

Risk Factors Comparison 2025-04-01 to 2024-04-01 Form: 10-K

Legend: New Text Removed Text Unchanged Text Moved Text Section

We are subject to a number of risks associated with international business activities that may increase our costs, impact our ability to sell our ECVs and require significant management attention. These risks include: • conforming our products to various international regulatory and safety requirements in establishing, staffing and managing foreign operations; • challenges in attracting channel partners; • compliance with foreign government taxes, regulations and permit requirements; • our ability to enforce our contractual rights and intellectual property rights; • compliance with trade restrictions and customs regulations as well as tariffs and price or exchange controls; • fluctuations in freight rates and transportation disruptions; • fluctuations in the values of foreign currencies; • compliance with certification and homologation requirements; and • preferences of foreign nations for domestically manufactured products. In many of these markets, long- standing relationships between potential customers and their local partners and protective regulations and disparate networks and systems used by each country will create barriers to entry. We are currently selling our ECVs in North America, Europe and Asia, and, as a result, we are subject to laws and regulations in those jurisdictions that are applicable to the import and / or sale of electric vehicles. For example, we are required to meet vehicle- specific safety standards that are often materially different across markets, thus resulting in additional investment into the vehicles and systems to ensure regulatory compliance. For each of the markets in which we sell our ECVs, we must obtain advanced approval from regulatory agencies regarding the proper certification or homologation of our vehicles to enter into these markets. This process necessitates that regulatory officials in each market review and certify our vehicles prior to market entry. Any delay in the homologation process could adversely impact our ability to introduce any of these ECV models in their respective markets on our planned timeframe, which could adversely affect our business, financial condition and operating results and harm our reputation. Our business will be adversely affected if we are unable to protect our intellectual property rights from unauthorized use or infringement by third parties. Any failure to adequately protect our intellectual property rights could result in the weakening or loss of such rights, which may allow our competitors to offer similar or identical products or use identical or confusingly similar branding, potentially resulting in the loss of some of our competitive advantage, a decrease in our revenue or an attribution of potentially lower quality products to us, which would adversely affect our business, financial condition, operating results and prospects. Our success depends, at least in part, on our ability to protect our core technology and intellectual property. To accomplish this, we rely on a combination of patents, patent applications, trade secrets (including know- how), employee and third- party nondisclosure agreements, copyright protection, trademarks, intellectual property licenses and other contractual rights to establish and protect our intellectual property rights in our technology. Our registered patents are under PRC law and have not been given reciprocal treatment and protection under the laws of either the United States or the European Union. We may be unable to adequately protect our proprietary technology and intellectual property from use by third parties. The protection provided by patent laws is and will be important to our business. However, such patents and agreements and various other measures we take to protect our intellectual property from use by others may not be effective for various reasons, including the following: • our pending patent applications may not result in the issuance of patents; • our patents may not be broad enough to protect our commercial endeavors; • the patents we have been granted may be challenged, invalidated or circumvented because of the pre- existence of similar patented or unpatented technology or for other reasons; • the costs associated with obtaining and enforcing patents in the countries in which we operate, confidentiality and invention agreements or other intellectual property rights may make enforcement impracticable; or • current and future competitors may independently develop similar technology, duplicate our vehicles or design new vehicles in a way that circumvents our intellectual property protection. Existing trademark and trade secret laws and confidentiality agreements afford only limited protections. In addition, the laws of some foreign countries do not protect our proprietary rights to the same extent as do the laws of the United States and policing the unauthorized use of our intellectual property is difficult. For example, historically the implementation and enforcement of PRC intellectual property- related laws have been limited. Accordingly, protection of intellectual property rights in China may not be as effective as in the United States or other countries. Some of the components in our supply chain are co- designed with third- party vendors, who are generally restricted from selling parts that are co- designed with us to other parties. However, in the event we discontinue our purchases of such co- designed components from our vendors, these vendors may no longer be restricted from selling such co- designed components to third parties. We may need to defend ourselves against patent or trademark infringement claims, which may be time- consuming and could cause us to incur substantial costs. Companies, organizations or individuals, including our competitors, may hold or obtain patents, trademarks or other proprietary rights that would prevent, limit or interfere with our ability to make, use, develop or sell our vehicles or vehicle kits, which could make it more difficult for us to operate our business. From time to time, we receive notices from holders of patents or trademarks regarding their proprietary rights. Companies holding patents or other intellectual property rights may bring suits against us alleging infringement of such rights or otherwise assert their rights and seek licenses. Even if we are successful in these proceedings, any intellectual property infringement claims against us could be costly, time- consuming, harmful to our reputation, and could divert the time and attention of our management and other personnel or result in injunctive or other equitable relief that may require us to make changes to our business, any of which could have a material adverse effect on our financial condition, cash flows, results of operations or prospects. In addition, if we are determined to have infringed upon a third party' s intellectual property rights, we may be required to do one or more of the following: • cease selling vehicles or incorporating or using designs or offering goods or services that incorporate or use the challenged intellectual property; • pay substantial damages; • obtain a license from the holder of the infringed intellectual property right, which license

may not be available on reasonable terms or at all; or • redesign our vehicles or other goods or services. In the event of a successful claim of infringement against us and our failure or inability to obtain a license to the infringed technology or other intellectual property right, our business, financial condition, operating results and prospects could be materially adversely affected. In addition, any litigation or claims, whether or not valid, could result in substantial costs and diversion of resources and management attention. In addition, we have agreed, and expect to continue to agree, to indemnify our channel partners for certain intellectual property infringement claims regarding our products. As a result, if infringement claims are made against our channel partners, we may be required to indemnify them for damages (including expenses) resulting from such claims or to refund amounts they have paid to us. Compliance with environmental regulations can be expensive, and noncompliance with these regulations may result in adverse publicity and potentially significant monetary damages and fines. Our business operations may generate noise, wastewater, end-of-life batteries, gaseous byproduct and other industrial waste. We are required to comply with all applicable national and local regulations regarding the protection of the environment. We believe we are in compliance with current environmental protection requirements and have all necessary environmental permits to conduct our business. However, if more stringent regulations are adopted in the future, the costs of compliance with these new regulations could be substantial. Additionally, if we fail to comply with present or future environmental rules or regulations, we may be liable for cleanup costs or be required to pay substantial fines, suspend production or cease operations. Any failure by us to control the use of, or to adequately restrict the unauthorized discharge of, hazardous substances or comply with other environmental regulations could subject us to potentially significant monetary damages and fines or suspensions to our business operations. Additionally, as we expand our local assembly capabilities in our target markets, our expansion will necessarily increase our exposure to liability with respect to environmental regulations and the fines and injunctive actions related thereto and require us to spend further resources and time complying with complex environmental regulations in such jurisdictions. Contamination at properties currently or formerly owned or operated by us, and properties to which hazardous substances were sent by us, may result in liability for us under environmental laws and regulations, including the Comprehensive Environmental Response, Compensation and Liability Act (“ CERCLA ”). The U. S. government can impose liability on us under CERCLA for the full amount of remediation-related costs of a contaminated site without regard to fault. Such costs can include those associated with the investigation and cleanup of contaminated soil, ground water and buildings as well as to reverse impacts to human health and damages to natural resources. Pursuant to the Environmental Protection Law of the PRC, which was adopted on December 26, 1989, and amended on April 24, 2014, effective on January 1, 2015, any entity which discharges pollutants must adopt measures to prevent and treat waste gas, waste water, waste residue, medical waste, dust, malodorous gas, radioactive substances generated in manufacturing, construction or any other activities as well as environmental pollution and hazards such as noise, vibration, ray radiation, electromagnetic radiation etc. Environmental protection authorities impose various administrative penalties on entities in violation of the Environmental Protection Law, including warnings, fines, orders to rectify within a prescribed period, cease construction, restrict or suspend production, make recovery, disclose relevant information or make an announcement, or seize and confiscate facilities and equipment which cause pollutant emissions, the imposition of administrative action against relevant responsible persons, and orders to shut down enterprises. In addition, pursuant to the Civil Code of the PRC, which was adopted on May 28, 2020, and became effective on January 1, 2021, in the event of damage caused to others as a result of environmental pollution and ecological destruction, the actor will bear tortious liability. In the event a party, in violation of laws and regulations, intentionally pollutes the environment or damages the ecology, thereby causing serious consequences, the infringed party is entitled to claim appropriate punitive damages. Any violations of the Environmental Protection Law or the Civil Code of the PRC could expose us to liabilities including fines and damages that could impact our business, prospects, financial condition and operating results. China has implemented several regulations, policies and measures to regulate the batteries used in ECVs, which cover the security standards, recycling activities and other specifications. For example, the Interim Measures for the Management of the Recycling of Power Battery in New Energy Vehicles (“ PRC Battery Measures ”) regulate the recycling and disposal of end-of-life batteries for new energy vehicles. The PRC Battery Measures provide that manufacturers of new energy vehicles must take primary responsibilities of the recycling of batteries and are required, for instance, to transfer batteries that have been damaged during manufacturing to vendors that provide recycling services, and to maintain records of the vehicles they have manufactured, the identification codes of the batteries incorporated into the vehicles, and the owners of the vehicles. The batteries used in our ECVs are also subject to a number of national standards in China, including functional safety requirements and testing methods for the battery management system of electric vehicles. The EU has specific regulations on batteries and the disposal of batteries to minimize the negative environmental effects of batteries and hazardous waste. The EU Battery Directive (2006 / 66 / EC) (the “ EU Battery Directive ”) is intended to cover all types of batteries regardless of their shape, volume, weight, material composition or use. It is aimed at reducing mercury, cadmium, lead and other metals in the environment by minimizing the use of these substances in batteries and by treating and re-using old batteries. This directive applies to all types of batteries except those used to protect European Member States’ security, for military purposes, or sent into space. To achieve these objectives, the EU Battery Directive prohibits the marketing of some batteries containing hazardous substances. It establishes processes aimed at high levels of collection and recycling of batteries with quantified collection and recycling targets. The directive sets out minimum rules for producer responsibility and provisions with regard to labeling of batteries and their removability from equipment. Product markings are required for batteries and accumulators to provide information on capacity and to facilitate reuse and safe disposal. We currently ship our ECVs pursuant to the requirements of the directive. Our current estimated costs associated with our compliance with this directive based on our current market share are not significant. However, we continue to evaluate the impact of this directive as European Union member states implement guidance, and actual costs could differ from our current estimates. In December 2020, the European Commission adopted a proposal to revise the EU Battery Directive. The proposal is designed to modernize the EU’ s regulatory framework for batteries to secure the sustainability and

competitiveness of battery value chains. It could introduce mandatory requirements on sustainability (such as requiring responsible sourcing of raw materials, restrictions on the use of hazardous substances, carbon footprint rules, minimum recycled content targets, performance and durability criteria), safety and labelling for the marketing and putting into service of batteries, and requirements for end-of-life management including to facilitate the repurposing of industrial and electric-vehicle batteries as stationary energy storage batteries. The proposal also includes due diligence obligations for economic operators as regards the sourcing of raw materials. The EU Restriction of Hazardous Substances Directive 2002 / 95 / EC (the “RoHS Directive”) places restrictions on the use of certain hazardous substances in electrical and electronic equipment. All applicable products sold in the European Union market after July 1, 2006 must comply with EU RoHS Directive. While this directive does not currently affect our ECVs in any meaningful way, should any changes occur in the directive that would affect our ECVs, we will need to comply with any new regulations that are imposed. Our noncompliance with any of these regulations may materially and adversely affect our operations or financial condition. We are subject to anti-corruption, anti-bribery, anti-money laundering, financial and economic sanctions and similar laws, and noncompliance with such laws can subject us to administrative, civil and criminal fines and penalties, collateral consequences, remedial measures and legal expenses, all of which could adversely affect our business, results of operations, financial condition, prospects and reputation. We are subject to anti-corruption, anti-bribery, anti-money laundering, financial and economic sanctions and similar laws and regulations in various jurisdictions in which we conduct activities, including the U. S. Foreign Corrupt Practices Act, or FCPA and other anti-corruption laws and regulations. The FCPA prohibits us and our officers, directors, employees and business partners acting on our behalf, including agents, from corruptly offering, promising, authorizing or providing anything of value to a “foreign official” for the purposes of influencing official decisions or obtaining or retaining business or otherwise obtaining favorable treatment. The FCPA also requires companies to make and keep books, records and accounts that accurately reflect transactions and dispositions of assets and to maintain a system of adequate internal accounting controls. A violation of these laws or regulations could adversely affect our business, results of operations, financial condition, prospects and reputation. We have direct or indirect interactions with officials and employees of government agencies and state-owned affiliated entities in the ordinary course of business. These interactions subject us to an increased level of compliance-related concerns. We are in the process of implementing policies and procedures designed to ensure compliance by us and our directors, officers, employees, representatives, consultants, agents and business partners with applicable anti-corruption, anti-bribery, anti-money laundering, financial and economic sanctions and similar laws and regulations. However, our policies and procedures may not be sufficient, and our directors, officers, employees, representatives, consultants, agents, and business partners could engage in improper conduct for which we may be held responsible. Noncompliance with anti-corruption, anti-bribery, anti-money laundering or financial and economic sanctions laws could subject us to whistleblower complaints, adverse media coverage, investigations, and severe administrative, civil and criminal sanctions, collateral consequences, remedial measures and legal expenses, all of which could materially and adversely affect our business, results of operations, financial condition, prospects and reputation. In addition, changes in economic sanctions laws in the future could adversely affect our business and investments in our shares.

Risks Related to Information Technology, Data Security, and Privacy We seek to continuously expand and improve our information technology systems and use security measures designed to protect our systems against breaches and cyber-attacks. If these efforts are not successful, our business and operations could be disrupted, and our operating results and reputation could be harmed. We seek to continuously expand and improve our information technology systems, including implementing new internally developed and / or external industry standard enterprise resource planning systems (“ERP systems”), to assist us in the management of our business. We maintain information technology measures designed to protect us against intellectual property theft, data breaches and other cyber-attacks. The implementation, maintenance and improvement of these systems require significant management time, support and cost. Moreover, there are inherent risks associated with developing, improving and expanding our core systems as well as implementing new systems, including the disruption of our data management, procurement, manufacturing execution, finance and supply chain processes. Despite network security and back-up measures, our information technology systems are potentially vulnerable to physical or electronic break-ins, computer viruses and similar disruptive problems. Despite precautionary measures to prevent unanticipated problems that could affect our information technology systems, sustained or repeated system failures that interrupt our ability to generate and maintain data could adversely affect our ability to manage our data and inventory, procure parts or supplies or manufacture, sell, deliver ECVs, or achieve and maintain compliance with, or realize available benefits under, tax laws and other applicable regulations. We cannot assure you that any of our new information technology systems or their required functionality will be effectively implemented, maintained or expanded as planned. If we do not successfully maintain our information technology or expand these systems as planned, our operations may be disrupted, our ability to accurately or timely report our financial results could be impaired, and deficiencies may arise in our internal control over financial reporting, which may adversely affect our ability to certify our financial results. Moreover, our proprietary information could be compromised or misappropriated, and our reputation may be adversely affected. If these systems or their functionality do not operate as we expect them to, we may be required to expend significant resources to make corrections or find alternative sources for performing these functions. Data collection is governed by restrictive regulations governing the use, processing, and cross-border transfer of personal information. International jurisdictions have their own data security and privacy legal framework with which companies or their customers must comply. The collection, use, storage, transfer, and other processing of personal data regarding individuals in the European Economic Area is governed by the General Data Protection Regulation (“GDPR”), which came into effect in May 2018. It contains numerous requirements and changes from previously existing EU law, including more robust obligations on data processors and heavier documentation requirements for data protection compliance programs by companies. Among other things, the GDPR regulates transfers of personal data subject to the GDPR to countries outside of the European Union that have not been found to provide adequate protection to such personal data, including the United States. The European Data Protection Board has issued draft guidance requiring additional

measures be implemented to protect EU personal data from foreign law enforcement, including in the U. S. These additional measures may require us to expend additional resources to comply. The GDPR also introduced numerous privacy- related changes for companies operating in the European Union, including greater control for data subjects, increased data portability for EU consumers, data breach notification requirements and increased fines. Fines of up to 20 million Euros or up to 4 % of the annual global revenue of the noncompliant company, whichever is greater, could be imposed for violations of certain GDPR requirements. Such penalties are in addition to any civil litigation claims by customers and data subjects. The GDPR requirements apply not only to third- party transactions but also to transfers of information between us and our subsidiaries, including employee information. The **collection and processing of electronic communications data** that focuses on a person’s right to conduct a private life, in contrast **the EU is regulated by the ePrivacy Directive (2002 / 58 / EC), which applies to the confidentiality of communications, the use of tracking technologies (such as cookies), and direct marketing practices. Unlike** the GDPR, which focuses on protection of personal data **protection**. The proposed legislation, known as the **Regulation on Privacy and Electronic Communications, or ePrivacy Regulation, would replace the current ePrivacy Directive regulates**. While the new legislation contains protections for those **the using privacy of** communications services (for example, protections against online tracking technologies), the timing of its proposed enactment following the GDPR means that additional time and effort may need to be spent addressing differences between the ePrivacy Regulation and the GDPR. New rules related to the ePrivacy Regulation are likely to include enhanced consent requirements to use communications content and metadata **and other, including** data collected from connected devices and physical objects, **including such as** our ECVs. **The directive has been implemented inconsistently across EU member states, leading to fragmented compliance requirements. A proposed ePrivacy Regulation intended to replace the directive and create a uniform legal framework was withdrawn in February 2025, leaving uncertainty regarding future reforms. Compliance with varying national implementations of the ePrivacy Directive may require additional operational adjustments and could result in regulatory fines or enforcement actions if found noncompliant. Scheduled to take effect on September 12, 2025, the EU Data Act introduces new regulatory requirements for data access, sharing, and portability, extending beyond personal data to include non- personal data. This legislation aims to facilitate data sharing among businesses and with governments, but its broad scope and evolving implementation may create uncertainties and compliance challenges for our operations. The Act imposes obligations on data holders — which are fitted could include companies managing connected devices such as our Electric Commercial Vehicles (ECVs) — to provide access to certain data upon request under regulated conditions. Compliance with networking devices these requirements may necessitate modifications to our data management systems, contractual agreements, and security protocols. Non- compliance could result in regulatory enforcement actions, penalties, and increased operational costs, particularly as EU member states implement and enforce the Act in different ways. Additionally, the evolving regulatory landscape in the EU could create uncertainties regarding data monetization, competitive practices, and cross- border data transfers, potentially impacting our business model and operations.** Following the United Kingdom’s (the “UK”) exit from the European Union, the GDPR was transposed into UK law (“UK GDPR”) as supplemented by the UK Data Protection Act 2018. As a result, the UK GDPR will not automatically incorporate any changes made to the GDPR going forward (which would need to be specifically incorporated by the UK Government). At present, the GDPR and the UK GDPR are broadly similar and have parallel regimes, which have not yet diverged significantly. However, the UK Government has launched a public consultation on proposed reforms to the data protection framework in the UK. This may lead to future divergence and variance between the two regimes. In addition, China has laws relating to the supervision of data and information protection. The Cybersecurity Law regulates the activities of “network operators,” which include companies that manage any network under PRC jurisdiction. As such, certain of our PRC subsidiaries may be regarded as network operators under the Cybersecurity Law, since our ECVs are fitted with networking devices. The Cybersecurity Law requires that the collection of personal data is subject to consent by the person whose data is being collected. On June 10, 2021, China enacted the Data Security Law of the PRC (“DSL”), which became effective as of September 1, 2021. The DSL introduces several changes and new features to data security regulation and a comprehensive data security regime, which authorizes national departments to conduct stricter supervision of data in China. For example, the PRC government will establish a catalogue of crucial data categories and promulgate stricter regulations over the protection of such crucial data listed in the catalogue. The DSL also will introduce the concept of “National Core Data,” which refers to data related to, among other topics, national security, the PRC economy, and significant public interests, and provides that stricter regulations may be imposed on such National Core Data. The cross- border transfer of domestic data as required by non- PRC judicial or enforcement authorities is also subject to the approval of competent Chinese authorities. **Effective January 1, 2025, China’s Network Data Security Management Regulations introduce enhanced requirements for data security and privacy, particularly concerning personal information protection, data localization, and cross- border data transfers. These regulations impose stricter compliance obligations on data handlers, including requirements to conduct regular data security risk assessments, implement classified data protection measures, and obtain governmental approval for certain cross- border data transfers. Additionally, companies processing large volumes of “important data” or “national core data” may face heightened scrutiny and stricter regulatory oversight. Failure to comply with these regulations could result in significant financial penalties, operational disruptions, revocation of business licenses, or restrictions on cross- border operations. As a result, we may be required to adjust our data handling practices, enhance internal compliance measures, and allocate additional resources to meet evolving regulatory requirements in China.** Compliance with the GDPR, the UK GDPR, the **new ePrivacy Regulation Directive**, as well as the Cybersecurity Law **and, DSL and enhanced regulations** in China, may involve substantial operational costs or require us to change business practices. While we have not had a substantial presence in the European Union historically, in January 2022, we opened our European Operations Center in Dusseldorf,

Germany and, in March 2022, we acquired a 65 % equity interest in Tropos Motors Europe GmbH (“ TME ”), a “ private label ” channel partners that assembles and distributes branded ECVs based on our Metro ® called the ABLE and one of our largest customers since 2019. As a result, we may be required to comply with certain provisions of the GDPR ~~and the new ePrivacy Regulation (once effective)~~. As a result, we may need to undertake an update of certain of our business practices, including (i) updating internal records, policies and procedures; (ii) updating publicly facing privacy notices and consent mechanisms, where required; (iii) implementing employee privacy training; (iv) appointing an individual responsible for privacy compliance; (v) implementing an inter- group data transfer agreement; (vi) reviewing / updating contracts with vendors that process data on our behalf, and (vii) implementing an audit framework. Furthermore, if we begin selling our ECVs directly to end- users in the European Union, UK or China, we would likely be required to comply with additional regulatory requirements. To the extent we become subject to any such regulations, our noncompliance could result in proceedings by governmental entities, customers, data subjects or others and may result in fines, penalties, and civil litigation claims. Our ECVs are fitted with a networking device connecting the vehicle to our proprietary cloud- based software, which enables end- users to collect data about vehicle configuration, vehicle status and user efficiency through a system of digitally enabled components, which we sometimes refer to as “ smart components. ” With the permission of the end- users of the vehicles, we received data collected from approximately 950 Metro ® units that we put into service through a company affiliated with our former parent company, CAG Cayman, in the Chinese market. This data included vehicle- specific data collected for operational analysis, which we used to make improvements in the quality and durability of such components. We enable end- users to collect, store and analyze data using tools that we have developed but we do not have access to this end- user collected data unless we request and receive access from the end- user. We do not currently collect, use or store any vehicle- specific or driver- specific data in any region and do not intend to do so in the future. These laws, rules, and regulations are constantly evolving and may be interpreted, applied, created, or amended in a manner that could harm our current or future business and operations and may result in ever increasing regulatory and public scrutiny and escalating levels of enforcement and sanctions. Any significant changes to applicable laws, regulations, or industry practices regarding the use, transfer, or disclosure of individual data, or regarding the manner in which the express or implied consent of individuals for the use and disclosure of such data is obtained- or in how these applicable laws, regulations, or industry practices are interpreted and enforced by state, federal, and international privacy regulators- could require us to modify our services and features, possibly in a material and costly manner, may subject us to legal claims, regulatory enforcement actions and fines, and may limit our ability to develop new services and features that make use of the data that individuals share with us, should we begin to collect such data. To the extent we are required to comply with regulations under the GDPR, the UK GDPR, the ePrivacy **Directive Regulation (once effective)**, the Cybersecurity Law **and**, the DSL **and China’s enhanced regulations** (collectively, the “ Data Security Regulations ”), any non- compliance could adversely affect our business, financial condition, results of operations and prospects. Compliance with Data Security Regulations may be a rigorous and time- intensive process that may increase our cost of doing business or require us to change our business practices, and despite those efforts, there is a risk that we may be subject to fines and penalties, litigation, and reputational harm in connection with any future activities. Any unauthorized control or manipulation of our ECV’ s information technology systems could result in loss of confidence in us and our ECVs and harm our business. Our ECVs are equipped with complex information technology systems. For example, our ECVs are designed with built- in data connectivity to improve their functionality. We have designed, implemented and tested security measures intended to prevent unauthorized access to our information technology networks, our ECVs and their systems. However, hackers may attempt in the future to gain unauthorized access to modify, alter and use such networks and ECV systems to gain control of, or to change, our ECVs’ functionality, user interface and performance characteristics, or to gain access to data stored in or generated by our ECVs. In addition, there are limited preventative measures that we can take to prevent unauthorized access to our information technology network by an employee that is knowledgeable about our information technology network and its various safeguards. We encourage reporting of potential vulnerabilities in the security of our ECVs, and we aim to remedy any reported and verified vulnerability. However, there can be no assurance that vulnerabilities will not be exploited in the future before they can be identified, or that our remediation efforts are or will be successful. Any unauthorized access to or control of our ECVs or their systems or any loss of data could result in legal claims or proceedings. In addition, regardless of their veracity, reports of unauthorized access to our ECVs, their systems or data, as well as other factors that may result in the perception that our ECVs, their systems or data are capable of being “ hacked, ” could adversely affect our brand, business, financial condition, operating results and prospects. Breaches in data security, failure of information security systems, cyber- attacks or other security or privacy- related incidents affecting us or our suppliers could have a material adverse effect on our reputation and brand, harm our business, prospects, financial condition, results of operations, and cash flows, and subject us to legal or regulatory fines or damages. Threats to networks and information technology infrastructure are increasingly diverse and sophisticated. Traditional computer “ hackers, ” malicious code (such as viruses and worms), phishing attempts, employee theft or misuse, denial of service attacks, ransomware attacks, and sophisticated nation- state and nation- state supported actors engage in intrusions and attacks that create risks for our (and our suppliers’) internal networks, vehicles, infrastructure, and cloud deployed products and the information they store and process, including personal information of our employees and customers, including names, accounts, user IDs and passwords, vehicle information, and payment or transaction related information. Although we have implemented security measures designed to prevent such attacks, our networks and systems may be breached due to the actions of outside parties, employee error, malfeasance, a combination of these, or otherwise, and as a result, an unauthorized party may obtain access to our systems, networks, or data, resulting in data being publicly disclosed, altered, lost, or stolen, which could subject us to liability and adversely impact our financial condition. Further, any breach in our data security could allow malicious parties to access sensitive systems, such as our product lines and the vehicles themselves. Such access could adversely impact the safety of our employees and customers. We and our suppliers have been and continue to be subject to ransomware

and phishing attacks. While we seek to learn from all attacks directed at us and implement remedial measures where necessary under the framework of our cybersecurity risk management program we have developed and expect our suppliers to do the same, we cannot guarantee that such remedial measures will prevent material cybersecurity incidents in the future. We also face increasing and evolving disclosure obligations related to cyber and other security events. Despite our cybersecurity risk management program and processes, we may fail to meet our existing or future disclosure obligations and / or may have our disclosures misinterpreted. Any actual, alleged, or perceived failure to prevent a security breach or to comply with our privacy policies or privacy-related legal obligations, failure in our systems or networks, or any other actual, alleged, or perceived data security incident we or our suppliers suffer, could result in: damage to our reputation; negative publicity; loss of customers and sales; loss of competitive advantages over our competitors; increased costs to remedy any problems and provide any required notifications, including to regulators and individuals, and otherwise respond to any incident; regulatory investigations and enforcement actions; costly litigation; and other liabilities. In addition, we may incur significant financial and operational costs to investigate, remediate, and implement additional tools, devices, and systems designed to prevent actual or perceived security breaches, and other security or privacy-related incidents, as well as costs to comply with any notification obligations resulting from any such incidents. Further, we could also be exposed to a risk of loss or litigation and potential liability under laws, regulations, and contracts that protect the privacy and security of personal information. Any of these negative outcomes could adversely impact the market perception of our products and customer and investor confidence in our Company, and would materially and adversely affect our business, prospects, financial condition, results of operations, or cash flows.

Risks Related to Doing Business in China Changes in China's economic, political or social conditions or government policies could have a material adverse effect on our business, results of operations, financial condition and prospects. A significant amount of our assets and operations are located in China. Accordingly, our business, financial condition, results of operations and prospects may be influenced by political, economic and social conditions in China generally. The Chinese economy differs from the economies of most developed countries in many respects, including the level of government involvement, level of development, growth rate, control of foreign exchange and allocation of resources. Although the Chinese government has implemented measures emphasizing the utilization of market forces for economic reform, the reduction of state ownership of productive assets, and the establishment of improved corporate governance in business enterprises, a substantial portion of productive assets in China is still owned by the government. In addition, the Chinese government continues to play a significant role in regulating industry development by imposing industrial policies. The Chinese government also exercises significant control over China's economic growth through allocating resources, controlling payment of foreign currency-denominated obligations, setting monetary policy, and providing preferential treatment to particular industries or companies. In some instances, these regulatory measures could negatively impact us. For instance, the Chinese government restricts foreign direct investment in certain industries, which could in the future, if such restrictions are expanded to include the ECV industry, limit our ability to operate through Chinese subsidiaries. Any adverse changes in economic conditions in China, in the policies of the Chinese government or in the laws and regulations in China could have a material adverse effect on the overall economic growth of China. Such developments could adversely affect our business and operating results, lead to reduction in demand for our ECVs and adversely affect our competitive position. While the Chinese economy has experienced significant growth over the past decades, growth has been uneven, both geographically and among various sectors of the economy. The Chinese government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures may benefit the overall Chinese economy but may have a negative effect on us. For example, our business, results of operations, financial condition and prospects may be adversely affected by government control over capital investments or changes in tax regulations. In addition, in the past the Chinese government has implemented certain measures, including interest rate adjustments, to control the pace of economic growth. These measures may cause decreased economic activity in China, which may also adversely affect our business, results of operations, financial condition and prospects. The PRC government may intervene or otherwise adversely affect our operations at any time, or may exert more control over foreign investment in issuers with operations in China, which could materially affect our operations. The PRC government may intervene or otherwise adversely affect our operations at any time, or may exert more control over foreign investment in issuers with operations in China, which could materially affect our operations. For example, the PRC government has recently published new policies that significantly affected certain industries such as the education and Internet industries, and we cannot rule out the possibility that it will in the future release regulations or policies regarding the electric commercial vehicle or any other related industry that could adversely affect the business, financial condition and results of operations of our company. Furthermore, the PRC government has also recently indicated an intent to exert more oversight and control over foreign investment in companies with China-based operations. Rules and regulations in China can change with little advance notice. Any such action, once taken by the PRC government, could cause the value of such securities to significantly decline. Recently, the PRC government initiated a series of regulatory actions and statements to regulate business operations in China with little advance notice, including cracking down on certain activities in the securities market, enhancing supervision over China-based companies listed overseas (particularly those using variable interest entity structures), adopting new measures to extend the scope of cybersecurity reviews (particularly for companies that process large amounts of sensitive consumer data), and expanding efforts in anti-monopoly enforcement. Since these statements and regulatory actions are new, it is highly uncertain how soon legislative or administrative bodies will respond, what existing or new laws or regulations or detailed implementations and interpretations will be modified or promulgated, if any, and the potential impact such modified or new laws and regulations will have on our daily business operations or the ability to accept foreign investments. Uncertainties with respect to the Chinese legal system could materially and adversely affect us and may restrict the level of legal protections to foreign investors. China's legal system is based on statutory law. Unlike the common law system, statutory law is based primarily on written statutes. Previous court decisions may be cited as persuasive authority but do not have a binding effect. Although the Supreme People's Court has determined and

issued guiding caselaw that courts should refer to when trying similar cases, it may not sufficiently cover all aspects of economic activities in China. Since 1979, the Chinese government has been promulgating and amending laws, regulations and relevant interpretations regarding economic matters, such as corporate organization and governance, foreign investment, commerce, taxation and trade. However, since these laws and regulations are relatively new, and the Chinese legal system continues to rapidly evolve, the interpretation of many laws, regulations and rules is not always uniform, and enforcement of these laws, regulations and rules may involve uncertainties, which may limit legal protections available to us. In addition, any litigation in China may be protracted and may result in substantial costs and diversion of resources and management's attention. The legal system in China may not provide investors with the same level of protection as in the United States or Australia. We are governed by laws and regulations generally applicable to local enterprises in China. Many of these laws and regulations are still being continuously revised and improved. Interpretation, implementation and enforcement of the existing laws and regulations can be uncertain and unpredictable and therefore may restrict the legal protections available to foreign investors. We currently conduct a significant amount of our operations through our subsidiaries established in China. Adverse regulatory developments in China may subject us to additional regulatory review or regulatory approval, and additional disclosure requirements. Also, regulatory scrutiny in response to recent tensions between the United States and China may impose additional compliance requirements for companies like ours with significant China-based operations. These developments could increase our compliance costs or subject us to additional disclosure requirements. We currently conduct a significant amount of our operations through our subsidiaries established in China. Because of our corporate structure, we and our investors are subject to unique risks due to uncertainty regarding the interpretation and application of currently enacted PRC laws and regulations and any future actions of the PRC government relating to companies with significant PRC operations, and the possibility of sanctions imposed by PRC regulatory agencies, including the China Securities Regulatory Commission, if we fail to comply with their rules and regulations. For example, as a result of our PRC operations, we are subject to PRC laws relating to, among others, data security and restriction over foreign investments. Recent regulatory developments in China, in particular with respect to restrictions on companies with significant operations in China raising capital offshore, including companies that process large amounts of sensitive consumer data and companies with a variable interest entities structure, or a VIE structure, may lead to additional regulatory review or approval in China over our financing and capital raising activities in the U. S. capital markets. On December 28, 2021, the Cyberspace Administration of China (the "Cyberspace Administration") and other competent authorities issued the amended Cybersecurity Review Measures (effective as of February 2022), which provides, among other things, that online platform operators (i. e., over one million users) must apply for cybersecurity review prior to public listings outside of China. Under such rules, the Cyberspace Administration has jurisdiction to review and limit foreign public listings of critical information infrastructure operators (data operators in industries such as energy, water conservancy and public services) and online platform operators with more than one million users (for example, companies that operate consumer platforms such as ride-sharing, personal banking or retail). Additionally, on December 24, 2021, the China Securities Regulatory Commission ("CSRC") published the Regulations of the State Council on the Administration of Overseas Issuance and Listing of Securities by Domestic Enterprises (Draft for Public Comments) and the Measures for the Administration of Overseas Issuance and Listing of Securities by Domestic Enterprises (Draft for Public Comments) for public comments, which will apply to a domestic enterprise that issues shares, depositary receipts, corporate bonds convertible into shares, or other securities of an equity nature outside of the PRC, or lists its securities for trading outside of the PRC. On February 17, 2023, the CSRC issued the Overseas Offering and Listing Measures, which provides principles and guidelines for direct and indirect issuance of securities overseas by a Chinese domestic company. Under the Overseas Offering and Listing Measures, the substance rather than the form of issuance will govern when determining whether an issuance constitutes "indirect issuance of securities overseas by a Chinese domestic company", and an issuance meeting the following two conditions simultaneously will be deemed as an "indirect issuance of securities overseas by a Chinese domestic company": (i) 50% or more of the issuer's operating revenue, total profit, total assets or net assets as documented in its audited consolidated financial statements for the most recent accounting year is accounted for by domestic enterprises, and (ii) the principal business is conducted or the principal business place is within the territory of mainland China, or the majority of senior management in charge of business operation are Chinese citizens or have habitual residence within the territory of mainland China. In the event any listing or issuance of securities has fallen under this definition, the issuer shall assign one of its related major Chinese domestic operating entities to make filings with the CSRC within three business days after its initial public offering or any offerings after the initial public offering. As the Company is an Australian company with (i) only partial business operations conducted within the territory of mainland China constituting less than 50% of our total financials on a consolidated basis, and (ii) does not have its principal business conducted or the principal business place within the territory of mainland China, or have majority of senior management in charge of business operation are Chinese citizens or have habitual residence within the territory of mainland China, we understand the Company's listing and issuance of securities on Nasdaq will not constitute an indirect issuance of securities overseas by a Chinese domestic company under the Overseas Offering and Listing Measures. However, even if we were subject to the Overseas Offering and Listing Measures according to the Overseas Offering and Listing Notice, an issuer who has completed overseas issuance and listing before March 31, 2023 like us is not required to file with the CSRC for the offering or listing that is already completed but is required to make filings with the CSRC for its follow-on financing activities involving overseas offering or listing after the effective date of the Overseas Offering and Listing Measures. As such, we are not required to make filings with CSRC under the Overseas Offering and Listing Measures unless we qualify under the above criteria and conduct new overseas offerings of our securities in the future. As the Overseas Offering and Listing Measures is recently issued and the interpretations and implementation of such regulation still involve uncertainties, we cannot assure you that the Company, and its subsidiaries can complete the filings with the CSRC if the Company become subject to the Listing Measures intends to conduct new overseas offerings of its securities after March 31, 2023. In addition, since regulatory regime

of the PRC for securities activities continues to rapidly evolve, we cannot assure you that we will not be required in the future to make filings with or obtain approvals from the CSRC or potentially other regulatory authorities in order to maintain the listing status on Nasdaq due to changes or passing of applicable laws, regulations, or interpretations in the future. In the event that it is determined that the Company, and its subsidiaries are required to make filings with or obtain approval from the CSRC or any other regulatory authority but fail to make such filings or obtain such approvals timely or at all, the PRC subsidiaries of the Company may be subject to non-compliance rectification order, warning letters or fines, which could materially and adversely affect our business, financial condition, and results of operations, and / or the value of our Common Stock, or could significantly limit or completely hinder our ability to offer or continue to offer securities to investors and cause the value of such securities to significantly decline or be worthless. In addition, on July 30, 2021, in response to the recent regulatory developments in China and actions adopted by the PRC government, the Chairman of the SEC issued a statement asking the SEC staff to seek additional disclosures from offshore issuers associated with China-based operating companies before their registration statements will be declared effective, including detailed disclosure related to VIE structures and whether the VIE and the issuer, when applicable, received or were denied permission from Chinese authorities to list on U. S. exchanges and the risks that such approval could be denied or rescinded. We may face heightened scrutiny and negative publicity, which could result in a material change in our operations or significantly limit our ability to offer or continue to offer securities to investors and cause the value of such securities to significantly decline. Additionally, recent statements by PRC authorities and changes in PRC internal regulatory mandates, such as certain rules surrounding mergers and acquisitions, the Data Security Law, and rules related to entities using a variable interest entity structure, may target the Company due to our significant operations in China and impact our ability to conduct business, accept foreign investments, or maintain a listing on a U. S. exchange. We cannot predict the effects of future developments in the PRC legal system. We may be required in the future to procure additional permits, authorizations and approvals for our existing and future operations, which may not be obtainable in a timely fashion or at all and which could materially affect our operations as a business. The occurrence of any of the aforementioned regulatory obstacles or the inability to obtain such permits or authorizations may have a material and adverse effect on our business, financial condition and results of operations. Increases in labor costs and enforcement of stricter labor laws and regulations in China may adversely affect our business and our profitability. China's overall economy and the average wage in China have increased in recent years and are expected to grow. The average wage level for our employees has also increased in recent years. We expect that our labor costs, including wages and employee benefits, will increase. Unless we are able to take effective measures to reduce labor costs or pass on these increased labor costs to those who pay for our ECVs, our profitability and results of operations may be materially and adversely affected. In addition, we have been subject to stricter regulatory requirements in terms of entering into labor contracts with our employees, limitation with respect to utilization of labor dispatching, applying for foreigner work permits, labor protection and labor condition and paying various statutory employee benefits, including pensions, housing fund, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance to designated government agencies for the benefit of our employees. Pursuant to the PRC Labor Contract Law and its implementation rules, employers are subject to stricter requirements in terms of signing labor contracts, minimum wages, paying remuneration, determining the term of employee's probation and unilaterally terminating labor contracts. In the event that we decide to terminate some of our employees or otherwise change our employment or labor practices, the PRC Labor Contract Law and its implementation rules may limit our ability to effect those changes in a desirable or cost-effective manner, which could adversely affect our business and results of operations. In October 2010, the Standing Committee of the National People's Congress promulgated the PRC Social Insurance Law, which came into effect on July 1, 2011 and was amended on December 29, 2018. On April 3, 1999, the State Council of the People's Republic of China (the "State Council") promulgated the Regulations on the Administration of Housing Funds, which was amended on March 24, 2002 and March 24, 2019. Companies registered and operating in China are required under the Social Insurance Law and the Regulations on the Administration of Housing Funds to apply for social insurance registration and housing fund deposit registration within 30 days of their establishment, and to pay for their employees different social insurance including pension insurance, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance to the extent required by law, as well as housing provident funds. If we are deemed to have violated relevant social insurance and housing funds regulations, we could be subject to orders by the competent authorities for rectification and failure to comply with such orders may further subject us to administrative fines or other corresponding measures. As the interpretation and implementation of labor-related laws and regulations are still evolving, our employment practices may violate labor-related laws and regulations in China, which may subject us to labor disputes or government investigations. We cannot assure you that we have complied or will be able to comply with all labor-related law and regulations including those relating to obligations to make social insurance payments and contribute to the housing provident funds. If we are deemed to have violated relevant labor laws and regulations, we could be required to provide additional compensation to our employees or assume other responsibilities and our business, financial condition and results of operations will be adversely affected. Fluctuations in the value of the RMB and restrictions on currency exchange may adversely affect our business. The reporting currency of our U. S. subsidiary is the U. S. Dollar while our Chinese subsidiaries' functional currency is RMB. Our Audited Financial Statements are presented in USD and will be affected by the foreign exchange rate of the Renminbi ("RMB") against the USD. During the years ended December 31, ~~2024, and 2023, and 2022~~, significant portions of our revenues were derived from the sales in the European Union and United States, denominated in Euros or USD, respectively, while our costs and expenses were primarily incurred in the PRC (and denominated in RMB). The value of the RMB against the Euro, USD and other currencies is affected by changes in China's political and economic conditions and by China's foreign exchange policies, as well as currency market conditions and other factors. Since July 21, 2005, the RMB has been permitted to fluctuate within a narrow and managed band against a basket of certain foreign currencies. It is difficult to predict how market forces or PRC, U. S. or EU government policy may impact the exchange rate between the RMB and the USD or Euro, respectively, in the future.

For instance, during the year ended December 31, 2023 the RMB depreciated against the USD by approximately 8 %. Currency exchange rate fluctuation in either direction can negatively impact our results of operations or financial condition. Appreciation in RMB could have the effect of increasing our operating costs so long as a material amount of our current operations occur in China. Conversely, appreciation of USD against the RMB could have the effect of reducing the value of our cash and cash equivalents in China for the purpose of paying any cash dividends. We may rely on dividends and other distributions on equity paid by our PRC subsidiaries to fund any cash and financing requirements we may have, and any limitation on the ability of our PRC subsidiaries to make payments to us could have a material and adverse effect on our ability to conduct our business. We conduct our operations in various countries, including China, through wholly owned subsidiaries with direct equity ownership. If our PRC subsidiaries incur debt on their own behalf in the future, the instruments governing the debt may restrict their ability to pay dividends or make other distributions to us. Under PRC laws and regulations, our PRC subsidiaries, which are foreign-owned enterprises, may pay dividends only out of their respective accumulated profits as determined in accordance with PRC accounting standards and regulations. In addition, a foreign-owned enterprise is required to set aside at least 10 % of its accumulated after-tax profits each year, if any, to fund a certain statutory reserve fund, until the aggregate amount of such fund reaches 50 % of its registered capital. Such reserve funds cannot be distributed to us as dividends. At its discretion, a foreign-owned enterprise may allocate a portion of its after-tax profits based on PRC accounting standards to an enterprise expansion fund, or a staff welfare and bonus fund. To date, we have not been required to set aside and fund any such statutory reserve fund, as we have, since our inception, incurred net losses. Under applicable PRC accounting standards and regulations, intercompany transfers are accounted for under either a general account, for cash transfers in the ordinary course of business, or a capital account, for cash transfers on investments (i. e., dividends and loan repayments). With respect to our capital account, we can send capital investments to our subsidiaries for working capital and our subsidiaries can use such capital at their discretion. To the extent one of our PRC subsidiaries declares and pays a dividend, such subsidiary must pay a transfer tax of 15 % to repatriate any profit distributed to our Australian parent company. Our PRC subsidiaries, as Wholly Foreign Owned Enterprises (WFOEs) under PRC law, can make dividends up to CAG HK without prior PRC regulatory approval. However, any such subsidiary is limited in its ability to make dividends while that subsidiary has either net losses in the current period or accumulated net losses from prior periods and will only be able to pay dividends during periods in which it has positive net income and no accumulated net losses. We have not made any cash distributions or transfers of other assets between us and any of our subsidiaries. To date, there have been no net profits recognized at any of our PRC subsidiaries and thus there have not been any dividends or distributions made by any of our subsidiaries. With respect to our general account, our subsidiaries purchase and pay for materials and parts, and receive funds for the sale of vehicle kits and vehicles. There is no PRC government approval required for transactions in our general account, where funds can be sent and received in the ordinary course of business freely without government approvals. Revenue generated in Renminbi by our PRC Subsidiaries is not freely convertible into other currencies. As a result, any restriction on currency exchange may limit the ability of our PRC subsidiaries to use their Renminbi revenues to pay dividends to us. The PRC government may continue to strengthen its capital controls and more restrictions and substantial vetting processes may be put forward by the State Administration of Foreign Exchange, or SAFE, for cross-border transactions. Any limitation on the ability of our PRC subsidiaries to pay dividends or make other kinds of payments to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our business, pay dividends, or otherwise fund and conduct our business. In addition, the Enterprise Income Tax Law and its implementation rules provide that a withholding tax rate of up to 10 % will be applicable to dividends payable by Chinese companies to non- PRC- resident enterprises unless otherwise exempted or reduced according to treaties or arrangements between the PRC central government and governments of other countries or regions where the non- PRC- resident enterprises are incorporated. Changes in U. S. and international trade policies, particularly with regard to China, may adversely impact our business and operating results. Since the beginning of 2018, there has been increasing rhetoric, in some cases coupled with legislative or executive action, from several U. S. and foreign leaders regarding tariffs against foreign imports of certain materials. More specifically, there have been several rounds of U. S. tariffs on Chinese goods taking effect in the past few years, some of which prompted retaliatory Chinese tariffs on U. S. goods. **Most recently, on March 4, 2025, U. S. president, Donald J. Trump, announced that the U. S. would impose an additional 20 % tariff on Chinese imports starting March 4, 2025. The additional tariffs imposed by the U. S. government on certain products imported from China may impact our supply chain and cost structure. Additionally, the U. S. government continues to signal that it may alter trade agreements and terms between China and the United States, including limiting trade with China, and may impose additional tariffs on imports from China and other countries from which we import** goods. By January 2020, China and the United States had reached a phase one trade deal to roll back tariffs and suspend certain tariff increases by the United States that were scheduled to take effect; however, such phase one trade deal made reductions in tariffs contingent on certain purchase concessions from China. As of March 2022, China has yet to satisfy the trade deal's purchase conditions and tariff levels have not been reduced under the agreement. The institution of trade tariffs both globally and between the U. S. and China specifically carries the risk of negatively affecting both countries' overall economic condition. If these tariffs continue or additional new tariffs are imposed in the future, they could have a negative impact on us as we have significant operations in China. The Chinese government has adopted legislation and new regulations designed to counteract U. S. trade policies towards China, including the Anti- Foreign Sanctions Law and the Ministry of Commerce of the People's Republic of China Order No. 1 of 2021 on Rules on Counteracting Unjustified Extraterritorial Application of Foreign Legislation and Other Measures. Pursuant to the Anti- Foreign Sanctions Law, all entities and individuals (including subsidiaries of multinational companies and foreign citizen) in China (including Hong Kong and Macao) risk being on the anti- sanctions list if they are deemed to aid and abet in the implementation of sanctions imposed by foreign countries. Continuing trade tensions between China and the United States could adversely affect our business and our operations. It may be difficult for overseas regulators to conduct investigations or collect evidence within China. Shareholder

claims or regulatory investigations that are common in the United States and other developed countries generally are difficult to pursue as a matter of law or practicality in China. For example, in China, there are significant legal and other obstacles to providing information needed for regulatory investigations or litigation initiated outside China. Although the authorities in China may establish a regulatory cooperation mechanism with the securities regulatory authorities of another country or region to implement cross-border supervision and administration, such cooperation with the securities regulatory authorities in the United States may not be efficient in the absence of mutual and practical cooperation mechanism. Furthermore, according to Article 177 of the PRC Securities Law, or Article 177, which became effective in March 2020, no overseas securities regulator is allowed to directly conduct investigation or evidence collection activities within the territory of the PRC. While detailed interpretation of or implementation rules under Article 177 have yet to be promulgated, the inability for an overseas securities regulator to directly conduct investigations or evidence collection activities within China may further increase difficulties faced by you in protecting your interests. PRC regulation of loans to and direct investment in PRC entities by offshore holding companies and governmental control of currency conversion may delay or prevent us from making loans to or make additional capital contributions to our PRC subsidiaries, which could materially and adversely affect our liquidity and our ability to fund and expand our business. Under PRC laws and regulations, we are permitted to utilize the proceeds of any financing outside China to fund our PRC subsidiaries by making loans to or additional capital contributions to our PRC subsidiaries, subject to applicable government registration, statutory limitations on amount and approval requirements. These PRC laws and regulations may limit our ability to use Renminbi converted from the net proceeds of any financing outside China to make future loans to our PRC subsidiaries or future capital contributions by us to our PRC subsidiaries. If we fail to complete such registrations or obtain such approvals, our ability to capitalize or otherwise fund our PRC operations may be negatively affected, which could materially and adversely affect our liquidity and our ability to fund and expand our business. PRC regulations relating to offshore investment activities by PRC residents may limit our PRC subsidiaries' ability to increase their registered capital or distribute profits to us or otherwise expose us or our PRC resident beneficial owners to liability and penalties under PRC law. SAFE requires PRC residents or entities to register with SAFE or its local branch in connection with their establishment or control of an offshore entity established for the purpose of overseas investment or financing. In addition, such PRC residents or entities must update their SAFE registrations when the offshore special purpose vehicle undergoes certain material events. If our stockholders who are PRC residents or entities do not complete their registration with the local SAFE branches, our PRC subsidiaries may be prohibited from distributing their profits and any proceeds from any reduction in capital, share transfer or liquidation to us, and we may be restricted in our ability to contribute additional capital to our PRC subsidiaries. Moreover, failure to comply with SAFE registration requirements could result in liability under PRC laws for evasion of applicable foreign exchange restrictions. However, we may not be informed of the identities of all the PRC residents or entities holding direct or indirect interests in our company, nor can we compel our beneficial owners to comply with SAFE registration requirements. As a result, we cannot assure you that all of our stockholders or beneficial owners who are PRC residents or entities have complied with, and will in the future make or obtain, any applicable registrations or approvals required by, SAFE regulations. Failure by such shareholders or beneficial owners to comply with SAFE regulations, or failure by us to amend the foreign exchange registrations of our PRC subsidiaries, could subject us to fines or legal sanctions, restrict our overseas or cross-border investment activities, limit our PRC subsidiaries' ability to make distributions or pay dividends to us or affect our ownership structure, which could adversely affect our business and prospects. Any failure to comply with PRC regulations regarding the registration requirements for employee share incentive plans may subject the PRC plan participants or us to fines and other legal or administrative sanctions. Under SAFE regulations, PRC residents who participate in a share incentive plan in an overseas publicly listed company may be required to register with SAFE or its local branches and complete certain other procedures. We and our PRC resident employees who participate in our share incentive plans may become subject to these regulations. If we or any of these PRC resident employees fail to comply with these regulations, we or such employees may be subject to fines and other legal or administrative sanctions. We also face regulatory uncertainties that could restrict our ability to adopt additional incentive plans for our directors, executive officers and employees under PRC law. You may experience difficulties in enforcing foreign judgments or bringing actions in China against us based on foreign laws. The recognition and enforcement of foreign judgments in China are provided for under the PRC Civil Procedures Law. PRC courts may recognize and enforce foreign judgments in accordance with the requirements of the PRC Civil Procedures Law based either on treaties between China and the country where the judgment is made or on principles of reciprocity between jurisdictions. China does not have any treaties or other forms of reciprocity with the United States or Australia that provide for the reciprocal recognition and enforcement of foreign judgments. In addition, according to the PRC Civil Procedures Law, PRC courts will not enforce a foreign judgment if they decide that the judgment violates the basic principles of PRC laws or national sovereignty, security or public interest. As a result, it is uncertain whether and on what basis a PRC court would enforce a judgment rendered by a court in the United States or Australia against any of our subsidiaries or assets located in China. Risks Related to Our Common Stock Our common stock may be delisted under the Holding Foreign Companies Accountable Act if the PCAOB is unable to inspect our auditors. The delisting of our common stock, or the threat of their being delisted, may materially and adversely affect the value of your investment. The Holding Foreign Companies Accountable Act, or the HFCA Act, was enacted on December 18, 2020. The HFCA Act states if the SEC determines that a company has filed audit reports issued by a registered public accounting firm that has not been subject to inspection by the PCAOB for three consecutive years beginning in 2021, the SEC shall prohibit such Common Stock from being traded on a national securities exchange or in the over-the-counter trading market in the U. S. On March 24, 2021, the SEC adopted interim final rules relating to the implementation of certain disclosure and documentation requirements of the HFCA Act. A company will be required to comply with these rules if the SEC identifies it as having a "non-inspection" year under a process to be subsequently established by the SEC. The SEC is assessing how to implement other requirements of the HFCA Act, including the listing and trading prohibition requirements described above. Furthermore, on June

22, 2021, the U. S. Senate passed the Accelerating Holding Foreign Companies Accountable Act, which, if enacted, would amend the HFCA Act and require the SEC to prohibit an issuer's securities from trading on any U. S. stock exchanges if its auditor is not subject to PCAOB inspections for two consecutive years instead of three. A bill corresponding to the Senate's Accelerating Holding Foreign Companies Accounting Act was introduced in the U. S. House of Representatives on December 13, 2021, though such legislation has not yet been passed. On September 22, 2021, the PCAOB adopted a final rule implementing the HFCA Act, which provides a framework for the PCAOB to use when determining, as contemplated under the HFCA Act, whether the PCAOB is unable to inspect or investigate completely registered public accounting firms located in a foreign jurisdiction because of a position taken by one or more authorities in that jurisdiction. On December 2, 2021, the SEC issued amendments to finalize rules implementing the submission and disclosure requirements in the HFCA Act. The rules apply to registrants that the SEC identifies as having filed an Annual Report with an audit report issued by a registered public accounting firm that is located in a foreign jurisdiction and that PCAOB is unable to inspect or investigate completely because of a position taken by an authority in foreign jurisdictions. On December 16, 2021, the PCAOB issued a Determination Report which found that the PCAOB is unable to inspect or investigate completely registered public accounting firms headquartered in: (i) China, and (ii) Hong Kong. Our current auditor, GGF, the independent registered public accounting firm that issues the audit report included in this annual report on Form 10-K, as a firm registered with the PCAOB (PCAOB ID: 2729), is subject to laws in the U. S. pursuant to which the PCAOB conducts regular inspections to assess its compliance with the applicable professional standards. GGF, whose audit report is included in this report, is headquartered in Guangzhou, China, and, as of the date of this annual report, was not included in the list of PCAOB Identified Firms in the Determination Report. Recent developments create uncertainty as to the PCAOB's continued ability to conduct inspections of our independent accounting firm GGF. Our ability to retain an auditor subject to the PCAOB inspection and investigation, including but not limited to inspection of the audit working papers related to us, may depend on the relevant positions of U. S. and Chinese regulators. With respect to audits of companies with operations in China, such as the Company, there are uncertainties about the ability of our auditor to fully cooperate with a request by the PCAOB for audit working papers in China without the approval of Chinese authorities. If the PCAOB is unable to inspect or investigate completely the Company's auditor because of a position taken by an authority in a foreign jurisdiction, then such lack of inspection could cause trading in the Company's securities to be prohibited under the HFCAA, and ultimately result in a determination by a securities exchange to delist the Company's securities. Such a prohibition would substantially impair an investor's ability to sell or purchase the Company's Common Stock and negatively impact the price of the Common Stock. Accordingly, the HFCAA calls for additional and more stringent criteria to be applied to emerging market companies upon assessing the qualification of their auditors, especially the non-U. S. auditors who are not inspected by the PCAOB. Our Common Stock price may be volatile, and the value of our Common Stock may decline. The market price of our Common Stock may be highly volatile and may fluctuate or decline substantially as a result of a variety of factors, some of which are beyond our control, including: • our future financial performance, including expectations regarding our revenue, expenses and other operating results; • changes in customer acceptance rates or the pricing of our vehicles; • delays in the production of our vehicles; • our ability to establish new channel partners and successfully retain existing channel partners; • our ability to anticipate market needs and develop and introduce new and enhanced vehicles to adapt to changes in our industry; • the success of our competitors; • our operating results failing to meet the expectations of securities analysts or investors in a particular period; • changes in financial estimates and recommendations by securities analysts concerning us or the industry in which we operate in general; • the stock price performance of other companies that investors deem comparable to us; • announcements by us or our competitors of significant business developments, acquisitions, strategic partnerships, joint ventures, collaborations or capital commitments; • future investments in our business, our anticipated capital expenditures and our estimates regarding our capital requirements; • disputes or other developments related to our intellectual property or other proprietary rights, including litigation; • changes in our capital structure, including future issuances of securities or the incurrence of debt; • changes in senior management or key personnel; • changes in laws and regulations affecting our business; • commencement of, or involvement in, investigations, inquiries or litigation; • the inherent risks related to the electric commercial vehicle industry; • the trading volume of our Common Stock; and • general economic and market conditions. Broad market and industry fluctuations, as well as general economic, political, regulatory, and market conditions, may also negatively impact the market price of our Common Stock. In addition, technology stocks have historically experienced high levels of volatility. In the past, companies that have experienced volatility in the market price of their securities have been subject to securities class action litigation. We may be the target of this type of litigation in the future, which could result in substantial expenses and divert our management's attention. Concentration of ownership among our executive officers, directors and their affiliates, may prevent new investors from influencing significant corporate decisions. As of December 31, 2023-2024, our executive officers, directors and their affiliates beneficially own, in the aggregate, approximately 24-25.9-1% of our outstanding Common Stock. In particular, as of December 31, 2023-2024, Mr. Peter Z. Wang, our Chief Executive Officer, beneficially owned approximately 23-24.7-0% of our outstanding Common Stock. Mr. Wang is able to exercise a significant level of influence over all matters requiring shareholder approval, including the election of directors, amendments of our Constitution and approval of significant corporate transactions. This influence could have the effect of delaying or preventing a change of control of our company or changes in management and will make the approval of certain transactions difficult or impossible without the support of Mr. Wang. Future sales of our Common Stock by us in the public market could cause the market price of our Common Stock to decline. The issuance of additional Common Stock in connection with financings, acquisitions, investments, our equity incentive plans or otherwise will dilute all other shareholders. Sales of a substantial number of Common Stock in the public market, including sales of Common Stock or securities convertible into Common Stock under our existing universal shelf registration statements on Form F-3, filed with the SEC on May 18, 2021, and January 6, 2022, or the perception that these sales might occur, could depress the market price of our Common Stock and could impair our ability to raise capital through the sale of additional equity

securities. We are unable to predict the timing of or the effect that any such sales may have on the prevailing market price of our Common Stock. The issuance of additional Common Stock in the future will result in dilution to all other shareholders. In addition, we expect to grant equity awards to employees, directors and consultants under our equity incentive plans. As part of our business strategy, we may acquire or make investments in companies, products or technologies and issue equity securities to pay for any such acquisition or investment. Any such issuances of additional share capital may cause shareholders to experience significant dilution of their ownership interests and the per share value of our Common Stock to decline. If securities or industry analysts do not publish research or publish unfavorable or inaccurate research about our business, the market price and trading volume of our Common Stock could decline. The market price and trading volume of our Common Stock is heavily influenced by the way analysts interpret our financial information and other disclosures. We do not have control over these analysts. If industry analysts cease coverage of us or if securities analysts do not publish research or reports about our business, the price of our Common Stock may be negatively affected. If securities or industry analysts downgrade our Common Stock or publish negative reports about our business, the price of our Common Stock would likely decline. If one or more of these analysts cease coverage of us or fail to publish reports on us regularly, demand for our Common Stock could decrease, which might cause a decline in the price of our Common Stock and could decrease the trading volume of our Common Stock. We do not intend to pay dividends for the foreseeable future and, as a result, your ability to achieve a return on your investment will depend on appreciation in the price of our Common Stock. We have never declared or paid any cash dividends on our Common Stock, and we do not intend to pay any cash dividends in the foreseeable future. Any determination to pay dividends in the future will be at the discretion of our Board. Accordingly, you may need to rely on sales of our Common Stock after price appreciation, which may never occur, as the only way to realize any future gains on your investment. There can be no assurance that we will be able to comply with the continued listing standards of the Nasdaq Capital Market. Our failure to meet the continued listing requirements could result in a de-listing of our Common Stock. We cannot assure you that we will be able to comply with the standards that we are required to meet in order to maintain a listing of our Common Stock on the Nasdaq Capital Market of The Nasdaq Stock Market LLC (“Nasdaq”). If we fail to satisfy the continued listing requirements of the Nasdaq Capital Market, such as the minimum stockholder’s equity requirement, the minimum bid price requirements or the minimum market value of publicly held shares requirement, Nasdaq staff may take steps to de-list our Common Stock. A notice of de-listing or any de-listing would likely have a negative effect on the price of our Common Stock and may impair our stockholders’ ability to sell our Common Stock when they wish to do so. In the event that we receive a notice of de-listing, we would plan to take actions to restore our compliance with the Nasdaq Capital Market’s listing requirements, but we can provide no assurance that any action taken by us would result in our Common Stock maintaining its listing, or that any such action would stabilize the market price or improve the liquidity of our Common Stock. We are an “emerging growth company,” and we cannot be certain if the reduced reporting and disclosure requirements applicable to emerging growth companies will make our Common Stock less attractive to investors. We are an “emerging growth company” as defined in the Jumpstart Our Business Startups Act of 2012 (the “JOBS Act”), and we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not “emerging growth companies,” including the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, or Section 404 and disclosure obligations regarding executive compensation. Pursuant to Section 107 of the JOBS Act, as an emerging growth company, we have elected to use the extended transition period for complying with new or revised accounting standards until those standards would otherwise apply to private companies. As a result, our financial statements may not be comparable to the financial statements of issuers who are required to comply with the effective dates for new or revised accounting standards that are applicable to public companies, which may make our Common Stock less attractive to investors. In addition, if we cease to be an emerging growth company, we will no longer be able to use the extended transition period for complying with new or revised accounting standards. We will remain an emerging growth company until the earliest of: (1) the last day of the fiscal year following the fifth anniversary of ~~June 20~~ **January 14, 2018-2022**, which was the date of the first sale of our Common Stock pursuant to an effective registration statement; (2) the last day of the first fiscal year in which our annual gross revenue is \$ 1.235 billion or more; (3) the date on which we have, during the previous rolling three-year period, issued more than \$ 1 billion in non-convertible debt securities; and (4) the last day of the fiscal year in which the market value of our Common Stock held by non-affiliates exceeded \$ 700 million as of June 30 of such fiscal year. We cannot predict if investors will find our Common Stock less attractive if we choose to rely on these exemptions. For example, if we do not adopt a new or revised accounting standard, our future results of operations may not be as comparable to the results of operations of certain other companies in our industry that adopted such standards. If some investors find our Common Stock less attractive as a result, there may be a less active trading market for our Common Stock, and our share price may be more volatile. The Nevada Revised Statutes contain anti-takeover provisions, which may discourage a third-party from acquiring us and adversely affect the rights of holders of our Common Stock. The Nevada Revised Statutes contain certain provisions that could limit the ability of others to acquire control of our Company. In addition, Nevada law restricts the ability of a corporation to engage in any combination with an interested stockholder for three years from when the interested stockholder acquires shares that cause the stockholder to become an interested stockholder, unless the combination or purchase of shares by the interested stockholder is approved by the Board of Directors before the stockholder became an interested stockholder. These provisions could discourage, delay or prevent a transaction involving a change in control of our company. These provisions could also make it more difficult for you and other shareholders to elect directors of your choosing and cause us to take other corporate actions that you desire. Additionally, our Chairman and Chief Executive Officer, Peter Z. Wang has considerable influence over the composition of our Board. See “— Concentration of ownership among our executive officers, directors and their affiliates, may prevent new investors from influencing significant corporate decisions.” Item 1B. Unresolved Staff Comments. Smaller reporting companies are not required to provide the information required by this item. ~~Item 1C. Cybersecurity. Our ECVs are fitted with a networking device connecting the vehicle to our proprietary cloud-based software, which enables end-users to~~ **Item 1C. Cybersecurity. Our ECVs are**

collect data about vehicle configuration, vehicle status and user efficiency through a system of digitally enabled components, which we sometimes refer to as “ smart components. ” With the permission of the end- users of the vehicles, we received data collected from approximately 950 Metro ® units that we put into service through a company affiliated with our former parent company, CAG Cayman, in the Chinese market. This data included vehicle- specific data collected for operational analysis, which we used to make improvements in the quality and durability of such components. We enable end- users to collect, store and analyze data using tools that we have developed but we do not have access to this end- user collected data unless we request and receive access from the end- user. We do not currently collect, use or store any vehicle- specific or driver- specific data in any region and do not intend to do so in the future. While to our knowledge no previous cybersecurity incidents have occurred, we seek to continuously expand and improve our information technology systems, including implementing new internally developed and / or external industry standard enterprise resource planning systems (“ ERP systems ”), to assist us in the management of our business. We maintain information technology measures designed to protect us against intellectual property theft, data breaches and other cyber- attacks. The implementation, maintenance and improvement of these systems require significant management time, support and cost. Moreover, there are inherent risks associated with developing, improving and expanding our core systems as well as implementing new systems, including the disruption of our data management, procurement, manufacturing execution, finance and supply chain processes. Elements our cybersecurity information technology measures include efforts to identify, prevent, detect, mitigate, and remediate cybersecurity risks and incidents through: • Cybersecurity risk assessments for identification of material cybersecurity risks to our critical systems, information, products, and our technology environment; • Security personnel and vendors responsible for managing our cybersecurity risk assessment processes, our security controls, and our response to cybersecurity incidents; • Training and awareness programs for our personnel and senior management to drive adoption and awareness of cybersecurity processes and information technology measures; • A cybersecurity monitoring program responsible for tools that produce alerts and reports of suspicious activity for the prevention of and response to cybersecurity incidents; • Internal testing and assessments, where appropriate, of our cybersecurity information technology measures; • Management of external consultants and services engaged by us, where appropriate, to assess, test, or otherwise assist with aspects of our cybersecurity information technology measures; and • A third- party risk management process for evaluating cybersecurity threats associated with our use of service providers, suppliers, and vendors. Despite network security and back- up measures, our information technology systems are potentially vulnerable to physical or electronic break- ins, computer viruses and similar disruptive problems. Despite precautionary measures to prevent unanticipated problems that could affect our information technology systems, sustained or repeated system failures that interrupt our ability to generate and maintain data could adversely affect our ability to manage our data and inventory, procure parts or supplies or manufacture, sell, deliver ECVs, or achieve and maintain compliance with, or realize available benefits under, tax laws and other applicable regulations. We cannot assure you that any of our new information technology systems or their required functionality will be effectively implemented, maintained or expanded as planned. If we do not successfully maintain our information technology or expand these systems as planned, our operations may be disrupted, our ability to accurately or timely report our financial results could be impaired, and deficiencies may arise in our internal control over financial reporting, which may adversely affect our ability to certify our financial results. Moreover, our proprietary information could be compromised or misappropriated, and our reputation may be adversely affected. If these systems or their functionality do not operate as we expect them to, we may be required to expend significant resources to make corrections or find alternative sources for performing these functions. The risks from cybersecurity threats are monitored and managed by the Company’ s information systems team members who have relevant expertise with such potential threats, and who operate in collaboration with other Company functions. The Company’ s Audit Committee is responsible for overseeing cybersecurity risk and are informed in a timely manner of any incidents considered potentially serious, together with details on the prevention, detection, mitigation and remediation of such incidents. Item 2. Properties. We currently own one facility in Changxing, China, which is approximately 165, 800 square feet, and is primarily used for engineering and production of vehicle kits of the Metro ® and assembly of certain ECV models for export and logistics operations. We currently lease eighteen facilities and offices located in the United States, Germany, Mexico and China. One of our existing United States facilities located in Freehold, New Jersey, is approximately 9, 750 square feet and is used primarily for the trial production of our Logistar™ 400 model and warehousing. Our second existing facility in Freehold, New Jersey is approximately 2, 600 square feet and is used as our corporate headquarters. The third facility in Howell, New Jersey includes two units with a combined space of 41, 160 square feet and is used to supplement the first New Jersey facility for production. Our leased China facility is located in Hangzhou, Zhejiang Province, with approximately 15, 456 square feet of office space primarily used as regional headquarters, as well as for research and development, supply- chain management, and sales operations. In January 2022, we established a European Operations Center in Dusseldorf, Germany, which provides marketing support, after- market support and spare- parts warehousing for the European market. Our European Operations Center is approximately 27, 220 square feet. We established a local assembly facility and EV Center in Jacksonville, Florida. The assembly factory is where we plan to assemble the Logistar™ 400 and the Teemak™ for eventual sale in the North American market. We began trial assembling operations at the Jacksonville facility in March 2023. Our Florida based EV Center is approximately 12, 000 square feet and is our flagship EV Center for sales and support functions. In addition, in connection with our acquisition of TME, we utilize TME’ s facility in Herne, Germany, where we are expanding local assembly capacity in the European Union for production of our European ECV models, including the Teemak ® and Logistar™ series, in addition to the Metro ®. In November 2022, we leased a 112, 332 square feet manufacturing facility located in the Agro Industrial Park in Monterrey, Mexico that will house our wholly owned Mexican subsidiary, Cennatic Energy, S. DE R. L. DE C. V. (“ Cennatic Energy ”). Cennatic Energy will manufacture lithium- ion batteries for electric commercial vehicles. The purpose of the facility is to enhance the independence of our supply chain for essential components. Item 3. Legal Proceedings. From time to time, we may be subject to various legal claims and proceedings

that arise from the normal course of business activities, including, third party intellectual property infringement claims against us in the form of letters and other forms of communication. Litigation or any other legal or administrative proceeding, regardless of the outcome, could result in substantial cost, diversion of our resources, including management's time and attention, and, depending on the nature of the claims, reputational harm. In addition, if any litigation results in an unfavorable outcome, there exists the possibility of a material adverse impact on our results of operations, prospects, cash flows, financial position and brand. Please refer to the description as contained in "Item 8 Financial Statements and Supplementary Data" on page F-1 of our Annual Report and the information described below. On March 25, 2022, Shengzhou Hengzhong Machinery Co., Ltd. ("Shengzhou"), an affiliate of Cenntro Automotive Corporation, filed a demand for arbitration against Tropos Technologies, Inc. with the American Arbitration Association ("AAA"), asserting claims for breach of contract and unjust enrichment. Shengzhou is seeking payment of \$ 1, 126, 640 (exclusive of interest, costs, and attorneys' fees) for outstanding invoices owed by Tropos Technologies, Inc. to Shengzhou. As of the date of this report, Tropos Technologies, Inc. has not yet formally responded to the demand. On February 16, 2023, AAA appointed an arbitrator and arbitrator and on April 25, 2023, Tropos Technologies, Inc. filed a motion to dismiss the arbitration demand. On May 23, 2023, Shengzhou filed a response in opposition to the motion to dismiss the arbitration demand. A hearing on the motion to dismiss was held on November 7, 2023. On January 29, 2024, the arbitrator issued his opinion and order denying Tropos Technologies, Inc.'s motion to dismiss. On July 22, 2022, Xiongjian Chen (the "Plaintiff") filed a complaint against Cenntro Electric Group Limited ("CENN"), Cenntro Automotive Group Limited ("CAG"), Cenntro Enterprise Limited ("CEL") and Peter Z. Wang ("Wang," together with CENN, CAG and CEL, the "Defendants") in the United States District Court for the District of New Jersey. The complaint alleges eleven causes of action sounding in contract and tort against the Defendants, all pertaining to stock options issued to Mr. Chen pursuant to his employment as Chief Operating Officer of CAG. With respect to the four contract claims, Plaintiff alleges breach of contract claims pertaining to an employment agreement between Plaintiff and CAG and a purported letter agreement between Plaintiff and CEL. With respect to the seven tort claims, Plaintiff alleges claims regarding purported misrepresentations and promises made concerning the treatment of Plaintiff's stock options upon a corporate transaction, including claims for tortious interference, fraud, promissory estoppel, negligent misrepresentation, unjust enrichment and conversion. The complaint seeks, among other things, money damages (including compensatory and consequential damages) in the amount of \$ 19 million, plus interest, attorneys' fees and expenses. Defendants moved to dismiss the complaint against all Defendants for failure to state a claim and for lack of personal jurisdiction over defendants CAG and CEL. On April 30, 2023, the District Court dismissed the claims against CAG and CEL for lack of personal jurisdiction. In addition, the District Court dismissed all the claims against Wang and CENN without prejudice and permitted the Plaintiff to amend his complaint within 30 days to address the deficiencies in his claims against Wang and CENN. On July 20, 2023, the Defendants filed a motion seeking the dismissal of that amended complaint. On July 20, 2023, the Defendants filed a motion seeking the dismissal of Plaintiff's amended complaint. On September 22, 2023, the Plaintiff filed a motion to strike our motion to dismiss. The Defendants filed reply briefs to Plaintiff's motion to strike on November 9, 2023. On January 25, 2024, the Magistrate Judge entered an order granting Plaintiff's Motion to Amend and denying our Motion to Strike as moot. On February 6, 2023, Hangzhou Ronda Tech Co., Limited ("Ronda"), one of Cenntro's wholly owned subsidiaries, Ronda commenced a lawsuit against Fujian Newlongma Automotive Co., Ltd. ("Newlongma"), one of Ronda's suppliers in the Hangzhou Yuhang District People's Court (the "Court"), under which Ronda pled for (i) the termination of the vehicle purchase orders that Ronda placed with Newlongma on February 26, 2022; (ii) recovery of advance payments for total amount of approximately \$ 438, 702; and (iii) compensation for damages equal to approximately \$ 453, 290. The mediation date was set for March 3, 2023 and subsequently docketed on July 3, 2023. Since then, Newlongma filed a jurisdictional objection, and the Court dismissed that jurisdictional objection. Subsequently Newlongma filed a counterclaim and the Court hosted an exchange of evidence between the parties on October 17, 2023. On March 5, 2024, the Court issued a judgment ruling: (1) Newlongma was to return advance payments plus 100 % damages totaling \$ 869, 702; (2) Ronda was to pay for outstanding invoices totaling \$ 583, 813; and (3) that all agreements between the parties were to be terminated, including the vehicle purchase orders which have not been fulfilled. Newlongma is dissatisfied with this third judgment and filed an appeal on March 21, 2024. We will prepare relevant defense materials.

Item 4. Mine Safety Disclosures. Not Applicable. PART III

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities. Shares of our Common Stock are currently quoted on the Nasdaq Capital Markets under the symbol "CENN". We had 30, 828, 778 shares of Common Stock issued and outstanding as of December 31, 2023. The following table sets forth, for the periods indicated, the high and low bid prices of our Common Stock. High/Low Fiscal Year Ended December 31, 2023 (1) First Quarter \$ 0. 87 \$ 0. 35 Second Quarter \$ 0. 49 \$ 0. 28 Third Quarter \$ 0. 50 \$ 0. 23 Fourth Quarter \$ 1. 59 \$ 1. 21 Fiscal Year Ended December 31, 2022 First Quarter \$ 5. 57 \$ 1. 05 Second Quarter \$ 2. 30 \$ 1. 34 Third Quarter \$ 1. 82 \$ 0. 95 Fourth Quarter \$ 1. 20 \$ 0. 26 (1) Accounts for a 1: 10 reverse stock split effective as of December 8, 2023. Holders of Capital Stock As of December 31, 2023, we had 191 holders of our Common Stock. Stock Option Grants As of the date of this Annual Report, options to purchase an aggregate of 2, 202, 248 shares of Common Stock have been granted and 5, 147 shares of Common Stock have been issued under the 2023 Plan. Transfer Agent The transfer agent for our Common Stock is Continental Stock Transfer & Trust Company. The transfer agent's address is 1 State Street, 30th Floor, New York, NY 10004. Dividends To date, we have not declared or paid any dividends on our Common Stock. We currently do not anticipate paying any cash dividends in the foreseeable future on our Common Stock. Although we intend to retain our earnings, if any, to finance the exploration and growth of our business, our Board of Directors has the discretion to declare and pay dividends in the future. Payment of dividends in the future will depend upon our earnings, capital requirements, and any other factors that our Board of Directors deems relevant. Recent Sales of Unregistered Securities Except as set forth below or in a Current Report on Form 6-K or 8-K, there were no equity securities of the registrant sold by the registrant during the period covered by this annual report that were not registered under the Securities Act other than the following transaction pursuant to

the Redomiciliation: On February 27, 2024, the Company completed the Redomiciliation. In connection with the Redomiciliation, Cenntro issued 30,828,778 (thirty million, eight hundred and twenty-eight thousand, seven hundred and seventy-eight) shares of common stock, on the basis of one share of common stock for every one ordinary share of CEGL issued and outstanding prior to the Redomiciliation. The Redomiciliation was effected pursuant to a statutory scheme of arrangement under Australian law (the “Scheme”). The issuance of Cenntro’s shares of common stock in the Scheme was exempt from registration under the Securities Act in reliance on Section 3(a)(10). Item 6. [Reserved] Smaller reporting companies are not required to provide the information required by this item. Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operation. The information set forth in this section contains certain “forward-looking statements”, including, among others (i) expected changes in our revenue and profitability, (ii) prospective business opportunities and (iii) our strategy for financing our business. Forward-looking statements are statements other than historical information or statements of current condition. Some forward-looking statements may be identified by use of terms such as “believes”, “anticipates”, “intends” or “expects”. These forward-looking statements relate to our plans, liquidity, ability to complete financing and purchase capital expenditures, growth of our business including entering into future agreements with companies, and plans to successfully develop and obtain approval to market our product. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy and financial needs. Although we believe that our expectations with respect to the forward-looking statements are based upon reasonable assumptions within the bounds of our knowledge of our business and operations, in light of the risks and uncertainties inherent in all future projections, the inclusion of forward-looking statements in this Annual Report should not be regarded as a representation by us or any other person that our objectives or plans will be achieved. We assume no obligation to update these forward-looking statements to reflect actual results or changes in factors or assumptions affecting forward-looking statements. Our revenues and results of operations could differ materially from those projected in the forward-looking statements as a result of numerous factors, including, but not limited to, the following: the risk of significant natural disaster, the inability of our company to insure against certain risks, inflationary and deflationary conditions and cycles, currency exchange rates, and changing government regulations domestically and internationally affecting our products and businesses. You should read the following discussion and analysis in conjunction with the Financial Statements and Notes attached hereto, and the other financial data appearing elsewhere in this Annual Report. US Dollars are denoted herein by “USD”, “\$” and “dollars”.

Overview We are an emerging designer, manufacturer, distributor, and service provider of commercial vehicles powered by either electricity or hydrogen energy sources. Our commercial vehicles are designed to serve a variety of fleet and municipal organizations in support of city services, last-mile delivery and other commercial applications. As of December 31, 2023, we have developed six series of commercial vehicle models, Metro®, Logistar™, Logimax™, Avantier™, Teemak™ and Antrie One. We have successfully begun to produce and deliver these models into the global markets, apart from Logimax™. We have also developed and introduced iChassis™: a programmable “smart” chassis that may be controlled by third-party software for various remote controlled or autonomous driving applications. We continue to leverage our technology, vehicle development, and vehicle distribution capabilities with a goal to become a leading provider in the electric commercial vehicle (“ECV”) market. Our greater mission is to provide commercial vehicles that may be powered by sustainable sources while building eco-chains to reduce carbon dioxide for a better environment and quality of life. With the global trend toward reducing the number of internal combustion engine (“ICE”) vehicles, electric battery and fuel cell technologies stand out as strong alternatives. Prior to COVID-19, battery costs significantly decreased over the past decade. We expect that over the long term, prices will continue to fall. According to research service Bloomberg NEF (“BNEF”), lithium-ion battery pack prices decreased from above \$1,200 per kilowatt-hour in 2010 to \$132/kWh in 2021. In real terms, this represented a decline of approximately 89%. Although battery pack prices have recently increased and may continue to increase in the near term due to the rising price of lithium as a result of COVID-19 and other factors, we anticipate that battery prices will continue to decrease in the long term. BNEF further forecasts that by 2024, average prices are expected to fall to below \$100/kWh, though such reductions in average price may be delayed due to higher raw material prices in the near term. Additionally, while prices for key battery metals like lithium, nickel and cobalt have moderated slightly in recent months, BNEF expects average battery pack prices to remain elevated in 2023 at \$152/kWh (in real 2022 dollars). BNEF expects battery price to start dropping again in 2024, when lithium prices are expected to ease as more extraction and refining capacity comes online. Based on the updated observed learning rate, BNEF’s 2022 Battery Price Survey predicts that average pack prices should fall below \$100/kWh by 2026. By emphasizing investments in technology, supply-chains, vehicle distribution and aftermarket support, we have begun making our own battery packs, preparing battery cell production, by building up vehicle distribution and service networks, and introducing our cloud-based parts distribution systems. As investment in battery technology continues to increase, we believe these cost reductions outlined by BNEF will continue to improve the economics of battery-powered ECVs, like ours. In addition to our investment in battery technology, we have established an asset-light, distributed manufacturing business model through which we may distribute our vehicles in unassembled semi-knockdown vehicle kits (“vehicle kits”) for local assembly in addition to fully assembled vehicles. Some of our vehicle models have a modular design that allows for local assembly in micro factory facilities that require less capital investment. We manufacture our own vehicle kits for the Metro® in our facilities in China and leverage the economies of scale of and the supply-chain availability in China to manufacture vehicle kits and fully assembled vehicles in our assembly plants in United States and Germany. We believe our distributed manufacturing methodology allows us to execute our business plan with less capital than would be required by the traditional, vertically integrated automotive model and, in the long term, drive higher profit margins. Our distributed manufacturing model allows us to focus our efforts on the design of ECV models and related technologies while outsourcing various portions of the manufacturing, assembly and marketing of our vehicles to qualified third parties, allowing the Company to operate with lower capital investment than traditional vertically integrated automotive

companies. For the last several years, we relied substantially on private label channel partners to assemble and distribute the Metro ® from vehicle kits that we manufactured in our facilities. Our vehicle kits and in some cases fully assembled vehicles are completed by third party Original Equipment Manufacturers (“ OEMs ”) manufacturing partners and, in the case of vehicle kits, assembled in our own facilities in North America and Europe. Our relationships with such third parties, our “ manufacturing partners, ” have allowed us to forego expensive capital investments in our own facilities and operate within our historic working capital limitations. Throughout 2022 we began to re-align our distribution and marketing strategy away from relying mainly on third-party channel partners to a distribution model that combines wholly-owned EV Centers with local dealers in order to improve overall operational efficiencies, product quality, brand value, market share, customer support and service. Throughout 2023 we have relied on our local EV Centers to develop local dealer networks that directly sell to local customers in order to improve overall operational efficiencies, product quality, brand value, market share, customer support and service. Additionally, to meet our anticipated demand in the United States, we have established local assembly facilities in Northern America as we have launched assembly facilities in Jacksonville, Florida and Freehold, New Jersey. We are also in the process establishing additional assembly facility in Ontario, California. Additionally, we expect that our step acquisition of CAE (f. k. a. TME) in 2023 will further expand our local assembly capacity in the European Union for production of some of our ECV models, including the Tecmak™ series, Antrie products, in addition to the Metro ®. A. Key Components of Results of Operations

Net revenues Up until December 31, 2021, we generate revenue primarily through the sale of ECVs to our channel partners. Starting in 2022, especially after the acquisition of CAE and the termination of the channel partners in North America, we have started to transform our go-to-market model to also include Centro Branded EV Centers globally. Historically (i. e. up until end of 2021), these revenues were generated solely by the sale of the Metro ®. Starting from the last quarter of 2021, we began generating revenue from the sales of the Logistar™ 200, Logistar™ 100, Logistar™ 260, Tecmak™ and Neibor® 150 in Europe. Net revenues ended December 31, 2023 and 2022 were generated from (a) vehicles sales, which primarily represent net revenues from sales of Metro ® vehicles (including vehicle kits), Logistar™ 200, Logistar™ 260 and Logistar™ 100, (b) sales of ECV spare parts related to our Metro ® vehicles, and (c) other sales, which primarily were: (i) the sales of inventory of outsourced ECV batteries and (ii) charges on services provided to channel partners for technical developments and assistance with vehicle homologation or certification. Cost of goods sold Cost of goods sold mainly consists of production-related costs including costs of raw materials, consumables, direct labor, overhead costs, depreciation of plants and equipment, manufacturing waste treatment processing fees and inventory write-downs. We incur cost of goods sold in relation to (i) vehicle sales and spare part sales, including, among others, purchases of raw materials, labor costs, and manufacturing expenses that related to ECVs, and (ii) other sales, including cost and expenses that are not related to ECV sales. Cost of goods sold also includes inventory write-downs. Inventories are stated at the lower of cost or net realizable value. The cost of raw materials is determined on the basis of weighted average. The cost of finished goods is determined on the basis of weighted average and is comprised of direct materials, direct labor cost and an appropriate proportion of overhead. Net realizable value is based on estimated selling prices less selling expenses and any further costs of completion. Adjustments to reduce the cost of inventory to net realizable value are made, if required, for estimated excess, obsolescence, or impaired balances. Write-downs are recorded in the cost of goods sold in our statements of operations and comprehensive loss.

Operating expenses Our operating expenses consist of general and administrative, selling and marketing expenses, and research and development expenses. General and administrative expenses are the most significant components of our operating expenses. Operating expenses also include provision for doubtful accounts and impairment loss for long-lived assets. Research and Development Expenses Research and development expenses consist primarily of employee compensation and related expenses, prototype expenses, costs associated with assets acquired for research and development, product development costs, production inspection and testing expenses, product strategic advisory fees, third-party engineering and contractor support costs and allocated overhead. We expect our research and development expenses to increase as we continue to invest in new ECV models, new materials and techniques, vehicle management and control systems, digital control capabilities and other technologies. Selling and Marketing Expenses Selling and marketing expenses consist primarily of employee compensation and related expenses, sales commissions, marketing programs, freight costs, travel and entertainment expenses and allocated overhead. Marketing programs consist of advertising, tradeshows, events, corporate communications and brand-building activities. We expect our selling and marketing expenses to increase as we introduce our new ECV models, further develop additional local dealership and service support networks to augment our expanding sales globally. General and Administrative Expenses General and administrative expenses consist primarily of employee compensation and related expenses for administrative functions including finance, legal, human resources, and fees for third-party professional services. While we will continue to monitor general and administrative expenses, we expect general and administrative expenses to materially increase over the next two years in connection with the execution of our growth strategy, including the regionalization of our manufacturing and supply chain and expanded product offerings and expenses relating to being a public company. Provision for doubtful accounts A provision for doubtful accounts is recorded for periods in which we determine a loss is probable, based on our assessment of specific factors, such as troubled collections, historical experience, accounts aging, ongoing business relations and other factors. Account balances are charged off against the provision after all means of collection have been exhausted and the potential for recovery is considered remote. Impairment loss for long-lived assets We evaluate the recoverability of long-lived assets or asset group with determinable useful lives whenever events or changes in circumstances indicate that an asset or a group of assets' carrying amount may not be recoverable. We measure the carrying amount of long-lived asset against the estimated undiscounted future cash flows expected to result from the use of the assets or asset group and their eventual disposition. The carrying amount of the long-lived asset or asset group is not recoverable when the sum of the undiscounted expected future net cash flows is less than the carrying value of the asset being evaluated. Impairment loss is calculated as the amount by which the carrying value of the asset exceeds its fair value. Fair value is generally determined by discounting the cash flows expected to be generated by the assets or asset

group, when the market prices are not readily available. The adjusted carrying amount of the assets become a new cost basis and are depreciated over the assets' remaining useful lives. Long-lived assets are grouped with other assets and liabilities at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. Other income (expenses) Interest expense, net Interest expense, net, consists of interest on outstanding loans and the convertible promissory notes. Income (loss) from and impairment on equity method investments Entities over which we have the ability to exercise significant influence but do not have a controlling interest through investment in common shares, or in substance common shares, are accounted for using the equity method. Under the equity method, we initially record our investment at cost and subsequently recognize our proportionate share of each such entity's net income or loss after the date of investment into the statements of operations and comprehensive loss and accordingly adjust the carrying amount of the investment. When our share of losses in the equity of such entity equals or exceeds our interest in the equity of such entity, we do not recognize further losses, unless we have incurred obligations or made payments or guarantees on behalf of such entity. An impairment charge is recorded when the carrying amount of the investment exceeds its fair value and this condition is determined to be other than temporary. The adjusted carrying amount of the assets become a new cost basis. Key Operating Metrics We prepare and analyze operating and financial data to assess the performance of our business and allocate our resources. The following table sets forth our key performance indicators for the years ended December 31, 2023 and 2022. Year ended December 31 2023 Gross margin of vehicle sales 11.7% 0.27% Gross margin of vehicle sales. Gross margin of vehicle sales is defined as gross profit of vehicle sales divided by total revenue of vehicle sales Results of Operations The following table sets forth a summary of our statements of operations for the periods indicated: Year Ended December 31, 2023 (Expressed in U. S. Dollars) Combined Statements of Operations Data: Net revenues 22,079,905 8,941,835 Cost of goods sold (19,821,645) (9,455,805) Gross profit / (loss) 2,258,260 (513,970) Operating Expenses: Selling and marketing expenses (7,868,773) (6,525,255) General and administrative expenses (35,768,786) (32,822,709) Research and development expenses (8,469,241) (6,362,770) Provision for doubtful accounts (5,986,308) Reverse of Deferred tax liabilities 898,632 Impairment of ROU (371,695) Impairment of Intangible assets (2,995,440) Impairment of PPE (431,319) (550,402) Total operating expenses (52,538,119) (54,715,947) Loss from operations (50,279,859) (55,229,917) Other Income (Expense): Interest expense, net 402,414 (844,231) (Loss) Income from equity method investments (222,349) (12,651) Other (expense) income, net 621,633 (924,867) Loss on redemption of convertible promissory notes 12,507 (7,435) Change in fair value of convertible promissory notes and derivative liability 75,341 (37,774,928) Change in fair value of equity securities (2,600,721) (240,805) Convertible bond issuance cost (5,589,336) Foreign currency exchange loss, net (848,781) (409,207) Impairment of Goodwill (11,111,886) Gain (loss) from cross-currency swaps 8,664 Impairment of Long-term investments (1,155,411) loss from acquisition of Antrie (136,302) Loss on exercise of warrants (228,903) Loss before income taxes (54,351,767) (112,145,263) Income tax expense (8,988) Net loss (54,360,755) (112,145,263) Less: net loss attributable to non-controlling interests (161,430) (2,057,022) Net loss attributable to shareholders of the Company (54,199,325) (110,088,241) Comparison of the Years Ended December 31, 2023 and 2022 Net Revenues The following table presents our net revenue components by amount and as a percentage of the total net revenues for the periods presented. Year Ended December 31, 2023 Amount % Amount % (Expressed in U. S. Dollars) Net revenues: Vehicle Sales \$ 20,344,889 92.1% \$ 8,235,053 92.1% Spare-part sales 1,554,311 7.1% 304,506 3.4% Other sales 180,705 0.8% 402,276 4.5% Total net revenues \$ 22,079,905 100.00% \$ 8,941,835 100.00% Net revenues for the year ended December 31, 2023 were approximately \$ 22.1 million, an increase of approximately \$ 13.1 million or 146.9% from approximately \$ 8.9 million for the year ended December 31, 2022. The increase in net revenues in 2023 was primarily attributed to an increase in vehicle sales by approximately \$ 12.1 million and an increase in spare-part sales by approximately \$ 1.2 million, offset by the decrease in service revenue of approximately \$ 0.2 million. For the year ended December 31, 2023, we sold 1,135 ECVs, including 261 fully assembled Metro @ units, 172 fully assembled Logistar™ 200 units, 214 fully assembled Logistar™ 100 units, 13 fully assembled Teemak™ units, 210 fully assembled Logistar™ 260 units, one fully assembled Logistar™ 400 units, 193 fully assembled Avantier™ units, 8 Neibor @ 150 units, 42 Clubcar units and 21 Antrie @ V5 units, compared with 458 ECVs for the year ended December 31, 2022, including 48 Metro @ vehicle kits, 200 fully assembled Metro @ units, one fully assembled Neibor @ 150 unit, 205 fully assembled Logistar™ 200, one fully assembled Teemak™ and three fully assembled iChassis 100. Geographically, the vast majority of our net revenues were generated from vehicle sales in the European Union during the years ended December 31, 2023 and 2022. For the year ended December 31, 2023, net revenues from Europe, North America, Asia (including China) and Latin America as a percentage of total revenues was 73.4%, 4.6%, 21.8% and 0.2%, respectively, compared to 78.9%, 7.8%, 13.3% and nil, respectively for the corresponding period in 2022. Cost of goods sold The following table presents our cost of goods sold by amount and as a percentage of the total cost of goods sold for the periods presented. Year Ended December 31, 2023 Amount % Amount % (Expressed in U. S. Dollars) Cost of goods sold: Vehicle Sales \$ (17,375,714) 87.7% \$ (6,852,852) 72.5% Spare-part sales (1,534,172) 7.7% (190,241) 2.0% Other sales (253,136) 1.3% (257,312) 2.7% Inventory write-down (658,622) 3.3% (2,155,400) 22.8% Total cost of goods sold \$ (19,821,645) 100.00% \$ (9,455,805) 100.00% Cost of goods sold for the year ended December 31, 2023 was approximately \$ 19.8 million, an increase of approximately \$ 10.4 million or approximately 109.6% from approximately \$ 9.5 million for the year ended December 31, 2022. The increase in cost of goods sold in 2023 was primarily attributable to the increase of cost of vehicle sales of approximately \$ 10.5 million. The increase of cost of vehicle sales was mainly caused by the increased vehicle sales during the year 2023. The increase cost per vehicle was also partly attributable to the additional ocean shipping between continents, as the Company shift from recognizing revenue with FOB terms to recording revenue on local direct pricing in the European and the US market which covered ocean shipping. Gross Profit / (Loss) Gross profit for the year ended December 31, 2023 was approximately \$ 2.3 million, an increase of approximately \$ 2.8 million from approximately \$ 0.5 million of gross loss for the year ended December 31, 2022. For the years ended December 31, 2023 and 2022, our overall gross margin was approximately 10.2% and 5.7%;

respectively. Our gross margin of vehicle sales for years ended December 31, 2023 and 2022 was 11.7% and -0.27%, respectively. The increase of our gross profit was caused by (i) the decrease in inventory write-down of approximately \$1.5 million; (ii) the realized gross margin of Logstar @ 100 and our newly introduced Logstar @ 260 was approximately 25.4% and 18.8%, respectively. Both of the models only began sales in 2023. Selling and Marketing Expenses Selling and marketing expenses for the year ended December 31, 2023 were approximately \$7.9 million, an increase of approximately \$1.3 million or approximately 20.6% from approximately \$6.5 million for the year ended December 31, 2022. The increase in selling and marketing expenses in 2023 was primarily attributed to the increase in service fees related to European market and distribution channel research and salary and social insurance of approximately \$1.6 million and \$0.7 million, respectively, offset by a decrease in marketing expense of approximately \$1.1 million. General and Administrative Expenses General and administrative expenses for the year ended December 31, 2023 were approximately \$35.8 million, an increase of approximately \$2.9 million or approximately 9.0% from approximately \$32.8 million for the year ended December 31, 2022. The increase in general and administrative expenses in 2023 was primarily attributed to (i) an increase in share-based compensation of approximately \$1.4 million, (ii) an increase in ROU amortization of approximately \$2.1 million, (iii) an increase in ROU interest expense of approximately \$1.0 million, (iv) an increase in office expense of approximately \$0.6 million, (v) an increase in others of approximately \$0.4 million, which mainly related to garage liability insurance fee, and (vi) the increase in rental expense, travelling fee, freight and depreciation of approximately \$0.6 million, \$0.3 million, \$0.3 million and \$0.6 million, respectively, offset by the decrease in salary and social care expense and FOH stripping fee of approximately \$2.8 million and \$1.8 million, respectively. Research and Development Expenses Research and development expenses for the year ended December 31, 2023 were approximately \$8.5 million, an increase of approximately \$2.1 million or approximately 33.1% from approximately \$6.4 million for the year ended December 31, 2022. The increase in research and development expenses in 2023 was primarily attributed to the increase in design and development expenditures and salary expense of approximately \$1.0 million and \$1.4 million, respectively, offset by a decrease in development fee related to enhancing quality of approximately \$0.5 million. Interest income (expense), net Interest income (expense), net, consists of interest income on deposit and short-term products and interest expense on convertible bonds. Net interest income was approximately \$0.4 million for the year ended December 31, 2023, a change of approximately \$1.2 million or approximately 146.3% compared to the approximately \$0.8 million in interest expense for the year ended December 31, 2022. The change was primarily attributable to (i) a decrease in interest expense to convertible bonds of approximately \$1.1 million; (ii) the increase in interest income of approximately \$0.7 million from short-term money market investment; (iii) offset by a decrease in interest income of approximately \$0.6 million from bank deposit. Other income (expense), net Other income net for the year ended December 31, 2023 was approximately \$0.6 million, representing a change of approximately \$1.5 million compared to approximately \$0.9 million of other expense, net for the year ended December 31, 2022. The change of other income in 2023 compared to 2022 was primarily attributable to the decrease in litigation compensation of approximately \$1.3 million paid to Sevie Systems SE over IP dispute and an increase of approximately \$0.3 million in liquidation income from Shengzhou Cenntro Machinery Co., Ltd. and Zhejiang Xbean Tech Co. Ltd. during the year 2023. Change in fair value of convertible promissory notes and derivative liability An income in the change in fair value of convertible promissory notes and derivative liability for the year ended December 31, 2023 was approximately \$0.08 million compared to approximately \$37.8 million of a loss in the change in fair value of convertible promissory notes and derivative liability for the year ended December 31, 2022. The less loss derived from fair value change was primarily caused by the reduced volatility of Company's stock price, which stabilizes the probability of exercising the mandatory redemption rights of the Company's convertible promissory notes and cashless exercising the warrants. Change in fair value of equity securities A loss in the change in fair value of equity securities for the year ended December 31, 2023 was approximately \$2.6 million compared to approximately \$0.2 million of a loss in the change in fair value of equity securities for the year ended December 31, 2022. The increased loss was attributed to a downward adjustment of approximately \$2.3 million due to the fair value change of our investment on participating shares in Micro Money Fund SPC with an original investment value of \$5 million, and a loss of \$1.4 million related to the redemption of \$1 million of Micro Money Fund, offset by an upward adjustment of approximately \$1.0 million from our investment on partnership shares in MineOne Fix Income Investment IL P with an original investment value of \$25 million. Foreign currency exchange loss, net Foreign currency exchange loss, net for the year ended December 31, 2023 was approximately \$0.8 million, an increase of \$0.4 million compared with approximately \$0.4 million for the year ended December 31, 2022. Impairment of ROU, intangible assets, goodwill, PPE and reversal of deferred tax liabilities Impairment of ROU, intangible assets, goodwill, and PPE of approximately were nil, nil, nil, \$0.4 million for the year 2023 compared to approximately \$0.4 million, \$3.0 million, \$11.1 million, and \$0.6 million respectively for the year 2022. The impaired ROU, intangible assets, goodwill and PPE were one-off events all related to the acquisition of CAE closed as of March 23, 2022. Impairments to these assets were provided due to the underperformance of CAE to earn revenue as projected during 2022, which was significantly and negatively influenced by the regional conflict in the European continent and distortion of energy prices during the year 2022. A Reversal of deferred tax liabilities of approximately \$0.9 million was recognized given the impairment of intangible assets related to CAE being provided during the year 2022, no deferred tax liabilities were reversed during the year 2023.