

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2025

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

(State or other jurisdiction of incorporation or organization)

83-2530757

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

12603 Southwest Freeway, Suite 300  
Stafford, Texas

(Address of principal executive offices)

77477

(Zip Code)

(281) 491-9505

(Registrant's telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class   | Trading Symbol(s) | Name of 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          |

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, smaller reporting company, or an emerging growth company. See the 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  Accelerated filer   
Non-accelerated filer  Smaller reporting company   
Emerging growth company

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 is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of May 5, 2025, there were 325,341,389 shares of the Company's common stock, par value \$0.0001, issued and outstanding.

**MICROVAST HOLDINGS, INC.**  
**FORM 10-Q**  
**For the Quarter Ended March 31, 2025**

**Table of Contents**

|  | <b>Page</b> |
|--|-------------|
| <b><u>PART I. FINANCIAL INFORMATION</u></b>  | <b>1</b>    |
| Item 1. <a href="#">Financial Statements (Unaudited)</a>   | 1           |
| <a href="#">Unaudited Condensed Consolidated Balance Sheets</a>  | 1           |
| <a href="#">Unaudited Condensed Consolidated Statements of Operations</a>                                      | 3           |
| <a href="#">Unaudited Condensed Consolidated Statements of Comprehensive Profit/(Loss)</a>                     | 4           |
| <a href="#">Unaudited Condensed Consolidated Statements of Changes in Stockholders' Equity</a>                 | 5           |
| <a href="#">Unaudited Condensed Consolidated Statements of Cash Flows</a>                                      | 6           |
| <a href="#">Notes to Unaudited Condensed Consolidated Financial Statements</a>                                 | 8           |
| Item 2. <a href="#">Management's Discussion and Analysis of Financial Condition and Results of Operations</a>  | 30          |
| Item 3. <a href="#">Quantitative and Qualitative Disclosures About Market Risk</a>                             | 40          |
| Item 4. <a href="#">Controls and Procedures</a>  | 41          |
| <b><u>PART II. OTHER INFORMATION</u></b>   | <b>43</b>   |
| Item 1. <a href="#">Legal Proceedings</a>  | 43          |
| Item 1A. <a href="#">Risk Factors</a>  | 43          |
| Item 2. <a href="#">Unregistered Sales of Equity Securities and Use of Proceeds from Registered Securities</a> | 43          |
| Item 3. <a href="#">Defaults Upon Senior Securities</a>  | 43          |
| Item 4. <a href="#">Mine Safety Disclosures</a>  | 43          |
| Item 5. <a href="#">Other Information</a>  | 43          |
| Item 6. <a href="#">Exhibits</a>   | 44          |

## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This report ("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 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 impact of geopolitical events, including the ongoing conflicts between Russia and Ukraine and in the Middle East; and
- tariffs imposed on products of the PRC into the United States may lead to increased costs and impact our business.

The foregoing list of factors is not exhaustive and new factors may emerge from time to time that could also affect actual performance and results. For more information, please see the risk factors included in our Annual Report on Form 10-K for the year ended December 31, 2024 in Part I, Item 1A.

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.*

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited)

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

|  | March 31,<br>2025 | December 31,<br>2024 |
|--|-------------------|----------------------|
| <b>Assets</b>  |                   |                      |
| Current assets:  |                   |                      |
| Cash and cash equivalents  | \$ 90,898         | \$ 73,007            |
| Restricted cash, current   | 32,096            | 36,572               |
| Accounts receivable (net of allowance for credit losses of \$6,523 and \$5,090 as of March 31, 2025 and December 31, 2024, respectively) | 135,654           | 120,626              |
| Notes receivable   | 10,362            | 7,579                |
| Inventories, net   | 129,059           | 143,327              |
| Prepaid expenses and other current assets  | 30,027            | 27,019               |
| Assets held for sale   | 19,896            | 19,896               |
| <b>Total Current Assets</b>  | <b>447,992</b>    | <b>428,026</b>       |
| Restricted cash, non-current   | —                 | 22                   |
| Property, plant and equipment, net   | 485,157           | 478,189              |
| Land use rights, net   | 11,366            | 11,371               |
| Acquired intangible assets, net  | 2,496             | 2,607                |
| Operating lease right-of-use assets  | 18,205            | 17,628               |
| Other non-current assets   | 17,716            | 14,024               |
| <b>Total Assets</b>  | <b>\$ 982,932</b> | <b>\$ 951,867</b>    |
| <b>Liabilities</b>   |                   |                      |
| Current liabilities:   |                   |                      |
| Accounts payable   | \$ 56,771         | \$ 64,940            |
| Notes payable  | 47,901            | 51,756               |
| Accrued expenses and other current liabilities   | 104,136           | 98,456               |
| Advance from customers   | 44,204            | 43,678               |
| Amounts due to related parties   | —                 | 5                    |
| Short-term bank borrowings   | 86,241            | 70,666               |
| Income tax payables  | 653               | 652                  |
| <b>Total Current Liabilities</b>   | <b>339,906</b>    | <b>330,153</b>       |
| Long-term bonds payable  | 41,693            | 43,157               |
| Long-term bank borrowings  | 41,302            | 41,062               |
| Warrant liability  | 64                | 290                  |
| Share-based compensation liability   | 98                | 98                   |
| Operating lease liabilities  | 14,793            | 14,596               |
| Convertible loan measured at fair value  | 60,996            | 104,613              |
| Other non-current liabilities  | 29,845            | 30,003               |
| <b>Total Liabilities</b>   | <b>\$ 528,697</b> | <b>\$ 563,972</b>    |

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

|  | <b>March 31,<br/>2025</b> | <b>December 31,<br/>2024</b> |
|--|---------------------------|------------------------------|
| <b>Commitments and contingencies (Note 16)</b>   |                           |                              |
| <b>Stockholders' Equity</b>  |                           |                              |
| Common Stock (par value of US\$0.0001 per share, 750,000,000 and 750,000,000 shares authorized as of March 31, 2025 and December 31, 2024; 325,216,389 and 324,831,634 shares issued, and 323,528,889 and 323,144,134 shares outstanding as of March 31, 2025 and December 31, 2024) | \$ 33                     | \$ 33                        |
| Additional paid-in capital   | 1,513,685                 | 1,512,982                    |
| Statutory reserves   | 6,032                     | 6,032                        |
| Accumulated deficit  | (1,031,168)               | (1,092,958)                  |
| Accumulated other comprehensive loss   | (34,347)                  | (38,194)                     |
| <b>Total Equity</b>  | <b>\$ 454,235</b>         | <b>\$ 387,895</b>            |
| <b>Total Liabilities and Equity</b>  | <b>\$ 982,932</b>         | <b>\$ 951,867</b>            |

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

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

|   | Three Months Ended<br>March 31, |                    |
|---|---------------------------------|--------------------|
|   | 2025                            | 2024               |
| Revenues  | \$ 116,491                      | \$ 81,351          |
| Cost of revenues  | (73,475)                        | (64,126)           |
| <b>Gross profit</b>   | <b>43,016</b>                   | <b>17,225</b>      |
| <b>Operating expenses:</b>  |                                 |                    |
| General and administrative expenses   | (10,453)                        | (23,794)           |
| Research and development expenses   | (8,248)                         | (11,492)           |
| Selling and marketing expenses  | (6,799)                         | (5,591)            |
| <b>Total operating expenses</b>   | <b>(25,500)</b>                 | <b>(40,877)</b>    |
| Subsidy income  | 1,416                           | 534                |
| <b>Profit/(loss) from operations</b>  | <b>18,932</b>                   | <b>(23,118)</b>    |
| <b>Other income and expenses:</b>   |                                 |                    |
| Interest income   | 177                             | 119                |
| Interest expense  | (1,188)                         | (1,732)            |
| Changes in fair value of warrant liability and convertible loan                         | 43,160                          | 42                 |
| Gain on debt restructuring  | 389                             | —                  |
| Other income/(expense), net   | 320                             | (136)              |
| <b>Profit/(loss) before provision for income taxes</b>                                  | <b>61,790</b>                   | <b>(24,825)</b>    |
| Income tax expense  | —                               | —                  |
| <b>Net profit/(loss)</b>  | <b>\$ 61,790</b>                | <b>\$ (24,825)</b> |
| Less: net profit/(loss) attributable to noncontrolling interests                        | —                               | —                  |
| <b>Net profit/(loss) attributable to Microvast Holdings, Inc.'s stockholders</b>        | <b>\$ 61,790</b>                | <b>\$ (24,825)</b> |
| <b>Net profit/(loss) per common share</b>   |                                 |                    |
| Basic   | \$ 0.19                         | \$ (0.08)          |
| Diluted   | \$ 0.05                         | \$ (0.08)          |
| Weighted average shares used in calculating net profit/(loss) per share of common stock |                                 |                    |
| Basic   | 323,430,721                     | 315,367,121        |
| Diluted   | 374,425,026                     | 315,367,121        |

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

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

|   | <b>Three Months Ended</b> |                    |
|---|---------------------------|--------------------|
|   | <b>March 31,</b>          |                    |
|   | <b>2025</b>               | <b>2024</b>        |
| Net profit/(loss)   | \$ 61,790                 | \$ (24,825)        |
| Foreign currency translation adjustment   | 3,847                     | (5,117)            |
| <b>Comprehensive profit/(loss)</b>  | <b>\$ 65,637</b>          | <b>\$ (29,942)</b> |
| Comprehensive profit/(loss) attributable to non-controlling interests                           | —                         | —                  |
| <b>Total comprehensive profit/(loss) attributable to Microvast Holding, Inc.'s stockholders</b> | <b>\$ 65,637</b>          | <b>\$ (29,942)</b> |

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

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

|   | Three Months Ended March 31, 2025 |              |                                  |                        |   |                       |                   | Total<br>Microvast<br>Holdings, Inc.<br>Stockholders'<br>Equity |
|---|-----------------------------------|--------------|----------------------------------|------------------------|---|-----------------------|-------------------|---|
|   | Common Stock                      |              | Additional<br>paid-in<br>capital | Accumulated<br>deficit | Accumulated<br>other<br>Comprehensive<br>loss | Statutory<br>reserves |                   |   |
|   | Shares                            | Amount       |                                  |                        |   |                       |                   |   |
| Balance as of December 31, 2024   | 323,144,134                       | \$ 33        | \$ 1,512,982                     | \$ (1,092,958)         | \$ (38,194)                                   | \$ 6,032              | \$ 387,895        |   |
| Net profit  | —                                 | —            | —                                | 61,790                 | —   | —                     | 61,790            |   |
| Issuance of common stock in connection with vesting of share-based awards | 384,755                           | —            | —                                | —                      | —   | —                     | —                 |   |
| Share-based compensation  | —                                 | —            | 703                              | —                      | —   | —                     | 703               |   |
| Foreign currency translation adjustments                                  | —                                 | —            | —                                | —                      | 3,847   | —                     | 3,847             |   |
| <b>Balance as of March 31, 2025</b>                                       | <b>323,528,889</b>                | <b>\$ 33</b> | <b>\$ 1,513,685</b>              | <b>\$ (1,031,168)</b>  | <b>\$ (34,347)</b>                            | <b>\$ 6,032</b>       | <b>\$ 454,235</b> |   |

|   | Three Months Ended March 31, 2024 |              |                                  |                        |   |                       |                   | Total<br>Microvast<br>Holdings, Inc.<br>Stockholders'<br>Equity |
|---|-----------------------------------|--------------|----------------------------------|------------------------|---|-----------------------|-------------------|---|
|   | Common Stock                      |              | Additional<br>paid-in<br>capital | Accumulated<br>deficit | Accumulated<br>other<br>Comprehensive<br>loss | Statutory<br>reserves |                   |   |
|   | 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  | —                                 | —            | —                                | (24,825)               | —   | —                     | (24,825)          |   |
| Issuance of common stock in connection with vesting of share-based awards | 501,653                           | —            | —                                | —                      | —   | —                     | —                 |   |
| Share-based compensation  | —                                 | —            | 11,898                           | —                      | —   | —                     | 11,898            |   |
| Foreign currency translation adjustments                                  | —                                 | —            | —                                | —                      | (5,117)                                       | —                     | (5,117)           |   |
| <b>Balance as of March 31, 2024</b>                                       | <b>315,508,595</b>                | <b>\$ 32</b> | <b>\$ 1,493,139</b>              | <b>\$ (922,326)</b>    | <b>\$ (30,731)</b>                            | <b>\$ 6,032</b>       | <b>\$ 546,146</b> |   |

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

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

|  | Three Months Ended<br>March 31, |                |
|--|---------------------------------|----------------|
|  | 2025                            | 2024           |
| Cash flows from operating activities   |                                 |                |
| Net profit/(loss)  | \$ 61,790                       | \$ (24,825)    |
| Adjustments to reconcile net profit/(loss) to net cash used in operating activities: |                                 |                |
| Loss/(gain) on disposal of property, plant and equipment                             | 95                              | (34)           |
| Gain on debt restructuring   | (389)                           | —              |
| Depreciation of property, plant and equipment  | 7,985                           | 7,470          |
| Amortization of land use right and intangible assets                                 | 192                             | 194            |
| Noncash lease expenses   | 666                             | 664            |
| Share-based compensation   | 703                             | 11,865         |
| Changes in fair value of warrant and convertible loan                                | (43,160)                        | (42)           |
| Allowance of credit losses   | 1,358                           | 578            |
| Product warranty   | 4,825                           | 3,269          |
| Changes in operating assets and liabilities:   |                                 |                |
| Notes receivable   | (5,263)                         | 10,577         |
| Accounts receivable  | (14,108)                        | 12,011         |
| Inventories  | 15,783                          | 16,341         |
| Prepaid expenses and other current assets  | (2,402)                         | 4,305          |
| Amounts due to related parties   | (5)                             | —              |
| Operating lease right-of-use assets  | (654)                           | (323)          |
| Other non-current assets   | (1,388)                         | (275)          |
| Notes payable  | (4,150)                         | 1,042          |
| Accounts payable   | (8,547)                         | (27,843)       |
| Advance from customers   | 462                             | (1,694)        |
| Accrued expenses and other liabilities   | (6,812)                         | (10,623)       |
| Operating lease liabilities  | (340)                           | (500)          |
| Other non-current liabilities  | 528                             | (126)          |
| <b>Net cash generated from operating activities</b>                                  | <b>7,169</b>                    | <b>2,031</b>   |
| Cash flows from investing activities   |                                 |                |
| Purchases of property, plant and equipment   | (2,346)                         | (10,241)       |
| Proceeds on disposal of property, plant and equipment                                | 14                              | 152            |
| Proceeds from maturity of short-term investments                                     | —                               | 5,564          |
| <b>Net cash used in investing activities</b>   | <b>(2,332)</b>                  | <b>(4,525)</b> |
| Cash flows from financing activities   |                                 |                |
| Proceeds from borrowings   | 28,187                          | 18,780         |
| Repayment of bank borrowings   | (13,062)                        | (12,520)       |
| Repayment of bonds payable   | (1,375)                         | —              |
| Deferred payment related to purchases of property, plant and equipment               | (4,287)                         | —              |
| <b>Net cash generated from financing activities</b>                                  | <b>9,463</b>                    | <b>6,260</b>   |
| Effect of exchange rate changes  | (907)                           | (5,251)        |
| Increase/ (decrease) in cash, cash equivalents and restricted cash                   | 13,393                          | (1,485)        |

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

|   | Three Months Ended<br>March 31, |           |
|---|---------------------------------|-----------|
|   | 2025                            | 2024      |
| Cash, cash equivalents and restricted cash at beginning of the period | 109,601                         | 88,189    |
| Cash, cash equivalents and restricted cash at end of the period       | \$ 122,994                      | \$ 86,704 |

|  | Three Months Ended<br>March 31, |                  |
|--|---------------------------------|------------------|
|  | 2025                            | 2024             |
| Reconciliation to amounts on unaudited condensed consolidated balance sheets |                                 |                  |
| Cash and cash equivalents  | \$ 90,898                       | \$ 39,451        |
| Restricted cash  | 32,096                          | 47,253           |
| <b>Total cash, cash equivalents and restricted cash</b>                      | <b>\$ 122,994</b>               | <b>\$ 86,704</b> |

|   |           |           |
|---|-----------|-----------|
| Non-cash investing and financing activities           |           |           |
| Payable for purchase of property, plant and equipment | \$ 51,960 | \$ 92,817 |

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

**MICROVAST HOLDINGS, INC.**  
**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2025**  
**(In thousands of U.S. dollars, except share and per share data, or as otherwise noted)**

**NOTE 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 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").

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.

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES**

*Basis of presentation and use of estimates*

The accompanying unaudited condensed consolidated financial statements include the accounts of Microvast Holdings, Inc. and its consolidated subsidiaries. All intercompany transactions and balances have been eliminated in consolidation.

These financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP") and the rules and regulations of the Securities and Exchange Commission ("SEC") applicable to interim financial reporting. Accordingly, certain information and disclosures normally included in the notes to the annual consolidated financial statements prepared in accordance with U.S. GAAP have been condensed or omitted.

These interim financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2024, included in the Annual Report on Form 10-K filed with the SEC on March 31, 2025, which contains a more complete discussion of the Company's accounting policies and other relevant information.

In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation of the interim financial statements have been included. The results of operations for the three months ended March 31, 2025 are not necessarily indicative of results to be expected for any future interim period or the full fiscal year ending December 31, 2025.

The December 31, 2024 condensed consolidated balance sheet data included herein was derived from the Company's audited financial statements.

There have been no material changes to the Company's significant accounting policies as disclosed in Note 2 to the audited consolidated financial statements for the year ended December 31, 2024.

Significant accounting estimates include, but are not limited to, allowances for credit losses, write-down of obsolete inventories, impairment of property, plant and equipment, product warranties, fair value measurement of Convertible Loan and share based compensation. Actual results could differ materially from those estimates.

**MICROVAST HOLDINGS, INC.**  
**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2025**

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

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES - continued**

***Going concern***

The accompanying unaudited condensed 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.

As of March 31, 2025, the Group had working capital of \$108,086, stockholders' equity of \$454,235 (including an accumulated deficit of \$1,031,168), and cash and cash equivalents of \$90,898. As of March 31, 2025, the Group held outstanding borrowings of \$127,543, with \$86,241 due within the next 12 months, and other current liabilities of \$253,665, which include accounts payable, notes payable, accrued expenses and other current liabilities. Additionally, as of March 31, 2025, the Group had \$62,085 in purchase commitments primarily related to inventory, and \$52,060 in capital commitments with \$26,165 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 next twelve months from the date of issuance of its unaudited condensed consolidated financial statements. For the three months ended March 31, 2025, the Group incurred net profit from operation of \$18,932 and generated cash flow of \$7,169 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 \$37,483 short-term bank borrowings outstanding as of March 31, 2025, for which the Company has successful refinancing experience, the Group assumes that it will continue to be able to do so for the next twelve months.

The 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 Microvast Power Systems Co., Ltd. ('MPS'), the Group's main operating subsidiary. MPS generated profit and positive cash flow during the twelve months ended December 31, 2024 and the three months ended March 31, 2025, and has shown improvement in operations comparing to the earlier periods.
- In April and early May 2025, the Group successfully refinanced loans of \$1,378 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 unaudited condensed 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.

**MICROVAST HOLDINGS, INC.**  
**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2025**

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

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES - continued****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 to provide 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.

*Disaggregation of revenue*

For the three months ended March 31, 2025 and 2024, the Group derived revenues from geographic regions as follows:

|   | <b>Three Months Ended March 31,</b> |                  |
|---|-------------------------------------|------------------|
|   | <b>2025</b>                         | <b>2024</b>      |
| <i>China</i>                              | \$ 44,126                           | \$ 27,192        |
| <i>Other Asia &amp; Pacific countries</i> | 5,925                               | 23,294           |
| <b>Asia &amp; Pacific</b>                 | <b>50,051</b>                       | <b>50,486</b>    |
| <b>Europe</b>                             | <b>60,050</b>                       | <b>28,921</b>    |
| <b>U.S.</b>                               | <b>6,390</b>                        | <b>1,944</b>     |
| <b>Total</b>                              | <b>\$ 116,491</b>                   | <b>\$ 81,351</b> |

*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 are 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 sheets, represent payment received in advance or payment received related to a material right provided to a customer to acquire additional goods or services at a discount in a future period. During the three months ended March 31, 2025 and 2024, the Group recognized \$3,163 and \$3,922 of revenue previously included in advance from customers as of January 1, 2025 and January 1, 2024, respectively.

**Operating leases**

The Company determines whether an arrangement is or contains a lease at inception. Operating leases are recognized in the condensed consolidated balance sheets as right-of-use ("ROU") assets and lease liabilities, initially measured at the present value of lease payments over the lease term. As the rate implicit in the lease is not readily determinable, the Company uses its incremental borrowing rate based on information available at the commencement date. The rate is estimated using a portfolio approach that approximates the interest rate on a collateralized basis over similar terms and in a similar economic environment. Lease expense is recognized on a straight-line basis over the lease term.

The Company has elected the package of practical expedients permitted under ASC 842, which allows entities not to reassess:

- Whether existing or expired contracts contain a lease;
- Lease classification; and
- Initial direct costs for any leases existing at the adoption date.

**MICROVAST HOLDINGS, INC.**  
**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2025**

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

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES - continued**

*Operating leases - continued*

Additionally, the Company elected the practical expedient not to separate lease and non-lease components, and for leases other than real estate (e.g., printing machines and electronic appliances) with terms of 12 months or less, elected the short-term lease exemption.

As of March 31, 2025, the Company recorded ROU assets of \$18,205 and operating lease liabilities of \$18,211, including current portion in the amount of \$3,418, which was recorded under accrued expenses and other current liabilities on the balance sheet.

*Lessor accounting*

The Company also acts as a lessor, primarily through leasing arrangements with customers related to the sale of vehicles. These arrangements are classified as sales-type leases. Revenue from the sale of leased products is recognized at lease inception, and interest income is recognized over the lease term using the effective interest method. For the three months period ended March 31, 2025 and 2024, the Company recognize sales-type lease revenue \$4,131 and \$1,071 separately, which are included in products sales in the accompanying consolidated statements of operations. As of March 31, 2025, the Company recorded net investment in sales-type leases of \$8,629 including current portion in the amount of \$4,328, which was recorded under accounts receivables on the balance sheet.

*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 such assets would be reported separately as assets held for sale in the unaudited condensed 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 three months ended March 31, 2025, the Company recorded a gain of \$389 on payable concessions in the unaudited condensed consolidated statements of operations.

*Convertible Loan measured at fair value*

The Company has elected the fair value option to account for the Convertible Loan (as defined below) described in Note 14 – Convertible loan measured at fair value herein, and records changes in fair value in the unaudited condensed 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 was expensed as incurred. A gain of \$42,934 was recognized for the three months ended March 31, 2025. The fair value of the Convertible Loan 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.

**MICROVAST HOLDINGS, INC.**  
**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2025**

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

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES - continued*****Warrant***

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 in Note 10) 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.

***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 does not expect a material impact to the consolidated financial statements.

**NOTE 3. ACCOUNTS RECEIVABLE**

Accounts receivable consisted of the following:

|                             | March 31,<br>2025 | December 31,<br>2024 |
|-----------------------------|-------------------|----------------------|
| Accounts receivable         | \$ 142,177        | \$ 125,716           |
| Allowance for credit losses | (6,523)           | (5,090)              |
| Accounts receivable, net    | <u>\$ 135,654</u> | <u>\$ 120,626</u>    |

Movement of allowance for credit losses was as follows:

|                                    | Three Months Ended<br>March 31, |                 |
|------------------------------------|---------------------------------|-----------------|
|                                    | 2025                            | 2024            |
| Balance at beginning of the period | \$ 5,090                        | \$ 4,571        |
| Charges of expenses                | 1,358                           | 578             |
| Write off                          | —                               | —               |
| Recoveries of credit losses        | —                               | —               |
| Exchange difference                | 75                              | (84)            |
| Balance at end of the period       | <u>\$ 6,523</u>                 | <u>\$ 5,065</u> |

**MICROVAST HOLDINGS, INC.**  
**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2025**  
(In thousands of U.S. dollars, except share and per share data, or as otherwise noted)

**NOTE 4. INVENTORIES, NET**

Inventories consisted of the following:

|                 | March 31,<br>2025 | December 31,<br>2024 |
|-----------------|-------------------|----------------------|
| Work in process | \$ 77,857         | \$ 85,179            |
| Raw materials   | 39,536            | 39,388               |
| Finished goods  | 11,666            | 18,760               |
| <b>Total</b>    | <b>\$ 129,059</b> | <b>\$ 143,327</b>    |

No provision for obsolete inventories were recognized for the three months ended March 31, 2025 and 2024, respectively.

**NOTE 5. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES**

|  | March 31,<br>2025 | December 31,<br>2024 |
|--|-------------------|----------------------|
| Payables for purchase of property, plant and equipment | \$ 51,960         | \$ 45,983            |
| Other current liabilities                              | 15,941            | 13,776               |
| Product warranty, current                              | 10,275            | 9,999                |
| Accrued expenses                                       | 7,667             | 9,570                |
| Accrued payroll and welfare                            | 7,271             | 8,596                |
| Other tax payable                                      | 6,978             | 7,399                |
| Operating lease liabilities, current                   | 3,418             | 3,039                |
| Interest payable                                       | 626               | 94                   |
| <b>Total</b>   | <b>\$ 104,136</b> | <b>\$ 98,456</b>     |

**NOTE 6. PRODUCT WARRANTY**

Movement of product warranty was as follows:

|                                     | Three Months Ended<br>March 31, |                  |
|-------------------------------------|---------------------------------|------------------|
|                                     | 2025                            | 2024             |
| Balance at beginning of the period  | \$ 33,107                       | \$ 35,217        |
| Provided during the period          | 4,825                           | 3,269            |
| Utilized during the period          | (3,630)                         | (2,448)          |
| Exchange difference                 | 359                             | (590)            |
| <b>Balance at end of the period</b> | <b>\$ 34,661</b>                | <b>\$ 35,448</b> |

  

|                                | March 31,<br>2025 | December 31,<br>2024 |
|--------------------------------|-------------------|----------------------|
| Product warranty – current     | \$ 10,275         | \$ 9,999             |
| Product warranty – non-current | 24,386            | 23,108               |
| <b>Total</b>                   | <b>\$ 34,661</b>  | <b>\$ 33,107</b>     |

**MICROVAST HOLDINGS, INC.**  
**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2025**

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

**NOTE 7. 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 the Loan Prime Rate published by the National Inter-bank Funding Center of China 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 is recorded as non-current restricted cash. The Group had a balance of non-current restricted cash of nil and \$22 as of March 31, 2025 and December 31, 2024, 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 lender, and certain customary events of default.

As of March 31, 2025, the Group had outstanding borrowings of \$68,838 under the 2022 Facility Agreement.

| <b>Repayment Date</b> | <b>Repayment Amount</b>     |
|-----------------------|-----------------------------|
| April 15, 2025        | \$13,768 (RMB99.9 million)  |
| December 10, 2025     | \$13,768 (RMB99.9 million)  |
| June 10, 2026         | \$20,651 (RMB149.9 million) |
| December 10, 2026     | \$20,651 (RMB149.9 million) |

The amount of capitalized interest expenses, which was recorded in construction in progress and property, plant and equipment, was \$278 and nil for the three months ended March 31, 2025 and 2024, respectively.

The Group has also entered into short-term loan agreements and bank facilities with certain banks in China. The original terms of these loans are with a maximum maturity of 12 months and the interest rates range from 2.90% to 4.85% per annum. The amount of interest expenses, which was recorded in profit and loss was \$390 and \$240 for the three months ended March 31, 2025 and 2024, respectively.

Changes in bank borrowings are as follows:

|                               | <b>Three Months Ended</b> |                  |
|-------------------------------|---------------------------|------------------|
|                               | <b>March 31,</b>          |                  |
|                               | <b>2025</b>               | <b>2024</b>      |
| Beginning balance             | \$ 111,728                | \$ 79,153        |
| Proceeds from bank borrowings | 28,187                    | 18,780           |
| Repayments of principal       | (13,062)                  | (12,520)         |
| Exchange difference           | 690                       | (1,348)          |
| Ending balance                | <b>\$ 127,543</b>         | <b>\$ 84,065</b> |

|                                      | <b>March 31,</b>  | <b>December 31,</b> |
|--------------------------------------|-------------------|---------------------|
|                                      | <b>2025</b>       | <b>2024</b>         |
| Balance of bank borrowings includes: |                   |                     |
| Current                              | \$ 86,241         | \$ 70,666           |
| Non-current                          | 41,302            | 41,062              |
| <b>Total</b>                         | <b>\$ 127,543</b> | <b>\$ 111,728</b>   |

**MICROVAST HOLDINGS, INC.**  
**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2025**

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

**NOTE 7. BANK BORROWINGS - continued**

Certain assets of the Group have been pledged to secure the above bank facilities granted to the Group. The aggregate carrying amount of the assets pledged by the Group as of March 31, 2025 and December 31, 2024 are as follows:

|                          | March 31,<br>2025 | December 31,<br>2024 |
|--------------------------|-------------------|----------------------|
| Buildings                | \$ 118,293        | \$ 119,166           |
| Machinery and equipment  | 59,752            | 60,991               |
| Land use rights          | 11,366            | 11,371               |
| Construction in progress | 337               | 335                  |
| <b>Total</b>             | <b>\$ 189,748</b> | <b>\$ 191,863</b>    |

**NOTE 8. OTHER NON-CURRENT LIABILITIES**

|                                      | March 31,<br>2025 | December 31,<br>2024 |
|--------------------------------------|-------------------|----------------------|
| Product warranty - non-current       | \$ 24,386         | \$ 23,108            |
| Deferred subsidy income- non-current | 5,459             | 5,610                |
| Other non-current payable            | —                 | 1,285                |
| <b>Total</b>                         | <b>\$ 29,845</b>  | <b>\$ 30,003</b>     |

**NOTE 9. BONDS PAYABLE**

|                         | March 31,<br>2025 | December 31,<br>2024 |
|-------------------------|-------------------|----------------------|
| Long-term bonds payable |                   |                      |
| Huzhou Saiyuan          | \$ 41,693         | \$ 43,157            |
| <b>Total</b>            | <b>\$ 41,693</b>  | <b>\$ 43,157</b>     |

**Huzhou Saiyuan Loan**

On December 29, 2018, Microvast Power Systems Co., Ltd. ("MPS"), one of the Company's subsidiaries, 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 these convertible bonds.

If the subscribed bonds are not repaid by the maturity date, 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 (RMB5 million) repaid in 2023 and \$1,375 (RMB10 million) repaid in three months ended March 31, 2025, the subscription and outstanding balance of the convertible bonds was \$41,693 (RMB285 million) as of March 31, 2025.

**MICROVAST HOLDINGS, INC.**  
**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2025**

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

**NOTE 10. WARRANTS**

The Company assumed 27,600,000 publicly-traded warrants ("Public Warrants") and 837,000 private placement warrants issued to Tuscan Holdings Acquisition LLC (the "Sponsor") and EarlyBirdCapital, Inc. ("EarlyBirdCapital") ("Private Warrants" and together with the Public Warrants, the "Warrants") upon the Business Combination, 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 Business Combination) and entitle the holder to purchase one share of the Company's Common Stock at an exercise price of \$11.50 per share. During the three months ended March 31, 2025, none of the Public Warrants or the Private Warrants were exercised.

The Public Warrants became exercisable 30 days after the completion of the Business Combination. The Public Warrants are only exercisable for cash, however, if the Company were to not maintain the effectiveness of the registration statement covering the shares of Common Stock issuable upon exercise of the Public Warrants, the Public Warrants would be exercisable on a net-share settlement basis. The Public Warrants will expire five years after the completion of the Business Combination 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.

The Public Warrants were 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 Business Combination.

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, recapitalization, reorganization, merger or consolidation. However, the Warrants will not be adjusted for the 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 remeasured at fair value as of March 31, 2025, resulting in a gain of \$226 and \$42 for the three months ended March 31, 2025 and 2024 respectively. This was recorded within changes in fair value of warrant liability in the unaudited condensed consolidated statements of operations.

**MICROVAST HOLDINGS, INC.**  
**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2025**

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

**NOTE 10. WARRANTS - continued**

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:

|                              | <b>March 31,</b> |
|------------------------------|------------------|
|                              | <b>2025</b>      |
| Market price of public stock | \$ 1.17          |
| Exercise price               | \$ 11.50         |
| Expected term (years)        | 1.32             |
| Volatility                   | 115.49 %         |
| Risk-free interest rate      | 3.91 %           |
| 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 agreement. The expected term is derived from the exercisable years based on the warrant agreement. 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 a U.S. Government Bond with a 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 with the Convertible Loan. See Note 14 – Convertible loan measured at fair value.

**NOTE 11. 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 and Convertible Loan 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 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. See Note 14 – Convertible loan measured at fair value for disclosure of valuation model utilized in measuring the fair value of Convertible Loan.

**MICROVAST HOLDINGS, INC.**  
**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2025**

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

**NOTE 11. FAIR VALUE MEASUREMENT - continued**

*Measured or disclosed at fair value on a recurring basis - continued*

As of March 31, 2025 and December 31, 2024, 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 follows:

| Fair Value Measurement as of March 31, 2025 |  |   |   |                   |
|---|--|---|---|-------------------|
|   | Quoted Prices in<br>Active Market<br>for Identical Assets<br>(Level 1) | Significant Other<br>Observable Inputs<br>(Level 2) | Significant Unobservable<br>Inputs<br>(Level 3) | Total             |
| Cash and cash equivalents                   | \$ 90,898  | —   | —   | \$ 90,898         |
| Restricted cash                             | 32,096   | —   | —   | 32,096            |
| <b>Total financial asset</b>                | <b>\$ 122,994</b>  | <b>—</b>  | <b>—</b>  | <b>\$ 122,994</b> |
| Warrant liability                           | \$ —   | —   | 64  | \$ 64             |
| Convertible loan measured at fair value     | —  | —   | 60,996  | 60,996            |
| <b>Total financial liability</b>            | <b>\$ —</b>  | <b>—</b>  | <b>61,060</b>                                   | <b>\$ 61,060</b>  |

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

The following is a reconciliation of the beginning and ending balances for Level 3 warrant liability during the three months ended March 31, 2025 and 2024:

|                                    | Three Months Ended March 31, |              |
|------------------------------------|------------------------------|--------------|
|                                    | 2025                         | 2024         |
| Balance at beginning of the period | \$ 290                       | \$ 67        |
| Changes in fair value              | (226)                        | (42)         |
| Balance at end of the period       | <u>\$ 64</u>                 | <u>\$ 25</u> |

**MICROVAST HOLDINGS, INC.**  
**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2025**

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

**NOTE 11. 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 Convertible Loan during the three months ended March 31, 2025:

|  | <b>Three Months Ended<br/>March 31, 2025</b> |
|--|--|
| Balance at the beginning of the period | \$ 104,613                                   |
| Issuance of convertible loan           | —  |
| Interest paid during the period        | (683)  |
| Changes in fair value                  | (42,934)                                     |
| Balance at end of the period           | <u>\$ 60,996</u>                             |

*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.

**NOTE 12. LEASES**

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

Operating lease cost for the three months ended March 31, 2025 was \$857, which excluded cost of short-term contracts. Short-term lease cost for the three months ended March 31, 2025 was \$46, respectively.

As of March 31, 2025, the weighted average remaining lease term was 8.9 years and weighted average discount rate was 5.1% for the Group's operating leases.

Supplemental cash flow information of the leases were as follows:

|  | <b>Three Months Ended<br/>March 31, 2025</b> |
|--|--|
| Cash payments for operating leases   | \$ 859                                       |
| Right-of-use assets obtained in exchange for new operating lease liabilities | \$ 808                                       |

**MICROVAST HOLDINGS, INC.**  
**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2025**

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

**NOTE 12. LEASES - continued**

The following is a maturity analysis of the annual undiscounted cash flows for lease liabilities as of March 31, 2025:

|  | <b>As of March 31, 2025</b> |               |
|--|-----------------------------|---------------|
| Nine-month period ending December 31, 2025   | \$                          | 3,330         |
| 2026   |                             | 3,053         |
| 2027   |                             | 2,592         |
| 2028   |                             | 1,832         |
| 2029   |                             | 1,640         |
| 2030   |                             | 1,640         |
| Thereafter                                   |                             | 8,334         |
| <b>Total future lease payments</b>           | <b>\$</b>                   | <b>22,421</b> |
| Less: Imputed interest                       | \$                          | (4,210)       |
| Present value of operating lease liabilities | <b>\$</b>                   | <b>18,211</b> |

**NOTE 13. 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 options, 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 Common Exchange 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 the awards rolled over from the 2012 Plan for issuance in accordance with the 2021 Plan's terms.

**MICROVAST HOLDINGS, INC.**  
**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2025**

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

**NOTE 13. SHARE-BASED PAYMENT - continued**

Stock options

Stock options activity for the three months ended March 31, 2025 and 2024 was as follows:

| <b>Stock options life</b>                             | <b>Number of Shares</b> | <b>Weighted Average<br/>Exercise Price<br/>(US\$)</b> | <b>Weighted Average<br/>Grant Date<br/>Fair Value (US\$)</b> | <b>Weighted Average<br/>Remaining<br/>Contractual Life</b> |
|---|-------------------------|---|--|--|
| Outstanding as of December 31, 2024                   | 32,701,399              | 5.80  | 4.58   | 4.5  |
| Exercised   | (33,334)                | 2.08  | 1.48   |  |
| Forfeited   | (3,066,072)             | 6.18  | 4.83   |  |
| Outstanding as of March 31, 2025                      | 29,601,993              | 5.76  | 4.56   | 4.5  |
| Expected to vest and exercisable as of March 31, 2025 | 29,601,993              | 5.76  | 4.56   | 4.5  |
| Exercisable as of March 31, 2025                      | 26,701,993              | 6.13  | 4.90   | 4.4  |
| Outstanding as of December 31, 2023                   | 32,876,682              | 6.01  | 4.73   | 5.7  |
| Forfeited   | (884,470)               | 4.11  | 2.68   |  |
| Outstanding as of March 31, 2024                      | 31,992,212              | 6.06  | 4.78   | 5.5  |
| Expected to vest and exercisable as of March 31, 2024 | 31,992,212              | 6.06  | 4.78   | 5.5  |
| Exercisable as of March 31, 2024                      | 20,875,499              | 6.13  | 4.88   | 5.5  |

During the three months ended March 31, 2025 and 2024, the Company recorded share-based compensation expense of \$192 and \$12,028 related to the option awards, respectively.

The total unrecognized equity-based compensation costs as of March 31, 2025 related to the stock options was \$1,809, which is expected to be recognized over a weighted-average period of 1.7 years. The aggregate intrinsic value of the stock options as of March 31, 2025 was nil.

Restricted stock units

Following the Business Combination, the Company granted 5,711,312 restricted stock units ("RSUs") and 2,680,372 performance-based restricted stock units ("PSUs") 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 total stockholder return ("TSR") relative to a comparator group during a specified performance period.

The fair value of RSUs is determined by the market closing price of Common Stock at the grant date and is amortized over the vesting period on a straight-line basis. The fair value of PSUs that include vesting based on market conditions are estimated using the Monte Carlo valuation method. For PSUs with performance conditions, share-based compensation expense is only recognized if the performance conditions become probable to be satisfied. Compensation cost for these awards is amortized on a straight-line basis over the vesting period based on the grant date fair value, regardless of whether the market condition is satisfied. Accordingly, the Company recorded share-based compensation expense of \$411 related to RSUs and \$100 related to PSUs during the three months ended March 31, 2025. During the three months ended March 31, 2024, the Company recorded share-based compensation expense of \$429 related to these RSUs and \$(1,816) related to PSUs.

**MICROVAST HOLDINGS, INC.**  
**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2025**

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

**NOTE 13. SHARE-BASED PAYMENT - continued**

*Restricted stock units - continued*

The non-vested shares activity for the three months ended March 31, 2025 and 2024 was as follows:

|                                     | Number of<br>Non-Vested<br>Shares | Weighted<br>Average Grant<br>Date Fair Value<br>Per Share (U.S.\$) |
|-------------------------------------|-----------------------------------|--|
| Outstanding as of December 31, 2024 | 3,423,305                         | 1.63   |
| Granted                             | 552,861                           | 2.00   |
| Vested                              | (351,421)                         | 2.82   |
| Forfeited                           | (53,656)                          | 1.99   |
| Outstanding as of March 31, 2025    | 3,571,089                         | 1.57   |
| Outstanding as of December 31, 2023 | 3,598,606                         | 3.07   |
| Granted                             | 79,909                            | 1.40   |
| Vested                              | (501,653)                         | 2.65   |
| Forfeited                           | (441,562)                         | 5.85   |
| Outstanding as of March 31, 2024    | 2,735,300                         | 2.65   |

The total unrecognized equity-based compensation costs as of March 31, 2025 related to the non-vested shares was \$3,804.

The following summarizes the classification of share-based compensation:

|                                     | Three Months Ended March 31, |                  |
|-------------------------------------|------------------------------|------------------|
|                                     | 2025                         | 2024             |
| Cost of revenues                    | \$ 62                        | \$ 1,138         |
| General and administrative expenses | 437                          | 8,167            |
| Research and development expenses   | 150                          | 1,777            |
| Selling and marketing expenses      | 54                           | 783              |
| Construction in process             | —                            | 31               |
| <b>Total</b>                        | <b>\$ 703</b>                | <b>\$ 11,896</b> |

**MICROVAST HOLDINGS, INC.**  
**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2025**

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

**NOTE 14. CONVERTIBLE LOAN MEASURED AT FAIR VALUE**

On May 28, 2024, Microvast Holdings, Inc. entered into a \$25,000 convertible loan agreement (the "Loan Agreement") with Mr. Yang Wu, the Company's Chief Executive Officer and Chairman.

The loan includes an Initial Term Loan of \$12,000 and a Delayed Draw Term Loan of \$13,000 at an initial interest rate equal to the Secured Overnight Financing Rate ("SOFR"), plus an initial Applicable Margin of 9.75% per annum, 3.75% of which shall be paid in kind rather than in cash (collectively, the "Convertible Loan"). The maturity date is May 28, 2026, which may be accelerated upon the occurrence and continuance of an event of default in accordance with the terms of the Loan Agreement. The Loan Agreement also provides Mr. Wu with the right to convert the outstanding principal balance of the Loan, into shares of common stock at an initial conversion rate equal to two shares of Common Stock per \$1.00 of principal amount to be converted.

The Initial Term Loans of \$12,000 was received in May 2024 and the Delayed Draw Term loan of \$13,000 was received in July 2024.

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 with Mr. Yang Wu. 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. The modification of term is treated as a continuation of the original debt instrument.

The loan is secured by a first priority security interest in substantially all of its assets by Microvast Holdings, Inc. and all other entities within the Group as guarantors.

The Group has elected the fair value option to account for the convertible loan. Direct costs and fees related to the Convertible Loan were expensed as incurred. The fair value 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. Subsequent changes in the fair value are recorded as gains (losses) in the unaudited condensed consolidated statement of operation. During the three months ended March 31, 2025, a gain of \$42,934 on fair value change of Convertible Loan was recorded, respectively. The outstanding balance for the Convertible Loan was \$60,996 as of March 31, 2025.

In connection with the Convertible Loan on May 28, 2024, the Company 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 during the period ended March 31, 2025. As of March 31, 2025, 5,500,000 warrants were outstanding and the Group recorded the warrant value of \$779 in additional paid in capital in the second quarter of 2024. Equity classified warrants were recorded at fair value at issuance with no changes recognized subsequent to the issuance date.

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:

|                              | <b>March 31, 2025</b> |
|------------------------------|-----------------------|
| Market price of public stock | \$ 1.17               |
| Exercise price               | \$ 0.50               |
| Expected term (years)        | 1.16                  |
| Volatility                   | 75.70 %               |
| Risk-free interest rate      | 3.93 %                |
| Dividend rate                | 0.00 %                |

**MICROVAST HOLDINGS, INC.**  
**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2025**

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

**NOTE 14. CONVERTIBLE LOAN MEASURED AT FAIR VALUE - continued**

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 agreement. The expected term is derived from the exercisable years based on the warrant agreement. 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.

**NOTE 15. NET PROFIT/(LOSS) PER SHARE**

The following table sets forth the computation of basic and diluted net profit/(loss) per share for the periods indicated:

|   | Three Months Ended March 31, |                    |
|---|------------------------------|--------------------|
|   | 2025                         | 2024               |
| <b>Numerator:</b>   |                              |                    |
| Net profit/(loss) attributable to common share stockholders-Basic                   | \$ 61,790                    | \$ (24,825)        |
| Changes in fair value of convertible loan   | (42,934)                     | —                  |
| <b>Net profit/(loss) attributable to common share stockholders-Dilutive</b>         | <b>\$ 18,856</b>             | <b>\$ (24,825)</b> |
| <b>Denominator:</b>   |                              |                    |
| Weighted average common stock used in computing basic net profit/(loss) per share   | 323,430,721                  | 315,367,121        |
| Weighted-average effect of dilutive stocks:   |                              |                    |
| <i>Add:</i>   |                              |                    |
| Diluted effect of shares issuable upon exercise of stock options                    | 11,445                       | —                  |
| Diluted effect of shares issuable upon exercise of non-vested shares                | 982,860                      | —                  |
| Diluted effect of shares issuable upon conversion of convertible loan               | 50,000,000                   | —                  |
| <b>Weighted average stock used in computing diluted net profit/(loss) per share</b> | <b>374,425,026</b>           | <b>315,367,121</b> |
| <b>Basic net profit/(loss) per share</b>  | <b>\$ 0.19</b>               | <b>\$ (0.08)</b>   |
| <b>Diluted net profit/(loss) per share</b>  | <b>\$ 0.05</b>               | <b>\$ (0.08)</b>   |

For the three months ended March 31, 2025 and 2024, the following shares of Common Stock outstanding were excluded from the calculation of diluted net profit/(loss) per share, as their inclusion would have been anti-dilutive for the periods prescribed.

|  | Three Months Ended March 31, |            |
|--|------------------------------|------------|
|  | 2025                         | 2024       |
| Shares issuable upon exercise of stock options           | 30,876,236                   | 32,249,831 |
| Shares issuable upon vesting of non-vested shares        | 884,206                      | 2,965,761  |
| Shares issuable upon vesting of capped non-vested shares | —                            | 6,617,351  |
| Shares issuable upon exercise of warrants                | 33,937,000                   | 28,437,000 |
| Shares issuable upon vesting of earn-out shares          | —                            | 19,999,988 |
| Shares issuable that may be subject to cancellation      | 1,687,500                    | 1,687,500  |

**MICROVAST HOLDINGS, INC.**  
**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2025**

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

**NOTE 16. COMMITMENTS AND CONTINGENCIES**

Litigation

**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 they argued on April 03, 2025. The Court has not yet decided those motions.

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.

The Company, the directors of the 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 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, 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 *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 responded to certain of the demands and is evaluating responses to others. The Company has also received 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.

**MICROVAST HOLDINGS, INC.**  
**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2025**

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

**NOTE 16. COMMITMENTS AND CONTINGENCIES- continued**

Litigation-continued

**Securities Litigation**

The Company and certain of its officers have also been named as defendants in a putative class action complaint by a stockholder 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 scheduled a hearing on the motion to dismiss for Monday, May 19, 2025.

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.

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. ("Microvast Energy"), a subsidiary of the Company, have been named as defendants in a litigation filed in the 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 entered into a settlement agreement and this matter has been stayed by order of the court.

Deidra Milan is an ex-employee of Microvast, and is the putative representative of a class of 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 HOLDINGS, INC.**  
**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2025**

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

**NOTE 16. COMMITMENTS AND CONTINGENCIES- continued**

Litigation-continued

**Other Matters-continued**

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 on November 11, 2024, this matter was stayed by the 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 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 *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.

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 a 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. The guaranty action has been consolidated into the arbitration.

**MICROVAST HOLDINGS, INC.**  
**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2025**

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

**NOTE 16. COMMITMENTS AND CONTINGENCIES - continued**

Litigation-continued

**Other Matters-continued**

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 March 31, 2025 and December 31, 2024, 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 \$52,060 as of March 31, 2025.

Purchase commitments

Purchase commitments for non-cancelable contractual obligations primarily related to purchases of inventory were \$62,085 as of March 31, 2025.

Pledged assets

Other than those disclosed in Note 7 - Bank Borrowings, the Group may pledge certain assets to banks to secure the issuance of bank acceptance notes for the Group. As of March 31, 2025, certain of the Group's machinery and equipment with a carrying value of \$23,016 has been pledged to secure the issuance of such notes.

Liens

As of March 31, 2025, the Company had received \$24,287 of liens.

**NOTE 17. 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 profit or 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 profit or 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. Significant segment expenses were the same as those presented under the cost of revenues and operating expenses in the unaudited condensed consolidated statements of operations. Other segment items included in consolidated net income were subsidiary income, interest income, interest expense, change in fair value of warrant liability and convertible loan, gain on debt restructuring, other income/(expense) in the accompanying unaudited condensed consolidated statements of operations.

**MICROVAST HOLDINGS, INC.**  
**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2025**  
**(In thousands of U.S. dollars, except share and per share data, or as otherwise noted)**

**NOTE 18. SUBSEQUENT EVENTS**

Subsequent funding activities

From first quarter end to the date of issuance of the financial statements in this Report, the Company received \$1,378 of short-term bank borrowings. The term of this loan is 12 months and the interest rates is 4.5% per annum.

## Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

*References in this Report to the “Company,” “Microvast Holdings, Inc.,” “Microvast,” “our,” “us” or “we” refer to Microvast Holdings, Inc. The following discussion and analysis of the Company’s financial condition and results of operations should be read in conjunction with the unaudited interim condensed financial statements and the notes thereto contained elsewhere in this Report. Certain information contained in the discussion and analysis set forth below includes forward-looking statements that involve risks and uncertainties.*

### 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 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 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. Further, we have developed proprietary 3D printing technology and associated equipment for the fabrication of all solid-state batteries (ASSBs). This platform is designed to enable the production of cells with variable sizes and customized shapes on a single line, offering potential improvements in manufacturing flexibility and design adaptability. 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 three months ended March 31, 2025, our revenue increased by \$35.1 million, reaching \$116.5 million, a 43.2% year-over-year increase. Additionally, our order backlog stood at \$350.5 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 battery innovation, scaling global production, and delivering high-performance sustainable energy solutions that power the future of mobility and energy storage.

### **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 Merger Sub 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.

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 recurring operating losses. However, during the three months period ended March 31, 2025, the Company achieved positive operating income and generated cash inflow from operation, reflecting meaningful progress toward sustainable profitability. This improvement was driven by increased customer demand, improved gross margins, and reduced operating expenses, all of which 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 its 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 unaudited condensed consolidated financial statements.

For additional detail, refer to Note 2 - Significant Accounting Policies to the unaudited condensed consolidated financial statements included in this Quarterly Report and to the Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2024.

### **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. As of March 31, 2025, we had a backlog of approximately \$350.5 million for our electric vehicles battery systems, equivalent to approximately 1,606.5 MWh. To increase our manufacturing output, address our backlog and capture growing market opportunities, we have made significant investment in capacity expansions in both Huzhou, China and Tennessee, United States.

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 Europe and the U.S. 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**

**Revenues**

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 sets forth a breakdown of our revenue by major geographic regions, based on the locations of our customers, for the periods indicated:

| (In thousands)                            | Three Months Ended March 31, |              |                  |              |
|---|------------------------------|--------------|------------------|--------------|
|   | 2025                         |              | 2024             |              |
|   | Amt                          | %            | Amt              | %            |
| <i>China</i>                              | \$ 44,126                    | 38 %         | \$ 27,192        | 33 %         |
| <i>Other Asia &amp; Pacific countries</i> | 5,925                        | 5 %          | 23,294           | 29 %         |
| <b>Asia &amp; Pacific</b>                 | <b>50,051</b>                | <b>43 %</b>  | <b>50,486</b>    | <b>62 %</b>  |
| <b>Europe</b>                             | <b>60,050</b>                | <b>52 %</b>  | <b>28,921</b>    | <b>36 %</b>  |
| <b>U.S.</b>                               | <b>6,390</b>                 | <b>5 %</b>   | <b>1,944</b>     | <b>2 %</b>   |
| <b>Total</b>                              | <b>\$ 116,491</b>            | <b>100 %</b> | <b>\$ 81,351</b> | <b>100 %</b> |

We have historically derived a portion of our revenue in a given reporting period from a limited number of key customers, which vary from period to period. The following table summarizes net revenues from customers that accounted for over 10% of our net revenues for the periods indicated:

|   | Three Months Ended March 31, |      |
|---|------------------------------|------|
|   | 2025                         | 2024 |
| A | 31 %                         | 32 % |
| B | 16 %                         | *    |
| C | *                            | 21 % |

\*Revenue from such customers represented less than 10% of our revenue during the respective periods

## **Components of Results of Operations-continued**

### ***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, write-down of 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 revenues less cost of revenues. Gross profit margin is equal to gross profit divided by revenues.

### ***Operating Expenses***

Our operating expenses consist of selling and marketing (S&M), 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.* 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 fair value changes of warrant liability and convertible loan, interest expense associated with our debt financing arrangements, interest income earned on our cash balances and gain on debt restructuring.

### ***Income Tax Expense***

We are subject to income taxes in the U.S. and foreign jurisdictions in which we do business, namely China, Germany and the UK. 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 Chinese subsidiaries were qualified as “High and New Tech Enterprises” and thus enjoyed a preferential income tax rate of 15%. A federal corporate income tax rate of 21% is applied for our U.S. entity. Income tax in the UK is calculated at an average tax rate of 19% of the estimated assessable profit of our subsidiary in the UK. 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

### Comparison of the Three Months Ended March 31, 2025 to the Three Months Ended March 31, 2024

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

|  | Three Months Ended March 31, |                    | \$<br>Change     | %<br>Change     |
|--|------------------------------|--------------------|------------------|-----------------|
|  | 2025                         | 2024               |                  |                 |
| <i>Amount in thousands</i>   |                              |                    |                  |                 |
| Revenues   | \$ 116,491                   | \$ 81,351          | \$ 35,140        | 43.2 %          |
| Cost of revenues   | (73,475)                     | (64,126)           | (9,349)          | 14.6 %          |
| <b>Gross profit</b>  | <b>43,016</b>                | <b>17,225</b>      | <b>25,791</b>    | <b>149.7 %</b>  |
|  | 36.9 %                       | 21.2 %             |                  |                 |
| <b>Operating expenses:</b>   |                              |                    |                  |                 |
| General and administrative expenses  | (10,453)                     | (23,794)           | 13,341           | (56.1)%         |
| Research and development expenses  | (8,248)                      | (11,492)           | 3,244            | (28.2)%         |
| Selling and marketing expenses   | (6,799)                      | (5,591)            | (1,208)          | 21.6 %          |
| <b>Total operating expenses</b>  | <b>(25,500)</b>              | <b>(40,877)</b>    | <b>15,377</b>    | <b>(37.6)%</b>  |
| Subsidy income   | 1,416                        | 534                | 882              | 165.2 %         |
| <b>Profit/(loss) from operations</b>   | <b>18,932</b>                | <b>(23,118)</b>    | <b>42,050</b>    | <b>(181.9)%</b> |
| <b>Other income and expenses:</b>  |                              |                    |                  |                 |
| Interest income  | 177                          | 119                | 58               | 48.7 %          |
| Interest expense   | (1,188)                      | (1,732)            | 544              | (31.4)%         |
| Changes in fair value of warrant liability and convertible loan                  | 43,160                       | 42                 | 43,118           | 102661.9 %      |
| Gain on debt restructuring   | 389                          | —                  | 389              | 100.0 %         |
| Other income/(expense), net  | 320                          | (136)              | 456              | (335.3)%        |
| <b>Profit/(loss) before provision for income taxes</b>                           | <b>61,790</b>                | <b>(24,825)</b>    | <b>86,615</b>    | <b>(348.9)%</b> |
| Income tax expense   | —                            | —                  | —                | —               |
| <b>Net profit/(loss)</b>   | <b>\$ 61,790</b>             | <b>\$ (24,825)</b> | <b>\$ 86,615</b> | <b>(348.9)%</b> |
| Less: net profit/(loss) attributable to noncontrolling interests                 | —                            | —                  | —                | —               |
| <b>Net profit/(loss) attributable to Microvast Holdings, Inc.'s stockholders</b> | <b>\$ 61,790</b>             | <b>\$ (24,825)</b> | <b>\$ 86,615</b> | <b>(348.9)%</b> |

## Revenues

Our revenues increased from approximately \$81.4 million for the three months ended March 31, 2024 to approximately \$116.5 million for the same period in 2025, primarily driven by an increase in sales volume from approximately 353.3 MWh for the three months ended March 31, 2024 to approximately 535.7 MWh for the same period in 2025.

### ***Cost of Revenues and Gross Profit***

Our cost of revenues for the three months ended March 31, 2025 increased by \$9.3 million, or 14.6%, compared to the same period in 2024. The increase in the cost of revenues was primarily driven by an increase in sales volumes, and was partially offset by \$1.1 million of decreased share-based compensation expenses.

Our gross margin increased from 21.2% for the three months ended March 31, 2024 to 36.9% for the same period in 2025. 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.

### ***Operating Expenses***

#### ***Selling and Marketing***

Selling and Marketing expenses for the three months ended March 31, 2025 increased \$1.2 million or 21.6% compared to the same period in 2024. The increase in Selling and Marketing expense was primarily due to continued investments in customer engagement and market expansion initiatives, which was partially offset by \$0.7 million of decreased share-based compensation expenses.

#### ***General and Administrative***

General and Administrative expenses for the three months ended March 31, 2025 decreased \$13.3 million or 56.1% compared to the same period in 2024. The decrease in General and Administrative expenses was primarily due to \$7.7 million of decreased share-based compensation expenses and \$4.7 million attributed to positive foreign exchange changes due to fluctuations in the Euro exchange rate.

#### ***Research and Development***

Research and Development expenses for the three months ended March 31, 2025 decreased \$3.2 million or 28.2% compared to the same period in 2024. The decrease in Research and Development expenses was primarily due to \$1.6 million of decreased share-based compensation expenses and the reductions of U.S. headcount in Q2 2024.

### ***Changes in Fair Value of Warrant and Convertible Loan***

For the three months period ended March 31, 2025, we recorded a gain of \$43.2 million mainly due to the change in fair value of the Convertible Loan of \$42.9 million, details please see Note 14 – Convertible loan measured at fair value.

### ***Liquidity and Capital Resources***

Since inception, we have financed our operations primarily from capital contributions from equity holders, the issuance of convertible notes and bank borrowings.

As of March 31, 2025, our principal sources of liquidity were our cash and cash equivalents and restricted cash in the amount of \$123.0 million.

The consolidated net cash position as of March 31, 2025 included cash and cash equivalents of \$64.4 million and \$9.6 million held by our Chinese and European subsidiaries, respectively, that is not available to fund our U.S. operations unless funds are repatriated. Should we need to repatriate to the U.S. part or all of the funds held by our international subsidiaries in the form of a dividend, we would need to accrue and pay withholding taxes. We do not intend to pay any cash dividends on our common stock in the foreseeable future and intend to retain all of the available funds and any future earnings for use in the operation and expansion of our business in China, Europe 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 three months ended March 31, 2025, the Group generated operating profit of \$18.9 million and generated operating cash flow of \$7.2 million. We have an order backlog of \$350.5 million with the majority of these orders expected to be fulfilled in 2025 and 2026. Additionally, we expect to generate higher gross margins because we will generate more revenue from Europe and the U.S with higher sales prices. We do not expect significant fluctuations in gross margin, considering our selling prices are 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 be positive.
- **Refinancing of short-term bank borrowings** - Historically, we have rolled over or obtained replacement borrowings from existing creditors for short-term bank loans upon the maturity date of the loans if needed. For \$37.5 million short-term bank borrowings outstanding as of March 31, 2025 which the Company has successful refinancing experience, if needed, we will be able to refinance them as they become due for the next twelve months. In April and early May 2025, we successfully refinanced loans of \$1.4 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 \$28.2 million bank loan in the first quarter of 2025, with an additional \$1.4 million received in April and early May 2025. Further details can be found in Note 7- Bank Borrowings. Workforce reductions were made in the U.S. during the second and third quarters of 2024, delivering cost savings and enhanced cash flow.

Further strategies to strengthen liquidity include optimizing operations, asset sales, and evaluating funding options. The Company achieved income and generated positive cash flow from operations in the first quarter of 2025, 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 March 31, 2025, we had bank borrowings of \$127.5 million, the terms of which range from 0.5 to 21 months. The interest rates on our bank borrowings ranged from 2.90% to 4.85% per annum. As of March 31, 2025, we had convertible bonds outstanding of \$41.7 million, with interest rates ranging from 3% to 4%. The convertible bonds are all due in 2027. As of March 31, 2025, we also had the Convertible Loan of \$61.0 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 the remaining interest to be paid in cash. See Note 14 - Convertible loan measured at fair value for details. As of March 31, 2025, 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 \$482.0 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, \$212.5 million of the net proceeds were used for working capital as of March 31, 2025.

#### ***Capital Expenditures and Other Contractual Obligations***

Our capital expenditures amounted to \$6.6 million and \$10.2 million for the three months ended March 31, 2025 and 2024, respectively. Our capital expenditures in 2025 and 2024 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 were not 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 alternative 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 12 – Leases, in the notes to the unaudited condensed consolidated financial statements in Part I, Item 1 of this Report on Form 10-Q.

#### ***Purchase Commitments***

We regularly enter into non-cancelable contractual obligations primarily related to purchases of inventory. As of March 31, 2025, such purchase commitments, which do not qualify for recognition on our unaudited condensed consolidated balance sheets, amount to \$62.1 million, most of which is short-term.

There have not been any other material changes during the three months ended March 31, 2025 to our contractual obligations included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2024.

## Cash Flows

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

| <i>Amount in thousands</i>                   | <b>Three Months Ended March 31,</b> |             |
|--|-------------------------------------|-------------|
|  | <b>2025</b>                         | <b>2024</b> |
| Net cash generated from operating activities | 7,169                               | 2,031       |
| Net cash used in investing activities        | (2,332)                             | (4,525)     |
| Net cash generated from financing activities | 9,463                               | 6,260       |

### *Cash Flows from Operating Activities*

During the three months ended March 31, 2025, our operating activities generated \$7.2 million in cash. This increase in cash consisted of (1) a net profit of \$61.8 million and non-cash charges of \$(27.7) million, of which \$(43.2) million is due to change in the fair value of warrant and Convertible Loan, \$8.0 million is depreciation of property, plant and equipment, \$4.8 million is non-cash product warranty and \$0.7 million is non-cash share-based compensation expense; and (2) a \$26.9 million decrease in cash flows from operating assets and liabilities including \$19.4 million cash outflow due to the net increase of accounts receivable and notes receivable, \$12.7 million cash outflow from accounts payable and notes payable, \$9.2 million cash outflow from accrued and other liabilities and prepaid expense and other current asset, \$15.8 million cash inflow due to decrease in inventories, and \$1.4 million cash outflow from other operating assets and liabilities.

Compared to the three months ended March 31, 2024, the three months ended March 31, 2025 net cash generated from operating activities benefited from more profitable operations, partially offset primarily by slower collections of accounts and notes Receivable.

### *Cash Flows from Investing Activities*

During the three months ended March 31, 2025, cash used in investing activities totaled \$2.3 million. This decrease cash outflow primarily consisted of capital expenditures related to the expansion of our manufacturing facilities and to the purchase of property and equipment associated with our existing manufacturing and R&D facilities.

### *Cash Flows from Financing Activities*

During the three months ended March 31, 2025, cash generated from financing activities totaled \$9.5 million. This cash inflow was a result of \$28.2 million of proceeds from bank borrowings offset by \$13.0 million of repayment on bank borrowings, \$1.4 million of repayment on long-term bonds payable and \$4.3 million of deferred payments related to purchases of property, plant and equipment.

## Critical Accounting Estimates

Our unaudited condensed consolidated financial statements are prepared in accordance with U.S. GAAP. The preparation of these unaudited condensed 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.

There have been no substantial changes to these estimates, or the policies related to them during the three months ended March 31, 2025. For a full discussion of these estimates and policies, see "Management's Discussion and Analysis of Financial Condition and Results of Operations - Critical Accounting Policies and Estimates" in Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2024.

### **Item 3. Quantitative and Qualitative Disclosures About Market Risk**

#### **Interest Rate Exposure 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. In addition, our bonds payable bear interest at fixed rates and are not publicly traded. Our project finance loans in China contain a spread of 115 basis points over the Loan Prime Rate in China and accordingly are exposed to movements in that reference rate. Therefore, interest expense going forward could be materially affected by changes in the market interest rates.

The primary objective of our investment activities is to preserve principal while maximizing income without significantly increasing risk. Because our cash equivalents have a short maturity, our portfolio's fair value is relatively insensitive to interest rate changes. We do not believe that an increase or decrease in interest rates of 100 basis points would have a material effect on our operating results or financial condition. In future periods, we will continue to evaluate our investment policy in order to ensure that we continue to meet our overall objectives.

#### **Foreign Currency Exchange Risk**

We have a large operational presence in China and a significant amount of our transactions are currently denominated in RMB. The volatility of exchange rates depends on many factors that we cannot forecast with reliable accuracy. We have experienced and will continue to experience fluctuations in our operating results as a result of transaction gains and losses related to translating certain cash balances, trade accounts receivable and payable balances, and intercompany balances that are denominated in currencies other than the U.S. Dollar, principally RMB. The effect of an immediate 10% adverse change in foreign exchange rates on RMB-denominated accounts as of March 31, 2025, including intercompany balances, would result in a foreign currency loss of \$14.2 million. In the event our foreign sales and expenses increase, our operating results may be more affected by fluctuations in the exchange rates of the currencies in which we do business. At this time, we do not, but we may in the future, enter into derivatives or other financial instruments in an attempt to hedge our foreign currency exchange risk. It is difficult to predict the impact hedging activities would have on our results of operations.

#### **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 \$0.7 million as of March 31, 2025.

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**

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. We continue to monitor sales trends and market conditions to better understand the potential impact of seasonal demand fluctuations on our operations.

## **Item 4. 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 March 31, 2025. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were not effective as of March 31, 2025, as a result of the material weaknesses in the Company's internal controls over financial reporting identified below. As defined in the standards established by the Public Company Accounting Oversight Board, 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 light of these material weaknesses, we performed additional procedures and analysis to ensure that the financial statements included in this Report were prepared in accordance with U.S. GAAP. Based on these procedures, management, including our Chief Executive Officer and Chief Financial Officer, believes the unaudited condensed consolidated financial statements included in this 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.

### **Material Weakness in Internal Controls**

As previously disclosed in Part II, Item 9A of our Annual Report on Form 10-K for the fiscal year ended December 31, 2024, 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; and (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.

### **Changes in Internal Control Over Financial Reporting**

As described above, the Company is taking steps to remediate the material weakness noted above. Other than the changes in connection with these remediation steps, there have been no changes in our internal control over financial reporting during the quarter ended March 31, 2025, 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.

## **PART II - OTHER INFORMATION**

### **Item 1. Legal Proceedings**

For a description of our pending legal proceedings, please see Note 16. Commitments and Contingencies, to the consolidated financial statements included elsewhere in this 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 1A. Risk Factors**

In evaluating us and our common stock, we urge you to carefully consider the risks and other information in this Report, as well as the risk factors disclosed in Part I, Item 1A of our Annual Report on Form 10-K for the fiscal year ended December 31, 2024, and other reports that we have filed with the SEC. Any of these factors could result in a significant or material adverse effect on our results of operations or financial condition. Additional risk factors not presently known to us or that we currently deem immaterial may also impair our business or results of operations. We may disclose changes to such factors or disclose additional factors from time to time in our future filings with the SEC.

### **Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

There were no unregistered sales of our equity securities during the three months ended March 31, 2025.

### **Item 3. Defaults upon Senior Securities**

None.

### **Item 4. Mine Safety Disclosures**

Not applicable.

### **Item 5. Other Information**

None.

**Item 6. Exhibits.**

The following exhibits are furnished as part of, or incorporated by reference into, this Report on Form 10-Q.

| <b>Exhibit Number</b> | <b>Exhibit Title</b>  |
|-----------------------|---|
| 2.1+                  | <a href="#">Agreement and Plan of Merger, dated as of February 1, 2021, by and among Tuscan Holdings Corp., TSCN Merger Sub Inc., and Microvast, Inc. (incorporated by reference to the Company's definitive proxy statement on Schedule 14A, filed with the SEC on July 2, 2021).</a>  |
| 3.1                   | <a href="#">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).</a>   |
| 3.2                   | <a href="#">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).</a>  |
| 4.1                   | <a href="#">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).</a>  |
| 4.2                   | <a href="#">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).</a>   |
| 4.3                   | <a href="#">Warrant Agreement (incorporated by reference from Exhibit 4.4 to the Company's Registration Statement on Form S-1, filed with the Company on February 26, 2019).</a>  |
| 4.4                   | <a href="#">Registration Rights and Lock-Up Agreement, dated as of 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).</a> |
| 4.5                   | <a href="#">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).</a>   |
| 4.6                   | <a href="#">Common Stock Purchase Warrant, dated May 28, 2024, issued by the Company 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).</a>   |
| 10.1                  | <a href="#">First Amendment to Loan and Security Agreement, dated March 17, 2025, by and among Microvast Holdings, Inc., Microvast, Inc., the subsidiaries of Microvast Holdings, Inc. party thereto, the Lenders party thereto 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 March 17, 2025).</a>                                       |
| 10.2                  | <a href="#">Offer Letter, dated April 3, 2025, by and between Microvast Holdings, Inc. and Pat Schultz (incorporated by reference from Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the SEC on April 9, 2025).</a>  |
| 31.1*                 | <a href="#">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.</a>   |
| 31.2*                 | <a href="#">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.</a>   |
| 32.1**                | <a href="#">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.</a>  |
| 32.2**                | <a href="#">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.</a>  |

\* 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 hereby furnish supplementally a copy of all omitted schedules to the SEC upon request.

**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 hereunto duly authorized.

Dated: May 12, 2025

**MICROVAST HOLDINGS, INC.**

By: /s/ Carl T. (Pat) Schultz  
Name: Carl T. (Pat) Schultz  
Title: Chief Financial Officer

**CERTIFICATION**  
**PURSUANT TO RULES 13a-14(a) AND 15d-14(a)**  
**UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO**  
**SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Yang Wu, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended March 31, 2025 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 officers 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, including its consolidated subsidiaries, 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 officers 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 controls over financial reporting.

Date: May 12, 2025

By: /s/ Yang Wu

Name: Yang Wu  
Title: Chief Executive Officer and Director  
(Principal Executive Officer)

**CERTIFICATION**  
**PURSUANT TO RULES 13a-14(a) AND 15d-14(a)**  
**UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO**  
**SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Carl T. (Pat) Schultz, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended March 31, 2025 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 officers 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, including its consolidated subsidiaries, 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 officers 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 controls over financial reporting.

Date: May 12, 2025

By: /s/ Carl T. (Pat) Schultz

Name: Carl T. (Pat) Schultz  
Title: Chief Financial Officer  
(Principal Financial and Accounting Officer)

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Microvast Holdings, Inc. (the "Company") on Form 10-Q for the quarter ended March 31, 2025, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Yang Wu, Chief Executive Officer and Director, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to 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: May 12, 2025

/s/ Yang Wu

Name: Yang Wu  
Title: Chief Executive Officer and Director  
(Principal Executive Officer)

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Microvast Holdings, Inc. (the "Company") on Form 10-Q for the quarter ended March 31, 2025, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Carl T. (Pat) Schultz, Chief Financial Officer, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to 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: May 12, 2025

/s/ Carl T. (Pat) Schultz

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Name: Carl T. (Pat) Schultz  
Title: Chief Financial Officer  
(Principal Financial and Accounting Officer)

