Wu the only current NEO who was an NEO only for 2023: 30% of base salary (\$165,000).

Elements of Executive Compensation

Base Salary

Base salaries are intended to provide a level of compensation sufficient to attract and retain an effective management team when considered in combination with the other components of our executive compensation program.

The relative levels of base salary for our NEOs are designed to reflect each NEO's scope of responsibility and accountability to us. The base salaries for each of our NEOs were increased effective December 1, 2024:

- Mr. Yang Wu: Increased from \$550,000 to \$564,480
- Dr. Shengxian Wu: Increased from \$200,000 to \$400,000
- Ms. Isida Tushe: Increased from \$250,000 to \$450,000

Short-Term Incentives

In 2023, the Compensation Committee of the Board established short-term cash incentive opportunities, which pay out in cash as a percentage of each executive's base salary based on achievement of pre-determined revenue and adjusted gross margin performance goals, each weighted equally.

Short-term incentives pay out 0% of target if the threshold performance goal or below is achieved and 120% of target if the maximum performance goal or above is achieved. Payouts are linearly interpolated for performance between levels. While the revenue component failed to achieve threshold performance, the adjusted gross margin component was achieved at maximum performance and each executive who remained at the Company through the end of 2023 received a payout of 60% of his or her short-term incentive target.

In 2024, with the Company experiencing volatility making it difficult to set goals, the Compensation Committee chose not to establish a formal short-term cash incentive program. Instead, the Compensation Committee granted one-time cash bonuses in the amounts of \$125,000 and \$93,750 to Ms. Tushe and Dr. Wu, respectively.

Long-Term Incentives

On December 1, 2024, the Compensation Committee approved 2024 long-term incentive awards (the "2024 LTI") to the NEOs pursuant to the 2021 Plan. Mr. Wu, our CEO, received 500,000 RSUs, that were fully vested at grant. Ms. Tushe and Dr. Wu each received a grant of stock options to purchase 1,000,000 shares of the Company's common stock at an exercise price per share of \$1.29. The stock options will vest in equal installments on each November 8, 2025, 2026, and 2027, subject to continued employment on each vesting date.

Mr. Wu received PSUs in 2022, which will vest, if at all, based on the Company's achievement of relative total stockholder return ("TSR") targets during the performance period from January 1, 2022 through December 31, 2024, provided that the recipient continues to provide services to the Company through the date achievement is certified by the Compensation Committee. The Committee reviewed the Company's relative TSR and determined that the 2022 PSUs were earned at 60% of target.

Measurement Period	Share Price at 1/1/2022	Share Price at 12/31/2024	TSR for Measurement Period	Target Relative TSR Percentile for Measurement Period	Actual Relative TSR Percentile for Measurement Period	Achievement
1/1/2022 – 12/31/2024	\$4.31	\$2.00	(53.53)%	50 th Percentile	30 th Percentile	60%

Insider Trading Policy and Anti-Hedging and Anti-Pledging

The Company has an insider trading policy which governs the purchase, sale and other dispositions of its securities by directors, officers, employees and other agents of the Company, as well as their immediate family members and other persons living in their households. We believe our insider trading policy is reasonably designed to promote compliance with insider trading laws, rules and regulations and any listing standards applicable to the Company. The insider trading policy prohibits covered persons from directly or indirectly purchasing or selling the Company's securities while in possession of material non-public information concerning the Company, except in the limited circumstances described in the policy. Additionally, the Company's directors, officers and employees are prohibited from engaging in hedging and pledging transactions with respect to the Company's securities of the Company. The insider trading policy requires pre-approval of any transaction related to the Company's securities by the Company's directors, officers, certain employees and agents.

Compensation Recovery Policy

We have adopted a compensation recovery policy in accordance with the listing standards and rules of the Nasdaq Stock Market, that requires the Board to recoup excess compensation paid to our executive officers as a result of a financial statement restatement, regardless of any misconduct, fault or illegal activity on the part of the executive officer. The clawback policy applies in the case of an accounting restatement due to the material noncompliance of the Company with any financial reporting requirement under the securities laws. The clawback policy applies to all incentive-based compensation, which is any compensation that is granted, earned, or vested based wholly or in part upon the attainment of a financial reporting measure, received by our executive officers.

Equity Award Policies and Practices

Although we have not adopted a formal policy pertaining to the timing of stock option grants to our named executive officers, it is our practice not to time the grant of equity awards, including stock options, in relation to the release of material non-public information. Similarly, the Company does not time the disclosure of material nonpublic information for the purpose of affecting the value of executive compensation. The Compensation Committee generally approves the grant of annual equity awards for the Company's executive officers, including each of the named executive officers, in December of each year. In special circumstances, including the hiring or promotion of an individual or where the Compensation Committee determines it is in the best interest of the Company, the Compensation Committee may approve grants of equity awards at other times.

Employment Agreements with NEOs

Mr. Wu is a party to a written employment arrangement with the Company (the "Employment Agreement"). The material terms of that arrangement are summarized below. For a description of the compensation actually paid to the NEOs for Fiscal Year 2024, please refer to the "Summary Compensation Table" above. Dr. Wu and Ms. Tushe are not parties to an employment agreement.

Subject to earlier termination in accordance with the Employment Agreement, Mr. Wu is engaged for a three-year term of employment, at the end of which his term of employment will be automatically extended for additional 12-month periods unless a notice of non-renewal is given by either party in accordance with the notice requirements of the Employment Agreement prior to the expiration of the term then in effect.

The Employment Agreement provides for an annual base salary, the opportunity to participate in the Company's annual incentive bonus plan for senior executives and the Company's long-term incentive plan, each in accordance with the terms of such plans that may be in effect from time-to-time and subject to such other terms as the Board may approve and eligibility to participate in the benefit plans or programs of the Company generally provided to other similarly situated executives of the Company.

The term of employment under the Employment Agreement may be terminated by either the Company or Mr. Wu at any time and for any reason upon thirty (30) days' prior written notice. Upon a termination by the Company or Mr. Wu for any reason, Mr. Wu (or his estate upon a termination due to his death) will receive all accrued salary and any earned but unpaid bonuses through and including the date of termination. Following a termination due to death or disability of Mr. Wu, he (or his estate) will also receive: (i) a pro rata bonus for the annual bonus that he would have earned for the fiscal year in which the death or disability occurs based on performance as determined by the Board, prorated for the period of time during the fiscal year worked by Mr. Wu; and (ii) if the death or disability occurs within his three-year term, full acceleration of any equity awards or other long-term incentive awards held by Mr. Wu as of the effective time of his Employment Agreement that were granted to Mr. Wu prior to such effective time. Any other outstanding equity awards or long-term incentive awards granted to Mr. Wu following the effective time of his Employment Agreement will be treated in accordance with the terms of the applicable plans and award agreements.

Following a termination of employment by the Company without Cause (as defined in the Employment Agreement) or due to resignation by Mr. Wu for Good Reason (as defined in the Employment Agreement), in either case, prior to a Change in Control (as defined in the Employment Agreement), subject to the execution and non-revocation by Mr. Wu of a general release of claims in favor of the Company, Mr. Wu will be entitled to: (i) an amount equal to two and a half times the sum of (x) Mr. Wu's then-current base salary plus (y) the greater of (A) the average amount of the annual bonus paid to Mr. Wu for each of the three fiscal years immediately prior to the fiscal year in which the termination or resignation occurs or (B) the target annual bonus for the fiscal year in which the termination or resignation occurs, payable in substantially equal monthly installments over a period of thirty (30) months; and (ii) if the termination without Cause or resignation for Good Reason occurs within three years following the effective time of his Employment Agreement, full acceleration of any equity awards or other long-term incentive awards held by Mr. Wu as of the effective time of his

Employment Agreement that were granted to the executive prior to such effective time. Any other outstanding equity awards or long-term incentive awards granted to Mr. Wu following the effective time of his Employment Agreement will be treated in accordance with the terms of the applicable plans and award agreements.

Following a termination by the Company without Cause or due to resignation by Mr. Wu for Good Reason on or within two years following the closing of a Change in Control, subject to the execution and non-revocation by Mr. Wu of a general release of claims in favor of the Company, Mr. Wu will be entitled to: (i) an amount equal to three times the sum of (x) Mr. Wu's then-current base salary plus (y) the greater of (A) the average amount of the annual bonus paid to Mr. Wu for each of the three fiscal years immediately prior to the fiscal year in which the termination or resignation occurs or (B) the target annual bonus for the fiscal year in which the termination or resignation occurs, payable in a single lump sum within seventy-five (75) days of the termination or resignation; (ii) a pro rata bonus of the greater of (A) the average amount of the annual bonus paid to Mr. Wu for each of the three fiscal years immediately prior to the fiscal year in which the termination or resignation occurs or (B) the annual bonus Mr. Wu would have earned for the fiscal year in which the termination or resignation occurs based on performance as determined through the date of termination or resignation, prorated for the period of time during the fiscal year worked by Mr. Wu, payable in a single lump sum within seventy-five (75) days of the termination or resignation; and (iii) full acceleration of all outstanding equity awards held by Mr. Wu as of the date of termination or resignation.

Mr. Wu is subject to restrictive covenants as follows: (i) a post-termination non-compete covenant for a period of eighteen (18) months following his termination or resignation for any reason; (ii) confidentiality restrictions through the time period such confidential information remains not generally known to the public; and (iii) customer and employee non-solicitation and non-interference for a period of eighteen (18) months following his termination or resignation for any reason.

Outstanding Equity Awards at Fiscal Year-End

The following table sets forth the outstanding equity awards held by each of our NEOs as of December 31, 2024.

Name	Option Awards				Stock Awards			
	Number of securities underlying unexercised options (#) exercisable	Number of securities underlying unexercised options (#) unexercisable	Option exercise price (\$)	Option expiration date	Number of shares or units of stock that have not vested (#)	Market value of shares of units of stock that have not vested (\$) ⁽¹⁾	Equity incentive plan awards: Number of unearned shares, units or other rights that have not vested (#)	Equity incentive plan awards: Market or payout value of unearned shares, units or other rights that have not vested (\$) ⁽¹⁾
Yang Wu	—	—	—	—	—	—	—	—
Shengxian Wu	—	1,000,000 (2)	1.29	12/5/2034	1,464(5)	3,030	40,000(8)	82,800
	160,300(6)	—	6.28	7/24/2027	26,666(7)	55,199	—	—
	641,200(6)	—	6.28	7/28/2030	—	—	—	—
	480,900(6)	—	6.28	12/25/2030	—	—	—	—
Isida Tushe	—	1,000,000 (2)	1.29	12/5/2034	—	—	—	—
	33,334(3)	66,666 (3)	1.30	3/15/2033	—	—	—	—
	100,000(4)	200,000 (4)	2.08	8/9/2033	—	—	—	—

- (1) The value presented in the table is equal to the product of the number of RSUs and PSUs, as applicable, that had not vested as of December 31, 2024 and the closing price of our common stock on such date, which was \$2.07.
- (2) Represents stock options granted that will vest in equal installments on each of November 8, 2025, 2026 and 2027, subject to the NEO's continued employment with or services to us or one of our affiliates through the vesting date. 232,557 options are treated as incentive stock options (ISOs). ISOs are intended to qualify for favorable tax treatment under Section 422 of the Internal Revenue Code.

- (3) Represents stock options that vested one-third each on March 15, 2024 and 2025 and will vest one-third on March 15, 2026, subject to the NEO's continued employment with or services to us or one of our affiliates through the vesting date.
- (4) Represents stocks options that vested one-third on August 9, 2024 and will vest one-third each on August 9, 2025 and 2026, subject to the NEO's continued employment with or services to us or one of our affiliates through the vesting date.
- (5) Represents RSUs granted under the 2021 Plan that were unvested as of December 31, 2024. These RSUs were part of an award that vested one-third each on January 1, 2023, 2024 and 2025.
- (6) Represents stock options that vested in equal installments on each July 23, 2022, 2023 and 2024.
- (7) Represents RSUs granted under the 2021 Plan that were unvested as of December 31, 2024. These RSUs were part of an award that vested one-third each on January 31, 2024 and 2025 and will vest one third on January 31, 2026, subject to the NEO's continued employment with or services to us or one of our affiliates through the vesting date.
- (8) Represents PSUs granted pursuant to the 2023 long term incentive plan at threshold performance. These PSUs will vest, subject to achievement of the applicable performance criteria and the NEO's continued employment with or services to us or one of our affiliates through the vesting date, following the end of the performance period on December 31, 2025.

Retirement Plans

We sponsor a 401(k) plan covering substantially all our employees, including our NEOs. Eligible employees may elect to make pre-tax contributions to the plan, subject to limitations set forth by the plan and the Code. All eligible employees, including our NEOs, may participate in the plan on substantially the same terms. We do not provide matching employer contributions to employees' accounts under the plan.

Termination and Change in Control Provisions

Descriptions of the severance payments and benefits to be provided to our NEOs, including in respect of equity awards held by our NEOs, in connection with certain terminations of employment both in connection with a change in control and not in connection with a change in control, are set forth in "Elements of Executive Compensation—Long Term Incentives" and "Employment, Transition and Separation Agreements with NEOs" above.

Director Compensation

The table below sets forth information regarding non-employee director compensation for the year ended December 31, 2024.

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)	Total (\$)
Yanzhuan Zheng(3)	—	—	—
Arthur Wong	80,000	19,999(1)	99,999
Stephen Vogel(3)	46,712	—	46,712
Ying Wei	—	79,999(1)	79,999
Yeelong Tan Balladon(3)	66,410	8,907(1)	75,317
Yixin Pan	21,399	58,096(2)	79,495

(1) Reflects changes to the Company's non-employee director compensation policy that was amended from 2023 and adopted March 30, 2024, as summarized under "Non-Employee Director Compensation" below. Includes the portion of the non-employee director's annual cash retainer received as Elective RSUs, as summarized in "Non-Employee Director Compensation" below, computed in accordance with FASB Topic 718, as follows: Mr. Wong— 14,285; Mr. Ying— 57,142 and Ms. Balladon—6,362.

(2) Represents the aggregate grant date fair value of the annual RSUs computed in accordance with FASB Topic 718 as follows: Ms. Pan—92,954.

- (3) Mr. Vogel resigned as a Board member on July 7, 2024. Ms. Balladon resigned as a Board member on July 10, 2024. Mr. Zheng resigned as a Board member on August 16, 2024. In connection with their resignations, Mr. Vogel, Ms. Balladon and Mr. Zheng forfeited all of their unvested RSUs and PSUs, as applicable.
- (4) Mr. Zheng does not receive any compensation for services provided to the Company as a director. Pursuant to the terms of a consulting agreement between Mr. Zheng and the Company, Mr. Zheng received the following as compensation for services provided to the Company as an advisor during 2024: salary and fees—\$226,983. As of December 31, 2024, Mr. Zheng had 1,122,100 stock options outstanding.

Non-Employee Director Compensation

For Fiscal 2024, our non-employee directors other than Mr. Zheng were compensated for services in accordance with our non-employee director compensation policy that was amended from 2023 and adopted by our Board on March 30, 2024 (the "2024 Director Compensation Policy"). The material terms of the 2024 Director Compensation Policy are described below.

For their service to the Company during 2024, each of our non-employee directors other than Mr. Zheng received an annual award of RSUs under the Director Compensation Policy, which will vest on December 31, 2024, subject to the director's continued service through such date. In addition, our non-employee directors other than Mr. Zheng may elect to receive all or a portion of their annual cash retainer and/or committee chair retainer in the form of RSUs (the "Elective RSUs"). The grant date of the Elective RSUs is the date the non-employee director makes the election to receive equity in lieu of his or her cash retainer and the value of the RSUs is equal to the amount of the non-employee director's annual cash retainer that is foregone. The Elective RSUs vest in quarterly installments on the last day of each fiscal quarter. The number of Elective RSUs each non-employee director received in 2024 are set forth in footnote 1 to the "Director Compensation" table above. Our non-employee directors must make elections to receive equity in lieu of his or her cash retainer prior to the start of the calendar year, which elective RSUs will vest in equal installments on the last day of each fiscal quarter during the calendar year.

	2024 Director Compensation Policy	2023 Director Compensation Policy
Board Member Retainer	\$80,000	\$80,000
Lead Independent Director Retainer	\$25,000	\$25,000
Audit Committee Chair Retainer	\$20,000	\$20,000
Compensation Committee Chair Retainer	\$15,000	\$15,000
N&GC Committee Chair Retainer	\$10,000	\$10,000
Annual Restricted Stock Units (GDFV)	\$95,000	\$95,000

Pay Versus Performance Disclosure

Pursuant to Section 953(a) of the Dodd-Frank Act and Item 402(v) of SEC Regulation S-K, we are providing the following information about the relationship between executive "compensation actually paid" (or "CAP") to the Company's principal executive officer ("PEO") and non-PEO named executive officers (the "Non-PEO NEOs") and certain aspects of the financial performance of the Company.

Pay Versus Performance Table

Year ⁽¹⁾	Summary Compensation Table Total for PEO ⁽²⁾	Compensation Actually Paid to PEO ⁽³⁾	Average Summary Compensation Table Total for Non-PEO NEOs ⁽²⁾	Average Compensation Actually Paid to Non-PEO NEOs ⁽³⁾	Microvast Total Shareholder Return ⁽⁴⁾	GAAP Net Income (Loss) (\$ Mil.)
2024	\$1,141,207	\$1,349,765	\$1,269,434	\$1,923,375	\$135	(\$167)
2023	\$649,008	\$554,345	\$1,506,396	\$1,425,089	\$92	(\$106)

(1) Yang Wu served as the PEO for the entirety of 2024 and 2023. Our Non-PEO NEOs for the applicable years were as follows:

- 2024: Dr. Shengxian Wu and Isida Tushe

- 2023: Zachariah Ward, Craig Webster, and Shane Smith

(2) Amounts reported in these columns represent (i) the total compensation reported in the Summary Compensation Table (“SCT”) for the applicable year in the case of our PEO, Mr. Wu, and (ii) the average of the total compensation reported in the SCT for the applicable year for our Non-PEO NEOs reported for the applicable year.

(3) Amounts reported in these columns represent compensation actually paid; adjustments were made to the amounts reported in the Summary Compensation Table for the applicable year. A reconciliation of the adjustments for Mr. Wu and for the average of the Non-PEO NEOs is set forth in the following table, which describes the adjustments, each of which is prescribed by the SEC rules, to calculate the CAP Amounts from SCT amounts.

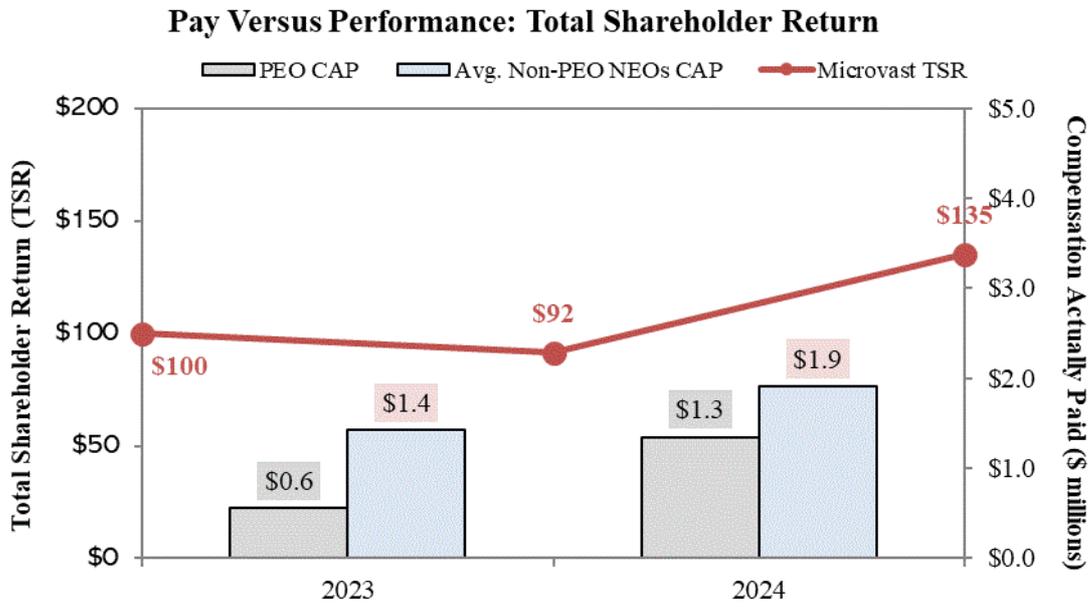
	2024		2023	
	PEO	Average Non-PEO NEOs	PEO	Average Non-PEO NEOs
Summary Compensation Table Total	\$1,141,207	\$1,269,434	\$649,008	\$1,506,396
<i>Minus</i> Stock Award Value & Option Award Value Reported in SCT for the Covered Year	\$590,000	\$890,000	\$0	\$773,083
<i>Plus</i> Year End Fair Value of Equity Awards Granted During the Covered Year that Remain Outstanding and Unvested as of Last Day of the Covered Year	\$0	\$1,670,000	\$0	\$603,067
<i>Plus</i> Year over Year Change in Fair Value as of the Last Day of the Covered Year of Outstanding and Unvested Equity Awards Granted in Prior Years	\$0	\$34,491	\$29,700	\$70,924
<i>Plus</i> Fair Value as of Vesting Date of Equity Awards Granted and Vested in the Covered Year	\$590,000	\$0	\$0	\$40,750
<i>Plus</i> Year over Year Change in Fair Value as of the Vesting Date of Equity Awards Granted in Prior Years that Vested During the Covered Year	\$208,559	(\$160,550)	(\$124,363)	(\$22,964)
<i>Minus</i> Fair Value at the End of the Prior Year of Equity Awards that Failed to Meet Vesting Conditions in the Covered or were Forfeited During the Covered Year	\$0	\$0	\$0	\$0
<i>Plus</i> Value of Dividends or other Earnings Paid on Stock or Option Awards Not Otherwise Reflected in Fair Value or Total Compensation for the Covered Year	\$0	\$0	\$0	\$0
Compensation Actually Paid	\$1,349,765	\$1,923,375	\$554,345	\$1,425,089

In the table above, the unvested equity values are computed in accordance with the methodology used for financial reporting purposes, and for unvested awards subject to performance-based vesting conditions, based on the probable outcome of such performance-based vesting conditions as of the last day of the year.

(4) Total Shareholder Return (TSR) is cumulative for the measurement periods beginning on December 31, 2022 and ending on December 31 of each of 2023 and 2024, respectively, calculated in accordance with Item 201(e) of Regulation S-K.

Relationship between CAP and TSR

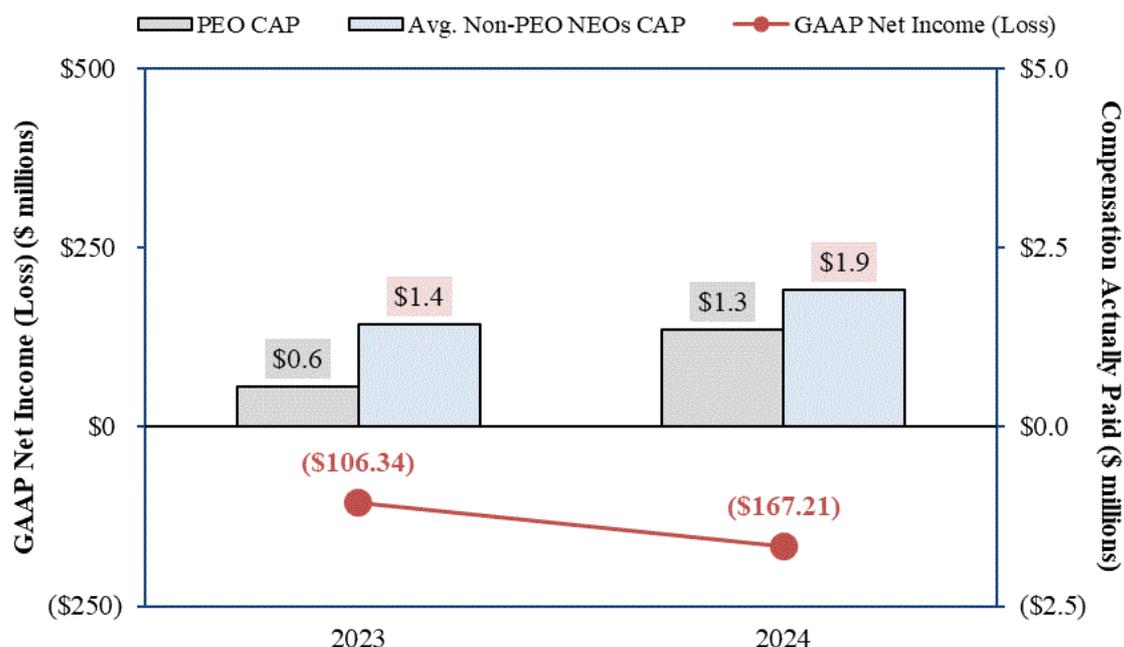
The graph below reflects the relationship between the PEO and Average Non-PEO NEOs CAP and our TSR.



Relationship between CAP and GAAP Net Income (Loss)

The graph below reflects the relationship between the PEO and Average Non-PEO NEOs CAP and our GAAP Net Income (Loss).

Pay Versus Performance: Net Income (Loss)



ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table sets forth information regarding the beneficial ownership of our common stock as of March 24, 2025, by:

- each person known by us to be the beneficial owner of more than 5% of our outstanding shares of common stock;
- each executive officer and director of the Company; and
- all of our executive officers and directors as a group.

Beneficial ownership is determined according to the rules of the SEC, which generally provide that a person has beneficial ownership of a security if he, she or it possesses sole or shared voting or investment power over that security, including stock options and warrants that are currently exercisable or exercisable within 60 days and restricted stock units scheduled to vest within 60 days.

Names and Addresses of Beneficial Owners ⁽¹⁾	Number of Shares	Percent Beneficially Owned ⁽²⁾
Directors and Executive Officers:		
Yang Wu(3)	141,068,036	43.4 %
Fariyal Khanbabi	—	0
Wei Ying(7)	220,243	*
Yixin Pan	92,954	*
Dr. Wenjuan Mattis(4)	2,606,788	*
Dr. Shengxian Wu(6)	1,456,144	*

Isida Tushe(5)	133,333
Arthur Wong	129,592
All directors and executive officers as a group (8 persons)	145,707,090
<i>Five Percent Holders:</i>	
Yang Wu(3)	141,068,036
CDH Griffin Holdings Company Limited(8)	40,435,753

* Less than one percent.

- (1) Unless otherwise indicated, the business address of each of the individuals listed is c/o Microvast Holdings, Inc., 12603 Southwest Freeway, Suite 300, Stafford, Texas 77477.
- (2) The percentage of beneficial ownership is calculated based on 325,209,085 shares of common stock currently issued and outstanding as of March 24, 2025. Shares issuable upon the exercise of warrants or stock options and restricted stock units scheduled to vest within 60 days are deemed outstanding in the denominator used for computing the percentage of the respective person or group holding such warrants, stock options or restricted stock units but are not outstanding for computing the percentage of any other person or group. Unless otherwise indicated, we believe that all persons named in the table have sole voting and investment power with respect to all shares of common stock beneficially owned by them.
- (3) Includes (i) 50,000,000 shares that may be received upon the conversion of certain convertible loans in the aggregate amount of \$25,000,000 for which the principal balance may be converted, in whole or in part, in increments of \$100,000 into shares of common stock at an initial conversion rate of two shares of common stock per \$1.00 of principal to be converted; (ii) presently exercisable warrants to purchase 5,500,000 shares of common stock, and (iii) 2,000,000 shares held by Mr. Wu's children, for which Mr. Wu has sole voting and shared dispositive power.
- (4) Includes 1,923,599 presently exercisable stock options.
- (5) Includes (i) 100,000 presently exercisable stock options and (ii) 33,333 stock options that vested and became exercisable on March 15, 2025.
- (6) Includes 1,282,100 presently exercisable stock options.
- (7) Includes 9,622 Elective RSUs that will vest on March 31, 2025.
- (8) According to a Schedule 13G filed on February 15, 2022, Evergreen Ever Limited ("Evergreen") has sole voting and dispositive power over 31,446,469 shares of common stock and Aurora Sheen Limited ("Aurora") has sole voting and dispositive power over 5,734,018 shares of common stock. In addition, Hangzhou CDH New Trend Equity Investment Partnership (Limited Partnership) ("New Trend") has sole voting and dispositive power over 3,255,266 shares of common stock that were issued in the name of (and held on behalf of New Trend by) MVST SPV Inc., a wholly owned subsidiary of the Company, pursuant to a framework agreement dated February 1, 2021 by and among the Company, New Trend and other parties named therein. The sole shareholder of Evergreen is Piccadilly, L.P. ("Piccadilly") the sole general partner of which is CDH China HF Holdings Company Limited ("HF Holdings"). The sole shareholder of Aurora is Shanghai Dinghui Pingxun Investment Partnership (LLP) ("Shanghai Dinghui"), the sole general partner of which is CDH Shanghai Baifu Wealth Management Company ("Shanghai Baifu"). Dispositive and voting power of the securities held by Evergreen and Aurora is exercised by the members of the investment and risk committee (the "IR Committee"), comprising Wu Shangzhi, Ying Wei, Li Dan, Wei Bin and William Hsu. The IR Committee is appointed by HF Holdings and Shanghai Baifu, respectively. HF Holdings and Shanghai Baifu may be deemed to have beneficial ownership over the shares held by Evergreen and Aurora, respectively. The general partner of New Trend is Dinghui Equity Investment Management (Tianjin) Company Limited ("Dinghui Equity"). Dispositive and voting power of the securities beneficially owned by New Trend is exercised by the members of the investment committee (the "Investment Committee"), comprising Wu Shangzhi, Jiao Shuge, Wang Lin and Huang Yan. The Investment Committee is appointed by Dinghui Equity. Dinghui Equity may be deemed to have beneficial ownership over the shares beneficially owned by New Trend. HF Holdings, Shanghai Baifu and Dinghui Equity are controlled by CDH Investment Management Company Limited ("CDH Investment"), and CDH Griffin Holdings Company Limited ("Griffin Holdings") holds a majority of the equity interests in CDH Investment. The ultimate parent entity is Griffin Holdings. The address for each of the foregoing entities is 1503, Level 15, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong, China.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Stockholders Agreement

In connection with the Business Combination, on July 23, 2021, the Company, Mr. Yang Wu and Tuscan Holdings Acquisition LLC entered into an agreement (the “Stockholders Agreement”) which provides that Mr. Wu will have the right, but not the obligation, to nominate for election to the Board at every meeting of the stockholders of the Company at which directors are elected a number of individuals (rounded up to the nearest whole number) equal to (a) the total number of directors, multiplied by (b) the quotient obtained by dividing the shares of common stock beneficially owned by Mr. Wu by the total number of outstanding shares of common stock (each, a “Wu Director”) less the number of Wu Directors then serving on the Board and whose terms in office are not expiring at such meeting. Yang Wu, Yanzhuan Zheng, Stanley Whittingham and Arthur Wong were nominated by Yang Wu as the initial Wu Directors. The Stockholders Agreement provides that any increase or decrease in the number of directors will require the affirmative vote of the Wu Directors. Under the terms of the Stockholders Agreement, there are currently four Wu Directors.

The Stockholders Agreement also provides that, so long as Tuscan Holdings Acquisition LLC beneficially owns at least 5,175,000 shares of common stock, Tuscan Holdings Acquisition LLC will have the right, but not the obligation, to nominate for election to the Board at every meeting of the stockholders of the Company at which directors are elected, one individual (the “Tuscan Director”) less the number of Tuscan Directors then serving on the Board and whose terms in office are not expiring at such meeting. Stephen Vogel was nominated by Tuscan Holdings Acquisition LLC as the initial Tuscan Director. Since Tuscan Holdings Acquisition LLC no longer beneficially owns 5,175,000 shares of common stock, Tuscan Holdings Acquisition LLC no longer has the right to nominate a Tuscan Director.

Registration Rights and Lock-Up Agreement

On July 23, 2021, the Company entered into the Registration Rights and Lockup Agreement with stockholders of Microvast, Inc. prior to the consummation of the Business Combination, the affiliates of certain former investors in our subsidiary MPS, the Tuscan Group and certain officers and directors of the Company, pursuant to which the Company was obligated to file a registration statement promptly following the closing of the Business Combination to register the resale of certain securities of the Company held by the parties to the Registration Rights and Lock-Up Agreement. The Registration Rights and Lock-Up Agreement provides the parties thereto with “piggy-back” registration rights, subject to certain requirements and customary conditions.

Subject to certain exceptions, the Registration Rights and Lock-Up Agreement further provides (1) Mr. Wu will be subject to a lock-up of two years for 75% of his shares of common stock, provided that, with respect to the 25% of his shares subject to the one-year lock-up, he can sell those shares if the shares trade at \$15.00 or above for 20 days in any 30-day period, and (2) with respect to the shares of common stock owned by members of the Tuscan Group, certain officers and officers of the Company and the Tuscan Group such shares are subject to the transfer restrictions provided in the Amendment to the Escrow Agreement (as defined below).

Indemnity Agreements

On July 23, 2021, we entered into indemnity agreements with Mr. Wu, Yanzhuan Zheng, Craig Webster, Wei Ying, Stanley Whittingham, Arthur Wong and Stephen Vogel, each of whom became a director following the Business Combination, and Wenjuan Mattis, Ph.D., Shane Smith, Shengxian Wu, and Sascha Rene Kelterborn, each of whom became an executive officer of the Company following the Business Combination. Each indemnity agreement provides that, subject to limited exceptions, we will indemnify the director or executive officer to the fullest extent permitted by law for claims arising in his or her capacity as our director or officer. On April 18, 2024, we entered into an indemnity agreement with Isida Tushe and on October 18, 2024, we entered into an indemnity agreement with Yixin Pan.

Parent Support Agreement

In connection with the Business Combination, Tuscan and certain related parties entered into an amendment to the Escrow Agreement between Tuscan, the Company, Continental Stock Transfer & Trust Company and the Tuscan Group (“Escrow Agreement”) pursuant to which 6,750,000 shares held by Tuscan Holdings Acquisition LLC, and the 30,000

shares held by each of Stefan M. Selig, Richard O. Rieger and Amy Butte (together with Tuscan Holdings Acquisition LLC, the “Founders”) are being held post-Business Combination. Pursuant to the amended Escrow Agreement:

- The Escrow Agent will hold 843,750 shares of common stock held by Tuscan Holdings Acquisition LLC until the date on which the last sale price of our common stock equals or exceeds \$12.00 per share for any 20 trading days within any 30-trading day period following the closing of the Business Combination (the “First Earn-Out Target”).
- The Escrow Agent will hold an additional 843,750 shares of common stock held by Tuscan Holdings Acquisition LLC until the date on which the last sale price of our common stock equals or exceeds \$15.00 per share for any 20 trading days within any 30-trading day period following the closing of the Business Combination (the “Second Earn-Out Target”).
- If neither the First Earn-Out Target nor the Second Earn-Out Target is satisfied on or prior to the fifth anniversary of the closing of the Business Combination, then the Escrow Agent will release all the shares held in escrow to the Company for cancellation for no consideration. If only the First Earn-Out Target has been satisfied on or prior to the fifth anniversary of the closing of the Business Combination, then the Escrow Agent will release 834,750 shares of common stock to the Company for cancellation for no consideration.

Independence of Directors

Under the listing rules of the Nasdaq Capital Market, we are required to have a majority of independent directors serving on our Board. Our Board has determined that three of our five directors, namely, Yixin Pan, Wei Ying, and Arthur Wong are independent within the meaning of NASDAQ Rule 5605(a)(2).

Policy Regarding Related Party Transactions

We have adopted a written policy on transactions with “related persons,” defined in the policy as a director, executive officer, nominee for director, or greater than 5% beneficial owner of any class of the Company’s voting securities, and their immediate family members. For purposes of this policy, a “related person transaction” is defined as any transaction, arrangement or relationship in which the Company is a participant, the aggregate amount involved exceeds or may be expected to exceed \$120,000 and in which a related person had, has or will have a direct or indirect material interest. The Board, acting through those members of the Audit Committee who are not interested in the transaction in question, will review related person transactions to determine whether the related person transaction is in, or is not inconsistent with, the best interests of the Company and its stockholders. If, after any such review, a related person transaction is determined to be in, or not inconsistent with, the best interests of the Company, then the related person transaction may be approved or ratified according to the procedures in the policy. If advance Audit Committee approval of a related person transaction requiring the Audit Committee’s approval is not practicable or desirable, then the chair of the Audit Committee may approve or ratify a related person transaction. In addition, the policy provides standing pre-approval for certain types of transactions that the Audit Committee has reviewed and determined will be deemed pre-approved.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The following table sets forth the aggregate fees by categories specified below in connection with certain professional services rendered by Deloitte Touche Tohmatsu Certified Public Accountants LLP (PCAOB ID No. 1113), an independent registered public accounting firm and our principal external auditors, for the periods indicated.

For the Year Ended December 31,	2024	2023
Audit fees ^(a)	\$ 2.0 million	\$ 1.8 million
Audit-related fees ^(b)	—	—
Tax fees ^(c)	0.1 million	0.1 million
All other fees ^(d)	—	—
Total	\$ 2.1 million	\$ 1.9 million

- (a) Audit fees represent fees for services provided in connection with the audit of our consolidated financial statements, review of our interim consolidated financial statements, and audit services provided in connection with other statutory or regulatory filings.

- (b) Audit-related fees consist of assurance and related services rendered by the principal accountant related to the performance of the audit or review of our consolidated financial statements, which have not been reported under audit fees above.
- (c) Tax fees represent fees for professional services rendered for tax compliance, tax advice and tax planning.
- (d) All other fees include fees for services provided other than the services reported above.

Audit Committee Pre-Approval Policies and Procedures

At its regularly scheduled and special meetings, the Audit Committee of the Board considers and pre-approves any audit and non-audit services to be performed by the Company's independent accountants. On July 25, 2021, the Audit Committee adopted its pre-approval policies and procedures. Since that date, there have been no audit or non-audit services rendered by the Company's principal accountants that were not pre-approved.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

1. Financial Statements—See “Index to Consolidated Financial Statements and Financial Statement Schedule” set forth on page F-1.
2. Financial Statement Schedule—See “Index to Consolidated Financial Statements and Financial Statement Schedule” set forth on page F-1.
3. Exhibits—See “Index to Exhibits” set forth on the following page.

INDEX TO EXHIBITS

Exhibit Number	Description
3.1	<u>Second Amended and Restated Certificate of Incorporation of Microvast Holdings, Inc. (incorporated by reference from Exhibit 3.1 to the Company’s Current Report on Form 8-K, filed with the SEC on July 28, 2021).</u>
3.2	<u>Amended and Restated Bylaws of Microvast Holdings, Inc. (incorporated by reference from Exhibit 3.2 to the Company’s Current Report on Form 8-K, filed with the SEC on July 28, 2021).</u>
4.1	<u>Description of Securities of the Registrant (incorporated by reference from Exhibit 4.1 to the Company’s Annual Report on Form 10-K, filed with the SEC on April 1, 2024).</u>
4.2	<u>Specimen Common Stock Certificate (incorporated by reference from Exhibit 4.4 to the Company’s Current Report on Form 8-K, filed with the SEC on July 28, 2021).</u>
4.3	<u>Specimen Warrant Certificate (incorporated by reference from Exhibit 4.5 to the Company’s Current Report on Form 8-K, filed with the SEC on July 28, 2021).</u>
4.4	<u>Warrant Agreement (incorporated by reference from Exhibit 4.4 to the Company’s Registration Statement on S-1, filed with the Company on February 26, 2019).</u>
4.5	<u>Registration Rights and Lock-Up Agreement dated July 26, 2021, by and among (a) Microvast Holdings, Inc., (b) the Microvast Equity Holders, (c) the CL Holders, (d) Tuscan Holdings Acquisition LLC, Stefan M. Selig, Richard O. Rieger and Amy Butte, and (e) EarlyBirdCapital, Inc. (incorporated by reference from Exhibit 4.1 to the Company’s Current Report on Form 8-K, filed with the SEC on July 28, 2021).</u>
4.6	<u>Stockholders Agreement dated July 26, 2021 by and among (a) Microvast Holdings, Inc., (b) Yang Wu and (c) Tuscan Holdings Acquisition LLC. (incorporated by reference from Exhibit 4.2 to the Company’s Current Report on Form 8-K, filed with the SEC on July 28, 2021).</u>
4.7	<u>Common Stock Purchase Warrant, dated May 28, 2024, issued by Microvast Holdings, Inc. to Yang Wu (incorporated by reference from Exhibit 4.1 to the Company’s Current Report on Form 8-K, filed with the SEC on June 4, 2024).</u>
10.1	<u>Form of Indemnity Agreement (incorporated by reference from Exhibit 10.1 to the Company’s Current Report on Form 8-K, filed with the SEC on July 28, 2021).</u>
10.2	<u>Employment Agreement, dated February 1, 2021, by and between Microvast, Inc. and Yang Wu (incorporated by reference from Exhibit 10.2 to the Company’s Current Report on Form 8-K, filed with the SEC on July 28, 2021).</u>
10.3	<u>Employment Agreement, dated February 1, 2021, by and between Microvast, Inc. and Wenjuan Mattis, Ph.D. (incorporated by reference from Exhibit 10.4 to the Company’s Current Report on Form 8-K, filed with the SEC on July 28, 2021).</u>
10.4	<u>Offer Letter, dated October 11, 2024, by and between Microvast Holdings, Inc. and Fariyal Khanbabi (incorporated by reference from Exhibit 10.1 to the Company’s Current Report on Form 8-K, filed with the SEC on October 18, 2024).</u>
10.5	<u>Microvast Holdings, Inc. 2021 Equity Incentive Plan (incorporated by reference from Exhibit 99.1 to the Company’s Registration Statement on Form S-8, filed with the SEC on October 1, 2021).</u>
10.6	<u>Stock Escrow Agreement, between the Registrant, Continental Stock Transfer & Trust Company and the Company’s Initial Stockholder (incorporated by reference from Exhibit 10.6 to the Company’s Registration Statement on S-1, filed with the Company on February 26, 2019).</u>

Exhibit Number	Description
10.7	<u>Amendment No. 1 to Stock Escrow Agreement between the Registrant, Continental Stock Transfer & Trust Company and the Company's Initial Stockholder (incorporated by reference from Exhibit 10.13 to the Company's Current Report on Form 8-K, filed with the SEC on July 28, 2021).</u>
10.8	<u>Form of Performance Stock Unit Award Agreement (incorporated by reference from Exhibit 99.1 to the Company's Current Report on Form 8-K, filed with the SEC on August 31, 2021).</u>
10.9	<u>Form of Restricted Stock Unit Award Agreement (Performance Condition) (incorporated by reference from Exhibit 99.2 to the Company's Current Report on Form 8-K, filed with the SEC on August 31, 2021).</u>
10.10	<u>Form of Restricted Stock Unit Award Agreement (without Performance Condition) (incorporated by reference from Exhibit 99.3 to the Company's Current Report on Form 8-K, filed with the SEC on August 31, 2021).</u>
10.11	<u>Form of Restricted Stock Unit Award Agreement (Directors) (incorporated by reference from Exhibit 10.15 to the Company's Annual Report on Form 10-K, filed with the SEC on March 29, 2022).</u>
10.12	<u>Loan and Security Agreement, dated May 28, 2024, by and among Microvast Holdings, Inc., Microvast, Inc., the subsidiaries of Microvast Holdings, Inc. party hereto, Yang Wu and Acquiom Agency Services, LLC. (incorporated by reference from Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the SEC on June 4, 2024).</u>
10.13	<u>Transition Services Agreement, between Microvast Holdings, Inc. and Craig Webster dated April 10, 2024 (incorporated by reference from Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the SEC on April 12, 2024).</u>
10.14	<u>Pledge Agreement, dated May 28, 2024, by and among Microvast Holdings, Inc., Microvast, Inc., the subsidiaries of Microvast Holdings, Inc. party thereto and Acquiom Agency Services LLC. (incorporated by reference from Exhibit 10.2 to the Company's Current Report on Form 8-K, filed with the SEC on June 4, 2024).</u>
10.15	<u>Form of Stock Option Award Agreement (incorporated by reference from Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q, filed with the SEC on May 16, 2022).</u>
10.16	<u>English Translation of Syndicated Loan Agreement, dated September 27, 2022, by and among Microvast Power Systems Co., Ltd. and Lenders listed thereto (incorporated by reference from Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the SEC on September 29, 2022).</u>
10.17	<u>Offer Letter, dated June 28, 2024, by and between Microvast Holdings, Inc. and Yaser Ali (incorporated by reference from Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the SEC on July 5, 2024).</u>
10.18+	<u>Form of Performance Stock Option Award Agreement (incorporated by reference from Exhibit 10.2 to the Company's Current Report on Form 8-K, filed with the SEC on August 8, 2023).</u>
10.19	<u>Guaranty Agreement, dated May 28, 2024, by and among Microvast Holdings, Inc., Microvast, Inc., the subsidiaries of Microvast Holdings, Inc. party thereto and Acquiom Services LLC. (incorporated by reference from Exhibit 10.3 to the Company's Current Report on Form 8-K, filed with the SEC on June 4, 2024).</u>
19.1*	<u>Microvast Holdings, Inc. Insider Trading Policy.</u>
21.1*	<u>Subsidiaries of the Registrant.</u>
23.1*	<u>Consent of Deloitte Touche Tohmatsu Certified Public Accountants LLP.</u>
24*	Power of Attorney.
31.1*	<u>Certification of Principal Executive Officer Pursuant to Securities Exchange Act Rules 13a-14(a) and 15(d)-14(a), as adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
31.2*	<u>Certification of Principal Financial Officer Pursuant to Securities Exchange Act Rules 13a-14(a) and 15(d)-14(a), as adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
32.1**	<u>Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
32.2**	<u>Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
97.1+	<u>Microvast Holdings, Inc. Amended and Restated Clawback Policy (incorporated by reference from Exhibit 97.1 to the Company's Annual Report on Form 10-K, filed with the SEC on April 1, 2024).</u>

Exhibit Number	Description
101.INS*	Inline XBRL Instance 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 (formatted as inline XBRL and contained in Exhibit 101).

* Filed herewith.

** Furnished.

+ Certain schedules to this Exhibit have been omitted in accordance with Item 601(b)(2) of Regulation S-K. The Company hereby agrees to furnish supplementally a copy of all omitted schedules to the SEC upon request.

ITEM 16. FORM 10-K SUMMARY.

None.

SIGNATURE

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, on March 31, 2025.

MICROVAST HOLDINGS, INC.

By: /s/ Fariyal Khanbabi

Name: Fariyal Khanbabi

Title: Chief Financial Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Yang Wu and Fariyal Khanbabi and each of them, as his or her true and lawful attorney-in-fact and agent with full power of substitution and resubstitution, for such individual in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully for all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or the individual's substitute, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Yang Wu</u> Yang Wu	Chief Executive Officer, President and Chairman of the Board (principal executive officer)	March 31, 2025
<u>/s/ Fariyal Khanbabi</u> Fariyal Khanbabi	Chief Financial Officer	March 31, 2025
<u>/s/ Arthur Wong</u> Arthur Wong	Director	March 31, 2025
<u>/s/ Yixin Pan</u> Yixin Pan	Director	March 31, 2025
<u>/s/Wei Ying</u> Wei Ying	Director	March 31, 2025
<u>/s/Isida Tushe</u> Isida Tushe	Director	March 31, 2025

MICROVAST HOLDINGS, INC. INSIDER TRADING POLICY

I. Introduction

The purpose of this Insider Trading Policy (this “Policy”) is to promote compliance with applicable securities laws by Microvast Holdings, Inc. (“Microvast Holdings”) and its subsidiaries (collectively, the “Company”) and all directors, officers, employees and other agents of the Company (and members of the forgoing persons’ immediate families and households), in order to preserve the reputation and integrity of the Company, as well as that of all persons affiliated with the Company. Questions regarding this policy should be directed to the Company’s designated compliance officer (the “Compliance Officer”).

II. Policy

It is the Company’s policy to comply with all applicable securities laws, including those relating to buying or selling securities in Microvast Holdings (“Company Securities”). In the course of conducting the Company’s business, directors, officers, employees and others may become aware of material, non-public information (as defined in Section IV below) regarding the Company, its affiliates or other companies with which we do business. Directors, officers, employees and agents of the Company and members of their immediate families may not buy or sell Company Securities, or securities of any other publicly-held company, while in possession of material, non-public information concerning or related to such company that was obtained during the course of employment or other involvement with Company business, even if those persons believe the decision to buy or sell is not based upon such material, non-public information.

In addition, entities such as trusts or foundations over which a Company director, officer, employee or agent has control may not buy or sell securities while the employee is in possession of such material, non-public information concerning or related to such company. If you are in possession of material, non-public information, you may not disclose that information to others, even to family members or other Company employees, except for Company employees whose job responsibilities require knowledge of such information.

This Policy will continue to apply to any Company director, officer, employee or agent whose relationship with the Company terminates as long as the individual possesses material, non- public information that he or she obtained in the course of their employment or relationship with the Company.

III. Applicability

The general policy stated above applies to all directors, officers, employees and other agents of the Company. In order to ensure compliance with this Policy, the Board of Directors of Microvast Holdings (the “Board”) has adopted the following procedures, which apply to directors and officers and certain employees and agents of the Company (“Covered Persons”), and their Related Persons (as defined in Section IV.D. below). The Company has determined that these Covered Persons are likely to have access to material, non-public information by virtue of their position with the Company. These procedures apply regardless of the dollar amount of the trade or the source of the material, non-public information. Any questions regarding the applicability of this Policy to a specific situation should be directed to the Compliance Officer.

I. Definition/Explanations

A. Who is an “Insider”?

The definition of “insider” is broad. Any person who possesses material, non-public information is considered an insider as to that information. Insiders include Company directors, officers, employees, independent contractors and those persons in a special relationship with the Company (*e.g.*, its auditors, consultants or attorneys). The definition of an insider is transaction-specific; that is, an individual is an insider with respect to each material, non-public item of which he or she is aware.

B. What is “Material” Information?

The materiality of a fact depends upon the circumstances. A fact is considered “material” if there is a substantial likelihood that a reasonable investor would consider it important in making a decision to buy, sell or hold a security or where the fact is likely to have a significant effect on the market price of the security. Material information can be positive or negative and can relate to virtually any aspect of a company’s business or to any type of security, debt or equity. Some examples of material information include:

- earnings and other financial results (or material changes thereto);
- guidance on earnings estimates or other financial information;
- significant expansion or curtailment of operations, such as the purchase or sale of property or assets;
- a significant increase or decline in revenues;
- changes in dividend policies or the declaration of a stock split or the offering of additional securities;
- significant merger or acquisition proposals or agreements, including tender offers;
- significant new products or plans to enter significant new businesses;
- extraordinary borrowing;
- gain or loss of a substantial customer;
- the institution of significant litigation or regulatory proceedings or investigations;
- significant management developments; and
- impending bankruptcy or financial liquidity problems.

The above list is not exhaustive, and many other types of information may be considered “material” depending on the circumstances. The materiality of certain information is subject to reassessment on a regular basis. When in doubt, please contact the Compliance Officer.

C. What is “Non-Public” Information?

Information is “non-public” if it is not available to the general public. In order for information to be considered public, it must be widely disseminated in a manner that makes it generally available to investors through a report filed with the United States Securities and Exchange Commission (the “SEC”) or through media including Dow Jones, Reuters Economic Services, The Wall Street Journal, the Associated Press or United Press International. The circulation of rumors, even if accurate and reported in the media, does not constitute effective public dissemination. In addition, even after a public announcement of material information, a reasonable period of time must elapse in order for the market to react to the information.

Generally, approximately two full trading days following publication is a reasonable waiting period before information is deemed to be public. Therefore, if an announcement were to be made before the commencement of trading on a Monday, an employee could trade in Company Securities starting on Wednesday of that week, because two full trading days would have elapsed (all of Monday and Tuesday). If the announcement were made on Monday after trading begins, employees could not trade in Company Securities until Thursday. If the announcement were made on Friday after trading begins, employees could not trade in Company Securities until Wednesday of the following week. Note that this restriction is in addition to any other restrictions that apply under this Policy, including the requirement that certain trades be pre-cleared (see Section V.C. below) and that they occur during specified trading windows (see Section V.G. below).

D. Who is a “Related Person”?

For purposes of this Policy, a “Related Person” includes (1) your spouse, minor children and anyone else living in your household, (2) partnerships in which you are a general partner, (3) corporations in which you either singly or together with other “Related Persons” own a controlling interest, (4) trusts of which you are a trustee, settlor or beneficiary, (5) estates of which you are an executor or beneficiary or (6) any other group or entity where the insider has or shared with others the power to decide whether to buy or sell Company Securities. Although a person’s parent, child or sibling may not be considered a Related Person (unless living in the same household), a parent or sibling may be a “tippee” for securities laws purposes. See Section V.D. below for the Company’s policy on “tipping.”

II. Guidelines

A. Non-Disclosure of Material, Non-Public Information

Material, non-public information must not be disclosed to anyone, other than persons within the Company or third party agents of the Company (such as investment banking advisors or outside legal counsel) whose positions require them to know such information and who have professional or contractual obligations of confidentiality, until such information has been publicly released by the Company.

B. Prohibited Trading in Company Securities

No Covered Persons or their Related Persons may place a purchase or sell order or recommend that another person place a purchase or sell order in Company Securities (including initial elections, changes in elections or reallocation of funds relating to 401(k) plan accounts, but excluding the exercise of options, other than as described in Section V.G. below) outside of a trading window (see Section V.G. below) or when he or she has knowledge of material, non-public information concerning or related to the Company. In addition, in some circumstances, the Company's directors and officers may be prohibited from trading in Company Securities during any period when certain participants or beneficiaries of individual account plans (such as some pension fund plans) maintained by the Company are subject to a temporary trading suspension in Company Securities.

C. Pre-Clearance

If securities transactions ever become the subject of scrutiny, they are likely to be viewed after-the-fact with the benefit of hindsight. Therefore, Covered Persons must obtain prior clearance from the Compliance Officer, or his or her designee, before he, she or any of his or her Related Persons makes any purchases or sales of Company Securities. An exercise of a stock option need not be pre-cleared if such exercise does not involve the sale of any Company Securities (for example, a sale of Company Securities to finance a broker-assisted "cashless" exercise). Pre-clearance may only be obtained by submitting the Pre-Trading Clearance and Certification Form attached hereto as Annex A. Each proposed transaction will be evaluated to determine if it raises insider trading concerns or other concerns under the applicable securities laws and regulations. Any advice will relate solely to the restraints imposed by law and will not constitute advice regarding the investment aspects of any transaction. Pre-clearance of a transaction is valid only for a 48-hour period. If the transaction order is not placed within that 48-hour period, pre-clearance of the transaction must be re-requested. If pre-clearance is denied, the fact of such denial must be kept confidential by the person requesting such pre-clearance.

D. "Tipping" Information to Others

Insiders may be liable for communicating or tipping material, non-public information to any third party ("tippee"), not limited to just Related Persons. Further, insider trading violations are not limited to trading or tipping by insiders. Persons other than insiders also can be liable for insider trading, including tippees who trade on material, non-public information tipped to them and individuals who trade on material, non-public information which has been misappropriated. Tippees inherit an insider's duties and are liable for trading on material, non-public information illegally tipped to them by an insider. Similarly, just as insiders are liable for the insider trading of their tippees, so are tippees who pass the information along to others who trade. In other words, a tippee's liability for insider trading is no different from that of an insider. Tippees can obtain material, non-public information by receiving overt tips from others or through, among other things, conversations at social, business or other gatherings. Therefore, it is the Company's policy that Covered Persons are required to keep completely and strictly confidential all non-public information relating to the Company.

E. Avoid Speculation

Covered Persons and their Related Persons may not trade in options, warrants, puts and calls or similar derivative securities on Company Securities or sell Company Securities “short.” For further information, see Section V.I. below. In addition, Covered Persons and their Related Persons may not hold Company Securities in margin accounts. For further information, see Section V.J. below. Investing in Company Securities provides an opportunity to share in the future growth of the Company. Investment in the Company and sharing in the growth of the Company, however, does not mean short-range speculation based on fluctuations in the market. Such activities may put the personal gain of the Covered Person or Related Person in conflict with the best interests of the Company and its securityholders. Except as required to perform their job, Covered Persons and their Related Persons are also prohibited from participating in on-line chat rooms or other social media forums involving the Company, its business or its stock.

Notwithstanding the foregoing, any person may, of course, exercise options granted to them by the Company and, subject to the restrictions discussed in this Policy and other applicable Company policies, sell shares acquired through the exercise of such options.

F. Trading in Securities of Other Public Companies

No Covered Person or Related Person may place purchase or sell orders or recommend that another person place a purchase or sell order in the securities of another company if the person learns of material, non-public information about the other company in the course of his or her service to, or employment with, the Company.

G. Trading Window

In addition to all of the other limitations contained in this Policy, Covered Persons and their Related Persons may only buy or sell Company Securities in the public market during the period beginning two trading days after the release of Microvast Holdings’ quarterly and year-end earnings announcement and continuing until the fifteenth calendar day prior to the end of the next fiscal quarter. This Policy does not apply to the exercise of stock options other than “cashless exercises” as described above. In addition, you should remember that, even if the trading window is open, you cannot trade in Company Securities if you are in possession of material, non-public information, and you still must receive pre-clearance for any trade in Company Securities.

From time to time, the Company, through the Compliance Officer, may close trading during a trading window in light of developments that could involve material, non-public information. In these situations, the Compliance Officer will notify particular individuals that they should not engage in trading of Company Securities (except as permitted under a Rule 10b5-1 plan as described below) and should not disclose to others the fact that the trading window has been closed. If the relationship of an individual with the Company should terminate while such a notice is in effect, the prohibition will continue to apply until the Compliance Officer gives notice that the ban has been lifted.

H. Pre-Arranged Trading Plans

SEC Rule 10b5-1(c) provides a defense from insider trading liability if trades occur pursuant to a pre-arranged “trading plan” that meets specified conditions. Under this rule, if you enter into a binding contract, an instruction or a written plan that specifies the amount, price and date on which securities are to be purchased or sold, and if these arrangements are established at a time when you do not possess material, non-public information relevant to such trades, then you may claim a defense to insider trading liability if the transactions under the trading plan occur at a time when you have subsequently learned relevant material, non-public information. Arrangements under Rule 10b5-1(c) may specify the amount, price and date through a formula or may specify trading parameters which another person has discretion to administer, but you must not exercise any subsequent discretion affecting the transactions, and if your broker or any other person exercises discretion in implementing trades, you must not influence his or her actions and he or she must not possess any relevant material, non-public information at the time of the trades. Trading plans can be established for a single trade or a series of trades. The Company prefers that your trading plan provide for trades quarterly during the trading window.

It is important that you properly document the details of a trading plan. Please note that, in addition to the trading plan requirements described above, there are a number of additional procedural conditions to Rule 10b5-1(c) that must be satisfied before you can rely on a trading plan as an affirmative defense against an insider trading charge. These requirements include: (a) that you act in good faith; (b) that you not modify your trading instructions while you possess relevant material, non-public information; and (c) that you not enter into or alter a corresponding or hedging transaction or position. Because Rule 10b5-1(c) is complex, the Company recommends that you work with a broker and the Compliance Officer and be sure that you fully understand the applicable limitations and conditions before you establish a trading plan.

The Compliance Officer will review a proposed trading plan to determine whether the Covered Person is entering into a plan at a time that he or she is not in possession of material, non- public information and the plan is otherwise in compliance with this Policy.

The Compliance Officer will notify the chair of the Audit Committee if any executive officer or director intends to enter into a trading plan. If the chair deems appropriate, a review of any trading plan may be considered by the Audit Committee prior to approval.

I. Hedging

Hedging or monetization transactions can be accomplished in a number of ways, including through the use of financial instruments such as call or put options, prepaid variable forward contracts, equity swaps, collars and exchange funds. These hedging transactions may permit a Company director, officer or employee to own Company Securities without the full risks and rewards of ownership. When that occurs, the Company director, officer or employee may no longer have the same objectives as the Company or the other stockholders. In addition, directors and certain officers subject to the obligations of Section 16 under the Securities Exchange Act of 1934 are obligated to file reports with respect to hedging transactions with the SEC. As a result, the Board has determined that Company directors, officers and employees shall be prohibited from engaging in any hedging transactions.

J. Pledging

Company Securities held in a margin account as collateral for a loan may be sold by a broker without the customer's consent if the customer fails to meet a margin call. Similarly, securities pledged as collateral for a loan may be sold in foreclosure if the borrower defaults on the loan. Because a margin sale or foreclosure sale may occur at a time when the pledgor is aware of material, non-public information or otherwise is not permitted to trade in Company Securities, Covered Persons are prohibited from holding Company Securities in a margin account or otherwise pledging Company Securities as collateral for a loan.

K. No Circumvention

No circumvention of this Policy is permitted. You may not try to accomplish indirectly what is prohibited directly by this Policy. The short-term benefits to an individual do not outweigh the potential liability that may result when an employee is involved in the illegal trading of securities.

III. Penalties for Insider Trading

Penalties for trading on or communicating material, non-public information are severe, both for individuals involved in such unlawful conduct and their employers. A person can be subject to some or all of the penalties below even if he or she does not permanently benefit from the violation. Penalties may include:

- civil injunctions;
- treble damages;
- disgorgement of profits;
- prison sentences of up to 20 years and criminal fines of up to \$5 million per violation for natural persons and \$25 million per violation for non- natural persons;
- civil fines for the person who committed the violation of up to three times the profit gained or loss avoided, whether or not the person actually benefited;
- fines for the employer or other controlling/supervisory person of up to the greater of \$1.2 million or three times the amount of the profit gained or loss avoided plus, in the case of entities, a criminal penalty of up to \$2.5 million; and
- criminal penalties up to 25 years in prison for knowingly executing a "scheme or artifice to defraud any person" in connection with any registered securities.

In addition, any violation of this Policy can be expected to result in serious sanctions by the Company, including termination of the persons involved.

IV. Acknowledgment

All Covered Persons must certify in writing using the form attached hereto as Annex B that they have read and intend to comply with the procedures set forth in this Policy.

Additionally, in the event you decide to establish a Rule 10b5-1 trading plan, your broker- dealer will need to sign a Broker Instruction and Representation Letter in the form attached hereto as Annex C.

V. Interpretation

This Policy should be interpreted and construed in the context of all applicable laws and the Certificate of Incorporation and Bylaws of Microvast Holdings, as well as any other corporate governance documents.

VI. Amendment; Waivers

The Board reserves the right to amend this Policy at any time. The Board may grant a waiver of this Policy on a case-by-case basis but only under special circumstances.

Approved and Adopted: July 23, 2021

Name of Subsidiaries	Place of Incorporation
Microvast, Inc.	Delaware, USA
Microvast Power Solutions, Inc.	Texas, USA
Microvast Power Systems Co., Ltd.	Huzhou, PRC
Microvast Power Systems UK Limited	Cardiff, UK
Microvast GmbH	Germany
Huzhou Hongwei New Energy Automobile Co., Ltd.	Huzhou, PRC
Huzhou Microvast Electric Vehicle Sales Service, Ltd.	Huzhou, PRC
Microvast Energy, Inc.	Colorado, USA
Microvast Advanced Membrane, Inc.	Delaware, USA
Microvast Advanced Materials, Inc.	Delaware, USA
Microvast Precision Works Co., Ltd	Huzhou, PRC
Angtai(Zhejiang) Engineering Construction Co. Ltd.	Huzhou, PRC

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statement No. 333-258978 on the post effective amendment to Form S-1 on Form S-3 and Registration Statement No. 333-259957 on Form S-8 of our reports dated March 31, 2025, relating to the financial statements of Microvast Holdings, Inc. and the effectiveness of Microvast Holdings, Inc.'s internal control over financial reporting appearing in the Annual Report on Form 10-K for the year ended December 31, 2024.

/s/ Deloitte Touche Tohmatsu Certified Public Accountants LLP

Deloitte Touche Tohmatsu Certified Public Accountants LLP
Beijing, the People's Republic of China

March 31, 2025

CERTIFICATIONS

I, Yang Wu, certify that:

1. I have reviewed this Annual Report on Form 10-K of Microvast Holdings, 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. The registrant's other certifying officer and I are 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, 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 my 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; and
 - 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: March 31, 2025

By: /s/ Yang Wu
Yang Wu
Chief Executive Officer
(Principal Executive Officer)

CERTIFICATIONS

I, Fariyal Khanbabi, certify that:

1. I have reviewed this Annual Report on Form 10-K of Microvast Holdings, 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. The registrant's other certifying officer and I are 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, 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 my 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; and
 - 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: March 31, 2025

By: /s/ Fariyal Khanbabi
Fariyal Khanbabi
Chief Financial Officer
(Principal Financial Officer)

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

In connection with the Annual Report of Microvast Holdings, Inc. (the "Company") on Form 10-K for the year ended December 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Yang Wu, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as added by §906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 31, 2025

By: /s/ Yang Wu

Yang Wu

Chief Executive Officer

(Principal Executive Officer)

