

## Risk Factors Comparison 2024-04-01 to 2023-03-16 Form: 10-K

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We currently purchase certain key raw materials. **The sales cycle of our solutions and a relatively small customer base result in significant customer concentration. In 2023, our top five customers accounted for 48.6% of our revenue** from a limited number of suppliers. By purchasing larger volumes of raw materials, we have been able to establish long-term supply agreements for some of our key raw materials and components and made measurable improvements in pricing and supplier payment terms. We have also increased the sources of supply for some of our key raw materials. Some of our raw material prices are indexed to a benchmark price for that material or its underlying base metal and therefore fluctuations of metal prices may cause our suppliers to adjust their prices accordingly. See “Risk Factors — Risks Related to our Business and Industry — We currently purchase certain key raw materials and components from third parties, some of which we only source from one supplier or from a limited number of suppliers.” Customers We have various arrangements in place with major global electric vehicle manufacturers to develop batteries and battery systems, mostly in relation to the commercial vehicle market. **Our revenue heavily depends** on battery systems are used in plug-in hybrid electric vehicles, battery electric vehicles and hybrid electric vehicles markets. For the electric commercial vehicle market, we typically enter into long-term supply agreements or framework agreements and these usually do not provide for any minimum purchase obligations on the customer. Typically, the customers under these agreements will issue purchase orders for a fixed quantity of battery systems, and that purchase order is its contractual commitment to purchase. We will also enter into contracts where a customer is committed to take a defined volume of battery systems, as is much more characteristic of the ESS market. In 2022, we entered into such an agreement to supply our container solution for a 1,200 MWh battery energy storage project co-located with a solar facility in the U. S. Due to the sales cycle of our solutions and the relatively small customer base, we experience significant customer concentration. For the year ended December 31, 2022, our top five customers contributed 36.1% of our revenue. See “Risk Factors — Risks Related to our Business and Industry — We have a limited customer base, and depend on a trend small number of customers for a significant portion of our revenues to date and this dependence is likely to continue.” **As of December 31, 2022-2023, we our battery systems** had an order backlog **worth** for our battery systems of approximately \$ **410.276.54 million (about, equivalent to approximately 1,599.637.79 MWh), approximately 90 with around 84%** of which is attributable to **Europe and the U. S. and Europe**. We expect to fulfill most of our backlog within **2023 and 2024 and 2025**. Human Capital As of December 31, **2022-2023**, we had **12,535-006** full-time employees and **730-955** independent contractors. **All decisions- Decisions** and control, and **all of** our senior management, are centralized in the U. S. Our key human capital objectives in managing our business include attracting, developing and retaining top talent while integrating diversity, equity and inclusion principles and practices. We have built a team comprised of individuals with diverse backgrounds, skills and perspectives to produce better ideas and **provide** greater success in meeting the needs of our customers. Our results-oriented culture is committed to developing and delivering differentiated solutions at a faster rate than our competitors. **Our We offer competitive benefits packages for our** full-time employees **receive competitive benefits packages**. Additionally, our employees have opportunities to earn annual bonuses and eligible employees have the opportunity to participate in our equity-based compensation program. We believe our compensation programs allow us to attract and retain talented employees willing to grow with us. We emphasize the importance of safety to all of our employees **who work in at all of our manufacturing locations and operations research facilities**. Our safety performance **is and training results are measured, evaluated, and reported weekly to leadership monthly**. The foundations of our **health and** safety programs are based on global **health and safety standards**. **During the COVID-19 pandemic, we followed local authority guidelines in all locations to ensure the safety of both employees and our customers**. To date, we have not experienced any work stoppages as a result of labor disputes, **safety or health issues** and we consider our employee relations to be good. Competition Competition in the battery industry is fierce and rapidly evolving. Our markets are subject to **influenced by** changing and evolving technology trends, **shifting-evolving** customer needs, and expectations and frequent **introduction-introductions** of new technologies. We believe the primary competitive factors in our markets are: • product performance, reliability and safety; • integrated solutions; • total cost of ownership; • regional and industrial regulations; • pricing **and payment terms; • balance sheet strength and access to financing**; • availability and pricing of raw materials; • time to market for new technologies / chemistries; and • manufacturing capabilities. Our competitors **include many-range from** large, established, **high-volume** battery manufacturers **to** as well as new companies **focused-focusing** on the development **developing** of one or more battery technologies. **The established-Asian competitors from China, Japan, and South Korea still dominate the global market and, leveraging due to the their operational scale for** of their operations, have the ability to engage in tactical pricing initiatives to preserve **maintain** and **grow-increase** market share. See “Risk Factors — Risks Related to our Business and Industry — We mainly manufacture **primarily produce** and **market-sell** lithium-based battery systems. **If Should** a viable **alternative** substitute product or chemistry to lithium-based battery **batteries** systems emerges **emerge** and **gains-gain** market acceptance, **it could significantly harm** our business, financial **condition-health, and operational** results of operations will be materially and adversely affected. Furthermore, our failure to keep up with rapid technological changes and evolving industry standards within the lithium-based battery market may cause our products to become obsolete and less marketable, resulting in loss of market share to our competitors.” Governmental Regulation and Environmental Compliance Environmental, **Health and Safety** Matters — Our **Asian-China facility-Facility** Our manufacturing activities in China are subject to the requirements of Chinese environmental laws and regulations on air emission, wastewater discharge, solid waste

and, noise and the generation, handling, storage, use, transportation and disposal of hazardous materials. **We believe Our Environmental Management system is certified to ISO 14001: 2015 and our Occupational Health and Safety system is certified to ISO 45001: 2018 certified. Our management systems help us to ensure** we are in compliance with these **applicable environmental, health, and safety** laws and regulations in all material aspects. We have built environmental treatment facilities concurrently with the construction of our manufacturing facilities, where the waste air, wastewater and waste solids we generate can be treated in accordance with the relevant requirements. We have outsourced the disposal of hazardous solid waste we generate to a third- party contractor in accordance with the relevant laws. We believe we have maintained pollutant emission levels at each of our facilities in material compliance with levels prescribed by the relevant governmental authorities. Environmental, **Health and Safety** Matters — Our ~~European~~ **Germany** Production Facility Operations at our German facility are subject to a variety of environmental, health and safety regulations, ~~including those governing the generation, handling, storage, use, transportation and disposal of hazardous materials.~~ **In order to conduct our operations by the fourth quarter of 2023, we obtained the Quality Management Standards system is certified to** IATF 16949: 2016 and ISO 9001: 2015 followed by, **Our Environmental Management system is certified to** ISO 14001: 2015 — Environmental Quality Management Standard and **we are certified to the** ISO 50001: 2011 — Energy Management **standard.** **For safer We are** working **on certification to** conditions we will also implement ~~ISO 45001- 2018~~ **by the fourth quarter of 2023** — Occupational Health and Safety ~~and all~~ **Management system. All** our machines and production lines are delivered with Conformité Européenne, European Quality Standard label according to the Machinery Directive 2006 / 42 / EC. In transit, lithium- ion batteries are subject to rules governing the transportation of “ dangerous goods. ” We only use carriers that meet these requirements. We have policies and programs in place to help assure compliance with our obligations such as machine guarding, laser welding, hazardous material management and transportation. Furthermore, in order to obtain the existing building permits, we are obligated to perform environmental compliance and fire protection concept requirements under German regulations. All these standards and certificates are designed to comply with applicable government regulations and laws, as well as the standards of the automotive industry. We train our employees and conduct internal audits of our operations to assess our fulfillment of these policies. As demonstrated in our pilot project for “ Sustainable Battery Production ” with TÜV SÜD Germany, the environment is very important to us. Environmental, **Health and Safety** Matters — Our U. S. Production Facility Federal, state, and local regulations impose significant environmental requirements on the manufacture, storage, transportation, and disposal of various components ~~of advanced as used or will be used in our U. S battery cell manufacturing and ESS container assembly operations.~~ **As we continue to develop our operations in the U. S. we are following the guidelines of the international standards as we develop our Environmental and Occupational Health and Safety Management systems** . Although we believe that our operations are in material compliance with current applicable environmental regulations, there can be no assurance that changes in such laws and regulations will not impose costly compliance requirements on us or otherwise subject us to future liabilities. Moreover, federal, state, and local governments may enact additional regulations relating to the manufacture, storage, transportation, and disposal of components of advanced ESS. Compliance with such additional regulations could require us to devote significant time and resources and could adversely affect demand for our products. General Environmental Matters ~~We are not currently~~ **Currently** subject to any, ~~we face no~~ admonitions, penalties, investigations, or inquiries ~~from imposed by the~~ environmental regulators, nor are we ~~subject involved in any legal proceedings as a defendant for violating environmental laws. We have no reason to anticipate~~ any claims or legal proceedings to which we are named as a defendant for violation of any environmental law or regulation. ~~We do not have any reasonable basis to believe that there is any threatened claim- action actions, or legal proceedings against us relating related to any environmental law or regulation that would have a material- materially adverse effect affect on our business, financial condition- finances, or results of operations.~~ See “ Risk Factors — Risks Related to our Business and Industry — Compliance with environmental regulations can be expensive, and failure to comply with these regulations may result in monetary damages and fines, adverse publicity and have a material adverse effect on our business.. ” Workers’ Health and Production Safety Compliance We are subject to numerous laws and regulations related to the health of our employees and production safety of our facilities in each jurisdiction in which we operate. These laws and regulations include in some jurisdictions a requirement to engage a qualified institution to make a safety evaluation report on its work safety conditions and to file such a safety evaluation report with the local work safety authority for the use of hazardous chemicals in our manufacturing process. We are not currently subject to any admonitions, penalties, investigations or inquiries relating to workers’ health and production safety law or regulations, nor are we subject to any claims or legal proceedings to which we are named as a defendant for violation of any workers’ health and production safety law or regulation. We do not have any reasonable basis to believe that there are any threatened claims, actions or legal proceedings against us relating to any workers’ health and production safety law or regulation that would have a material adverse effect on our business, financial condition or results of operations. See “ Risk Factors — Risks Related to our Business and Industry — We may fail to comply with certain health and production safety laws and regulations governing hazardous materials. ” Seasonality We have historically experienced higher sales during our third and fourth fiscal quarters as compared to our first and second fiscal quarters. However, our limited operating history makes it difficult for us to judge the exact nature or extent of the seasonality of our business. Corporate Information Microvast, Inc. was originally **initially** incorporated in Texas in 2006 ~~and later converted to,~~ **then re- incorporated as** a Delaware corporation in December 2015. On July 23, 2021, Tuscan Holdings Corp. (“ Tuscan”) a Delaware corporation established in April 2016 for the purpose of effecting a merger, capital stock exchange, asset acquisition, stock purchase, reorganization, or similar business combination with one or more businesses) consummated the acquisition of Microvast, Inc. pursuant to an Agreement and Plan of Merger dated February 1, 2021, between Tuscan, Microvast, Inc. and TSCN Merger Sub Inc. (the “ Business Combination ”). **Following In connection with the consummation of** the Business Combination, we changed our name from Tuscan to “ Microvast Holdings, Inc. ” Our principal executive offices are located at 12603 Southwest Freeway, Suite 300, Stafford, Texas

77477, and our telephone number is (281) 491- 9505. Our website is <https://microvast.com>. The information posted on our website is not incorporated by reference into this Annual Report. We make available on or through our website certain reports and amendments to those reports that we file with or furnish to the U. S. Securities and Exchange Commission (“ SEC ”) in accordance with the Securities Exchange Act of 1934, as amended (the “ Exchange Act ”). These include our annual reports on Form 10- K, our quarterly reports on Form 10- Q, and our current reports on Form 8- K, amendments to those reports and our Proxy Statement for our annual meeting of stockholders. These filings are available for download free of charge on our investor relations website located at <https://ir.microvast.com/financials-filings/sec-filings>. The SEC also maintains a website that contains reports, proxy statements, and other information about issuers that file electronically at [www.sec.gov](http://www.sec.gov). ITEM 1A.

**RISK FACTORS** You should carefully consider the risk factors discussed below, as well as all other information, as an investment in the Company involves a high degree of risk. We operate in a changing environment that involves numerous known and unknown risks and uncertainties that could materially adversely affect our operations. Any of the following risks could materially and adversely affect our business, financial condition, results of operations or prospects. However, the selected risks described below are not the only risks facing us. Additional risks and uncertainties not currently known to us or those we currently view to be immaterial may also materially and adversely affect our business, financial condition, results of operations or prospects. In such a case, the trading price of our securities could decline. Risk Factors Summary Below is a summary of material factors that make an investment in our common stock speculative or risky: Risks Related to Our Business and Industry

- **There is substantial doubt regarding our ability to continue as a going concern.**
- **We may be unable to meet our current capital requirements and will require additional capital to meet our outstanding accounts payable and current liabilities.**
- **We may be unable to meet our future capital requirements and we may require additional capital to support business growth, and this capital might not be available on acceptable terms, or at all.**
- **Because substantially all of our revenues are currently derived from outside of the U. S. and the significant costs and restrictions associated with the repatriation of cash from our non- U. S. operations, we may not have sufficient cash flow to cover our liabilities, which may result in a material adverse effect on the Company' s business.**
- **With a limited operating history and ongoing losses, achieving or sustaining profitability remains uncertain.**
- **Our business and our ability to complete the Clarksville Phase 1A expansion could be adversely affected by mechanics liens filed by contractors that we do not have sufficient funds to pay.**
- Our future growth depends upon the willingness of commercial vehicle and specialty vehicle operators and consumers to adopt electric vehicles, and the availability of alternative technology.
- **Certain-Some battery components of our batteries pose safety risks, potentially causing accidents that may cause accidents, which could lead to liability to us, cause manufacturing delays, in manufacturing of our product and negatively impact / or adversely affect market acceptance.**
- **We primarily produce and sell lithium- based battery systems. Should a viable alternative to lithium- based batteries emerge and gain market acceptance, it could significantly harm our business, financial health, and operational results.**
- **Our revenue heavily depends on a limited customer base, a trend likely to continue.**
- We have **identified a limited customer base and depend on a small number of customers for a significant portion of our revenues to date and this dependence is likely to continue.**
- We have a limited operating history and have incurred losses in the operation of our business and anticipate that we will continue to incur losses in the future. We may never achieve or sustain profitability.
- **We may be unable to meet our future capital requirements, which could limit our ability to grow and have a material weakness in adverse effect on our internal controls over financial reporting position and results of operations.**
- We may incur significant costs as a result of the warranties we supply with our products and services.
- Our failure to increase our manufacturing output and cost- effectively manufacture our batteries in quantities which satisfy our customers’ demand and product specifications and their expectations for product quality and reliable delivery could damage our customer relationships and result in significant lost business opportunities for us.
- Our planned expansion into new applications and new markets as we continue to expand our global presence pose additional risks which could adversely affect our business, financial condition and results of operations.
- We rely on third parties to manufacture chargers and charging poles and to build charging stations that are necessary for using our products, and our ability to market our products depends on the establishment of charging station networks that meet the needs of our products.
- We currently purchase certain key raw materials and components from third parties, some of which we only source from one supplier or from a limited number of suppliers.
- **Losing Our business depends substantially on the continuing efforts of our senior executives or and other key personnel, and could severely disrupt our business may be severely disrupted if we lost their services.**
- Our management has limited experience in operating a public company.
- Our batteries and our website, systems, and data we maintain may be subject to intentional disruption, other security incidents, or alleged violations of laws, regulations, or other obligations.
- **Cyberattacks or risks related to cybersecurity could have a material effect on our business.**

Risks Related to Doing Business in China

- Adverse **policy changes by in political, economic, and other policies of the government of the People’ s Republic of China (the “ PRC ”) government could negatively impact China’ s have a material adverse effect on the overall economic growth of China, which could materially and adversely affect the, consequently, our business growth of our business and our competitive position.**
- Our operations in China are subject to extensive-PRC government regulation-**regulations significantly impact our Chinese operations, and with changes potentially to such regulations could increase-increasing our costs or limit-limiting our ability to conduct activities in China.**

We could become subject to regulations issued by the Cyberspace Administration of China (“ CAC ”) and requirements of the PRC government’ s cyber or data security laws.

- Any future revocation of approvals or any future failure to obtain approvals applicable to our business or any adverse changes in foreign investment policies of the PRC government may have a material adverse impact on our business, financial condition and results of operations.
- The PRC government may exert substantial influence over the manner in which we conduct our business operations in China.
- China’ s legal and judicial system may not adequately protect our business and operations and the rights of our investors.
- Our securities may be prohibited from trading in the United States under the Holding Foreign Companies Accountable Act (the" HFCAA") in the future if the Public Company

Accounting Oversight Board (the "PCAOB") is unable to inspect or investigate completely auditors located in China. The delisting of the securities, or the threat of their being delisted, may materially and adversely affect the value of your investment.

- Changes in the policies of the PRC government, including more oversight and control over offerings that are conducted overseas and / or foreign investment in China-based issuers, could have a significant impact on the business we may be able to conduct in China, the profitability of our business and the value of our common stock.
- Restrictions under PRC law on our PRC subsidiaries' ability to make dividends and other distributions could materially and adversely affect our ability to grow, make investments or acquisitions that could benefit our business, pay dividends to you, and otherwise fund and conduct our business.
- We have become subject to the recent scrutiny, criticism and negative publicity involving U. S.- listed companies with substantial operations in China, and we have and we may continue to expend significant resources to investigate and resolve the matter which could harm our business operations, stock price and reputation, especially if such matter cannot be addressed and resolved favorably.

Risks Related to Our Intellectual Property

- **Protecting** ~~We may not be able to protect~~ our intellectual property rights ~~in the major markets in which we operate, including especially in~~ China, **may be challenging**, and **we infringement claims** could ~~incur result in~~ substantial costs ~~as a result of any claim of infringement of another party's intellectual property rights~~.
- **Our reliance** ~~We rely substantially on~~ unpatented proprietary technologies **is significant**.
- Our success ~~depends partly hinges~~ on our ability to obtain, maintain and protect **protecting** our **trade secrets, confidential information, technology, trademarks, and other** intellectual property rights.
- ~~We~~ **Infringement claims against us** could ~~incur lead to~~ substantial costs ~~as a result of any claim of infringement of another party's intellectual property rights~~.

Risks Related to Ownership of Common Stock

- We may issue additional shares of common stock or other equity securities, which may depress the market price of common stock.
- Resales of our common stock may cause the market price of our securities to drop significantly, even if our business is doing well.
- Even though the warrants have become exercisable, there is no guarantee that the warrants will be in the money prior to their expiration, and they may expire worthless.
- The Tuscan Group (as defined below) is likely to make a substantial profit even if the trading price of our common stock materially declines due to the nominal purchase price Tuscan paid for the Founder Shares (as defined below).

General Risk Factors

- Our lengthy and variable sales cycle makes it difficult for us to forecast our revenue and operating results.
- We face risks related to health epidemics ~~including the COVID-19 pandemic~~, and geopolitical risks such as the **ongoing** Ukraine ~~and~~ Russia **crisis and the Israel and Hamas** crisis, which could have a material adverse effect on our business and results of operations.
- **We may be unable to meet our future capital requirements and we may require additional capital to support business growth, and this capital might not be available on acceptable terms, our or at all** business and results of operations. In these scenarios, we would need to seek other options, including delaying or reducing operating and capital expenditure and the possibility of an alternative transaction or fundraising.

The development, design, manufacture and sale of batteries is a capital-intensive business, which we currently finance through various types of financings. As a result of the capital-intensive nature of our business, we expect to sustain substantial operating expenses without generating sufficient revenues to cover expenditures for a number of years. In addition, we intend to continue to make investments to support our business growth and may require additional funds to respond to business challenges, including the need to develop new features or enhance our products, improve our operating infrastructure or acquire complementary businesses and technologies. Our capital requirements will depend on many factors, including, but not limited to: technological advancements; market acceptance of our products and product enhancements, and the overall level of sales of our products; R & D expenses; our relationships with our customers and suppliers; our ability to control costs; sales and marketing expenses; enhancements to our infrastructure and systems and any capital improvements to our facilities; our ability to maintain existing manufacturing equipment; potential acquisitions of businesses and product lines; and general economic conditions, including the effects of international conflicts and their impact on the automotive industry in particular. Accordingly, we may need to engage in equity or debt financings to secure additional funds. If we raise additional funds through future issuances of equity or convertible debt securities, our existing stockholders could suffer significant dilution, and any new equity securities we issue could have rights, preferences and privileges superior to those of holders of our common stock. Any debt financing that we may secure in the future could involve restrictive covenants relating to our capital raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities, including potential acquisitions. We may not be able to obtain additional financing on terms favorable to us, if at all. Moreover, rising interest rates may further increase the costs of obtaining additional capital to meet our requirements. If we are unable to obtain adequate financing or financing on terms satisfactory to us when we require it, our ability to continue to support our business growth and to respond to business challenges could be significantly impaired, and our business may be adversely **affected**.

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

- perceptions about electric vehicle quality, design, performance and cost, especially if adverse events or accidents occur that are linked to the quality or safety of electric vehicles;
- perceptions about electric vehicle quality, safety (in particular with respect to lithium- ion battery packs), design, performance and cost, especially if adverse events or accidents occur that are linked to the quality or safety of electric vehicles;
- volatility in sales of electric vehicles;
- perceptions about vehicle safety in general, in particular safety issues that may be attributed to the use of advanced technology, including vehicle electronics and regenerative braking systems;
- negative perceptions of electric vehicles, such as

that they are more expensive than non- electric vehicles and are only affordable with government subsidies or that they have failed to meet customer expectations; • the limited range over which electric vehicles may be driven on a single battery charge and the effects of weather on this range; • the decline of an electric vehicle' s range resulting from deterioration over time in the battery' s ability to hold a charge; • concerns about electric charging infrastructure availability and reliability, which could derail past and present efforts to promote electric vehicles as a practical solution to vehicles which require gasoline; • concerns about charging station standardizations, convenience and cost influencing consumers' perceptions regarding the convenience of electric vehicle charging stations; • concerns of potential customers about the susceptibility of battery packs to damage from improper charging, as well as the lifespan of battery packs and the cost of their replacement; • concerns regarding comprehensive insurance coverage related to electric vehicles; • developments in alternative technologies, such as advanced diesel, ethanol, fuel cells or compressed natural gas, or improvements in the fuel economy of the internal combustion engine, which could adversely affect sales of electric vehicles; • the environmental consciousness of consumers; • the availability and volatility in the cost of natural gas, diesel, coal, oil, gasoline and other fuels relative to electricity; • the availability of tax and other government incentives to purchase and operate electric vehicles or future regulation requiring increased use of nonpolluting vehicles; • concerns regarding the value and costs for upkeep of electric vehicles in the used car market; • the availability of enough skilled labor in after- sale services; and • macroeconomic factors. In anticipation of an expected increase in the demand for electric vehicles in the next few years, we have commercialized five types of ultra- fast charging lithium battery technologies (LpTO, LpCO, MpCO, HpCO and HnCO). We also intend to continue to invest in R & D of more ultra- fast charging lithium battery products and to expand the range of applications for such batteries. However, the markets we have targeted, primarily those in China, Europe and the U. S. may not achieve the level of growth we expect. If any market fails to achieve our expected level of growth, we may have excess manufacturing capacity and may not be able to generate enough revenue to achieve or sustain our profitability. We may not be able to substantially increase our manufacturing output in order to fulfill orders from our customers. We have expanded and expect to continue to expand our battery manufacturing capacity to meet the expected demand for our products. **Such This expansion will require significant capital expenditures. In addition, expansion imposes impose significant added responsibilities on our senior management and our resources, including financial resources and the need to identify, recruit, maintain and integrate additional employees. Our expansion will also expose us to greater overhead and support costs and other risks associated with the manufacture and commercialization of new products. Difficulties in effectively managing the budgeting, forecasting and other process control issues presented by such expansion could harm our business, prospects, results of operations and financial condition. Even if we succeed in expanding our manufacturing capacity, we may not have enough demand for our products to justify the increased capacity. If there is a persistent mismatch in the demand for our products and our manufacturing capacity, our business, financial condition and results of operations could be adversely affected. Our ability to substantially increase our manufacturing output is subject to significant constraints and uncertainties, including: • failure to execute our expansion plan effectively; • delays by our suppliers and equipment vendors and cost overruns as a result of a number of factors, many of which may be beyond our control, such as increases in raw material prices and problems with equipment vendors; • delays in the government approval process or denial of required approvals by relevant government authorities; • diversion of significant management attention and other resources; and • failure to execute capital constraints and / or our expansion plan effectively the terms on which capital is available to us.** If we are unable to increase our manufacturing output because of any of the risks described above, we may be unable to fulfill customer orders or achieve the growth we expect. Under our supply agreements with our customers, we would typically be liable to pay a charge of between 0.001 % and 0.5 % of the total contract price per day for our delay in delivering products, as well as any resulting costs and expenses incurred by the customers. In addition, if we are unable to fulfill customer orders, our reputation could be affected, and our customers could source battery systems from other companies. With a global supply chain, some raw material lead times are above average and can be challenging when responding **to significant increases in customer demand. The combination of the foregoing could adversely affect our business, financial condition and results of operations.** Our battery systems contain lithium- ion cells, which have been used for years in laptops and cell phones. On rare occasions, lithium- ion cells can rapidly release the energy they contain by venting smoke and flames in a manner that can ignite nearby materials. Highly publicized incidents of laptop computers and cell phones bursting into flames have focused consumer attention on the safety of these cells. Moreover, there have been numerous widely publicized reports of electric buses bursting into flames, particularly in China. These events have also raised questions about the suitability of these lithium- ion cells for automotive applications. We are aware of at least two incidents occurring in our customers' vehicles. One incident resulting in a fire arose when an electric bus powered by our battery was left on a disqualified charger overnight. The other incident resulting in a fire involved a bus that was driven through deep water in a flood for over an hour. We have subjected our battery systems to various tests and damaging treatments such as baking, overcharging, crushing or puncturing to assess the response of our battery systems to deliberate and sometimes destructive abuse. However, there can be no assurance that a field failure of our battery systems will not occur, which could damage the vehicle in which it is fitted or lead to personal injury or death and may subject us to lawsuits. Moreover, any failure of a competitor' s battery system, especially those that use a high volume of cells similar to ours, may cause indirect adverse publicity for us. Such adverse publicity would negatively affect our brand and harm our business, prospects, financial condition and operating results. As with any battery, our lithium- based batteries can short circuit when not handled properly. Due to the high energy and power density of lithium- based batteries, a short circuit can cause rapid heat buildup. Under extreme circumstances, this could cause a fire. This is most likely to occur during the formation or testing phase of our process. While we incorporate safety procedures and specific safety testing in our battery testing facilities to minimize safety risks, we cannot assure you that an accident in any part of our facilities where charged batteries are handled will not occur. Any such accident could result in injury to our employees or damage to our facility and would require an internal investigation by our technical staff. Our general liability insurance may not be sufficient to cover potential liability that would

result from such accidents. Any such injuries, damages or investigations could lead to liability to us, cause delays in the manufacturing of our product and / or adversely affect market acceptance which could adversely affect our operations and financial condition. Our manufacturing process incorporates pulverized solids, which can be toxic to employees when allowed to become airborne in high concentrations. We have incorporated safety controls and procedures into our manufacturing processes designed to maximize the safety of our employees and neighbors. Any related incident, including fire or personnel exposure to toxic substances, could result in significant manufacturing delays or claims for damages resulting from injuries, which could adversely affect our operations and financial condition. Due to the nature of our industry and our limited operating history, we have a limited customer base and have depended on a small number of customers for a significant portion of our revenue. In the years ended December 31, 2020, 2021 and 2022 and 2023, we sold our electric battery products to 231, 332 and 364 and 343 customers, respectively. Our top five customers accounted for approximately 31.4%, 37.3% and 36.1% and 48.6% of our revenues in the years ended December 31, 2020, 2021 and 2022 and 2023, respectively. Our limited customer base and customer concentration could make it difficult to negotiate attractive prices for our products and could expose us to the risk of substantial losses if a single dominant customer stops purchasing, or significantly reduces orders for, our products. We expect that a limited number of customers will continue to contribute a significant portion of our sales in the near future. Our ability to maintain close relationships with these top customers is essential to the growth and profitability of our business. If we fail to sell our products to one or more of these top customers in any particular period, or if a large customer purchases fewer of our products, defers orders or fails to place additional orders with us, or if we fail to develop additional major customers, our revenue could decline, and our results of operations could be adversely affected. The unavailability, reduction or elimination of, or uncertainty regarding, government and economic incentives or subsidies available to end- users and OEMs in the U. S., China, Europe and other jurisdictions could have a material adverse effect on our business, financial condition, operating results and prospects. We believe that, currently, the availability of government subsidies and incentives available to end- users and OEMs is an important factor considered by our customers when purchasing our batteries for electric vehicles and ESS, and that our growth depends in part on the availability and amounts of these subsidies and incentives. Any further reduction or elimination of government and economic incentives or subsidies may result in the diminished competitiveness of the alternative fuel vehicle or energy storage industry generally or electric vehicles or energy storage projects that use our batteries in particular. Currently, government programs in the U. S., China and in Europe favor the purchase of electric vehicles, including through disincentives that discourage the use of gasoline- powered vehicles. If such government programs are reduced or eliminated, or the available benefits thereunder are exhausted earlier than anticipated, demand for electric vehicles may decrease and our sales of electric battery products could be adversely affected. In addition, customers may delay taking delivery of our battery products if they believe that certain electric vehicle incentives will be available at a later date, which may adversely affect our business, financial condition, operating results and prospects. We have incurred losses identified a material weakness in the operation of our business and anticipate that we will continue to incur losses in the future. We may never achieve or our sustain profitability internal controls over financial reporting. We incurred a net loss of approximately \$ 158.2 million internal controls over financial reporting, we may be unable to accurately report our financial results for or prevent fraud, and investor confidence and the market price of the common stock may be adversely impacted. In connection with the audit of the financial year ended December 31, 2022-2023, we identified certain control deficiencies in the design and operation of our internal controls over our financial reporting that constituted a material weakness in aggregation. As defined in the standards established by the PCAOB, a “ material weakness ” is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our Company’s annual or interim financial statements will not be prevented or detected on a timely basis. The material weakness that has been identified relates to the design and implementation of information technology (“ IT ”) general controls for IT systems that are relevant to the preparation of our financial statements. Specifically, we did not design and maintain adequate user access controls to restrict user and privileged access to financial applications, programs, and data for IT systems that are relevant to the preparation of the financial statements. Subsequent to the identification of the material weakness, we have taken steps to address the control deficiencies and continue to implement our remediation plan, which we believe addresses the underlying causes. We are executing on our remediation plan for the material weakness by removing all inappropriate access and establishing more robust processes to control the privileged access to our system with management review of the system log periodically. However, the implementation of these measures may not fully address the material weakness in our internal control over financial reporting, and we cannot conclude that it has been fully remediated. Our failure to correct the material weakness or our failure to discover and address any other deficiencies could result in inaccuracies in our financial statements and impair our ability to comply with applicable financial reporting requirements and related regulatory filings on a timely basis. In addition, once we cease to be an “ emerging growth company ” as such term is defined accumulated deficit of approximately \$ 791.2 million since our inception in 2006 through the JOBS Act year ended December 31, 2022 our independent registered public accounting firm must attest to and report on the effectiveness of our internal controls over financial reporting. We believe In the future, our management may conclude that we will continue to incur operating and net losses each quarter until at least the time we begin significant production of our internal control over financial reporting higher energy cell products, which is not expected to effective. Moreover, even if occur our management concludes that until 2024 and may occur our internal control over financial reporting is effective, our independent registered public accounting firm, later after We expect conducting its own independent testing, may issue a report that is qualified if it is not satisfied with our internal control over financial reporting or the rate level at which we will incur losses our controls are documented, designed, operated or reviewed, or if it interprets the relevant requirements differently from us. During the course of documenting and testing our internal control procedures, in

order to satisfy the requirements of Section 404, we may identify other or more material weaknesses or deficiencies in our internal control over financial reporting. In addition, if we fail to maintain the adequacy of our internal control over financial reporting, as these standards are modified, supplemented or amended from time to time, we may not be able to maintain a level of internal control over financial reporting that is significantly higher in future periods as we, among other things, continue to incur significant expenses to develop and maintain our internal control over financial reporting. In connection with the design and implementation of our internal control over financial reporting, we may conclude on an ongoing basis that we have effective internal control over financial reporting in accordance with the design and implementation of Section 404. Generally speaking, development of our batteries and manufacturing of our batteries effective internal control environment, as we could suffer material misstatements, expand our R & D activities, invest in manufacturing capabilities, build up inventories of components for our batteries, increase our sales and marketing activities, develop our distribution infrastructure and increase our general and administrative functions to support our growing operations. We may find that these efforts are more expensive than we currently anticipate or our that these efforts may not result in revenues that are sufficient to cover our costs, which would further likely cause investors to lose confidence in our reported financial information. This could in turn limit our access to capital markets, harm our results of operations and lead to a decline in the trading price of our stock. Additionally, ineffective internal control over financial reporting could expose us to increased risk of fraud or losses, misuse of corporate assets and subject us to potential delisting from the stock exchange on which we list, regulatory investigations and civil or criminal sanctions. We may also be required to restate our consolidated financial statements for prior periods.

The demand for batteries in transportation and other markets depends on the attractiveness of fossil fuel alternatives. Extended periods of low oil prices could adversely affect demand for electric and hybrid electric vehicles. Lower oil prices over extended periods of time may lower the perception in government and the private sector that cheaper, more readily available energy alternatives should be developed and produced and governments may eliminate or modify regulations or economic incentives related to fuel efficiency and alternate forms of energy. If oil prices remain at deflated levels for extended periods of time, the demand for hybrid and electric vehicles may decrease and the demand for our batteries could be reduced, which would have a material adverse effect on our business. In addition, alternatives to gasoline, such as compressed natural gas and biofuels, could impact the demand for electric vehicles if the distribution and costs of these alternative fuels become more attractive through innovation. Biodiesel for trucks and specialty vehicles could become more commonplace, which would directly compete with our bus and specialty vehicle batteries, and which may result in decreased demand for our product. Our focus is on We mainly manufacture and market lithium- based battery systems. As we, driven by our belief that in the their market for lithium- based batteries has good growth potential, our efforts are concentrated on exploring discovering new lithium chemistries and formulas formulations to improve enhance our product quality and features while reducing lowering cost costs. Some of our competitors are conducting R & D on alternative battery technologies, such as fuel cells and supercapacitors, and academic studies are ongoing as to the viability of sulfur and aluminum- based battery technologies. If any viable substitute products emerge and gain market acceptance because they have more enhanced features, more power, more attractive pricing or better reliability, the market demand for our products may decrease, and accordingly our business, financial condition and results of operations would be materially and adversely affected. Significant developments Major advancements in alternative technologies like such as fuel cell cells technology, advanced diesel, ethanol, hydrogen or natural gas, or breathing batteries could unexpectedly may materially and adversely affect negatively impact our business, prospects, financial condition health, and operating operational results in ways that we may not currently anticipate. Existing and other battery technologies, fuels or sources of energy may emerge as customers' preferred alternatives to our battery products. Any failure by us to develop new or enhanced technologies or processes, or to react to changes in existing technologies, could materially delay our development and introduction of new and enhanced alternative products, which could result in decreased revenue and a loss of market share to our competitors.. For example, research on the electrochemical applications of carbon nanotechnology and other storage technologies is developing at a rapid pace, and many private and public companies and research institutions are actively engaged in the development of new battery technologies based on carbon nanotubes, nanostructured carbon materials and other non- carbon materials. If we fail to adopt these new technologies, or develop new technologies of our own, such technologies may, if successfully developed by our competitors, offer significant performance or price advantages compared with our technologies and our technology leadership and competitive strengths may be adversely affected. Our R & D efforts may not be sufficient to adapt to changes in alternative fuel and electric vehicle technology. As technologies evolve, we plan to upgrade or adapt our energy solutions with the latest technology, in particular lighter weight modules and packs, advanced cooling methods and advanced battery chemistry, which may also negatively impact the adoption of our other products. However, we may not compete effectively with alternative systems if we are not able to source and integrate the latest technology into our battery products. To achieve this goal, we have invested and plan to continue investing significant financial resources in our R & D infrastructure. R & D activities, however, are inherently uncertain, and we might encounter practical difficulties in commercializing our research results. Accordingly, our significant investment in our R & D infrastructure may not lead to marketable products. On the other hand, our competitors may improve their technologies or even achieve technological breakthroughs either as alternatives to lithium- based battery systems or improvements on existing lithium- based battery systems that would render our products obsolete or less marketable. Therefore, our failure to effectively keep up with rapid technological changes and evolving industry standards by introducing new and enhanced products may cause us to lose our market share and to suffer a decrease in our revenue. We may not be able to maintain our competitive position if we face intense competition from other battery manufacturers, many of which have significantly greater resources. The market for batteries used in electric vehicles, light electric vehicles and ESS is intensely competitive and is characterized by frequent technological changes and evolving industry standards. We expect competition to become more intense. Increased competition may result in a decline in average selling prices, causing a decrease in gross profit margins. We have faced and will continue to face competition from other manufacturers of lithium- ion batteries, as well as from

companies engaged in the development of batteries incorporating new technologies. There are other competitors capable of manufacturing and delivering fast-charging battery systems that can charge as quickly as our LpTO and LpCO power battery solutions and we cannot assure you that they will not also enter the markets that we are currently in or intend to enter. For example, certain battery manufacturers offer lithium-based battery solutions that can be fully charged within a similar amount of time as our battery solutions, but with much shorter life cycles compared to our solutions. Other major manufacturers of high-power lithium batteries currently include Panasonic, Samsung SDI, BYD, CATL, Tianjin Lishen, Boston-Power, Wanxiang Group, Amperex Technology and LG Chem. In addition, vehicle manufacturers, such as GM, Ford, Rivian and Tesla, have entered the markets for our products and may become our competitors, either directly or through joint venture arrangements with major lithium-based battery manufacturers. Potential customers may choose to do business with these or other established vehicle manufacturers who enter the markets for our products because of their perception that vehicle manufacturers are more stable, have greater manufacturing capacity and have the capability to adapt battery products to their vehicles. Many of these competitors have greater financial, personnel, technical, manufacturing, marketing, sales and other resources than we do. As a result, these competitors may be in a stronger position to respond quickly to market opportunities, new or emerging technologies and evolving industry standards. Many of our competitors are developing a variety of battery technologies, such as lithium polymer, silicon anode and solid-state batteries, which are expected to compete with our existing product lines. Other companies undertaking R & D activities of solid-polymer lithium-ion batteries have developed prototypes and are constructing commercial-scale manufacturing facilities. It is possible that our competitors will be able to introduce new products with more desirable features than ours and their new products will gain market acceptance. If our competitors successfully do so, we may not be able to maintain our competitive position and our future success would be materially and adversely affected. **Failing if we are unable to anticipate customer preferences and successfully develop attractive appealing products could prevent us from maintaining or increasing growing our revenue and profitability.** Our success depends on our ability to identify and originate product trends as well as to anticipate and react to changing customer demands in a timely manner. If we are unable to introduce new products or novel technologies in a timely manner or our new products or technologies are not accepted by customers, our competitors may introduce more attractive products, which could hurt our competitive position. Our new products might not receive customer acceptance if customer preferences shift to other products, and our future success depends in part on our ability to anticipate and respond to these changes. Failure to anticipate and respond in a timely manner to changing customer preferences could lead to, among other things, lower revenue and excess inventory levels. As we continually seek to enhance our products, we may incur additional costs to incorporate new or revised features. We might not be able to, or determine that it is not in our interests to, raise prices to compensate for these additional costs. Our future depends on the needs and success of our customers, as well as the demand for our customers' products or services. **Our demand for our battery products will ultimately depend on demand hinges on our end-market users. If Decisions to purchase our customers' battery packs and modules may depend on the performance of the industries of our customers and if underperform, leading to decreased demand for their output in those industries decreases, then the our product demand for our products may similarly decline decrease as well.** Demand in these industries is impacted by numerous factors, including, but not limited to, commodity prices, infrastructure spending, consumer spending, customer fleet replacement schedules, travel restrictions, fuel costs, energy demands, municipal spending and government mandates and incentives. Increases or decreases in these variables may significantly impact the demand for our products. **Inaccurate If we are unable to predict demand predictions could lead accurately, we may be unable to unmet meet our customers' customer needs, resulting in the loss lost of potential sales, or we may produce excess products production, resulting in causing higher inventory, overcapacity, increased inventories and overcapacity in our production facilities, increasing our unit production cost costs, and reduced decreasing our operating margins. Further Additionally, if our customers fail inability to successfully market and sell their products or services successfully, it whether from lack of market acceptance or otherwise, could severely impact materially and adversely affect our business and prospects because such customers may, as they might not order place new or additional products from orders with us.** If we cannot achieve the expected level of sales, we will not be able to make sufficient profits to offset the expenditures we have incurred to expand our production capacity, nor will we be able to grow our business. Accordingly, our business, financial condition, results of operations and future success would be materially and adversely affected. We may be subject to declining average selling prices, which may harm our revenue and gross profits. As production of electric power battery systems scales up and technology continues to improve, we expect the average selling prices of our power battery systems to decline over time. As a result, manufacturers of these electric products expect us to cut our costs and lower the price of our products. We may have to reduce the price of our products in order to meet market demand due to market-driven downward pricing pressures in the future. Our revenue and profitability will suffer if we are unable to offset any declines in our average selling prices by developing new or enhanced products with higher selling prices or gross profit margins, increasing our sales volumes or reducing our manufacturing costs on a timely basis. The battery efficiency of electric vehicles declines over time, which may negatively influence potential customers' decisions on whether to purchase an electric vehicle. Over time, vehicles using our battery systems will see performance decline as their batteries decay, particularly in the driving range. If this turns off potential customers of electric vehicles built using our battery system, it could negatively impact our sales. Our products might fail to qualify as "domestic origin" for purposes of "Buy America" requirements imposed on the recipients of U. S. government grants. Some of our customers may be recipients of grants subject to regulations implemented by the U. S. Federal Transit Authority for purchases of rolling stock, including "Buy America" requirements codified at 49 C. F. R. Part 661. In some cases, our customers must ensure that our products, when incorporated into rolling stock subject to "Buy America" requirements, qualify as "domestic origin" components or subcomponents. Our manufacturing facilities are currently located in China and in Germany, and our current products are manufactured using parts or components procured outside of the United States. **Further We are in the process progress of establishing a manufacturing on the Clarksville Phase**



**IA expansion is dependent on securing additional financing, and even once the facility is established** in Clarksville, Tennessee; however, not all of the raw materials we require to manufacture our products are currently available from U. S. suppliers. If our products manufactured from imported parts or components fail to meet the regulatory thresholds to qualify as “domestic origin” under the applicable regulations, we might be disqualified or otherwise precluded from supplying those products to customers that are subject to applicable “Buy America” requirements, or we might be liable to those customers for having failed to comply with certifications or representations that our products are “domestic origin,” each of which would likely adversely affect our business, prospects, financial condition and operating results. We may experience significant delays in the design, production and launch of our new products, which could harm our business, prospects, financial condition and operating results. Our R & D team is continually looking to improve our battery systems. Any delay in the financing, design, production and launch of our new products could materially damage our brand, business, prospects, financial condition and operating results. There are often delays in the design, production and commercial release of new products, and to the extent, we delay the launch of the items identified above, our growth prospects could be adversely affected as we may fail to grow our market share, to keep up with competing products or to satisfy customers’ demands or needs. **We may not be able to..... financial condition and results of operations.** Our failure to cost- effectively manufacture our batteries in quantities which satisfy our customers’ demand and product specifications and their expectations for product quality and reliable delivery could damage our customer relationships and result in significant lost business opportunities for us. We manufacture our products rather than relying upon third- party outsourcing. To be successful, we must cost- effectively manufacture commercial quantities of our complex batteries that meet our customer specifications for quality and timely delivery. To facilitate the commercialization of our products, we will need to further reduce our manufacturing costs, which we intend to do by improving our manufacturing and development operations. If we are unable to manufacture products in commercial quantities on a timely and cost- effective basis, we could lose our customers and be unable to attract future customers. **We may be unable to meet..... and our business may be adversely affected.** Our working capital requirements involve estimates based on the demand expectations and may decrease or increase beyond those currently anticipated, which could adversely impact our operating results and financial condition. In order to fulfill the product delivery requirements of our customers, we plan for working capital needs in advance of customer orders. As a result, we base our funding and inventory decisions on estimates of future demand. If demand for our products does not increase as quickly as we have estimated or drops off sharply, our inventory and expenses could rise, and our business and operating results could suffer. Alternatively, if we experience sales in excess of our estimates, our working capital needs may be higher than those currently anticipated. Our ability to meet this excess customer demand depends on our ability to arrange for additional financing for any ongoing working capital shortages since it is likely that cash flow from sales will lag behind these investment requirements. **We may not be able to accurately -- Inaccurate plan our manufacturing planning based on our sales contracts, which may lead to surplus result in excess product inventory or product shortages.** We typically have a short delivery window to deliver goods to our customers once an order has been placed. To meet short delivery deadlines, we generally decide on our manufacturing level and timing, procurement, facility requirements, personnel needs and other resource requirements based on an estimate taking into account forecasted demand, our past dealings with such customers, market conditions and other relevant factors. Our customers’ final purchase orders may not be consistent with our estimates. If the final purchase orders substantially differ from our estimates, we may have excess product inventory or product shortages. Excess product inventory could result in unprofitable sales or write- offs as our products are susceptible to obsolescence and price declines. Producing additional products to make up for any product shortages within a short time frame may be difficult, making us unable to fulfill the purchase orders. In either case, our results of operation may be adversely affected. We rely on complex machinery for our operations and our production involves a degree of risk and uncertainty in terms of operational performance and costs. Our **manufacturing facilities require large- scale machinery may - Such machinery suffers unexpected malfunctions- malfunction unexpectedly, from time to time and will require requiring repairs and potentially unavailable spare parts to resume operations, which may not be available when needed.** Unexpected malfunctions of our production equipment may significantly affect the intended operational efficiency. While the manufacturing equipment field is maturing, there are still significant changes and improvements occurring with respect to manufacturing devices. Such changes pose a risk that our manufacturing line will become outdated faster than anticipated. Expenses to upgrade equipment to more cutting- edge designs may be necessary, raising costs. New component materials developed through our vertically integrated manufacturing process may require new, advanced equipment to produce. During the scale- up of new components, it may be difficult to predict a number of cost and risk factors including material yields, operation times, environmental hazards, utility needs, optimal equipment design, and necessary maintenance cycles which could add time and cost risks. Once scaled, the process may be found economically unfeasible. **Operational problems with our manufacturing Equipment malfunctions could cause worker injuries, equipment could result in the personal injury to or death of workers, the loss of, facility damage, financial losses, and production disruptions equipment, damage to manufacturing facilities, monetary losses, delays and unanticipated fluctuations in production.** In addition, operational problems may result in environmental damage, administrative fines, increased insurance costs and potential legal liabilities. All of these operational problems could have a material adverse effect on our business, results of operations, cash flows, financial condition or prospects. **We rely on third- Third parties to manufacture essential chargers, and charging poles, and to build charging stations that are necessary for using our products - Our ability to, upon which our market marketing efforts our products depends- depend on the establishment of charging station networks that meet the needs of our products.** If any of the charging station networks are not compatible with our products and technologies, our sales could be adversely affected. The lack of a network or a compatible network could affect the implementation of our strategy and adversely affect our business and our operating results. We design, develop and manufacture electric power battery systems for electric vehicles. However, we do not manufacture chargers or charging poles that are necessary for using our products. In addition, we rely on third parties, such as city governments, utility

providers and private investors, to build charging stations. A key part of our Clean City Transit plan (the “ CCT Plan ”) that aims to introduce our battery systems to electric buses, then to taxis and finally to passenger cars is premised on establishing compatible charging station networks in urban areas that accommodate our technologies and products. If no charging station network is built, in markets in which we target our products, there would be little demand for electric battery products in that area. Even if such a network were built, it might not be compatible with our products, in which case the demand for our technologies and products in those markets would be limited, which could affect the implementation of our strategy and our business, and our operating results may be adversely affected. Further, existing charging station networks have not been established under a uniform standard and could diminish our sales if any of the networks are not compatible with our products and technologies. In particular, our products and technologies require charging stations that can provide high voltages compared to existing charging stations for ultra- fast charging to function. In order for our fast- charging battery systems to become widely adopted in electric buses, electric taxis and electric passenger cars, a critical mass of compatible fast- charging stations must be installed and in operation in any given urban area that we plan to enter. Establishing a network of fast- charging stations requires significant capital investment and government approvals. It also requires government regulators to believe that the merits of fast- charging stations support the costs of such construction. If a sufficient number of charging stations that accommodate our products and technologies cannot be built up and be functional in a timely manner, it will be difficult for us to retain our existing customers and to attract new customers. As a result, our business, results of operations, financial condition and prospects may be materially and adversely affected. The ultra- fast charging infrastructure created for electric city buses is presumed to be compatible with electric taxis and electric passenger vehicles installed with our battery systems, which ensures that the voltage system, connector and control communications are compatible with the taxi or passenger vehicle battery system. As we do not produce or own the charging stations, there can be no assurance that they would be made available to or continue to be compatible with taxis and passenger vehicles that are installed with our batteries. If the charging stations are not made available or are no longer compatible, the implementation of our strategy and our business and our operating results may be adversely affected. **If Incompatibility of emerging charging standards in charging station networks are not compatible with our current products could or in- development products and technologies, we may miss market opportunities and our , impacting financial performance will suffer.** If other companies’ products and services, including industry- standard technologies or other new standards, emerge or become dominant in any of these areas, or differing standards emerge in global markets, demand for our technology and products could diminish. As standards emerge, such as those in China which include specifications for hardware, connecting equipment and service networks and standards for communication and inspection, compatibility of prior fast- charging stations envisioned in our CCT Plan could be made obsolete. We also incorporate materials manufactured by third parties into our products. If there are quality issues with respect to these third- party components included in our battery systems, we may not discover the issue until after our products have been shipped and installed. In addition, we may have little or no recourse against these third- party suppliers arising out of warranty claims made by our customers. We have determined that a tab component manufactured by a third- party and included in one of our legacy products was defective and has caused us to accrue additional warranty cost of approximately \$ 46. 5 million as of December 31, 2021. We currently purchase certain key raw materials and components from third parties, some of which we only source from one supplier or from a limited number of suppliers primarily located in Asia. We currently purchase certain key raw materials for our electrodes and a variety of other components from third parties, some of which we only source from one supplier or from a limited number of suppliers. For the years ended December 31, 2020, 2021 and, 2022 and 2023, we purchased 12 %, 12-18 % and 18-15 % of our raw materials from one supplier. We execute long- term contracts with suppliers for our key raw materials and components. Due to customer forecast variability, suppliers may be unable to satisfy our future requirements on a timely basis. Moreover, the price of purchased raw materials, components and assembled batteries could fluctuate significantly due to circumstances beyond our control. If our current suppliers are unable to satisfy our long- term requirements on a timely basis, we may be required to seek alternative sources for necessary materials and components, produce the raw materials or components in- house or redesign our proposed products to accommodate available substitutes or at a reasonable cost. However, given our current state of business, we may not be able to enter into the required manufacturing supply agreements with the battery manufacturers and component suppliers. If we fail to secure a sufficient supply of key raw materials and components and we are unable to produce them in- house in a timely fashion, it would result in a significant delay in our manufacturing and shipments, which may cause us to breach our sales contracts with our customers. Furthermore, failure to obtain a sufficient supply of these raw materials and components or produce them in- house at a reasonable cost could also harm our revenue and gross profit margins. If rising prices or availability of raw materials continues to persist, our business and results of operations may be adversely affected. **Pricing Volatility in raw material prices and availability can impact of raw materials for use in our business can be volatile due and finances. Due** to numerous factors beyond our control, including general, domestic, and international economic conditions, labor costs, production levels, competition, consumer demand, import duties, and tariffs, inflation and currency exchange rates. This volatility can significantly affect the availability and cost of raw materials, and may therefore have a material adverse effect on our business, results of operations, and financial condition. Recently, cost inflation stemming from the COVID- 19 pandemic, the Ukraine / Russia crisis, **the Israel / Hamas crisis,** and other macroeconomic factors has caused prices to increase across various sectors of the economy and we have been impacted by increases in the prices of our raw materials and other associated manufacturing costs. In particular, we have experienced rising costs **or volatility in the prices** for raw materials such as polyvinylidene difluoride, lithium salts and carbonates. At this time, there can be no assurance that we will be able to pass any portion of such increases on to customers. Further, we currently do not hedge against our exposure to changing raw material prices. As a result, fluctuations in raw material prices could have a material adverse effect on our business, results of operations, and financial condition. Supply shortages or changes in availability for any particular type of raw material can delay production or cause increases in the cost of manufacturing our products. We may be negatively affected by

changes in availability and pricing of raw materials, which could negatively impact our results of operations. If we are unable to integrate our products into vehicles manufactured by our OEM customers, our results of operations could be impaired. We cooperate with our OEM customers to integrate the design of our LpTO, LpCO, MpCO, HpCO and HnCO products, and any future products, into commercial and specialty electric vehicles, such as electric buses, electric cars and electric taxis. Our battery systems are composed of modules assembled from the battery cells that we manufacture. OEMs often require unique configurations or custom designs for battery systems. We tailor the design of our battery systems to the electric vehicles manufactured by our OEM customers. This development process requires not only substantial lead time between the commencement of design efforts for customized battery systems and the commencement of volume shipments of the battery products to the customer, but also the cooperation and assistance of the OEMs in order to determine the requirements for each specific application. Technical problems may arise that affect the acceptance of our product by the OEMs. If we are unable to design and develop products that meet the OEMs' requirements, we may lose opportunities to obtain purchase orders, and our reputation may be damaged. In addition, we may not receive adequate assistance from OEMs to successfully commercialize our products, which could impair our results of operations. Under certain circumstances, our customers can ~~cancel~~ **modify** or terminate their contracts. We have ongoing arrangements with our customers and target customers. Some of these arrangements are evidenced by non-binding letters of intent and memoranda of understanding, early-stage agreements that are used for design and development purposes but will require renegotiation at later stages of development or production or master agreements that have yet to be implemented under separately negotiated statements of work, each of which could be **modified to reduce the size of the project**, terminated or may not materialize into next-stage contracts or long-term contract partnership arrangements. If these arrangements are **modified or** terminated or if we are unable to enter into next-stage contracts or long-term operational contracts, our business, prospects, financial condition and operating results may be materially adversely affected. **Modifications or terminations of our existing contracts may also directly impact our business, prospects and financial condition, including by reducing backlog by significant amounts. For example, in December 2022, we were awarded a contract to supply a utility-scale 1.2 GWh battery ESS project to a customer in the U. S. We have subsequently agreed with this customer to reduce the size of this contract. Our backlog was reduced to \$ 276.4 million as of December 31, 2023 because we removed all the volumes from this contract until such time as we had reached a revised agreement with this customer, which was only concluded in the first quarter of 2024. First deliveries of our ESS containers to this customer, using 53.5Ah cells and trays manufactured in our Huzhou facility, are expected to commence in the second quarter of 2024.** Our business depends substantially on the continuing efforts of our senior executives and other key personnel, and our business may be severely disrupted if we lose their services. Our future success heavily depends on the continued service of our senior executives and other key employees. In particular, we rely on the expertise and experience of our Chairman, Chief Executive Officer and President, Mr. Yang Wu, **our Chief Revenue Officer, Sascha Rene Kelterborn**, our Chief Financial Officer, Mr. Craig Webster and our Chief Technology Officer, Dr. Wenjuan Mattis. If one or more of our other senior executives are unable or unwilling to continue to work for us in their present positions, we may encounter similar problems, but on a compounded basis. Moreover, if any of our current or former senior executives joins a competitor or forms a competing company, we may lose customers, suppliers, know-how and key personnel. Each of our executive officers has entered into an employment agreement with us, which contains non-competition and confidentiality clauses. However, if any dispute arises between our current or former executive officers and us, it is hard to predict the extent to which any of these agreements could be enforced in different countries. The success of our business depends on our ability to attract, train and retain highly-skilled employees and key personnel. As a result of the highly specialized, technical nature of our business, we must attract, train and retain a sizable workforce comprising highly-skilled employees and other key personnel. Since our industry is characterized by high demand and intense competition for talent, we may have to pay higher salaries and wages and provide greater benefits in order to attract and retain highly-skilled employees or other key personnel that we will need to achieve our strategic objectives. As we are still a relatively young company and our business has grown rapidly, our ability to train and integrate new employees into our operations may not meet the requirements of our growing business. Our failure to attract, train or retain highly-skilled employees and other key personnel in numbers that are sufficient to satisfy our needs would materially and adversely affect our business. Staff that we are unable to retain also pose a risk since they can inform competitors of our know-how and may lessen the technological advantages over our competitors that we have developed. Further, competition for highly-skilled employees is intense. We have experienced, and we expect to continue to experience difficulty in hiring and retaining employees with appropriate qualifications. We may face high turnover, requiring us to expend time and resources to source, train and integrate new employees. The challenging markets in which we compete for talent may also require us to invest significant amounts of cash and equity to attract and retain employees. In addition, many of the companies with which we compete for highly-skilled employees have greater financial resources than we have. If we hire employees from competitors or other companies, their former employers may attempt to assert that these employees or the Company has breached certain legal obligations, resulting in a diversion of our time and resources. Our executive officers have limited experience in the management of a publicly-traded company. Their limited experience in dealing with the increasingly complex laws pertaining to public companies could significantly increase the amount of time they devote to these activities, which would result in less time being devoted to our strategy and growth. We may not have adequate personnel with the appropriate level of knowledge, experience and training in the accounting policies, practices or internal controls over financial reporting required of public companies in the U. S. For example, on ~~August 16, 2021~~ **March 15, 2021-2024**, we filed a Form 12b-25 stating that we ~~and our independent registered public accounting firm~~ required additional time to complete **this annual report on Form 10-K**, and ~~review~~ **on August 16, 2021, we filed a Form 12b-25 stating that we required additional time to complete** our quarterly report on Form 10-Q for the quarter ended June 30, 2021. Further, we filed a Form 8-K on December 10, 2021 regarding non-reliance on previously issued financial statements due to our incorrect classification of shares issued in

Tuscan's initial public offering as permanent equity but not temporary equity. As the shares classification error related solely to Tuscan's financial statements in periods preceding the Business Combination, we have not and do not intend to amend or restate such financial information. The development and implementation of the standards and controls necessary for us to achieve the level of accounting standards required of a public company in the U. S. may require costs greater than expected. It is possible that we will be required to expand our employee base and hire additional employees to support our operations as a public company which will increase our operating costs in future periods. We may acquire or invest in other companies or technologies, which could divert our management's attention, result in dilution to our stockholders and otherwise disrupt our operations and adversely affect our business. We may selectively acquire or invest in other companies or technologies that we believe could complement or expand our platform, enhance our technical capabilities or otherwise offer growth opportunities. However, acquisitions are complex, costly and time-consuming processes and involve numerous risks. The pursuit of potential acquisitions may divert the attention of management and cause us to incur various expenses in identifying, investigating and pursuing suitable acquisitions, whether or not they are consummated. Acquisitions also could result in dilutive issuances of equity securities or the incurrence of debt, which could adversely affect our operating results and financial condition. If we acquire additional businesses, we may not be able to integrate the acquired personnel, operations and technologies successfully or effectively manage the combined business following the acquisition. We also may not achieve the anticipated benefits from the acquired business due to a number of factors, including: inability or difficulty integrating and benefiting from acquired technologies, services or clients in a profitable manner; unanticipated costs or liabilities associated with the acquisition; difficulty integrating the accounting systems, operations and personnel of the acquired business; adverse effects to our existing business relationships with business partners and clients as a result of the acquisition; assuming potential liabilities of an acquired company; possibility of overpaying for acquisitions, particularly those with significant intangibles and those assets that derive value using novel tools or are involved in niche markets; difficulty in acquiring suitable businesses, including challenges in predicting the value an acquisition will ultimately contribute to our business; the potential loss of key employees of the acquired business; and use of substantial portions of our available cash to consummate the acquisition. Any of these difficulties could adversely affect our ability to maintain relationships with clients, partners, suppliers and associates or our ability to achieve the anticipated benefits of the acquisition, or could reduce our earnings or otherwise adversely affect our business and financial results. In addition, a significant portion of the purchase price of companies we acquire may be allocated to acquired goodwill and other intangible assets, which must be assessed for impairment at least annually. In the future, if our acquisitions do not yield expected returns, we may be required to take charge of our operating results based on this impairment assessment process, which could adversely affect our results of operations. To date, we have focused our business on the sale of our LpTO, LpCO, MpCO, HpCO, and HnCO battery systems, primarily for use in commercial electric vehicles. However, we have and intend to expand into new applications, including the recent development of our ESS container, and also have and continue to expand our customer demographic in order to further grow our business. The lithium-based battery market is highly competitive and there can be no assurance that use of our products for new applications will gain market acceptance. We recently began marketing and sales of our new ESS container and **our current plan is** were recently awarded a contract to **make first deliveries of this product starting from** supply a utility-scale 1.2 GWh battery energy storage project to a customer in the United States **second quarter of 2024**. Nevertheless, **It is possible** we may never achieve commercial success with our ESS container. We have limited historical financial data upon which we may base our projected revenue and operating expenses. Accordingly, we continue to be subject to many of the risks inherent in business development, financing, unexpected expenditures, and complications and delays that often occur in a new business. Investors should evaluate an investment in the Company in light of the uncertainties encountered by companies pursuing new product lines in a competitive environment. There can be no assurance that our efforts will be successful or that we will ultimately be able to attain profitability with our ESS container. After initially focusing on the Asia & Pacific regions, we have expanded and continue to expand our presence and product promotion to Europe and the U. S. and elsewhere. For instance, for the years ended December 31, **2020, 2021 and, 2022 and 2023**, we derived **38.5%, 38.6% and, 35.2% and 49.0%**, respectively, of our sales from outside of China, including sales in the U. S., France, Germany, India, Singapore, the U. K., among others. As a result, we are subject to differences in these markets in regulatory requirements for product testing, intellectual property protection (including patents and trademarks), tax incentive policy, legal systems and rules, marketing costs, fluctuations in currency exchange rates and changes in political and economic conditions. Expansion into new markets may increase costs and require us to make significant expenditures, including increased manufacturing costs, the establishment of local operating entities, hiring of local employees and establishing facilities in advance of generating any revenue. For example, production costs will be higher in some markets than others. However, higher production costs are partially offset by lower logistics costs and tariffs. In addition, average sales prices for customers in some markets will be higher than the average sales prices in others, resulting in different gross margins depending on the location of the production and the customer. Further, any efforts to continue expanding into new markets might not be successful in creating demand for our products outside of our existing geographic markets or in effectively selling our products in the markets we enter. In addition, conducting operations in new markets, including the marketing, distribution and sale of our products, subjects us to new or unfavorable regulatory, economic and political risks. These risks include: • localization of the marketing and deployment of our products; • lack of familiarity with, and burdens of, complying with foreign laws, legal and commercial standards, regulatory requirements, export requirements, tariffs and other barriers, including laws related to employment or labor; • conforming our products to various international regulatory and safety requirements where our products are sold, or homologation; • difficulty in establishing, staffing and managing foreign operations; • difficulties attracting customers in new jurisdictions; • difficulty in engaging and retaining distributors that are knowledgeable about, and can function effectively, in overseas markets; • management, communication and integration problems resulting from cultural or language differences and geographic dispersion; • different pricing environments, longer sales cycles and longer accounts receivable

payment cycles and collections issues; • increased costs associated with maintaining marketing efforts in various countries; • new and different sources of competition; • increased financial accounting and reporting burdens and complexities; • diversion of our management's attention and resources to explore, negotiate, or close acquisitions and to integrate, staff and manage geographically remote operations and employees; • sufficiency of qualified labor pools in various international markets; • foreign government taxes, currency controls, regulations and permit requirements, including foreign taxes that we may not be able to offset against taxes imposed upon us in the U. S., and foreign tax and other laws limiting our ability to repatriate funds to the U. S.; • changes in global currency systems or fluctuations in exchange rates that may increase the volatility of or adversely affect our foreign- based revenue; • our ability to enforce our contractual rights; • compliance with anti- corruption laws, economic sanction laws and regulations, anti- tax laws, export controls and other laws and regulations regarding international business operations; • foreign government trade restrictions, customs regulations, tariffs and price or exchange controls; • preferences of foreign nations for domestically produced products; • uncertain political and economic climates; and • inability to obtain, maintain or enforce intellectual property rights in some countries. These factors may cause our costs of doing business in certain markets to exceed our comparable costs incurred in other markets in which we do business. Any negative impact from our business efforts in new markets could adversely affect our business, operating results and financial condition as a whole. Additionally, as we have expanded and continue to expand into new markets, we have faced challenges with ensuring that our charging equipment works successfully with the charging infrastructure in such markets. If customers experience problems with the way our charging equipment works with the local charging infrastructure, or if we are unable to adapt our equipment to resolve such problems, then the viability and acceptance of our vehicles in such markets could be materially and adversely affected. If we fail to successfully address these risks, our business, prospects, operating results and financial condition could be materially harmed. Our battery packs rely on software and hardware that are highly technical, and if these systems contain errors, bugs or vulnerabilities, or if we are unsuccessful in addressing or mitigating technical limitations in our systems, our business could be adversely affected. Our products rely on software and hardware, including software and hardware developed or maintained internally or by third parties, that are highly technical and complex and will require modification and updates over the life of a battery pack. In addition, certain of our products depend on the ability of such software and hardware to store, retrieve, process and manage immense amounts of data. Our software and hardware may contain errors, bugs or vulnerabilities, and our systems are subject to certain technical limitations that may compromise our ability to meet the objectives. Some errors, bugs or vulnerabilities inherently may be difficult to detect and may only be discovered after the code has been released for external or internal use. Errors, bugs, vulnerabilities, design defects or technical limitations may be found within our software and hardware. Although we attempt to remedy any issues that we observe in our products as effectively and rapidly as possible, such efforts may not be timely, may hamper production or may not be to the satisfaction of our customers. If we are unable to prevent or effectively remedy errors, bugs, vulnerabilities or defects in our software and hardware, we may suffer damage to our brand, loss of customers, loss of revenue or liability for damages, any of which could adversely affect our business and financial results. We may be subject to financial and reputational risks due to product recalls and product liability claims, and we could face substantial liabilities which exceed our resources. Lithium- based battery systems for use in electric vehicles and ESS are inherently complex and subject to failure, accidents or other malfunctions. Accordingly, we may be exposed to product recalls and product liability claims. The risk of product recalls and product liability claims, and associated adverse publicity, is inherent in the development, manufacturing and sale of our products. Our products and the products of third parties in which our products are a component are becoming increasingly sophisticated and complicated as advancements in technologies occur, and as demand increases for lighter and more powerful rechargeable batteries. We typically offer warranties for our battery products against any defects due to product malfunction or workmanship for a period ranges from one to eight years (or up to 3 years in the case of ESS) from the date of purchase. We provide a reserve for these potential warranty expenses, which is based on an analysis of historical warranty issues. In 2021, as a result of increases in the repairing cost and frequency of claims with respect to a certain legacy product sold in 2017 and 2018, we conducted an analysis and concluded that a particular component purchased from a supplier was not meeting our performance standards. As a result, we expect that this legacy product we sold will need to be replaced before the expiration of warranty term. This reassessment has resulted in a change in our estimated costs associated with this legacy product, giving an additional accrual of \$ 46. 5 million for such legacy product sold. Product quality and liability issues may affect not only our products but also the third- party products in which our battery products are a component. Our efforts and the efforts of our development partners to maintain product quality may not be successful, which may result in us incurring expenses in connection with, for example, product recalls and product liability claims, and adversely impact our brand image and reputation as a producer of high- quality products. Any product recall or product liability claims seeking significant monetary damages could have a material adverse effect on our business and financial condition. A product recall or product liability claim could generate substantial negative publicity about our products and business, interfere with our manufacturing plans and product delivery obligations as we seek to replace, or repair affected products, and inhibit or prevent commercialization of other future product candidates. Further, there is no assurance that future warranty claims will be consistent with past history, and in the event we experience a significant increase in warranty claims, there is no assurance that our reserves will be sufficient. This could have a material adverse effect on our business, financial condition and results of operations. If we have quality issues with our BMS and ESS container, our sales, profit, and cash flows could decrease and our relationships with our customers and our reputation may be harmed. Products as complex as ours may contain undetected errors or defects, especially when first introduced. Our BMS and ESS container may contain defects that are not detected until after they are shipped or are installed because we and our suppliers cannot test for all possible scenarios. These defects could cause us to incur significant warranty, non- warranty, and re- engineering costs, which may not be covered by manufacturer warranties, and could significantly affect our customer relations and business reputation. If we deliver products with errors or defects, or if there is a perception that such products contain errors or defects, our credibility and the market acceptance and

sales of our products could be harmed. In addition, some of our contractual arrangements with customers include provisions for liquidated damages. In certain cases, we could incur high liquidated damages if it is established that our products do not meet the performance guarantees we have given to our customers. The reduction, elimination, or expiration of government incentives for, or regulations mandating the use of, renewable energy could reduce demand for our ESS container and harm our business. Federal, state, local, and foreign government bodies provide incentives to owners, end users, distributors, system integrators and manufacturers of renewable energy products, including our ESS container, to promote renewable electricity in the form of rebates, tax credits and other financial incentives. The range and duration of these incentives varies widely by jurisdiction. The reduction, elimination, or expiration of government incentives for grid- connected electricity may negatively affect the competitiveness of our ESS container and could harm or halt the growth of our industry and our business. These subsidies and incentives may expire on a particular date, end when the allocated funding is exhausted or be reduced or terminated as renewable energy adoption rates increase or as a result of legal challenges, the adoption of new statutes or regulations, or the passage of time. These reductions or terminations may occur without warning. The reduction, elimination or expiration of such incentives could harm our business and cash flows. In August 2022, the United States passed the IRA, which includes a number of government incentives that support the adoption of energy storage products and services and could potentially benefit the Company and its operations. However, forthcoming guidance to implement the IRA from the U. S. Department of Treasury and other federal administrative agencies could be drafted in such a manner that could be adverse to our interests and could therefore harm our business, prospects, financial condition, and results of operations. Existing electric utility industry policies and regulations, and any subsequent changes, may present technical, regulatory, and economic barriers to the purchase and use of our ESS container that may significantly reduce demand for our products or harm our ability to compete. Federal, state, local, and foreign government regulations and policies concerning the broader electric utility industry, as well as internal policies and regulations promulgated by electric utilities and organized electric markets with respect to fees, practices, and rate design, can influence the market for energy storage products and services. These regulations and policies often affect electricity pricing and the interconnection of generation facilities, and can be subject to frequent modifications by governments, regulatory bodies, utilities, and market operators. For example, changes in fee structures, electricity pricing structures, and system permitting, interconnection, and operating requirements can deter purchases of renewable energy products by reducing anticipated revenues or increasing costs or regulatory burdens for would- be system purchasers. The resulting reductions in demand for energy storage products could harm our business, prospects, financial condition, and results of operations. A significant recent development in renewable- energy pricing policies in the U. S. occurred on July 16, 2020, when the Federal Energy Regulatory Commission (“FERC”) issued a final rule amending regulations that implement the Public Utility Regulatory Policies Act (“PURPA”). Among other requirements, PURPA mandates that electric utilities buy the output of certain renewable generators below established capacity thresholds. PURPA also requires that such sales occur at a utility’s “avoided cost” rate. FERC’s PURPA reforms include modifications (1) to how regulators and electric utilities may establish avoided cost rates for new contracts; (2) that reduce from 20 MW to 5 MW the capacity threshold above which a renewable- energy qualifying facility is rebuttably presumed to have nondiscriminatory market access, thereby removing the requirement for utilities to purchase its output; (3) that require regulators to establish criteria for determining when an electric utility incurs a legally enforceable obligation to purchase from a PURPA facility; and (4) that reduce barriers for third parties to challenge PURPA eligibility. In general, FERC’s PURPA reforms have the potential to reduce prices for the output from certain new renewable generation projects while also narrowing the scope of PURPA eligibility for new projects. These effects could reduce demand for PURPA-eligible battery energy storage products and could harm our business, prospects, financial condition, and results of operations. Changes in other current laws or regulations applicable to us or the imposition of new laws, regulations, or policies in the U. S., could have a material adverse effect on our business, financial condition, and results of operations. Any changes to government, utility, or electric market regulations or policies that favor electric utilities or other market participants could reduce the competitiveness of battery energy storage products and cause a significant reduction in demand for our products and services and adversely impact our growth. The economic benefit of our energy storage products to our customers includes, among other things, the benefit of reducing such customer’s payments to the local electric utility company. The rates at which electricity is available from a customer’s local electric utility company are subject to change and any changes in such rates may affect the relative benefits of our energy storage products. Further, the local electric utility may impose “departing load,” “standby” or other charges on our customers in connection with their acquisition of our energy storage products, the amounts of which are outside of our control and which may have a material impact on the economic benefit of our energy storage products to our customers. Changes in the rates offered by local electric utilities and / or in the applicability or amounts of charges and other fees imposed by such utilities on customers acquiring our energy storage products could adversely affect the demand for our energy storage products. As components of electric vehicles, our products as installed in the products of our customers are subject to motor vehicle standards and the failure of the vehicles to satisfy such mandated safety standards could have a material adverse effect on the demand for our products, our business and our operating results. Our products are used as components in electric vehicles. All vehicles sold must comply with applicable international, federal, and state motor vehicle safety standards, which vary by national and other jurisdictions. In the U. S., vehicles that meet or exceed all federally mandated safety standards are certified under federal regulations. Rigorous testing and the use of approved materials and equipment are among the requirements for achieving federal certification. Failure by our vehicle manufacturing customers to satisfy motor vehicle standards could have a material adverse effect on our business and operating results. Moreover, we may incur our own significant costs in complying with these regulations. Regulations related to the electric vehicle industry and alternative energy are currently evolving and we face risks associated with changes to these regulations. To the extent the laws become more stringent or otherwise change, our components or the vehicles into which they are incorporated may not comply with applicable international, federal, state or local laws, which would have an adverse effect on our business. Compliance with changing

regulations could be burdensome, time consuming, and expensive. To the extent compliance with new regulations is cost prohibitive, our business, prospects, financial condition and operating results would be adversely affected. Internationally, there may be laws in jurisdictions we have not yet entered or laws of which we are unaware in jurisdictions we have entered that may restrict our sales or other business practices. Even for those jurisdictions we have analyzed, the laws in this area can be complex, difficult to interpret and may change over time. Continued regulatory limitations and other obstacles interfering with our business or our customer's ability to sell products could have a negative and material impact on our business, prospects, financial condition and results of operations. In the sourcing of our products throughout the world, we process, store, dispose of and otherwise use large amounts of hazardous materials. As a result, we are subject to extensive and evolving health and production safety laws and regulations governing, among other things: the health of our employees and safety production requirements regarding the generation, handling, storage, use and transportation of hazardous materials. Compliance with these laws and regulations results in ongoing costs. Failure to comply with these laws or regulations, or to obtain or comply with the relevant permits, could result in fines, criminal charges or other sanctions by regulators. Furthermore, we may be ordered to rectify a noncompliance within a stipulated deadline and, if we fail to do so, we may be ordered to cease operations. From time-to-time, we may have instances of alleged or actual noncompliance that could result in the imposition of fines, penalties and required corrective actions. For instance, we are required under PRC law to design and build occupational disease prevention facilities concurrently with the construction of our manufacturing facilities, where hazardous elements that adversely affect the health of our employees are generated or used. Our ongoing compliance with health and safety laws, regulations and permits could require us to incur significant expenses, limit our ability to modify or expand our facilities or continue manufacturing and making other capital improvements. In addition, private parties, including current or former employees, could bring personal injury or other claims against us due to the presence of, or exposure to, hazardous substances used, stored or disposed of by us or contained in our products. **Environmental regulation compliance is costly; non-compliance could lead to fines, damage our reputation, and negatively impact our business.** As a manufacturer, we are subject to various environmental laws and regulations on air emission, wastewater discharge, solid waste, noise and the disposal of hazardous materials. Cobalt and lithium are toxic materials that are important raw materials in our batteries. We also use, generate and discharge other toxic, volatile and hazardous chemicals and wastes in our research, development and manufacturing activities. One of our manufacturing sites is in China, and under PRC environmental regulations we are required to maintain the pollutant emission levels at each of our facilities within the levels prescribed by the relevant governmental authorities and obtain a pollution discharge permit for our water and air emissions. We are also required to design and build environmental treatment facilities concurrently with the construction of our manufacturing facilities, where waste air, wastewater and waste solids we generate can be treated in accordance with the relevant requirements. In addition, certain laws and regulations require enterprises like us that generate hazardous waste to engage companies which are licensed and qualified to process the hazardous waste, and to collect, store, dispose of and transfer the hazardous waste. If we fail to comply with national and local environmental protection laws and regulations, the relevant governmental authorities may impose fines or deadlines to cure instances of noncompliance and may even order us to cease operations if we fail to comply with their requirements. In particular, any breach by us in connection with requirements relating to the handling of hazardous waste may subject us to monetary damages and fines. In addition, if any third party suffers any loss as a result of our pollutant emission practices, our improper handling of hazardous waste or our noncompliance with environmental regulations, such third parties may seek damages from us. We cannot assure you that we will be able to comply with all environmental laws and regulations at all times as the environmental legal regime is evolving and becoming more stringent in many jurisdictions. Therefore, if any government imposes more stringent regulations in the future, we will have to incur additional substantial costs and expenses in order to comply with new regulations, which may negatively affect our results of operations. If we fail to comply with any of the present or future environmental regulations in any material aspect or cause any loss to any third parties due to our pollutant emission practices, improper handling of hazardous waste or other environmental noncompliance, we may suffer from negative publicity and may be required to pay substantial fines, pay damages to such third parties, or suspend or even cease operations. Failure to comply with environmental laws and regulations may materially and adversely affect our business, financial condition and results of operations. To the extent we ship our products overseas, or to the extent our products are used in products sold overseas, they may be affected by laws and regulations on the movement of goods. For example, the transportation of non-rechargeable and rechargeable lithium batteries is regulated by the International Civil Aviation Organization (the "ICAO"), and corresponding rules and regulations of the International Air Transport Association (the "IATA"), Pipeline & Hazardous Materials Safety Administration (the "PHMSA"), Dangerous Goods Regulations and the International Maritime Dangerous Goods Code, and in China by the General Administration of Civil Aviation of China and the Maritime Safety Administration of the PRC. These regulations are based on the United Nations, or UN, Recommendations on the Transport of Dangerous Goods Model Regulations and the UN Manual of Tests and Criteria. We currently ship our products pursuant to ICAO, IATA and PHMSA hazardous goods regulations. The regulations require companies to meet certain testing, packaging, labeling and shipping specifications for safety reasons. We believe we are in compliance with all current PRC and international regulations for the shipment of our products and will seek to comply with any new regulations that are imposed. We believe we have obtained certificates for safe transport of goods for shipping our lithium battery products by air and water. If we are unable to comply with the new regulations, however, or if regulations are introduced that limit our ability to transport our products to customers in a cost-effective manner, this could have a material adverse effect on our business, financial condition and results of operations. Our operations expose us to litigation, environmental and other legal compliance risks, including increased climate change legislation restricting GHG emissions. We are subject to a variety of litigation, environmental, health and safety and other legal compliance risks. These risks include, among other things, possible liability relating to product liability **matters, securities law** matters, personal injuries, intellectual property rights, contract-related claims, government contracts, health and safety liabilities, environmental matters and compliance with U. S. and foreign

laws, competition laws and laws governing improper business practices. We or one of our business units could be charged with wrongdoing as a result of such matters. If convicted or found liable, we could be subject to significant fines, penalties, repayments or other damages (in certain cases, treble damages). As a business with international reach, we are subject to complex laws and regulations in jurisdictions in which we operate, including the U. S., China, the E. U. and the U. K. Those laws and regulations may be interpreted in different ways. They may also change from time- to- time, as may related interpretations and other guidance. Changes in laws or regulations could result in higher expenses and payments, and uncertainty relating to laws or regulations may also affect how we conduct our operations and structures our investments and could limit our ability to enforce our rights. See the section titled “ Business — Legal Proceedings. ” Changes in environmental and climate laws or regulations, including laws relating to GHG emissions, could lead to new or additional investment in manufacturing designs, subject us to additional costs and restrictions, including increased energy and raw materials costs, and could increase environmental compliance expenditures. Our general liability insurance may not be sufficient to cover potential liability from product liability claims. We currently have general liability insurance with an annual limit of up to approximately \$ 89-78. 9-7 million to cover liabilities arising from product liability claims or product recalls worldwide (excluding the U. S. and Canada), which may not be sufficient to cover potential liability claims. Inability to obtain sufficient insurance coverage at an acceptable cost or otherwise to protect against potential product recalls and product liability claims could prevent or inhibit the commercialization of our product or could result in a loss of customers and decrease in revenue, unexpected expenses and a loss of market share, and if any of our products are found to have reliability, quality or compatibility problems, we will be required to accept returns, provide replacements, provide refunds, or pay damages. We cannot assure you that as we continue distribution of our products we will be able to obtain or maintain adequate coverage on acceptable terms, or that such insurance will provide adequate coverage against all potential claims. Even if we maintain adequate insurance, any successful claim could materially and adversely affect our reputation and prospects and divert management’ s time and attention. If we are sued for any injury allegedly caused by our future products, our liability could exceed our total assets and our ability to pay such liability. In any case, we may still be required to incur substantial amounts to cover costs associated with product recalls and / or to indemnify our customers in respect of their product quality claims against us, which would materially and adversely affect results operations and severely damage our reputation. If currency exchange rates fluctuate substantially in the future, our financial results, which are reported in U. S. dollars, and the value of our securities could be adversely affected. The value of our securities will be indirectly affected by the foreign exchange rate between the U. S. dollar and RMB and between those currencies and other currencies in which our sales may be denominated. Appreciation or depreciation in the value of the RMB relative to the U. S. dollar would affect our financial results reported in U. S. dollar terms without giving effect to any underlying change in our business or results of operations. Fluctuations in the exchange rate will also affect the relative value of any dividend we issue that will be exchanged into U. S. dollars, as well as earnings from, and the value of, any U. S. dollar-denominated investments we make in the future. It is difficult to predict how RMB exchange rates may change. Additionally, limited hedging transactions are available in China to reduce our exposure to exchange rate fluctuations. To date, we have not entered into any hedging transactions. While we may enter into hedging transactions in the future, the availability and effectiveness of these transactions may be limited, and we may not be able to successfully hedge our exposure at all. Our foreign currency exchange losses may also be magnified by PRC exchange control regulations that restrict our ability to convert RMB into foreign currencies. As a result, fluctuations in exchange rates may have a material adverse effect on our financial condition. The enactment of legislation implementing U. S. tax law changes on in the U. S. to taxation of international business activities or the adoption of other tax reform policies could materially impact significantly affect our finances financial position and operational results of operations. Changes to U. S. tax laws, including limitations on the ability of taxpayers to claim and utilize foreign tax credits and the deferral of certain tax deductions until earnings outside of the U. S. are repatriated to the U. S., as well as changes to U. S. federal income tax laws that may be enacted in the future, could impact the tax treatment of our foreign earnings. Due to our international business activities, any changes in the U. S. federal income taxation of such activities may increase our worldwide effective tax rate and adversely affect our financial position and results of operations. We may face unforeseen could be subject to additional tax liabilities that could affect our financial health . We are subject to federal, state and local taxes in the U. S. and are also subject to taxes in certain foreign jurisdictions. Significant judgment is required in evaluating our tax positions and our worldwide provision for taxes. During the ordinary course of business, there are many activities and transactions for which the ultimate tax determination is uncertain. In addition, our tax obligations and effective tax rates could be adversely affected by changes in the relevant tax, accounting and other laws, regulations, principles and interpretations, including those relating to income tax nexus, by our earnings being lower than anticipated in jurisdictions where we have lower statutory rates and higher than anticipated in jurisdictions where we have higher statutory rates, by changes in foreign currency exchange rates, or by changes in the valuation of our deferred tax assets and liabilities. We may be audited in various jurisdictions, and such jurisdictions may assess additional taxes against us. Although we believe our tax estimates are reasonable, the final determination of any tax audits or litigation could be materially different from our historical tax provisions and accruals, which could have a material adverse effect on our operating results or cash flows in the period or periods for which a determination is made. Our international International operations subject us could lead to potentially adverse complex and unfavorable tax consequences outcomes . We generally conduct our international operations through wholly- owned subsidiaries, branches and representative offices and report our taxable income in various jurisdictions worldwide based upon our business operations in those jurisdictions. Our intercompany relationships are subject to complex transfer pricing regulations administered by taxing authorities in various jurisdictions. The relevant taxing authorities may disagree with our determinations as to the income and expenses attributable to specific jurisdictions. If such a disagreement were to occur, and our position was not sustained, we could be required to pay additional taxes, interest and penalties, which could result in one- time tax charges, higher effective tax rates, reduced cash flows and lower overall profitability of our operations. We believe that our financial



statements reflect adequate reserves to cover such a contingency, but there can be no assurances in that regard. In addition, under several of the tax regimes under which we operate, related party transactions must be conducted on an arm's-length basis. Such transactions between related parties may be subject to audit or scrutiny by tax authorities, including, in the case of the PRC government, within ten years after the taxable year when the transactions are conducted. If the relevant tax authorities determine that related party transactions have not been conducted on an arm's-length basis, they may adjust the taxable income of our specific subsidiaries through a transfer pricing adjustment and impose additional taxes (together with applicable interest) on those subsidiaries, as well as penalties for under-reporting of taxable income. **As revenues increase in our European and US operations and this involves inter-company transactions due to the production coming from MPS China, there is a risk that as those revenues increase, there will be higher scrutiny by local tax authorities on those inter-company transactions. Whilst we obtain specialist third party tax advice on ensuring those transactions comply with local tax laws and regulations, there is always the risk that a tax authority will raise issue with these transactions and seek to impose a tax treatment that could be unfavourable to us, or may even seek to impose fines or penalties on us** The uncertainty in global economic conditions, such as those associated with Russia's invasion of Ukraine **and the war between Israel and Hamas**, could negatively affect our operating results. Our operating results are directly affected by the general global economic conditions of the industries in which our major customer groups operate. Our business segments are highly dependent on the economic and market conditions in each of the geographic areas in which we operate. The uncertainty in global economic conditions varies by geographic segment and can result in substantial volatility in global credit markets. Credit volatility could impact our working capital for manufacturing or result in cost changes or interruptions to suppliers whose components we rely upon if we are unable to access the needed credit for our operations. These conditions affect our business by reducing prices that our customers may be able or willing to pay for our products or by reducing the demand for our products, which could in turn negatively impact our sales and result in a material adverse effect on our business, cash flow, results of operations and financial condition. Further, in connection with Russia's invasion of Ukraine **and the war between Israel and Hamas in the Middle East**, the U. S., the E. U. and certain other governments around the world have responded by imposing various economic sanctions which restrict or prohibit certain business opportunities in Russia **and**, Ukraine **, and in the Middle East**. These sanctions are complex and are rapidly evolving. The uncertain nature, magnitude, and duration of hostilities stemming from Russia's ~~recent~~ invasion of Ukraine, **and the war between Israel and Hamas in the Middle East** including the potential effects of sanctions limitations, possibility of counter-sanctions, retaliatory cyber-attacks on the world economy and markets, further disruptions to global supply chains and potential shipping delays, have contributed to increased market volatility and uncertainty, which could have an adverse impact on macroeconomic factors that affect our business. Our sales in Russia represented **0 % and** less than 1 % of our total revenue in **2023 and** 2022 **, respectively**, and due to the ongoing military conflict in Ukraine we will not be active in the Russian market until there has been a peaceful resolution. This means we will forgo any sales opportunities in the Russian market which could result in a material adverse effect on our business, cash flow, results of operations and financial condition. In addition, we rely on our payment processors to understand the destination of our payments to sellers. If our payment processors fail to follow newly imposed sanctions limitations, we may be at risk of being deemed to have violated such sanctions limitations. Further escalation of geopolitical tensions could have a broader impact that expands into other markets where we do business, which could adversely affect our business, business partners or customers in the broader region. Our batteries and our website, systems, and data we maintain may be subject to intentional disruption, other security incidents, or alleged violations of laws, regulations, or other obligations relating to data handling that could result in liability and adversely impact our reputation and future sales. We expect to face significant challenges with respect to information security and maintaining the security and integrity of our systems and other systems used in our business, as well as with respect to the data stored on or processed by these systems. Advances in technology, an increased level of sophistication, and an increased level of expertise of hackers, new discoveries in the field of cryptography or others can result in a compromise or breach of the systems used in our business or of security measures used in our business to protect confidential information, personal information, and other data. The availability and effectiveness of our batteries, and our ability to conduct our business and operations, depend on the continued operation of IT and communications systems, some of which we have yet to develop or otherwise obtain the ability to use. Systems used in our business, including data centers and other IT systems, will be vulnerable to damage or interruption. Such systems could also be subject to break-ins, sabotage and intentional acts of vandalism, as well as disruptions and security incidents as a result of non-technical issues, including intentional or inadvertent acts or omissions by employees, service providers, or others. We anticipate using outsourced service providers to help provide certain services, and any such outsourced service providers face similar security and system disruption risks as we do. Some of the systems used in our business will not be fully redundant, and our disaster recovery planning cannot account for all eventualities. Any data security incidents or other disruptions to any data centers or other systems used in our business could result in lengthy interruptions in our service. We are legally obligated to take back used batteries from clients and the cost of doing so may differ materially from our estimates. According to Directive 2013 / 56 / EU, which amended Directive 2006 / 66 / EC and which has been implemented in Germany with the German Battery Act (Batteriegelgesetz), we are obligated, in several countries, to take back and recycle or otherwise safely dispose of all batteries we directly sell as a producer free of charge for our clients. In 2021, we began selling batteries and battery systems as a direct producer in the European market. As our batteries have an expected lifespan of approximately 10 years, we expect the next tranche of end-of-life batteries to be returned to us in 2031 at the latest, a cycle which we expect to be ongoing. In order to address the financial and other risks associated with battery exchanges, we have decided to either exchange batteries ourselves or to sell them to partners such as Umicore following the end of their battery life with a customer or their end-user. We estimate that roughly half of the batteries we have sold will be refurbished and resold while the remaining batteries are expected to be recycled or reutilized for other purposes. Changes in regulatory policies and customer practices could have a material adverse effect on our business and operations. New European regulations that we

expect to be in place by 2025 will push local (European) battery cell production and “ green ” energy usage for battery production. Battery passports may be introduced. In addition, we are beginning to see OEM customer requirements for locally produced battery cells. This may lead to increased competitiveness in the European market, as we expect major cell manufacturers to add localized European cell production. We may have difficulties transferring and communicating technology globally, especially if communications and visa processes between the U. S. and other countries worsen. In different parts of the world, the technology platforms that are used to facilitate communication between staff are different, or in some cases banned. For example, the PRC government has banned a number of technology apps, and certain jurisdictions may attempt to restrict the operation and access of certain China- based companies, such as TikTok, WeChat and Alipay in the U. S. In response, government authorities in China, or elsewhere, may seek to restrict the access and operations of U. S. companies. As the options for communication become restricted, it may become difficult to efficiently coordinate complex manufacturing supply chains in a global setting, causing delays or missed income opportunities. Further, the software we use may be different in different countries, which makes it difficult to share certain engineering documents and resources between global subsidiaries. Delays due to inefficiencies in communication and file sharing may impact decision making, lead to errors, and affect our ability to maximize profit. We have also transferred and expect to continue to transfer personnel between the United States and other geographies, specifically China, for short, medium and long- term or permanent durations. Global immigration requirements routinely change and are complex to navigate. We cannot assure you that we will be able to acquire adequate visas for the movement of our personnel between the locations we and / or our customers operate going forward. As our business is spread across many geographies, our current business relies on the ability of obtaining personnel visas so that our employees can freely move between our international offices and operations, and any restrictions or denials could limit our ability to train and pass along proprietary information efficiently. Although challenges transferring and communicating technology globally, as well as obtaining personnel visas, have not currently, however, impacted our geographic diversification strategy, we cannot assure you that we will not experience these issues in the future. Our \$ 200 million grant from the DOE **was cancelled** remains subject to negotiation of specific terms, and completion of the **there** project **is no certainty that** the **Company** grant supports will **qualify** require us to obtain additional financing which may not be available at all or on acceptable terms; continued availability of grant funding is uncertain and contingent on our **or** compliance with the requirements of the **have access to future awards or** grants we have or may receive in the future **United States**. In October 2022, we were notified by the DOE that we had been selected, in collaboration with General Motors, to receive \$ 200 million in grant funding as part of the DOE’ s Battery Materials Processing and Battery Manufacturing initiative pursuant to the recently enacted infrastructure law, subject to negotiation of specific terms **and** . Once finalized, the grant funding will remain subject to certain conditions **precedent and other terms and conditions to be agreed between us and the DOE**. The grant funding is **was** expected to support the construction of a new polyaramid separator manufacturing facility in **Hopkinsville** the U. S. To complete this project, **Kentucky. On May 23** we will need to obtain additional financing, and we cannot assure you **2023, the DOE announced** that **it was declining to award** such financing will be available at all or on acceptable terms. To the **previously- announced \$ 200 million** extent that we do not comply with the negotiated grant **to us** requirements, the expenses that we incur may not be reimbursed under our grant with the DOE. Furthermore, our existing grant or any new grants that we may obtain in the future from the DOE or another government agency may be terminated or modified. Our ability to obtain grants or incentives from government entities in the future is subject to the availability of funds under applicable government programs and approval of our applications to participate in such programs. The application process for these grants and other incentives is highly competitive. We may not be successful in obtaining any additional grants, loans or other incentives. **Further, the loss of this DOE award had an adverse impact on our reputation and standing, and it may not be possible for us to mitigate these negative perceptions concerning us and our business and / or we may have to spend considerable management time and resources defending our reputation and standing. Dealing with the fallout from the loss of the DOE award may also limit our access to funding for our business going forward as third party sources of finance are concerned about their own reputational risk of doing business with us. As an advanced battery technology company, we rely on innovative and creative technologies to both further our business and to operate on a regular basis. As such, we are potentially subject to risk from cybersecurity threats and cyberattacks that attempt to gain access to our systems to collect confidential data or disrupt our operations. Cyberattacks have become increasingly prevalent, and have continued to remain a threat among any company that engages in the collection and storage of sensitive data in the ordinary course of business, including, but not limited to, employee information, vendor information, proprietary information on our technology and any commercial transactions that the company might engage in. While we have policies and measures in place to both prevent and mitigate the risk of cyberattacks, this does not fully remove us from potential threats that could disrupt our operations. In addition, our business operations partially rely on outsourced parties for data centers, third- party services, and network operations that could be disrupted in the case of a cyberattack or a cybersecurity risk occurring through an outsourced party. The impacts of such a cybersecurity risk would be difficult to assess and to measure how severely it would impact our operations but could have a material impact on our business.** Adverse changes in **the PRC’ s** political, economic, and other policies of the PRC government could have a material **materially** adverse effect **affect** on China’ s overall economic growth ; **which could materially and adversely affect the negatively impact our business** growth of our business and our competitive **competitiveness** position. Our business operations have a material dependency on the Chinese market for both revenues generated in that market and as a source of finished products and components for our global operations. Accordingly, our business, financial condition, results of operations, and prospects are affected significantly by economic, political, and legal developments in China. The Chinese economy differs from the economies of most developed countries in many respects, including: • the degree of government involvement; • the level of development; • the growth rate; • the control of foreign exchange; • the allocation of resources; • an evolving and rapidly changing regulatory system; and • a lack of sufficient

transparency in the regulatory process. The continued control and influence of the Chinese economy by the PRC government could materially and adversely affect our business. While the PRC government has implemented various measures to encourage economic growth and guide the allocation of resources, some of these measures may also have a negative effect on us. For example, our financial condition and results of operations may be adversely affected by government control over capital investments, foreign currency exchange restrictions, or changes in tax regulations that are applicable to us. The PRC government exercises significant control over China's economic growth through the allocation of resources, controlling payments of foreign currency-denominated obligations, setting monetary policy, and providing preferential treatment to particular industries or companies. Any adverse change in the economic conditions or government policies in China could have a material adverse effect on overall economic growth, which in turn could lead to a reduction in demand for our products and consequently have a material adverse effect on our businesses. ~~Our operations in China are subject to extensive PRC government regulation~~ **regulations significantly impact our Chinese operations, and with changes potentially to such regulations could increase increasing our costs or limit limiting our ability to sell products and conduct activities from China.** Specifically, as a result of our operations in China, we could become subject to regulations issued by the CAC and the requirements of the PRC government's cyber and data security laws, which could impact our activities in China. The PRC government has broad discretion and authority to regulate the technology industry in China. Additionally, the PRC government has implemented policies from time-to-time to regulate economic expansion in China. Personal privacy, cyber security, and data protection are becoming increasingly significant issues in China. To address these issues, the PRC government promulgated cyber security laws setting forth various requirements relating to the collection, use, storage, disclosure and security of data, among other things. In 2021, the PRC government also implemented a comprehensive data security law which aims to regulate a wide range of issues in relation to the collection, storage, processing, use, provision, transaction and publication of any kind of data, and a law on personal information which provides a comprehensive set of rules on personal information protection in China. Regulations and measures enacted to implement such laws aim to ensure the security of supply chains for critical information infrastructure ("CII") and guarantee national security by prescribing a security review by the PRC government's Cybersecurity Review Office (the "CRO", subordinated to the CAC) for certain network products and services purchased by CII operators and data processing activities conducted by online platform operators. Among those regulations, any online platform operator which holds the personal information of more than one million individuals is required to apply to the CRO for a cybersecurity review if it seeks to list on a non-PRC exchange. While we do not believe that such a regulation would impact our operations since neither we nor our subsidiaries in China collect any personal information, it is possible that other requirements may increase our costs of compliance or even materially affect our ability to operate our business. It is also possible that the CAC elects to impose rules or regulations with respect to the collection of personal information that apply more broadly and that would apply to us or our operations. Further, in 2022, the CAC published regulations related to cross-border data transfers, which specify that data handlers will be subject to security assessment if they match the following thresholds or conditions: (1) data handlers providing important data abroad; (2) CII operators and data handlers handling the personal information of over one million people providing personal information abroad; (3) data handlers providing abroad the personal information of more than 100,000 people or the sensitive personal information of more than 10,000 people since January 1 of the previous year; or (4) other situations provided for by the CAC that require a security assessment. While we believe we are compliant in all material respects with the regulations and policies that have been issued to date by the CAC, we cannot guarantee we will be able to comply with all of these regulatory requirements. Any failure to comply with the cyber security, data security and personal information protection laws and the related regulations, measures and policies could result in further cost and liability to us and could adversely affect our business and results of operations. Additionally, increased costs to comply with, and other burdens imposed by such laws, regulations, measures and policies that are applicable to the businesses of our suppliers, vendors and other service providers, as well as our customers, could adversely affect our business and results of operations. Any future revocation of approvals, future failure to obtain approvals applicable to our business or any adverse changes in foreign investment policies of the PRC government, including restrictions on the foreign ownership of companies, may have a material adverse impact on our business, financial condition and results of operations. Our subsidiaries in China operate as wholly foreign owned enterprises ("WFOE") and, as a result, we are required to obtain governmental approvals, licenses, permits, and registrations from regulatory authorities such as CAC and the Ministry of Commerce of the PRC. We believe our Chinese subsidiaries possess the requisite governmental approvals, licenses, permits, and registration for our operations in China. However, the PRC regulatory authorities' interpretation of the laws, rules, and regulations may change, which could materially and adversely affect the validity of the approvals, qualifications, licenses, permits, and registrations we have obtained or completed. Any failure to comply may result in fines, restrictions, and limits on our operations, as well as suspension or revocation of certain certificates, approvals, permits, licenses, or filings we have already obtained or made. In addition, the PRC government may amend existing laws or regulations or enact new laws and regulations that require additional licenses, permits, approvals, registrations and / or restrictions for the operation of any of our operations in China. PRC regulations relating to foreign ownership in the power battery manufacturing industry, including the manufacturing of our current main products, have been revised periodically over the past decade. Under the current regulatory regime, there are no foreign ownership restrictions over the manufacture of power batteries. However, we cannot assure you that we will have all the permits, licenses, registrations, approvals and / or business license items covering the sufficient scope of business required for our business in China in the future, or that we will be able to obtain, maintain or renew any permits, licenses, registrations, approvals and / or business license items covering the sufficient scope of our business in China in a timely manner or at all. Further, if there are changes to PRC regulations in the future that restrict foreign ownership of companies engaged in the manufacture of power batteries, such changes could materially and adversely affect our business, financial condition and results of operations. The PRC government has exercised, and continues to exercise, substantial control over virtually every sector of

the Chinese economy through regulation and state ownership. Our ability to conduct and expand our manufacturing operations in China may be harmed by changes in its laws and regulations, including those relating to taxation, import and export tariffs, environmental regulations, land use rights, property ownership and other matters. We believe that our operations in China are in material compliance with all applicable legal and regulatory requirements. However, the central or local governments of the jurisdictions in which we operate may impose new, stricter regulations or interpretations of existing regulations that would require additional expenditures and efforts on our part to ensure our compliance with such regulations or interpretations. Accordingly, government actions in the future, including any decision not to continue to support economic reforms and to return to a more centrally planned economy or regional or local variations in the implementation of economic policies, could have a significant effect on economic conditions in China or particular regions thereof and could require us to divest ourselves of any interest we then hold in PRC properties or entities, including our PRC operating subsidiary, Microvast Power Systems, Ltd. The PRC's legal and judicial system may not adequately protect our business and operations and the rights of our investors. We conduct a significant amount of our operations in China through Microvast Power Systems, Ltd, which is a wholly owned foreign enterprise of Microvast Inc. The legal and judicial systems in China are still rudimentary, and enforcement of existing laws is uncertain. It may be impossible to obtain swift and equitable enforcement of laws that do exist, or to obtain enforcement of the judgment of one court by a court of another jurisdiction. China's legal system is based on the civil law regime, that is, it is based on written statutes. A decision by one judge does not set a legal precedent that is required to be followed by judges in other cases. In addition, the interpretation of Chinese laws may be varied to reflect domestic political changes. As a result, our investors may have more difficulty in protecting their interests through actions against our management, directors or major stockholders than would investors of a corporation doing business entirely or predominantly within the U. S. Legal restrictions on our Chinese subsidiaries' ability to make dividends and other distributions could materially and adversely affect our ability to grow, make investments or acquisitions that could benefit our business, pay dividends to you, and otherwise fund and conduct our business. We are a holding company, and we conduct all of our operations through our subsidiaries, including our subsidiaries in China. Most of our cash is held by our holding company in the U. S. We have been and intend to continue to use our cash on hand to fund our growth. However, because all of our operations are conducted through subsidiaries, all revenue generated from our operations and all capital expenditures we make in our business are generated by or made through subsidiaries, including our subsidiaries based in China. Currently, cash generated by our Chinese subsidiaries is reinvested in our Chinese operations. We currently do not rely on dividends and distributions on equity paid by our subsidiaries, including our subsidiaries based in China. However, our subsidiaries, including our subsidiaries based in China, are subject to statutory and regulatory limitations on the payment of dividends to the Company, which could in the future result in limitations on the availability of cash to fund dividends or distributions and could materially and adversely limit our ability to grow, make investments or acquisitions. Further, if our subsidiaries are unable to make dividend payments to us and sufficient cash or liquidity is not otherwise available, we may not be able to make principal and interest payments on our outstanding debt or repurchase shares of our common stock. Current regulations in China permit payment of dividends only out of accumulated profits as determined in accordance with PRC accounting standards and regulations. According to the PRC corporate law, our Chinese subsidiaries are required to set aside at least 10 % of our after- tax profit based on the PRC accounting standards and regulations each year to our statutory surplus reserve, until the balance in the reserve reaches 50 % of the registered capital of each of our Chinese subsidiaries. Funds in the reserve are not distributable to us in forms of cash dividends, loans or advances. In addition, if our PRC subsidiaries incur debt on our own behalf in the future, the instruments governing the debt may restrict their ability to pay dividends or make other distributions to us, which in turn will adversely affect our available cash. Any limitations on the ability of our Chinese subsidiaries to transfer funds to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our business and otherwise fund and conduct our business. In addition, under PRC law, dividends payable by a foreign investment enterprise to any of our foreign non- resident enterprise investors will be subject to a 10 % withholding tax, unless such foreign non- resident enterprise investor's jurisdiction of incorporation has signed a tax treaty or arrangement for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income in China that provides for a reduced rate of withholding tax on dividends. Our securities **could face may be prohibited from trading bans** in the United States **U. S. if the PCAOB can't fully inspect or investigate our China- based auditors** under the HFCAA **in the future if the PCAOB is unable to inspect or investigate completely auditors located in China**. The delisting of the securities, or the threat of their being delisted, may materially and adversely affect the value of your investment. Pursuant to the HFCAA, if the SEC determines that we have filed audit reports issued by a registered public accounting firm that has not been subject to inspections by the PCAOB for two consecutive years, the SEC will prohibit our securities from being traded on a national securities exchange or in the over- the- counter trading market in the United States. On December 16, 2021, the PCAOB issued a report to notify the SEC of its determination that the PCAOB was unable to inspect or investigate completely registered public accounting firms headquartered in mainland China and Hong Kong and our auditor was subject to that determination. On December 15, 2022, the PCAOB removed mainland China and Hong Kong from the list of jurisdictions where it is unable to inspect or investigate completely registered public accounting firms. Each year, the PCAOB will determine whether it can inspect and investigate completely audit firms in mainland China and Hong Kong, among other jurisdictions. If the PCAOB determines in the future that it no longer has full access to inspect and investigate completely accounting firms in mainland China and Hong Kong and we use an accounting firm headquartered in one of these jurisdictions to issue an audit report on our financial statements filed with the SEC, we would be identified as a Commission- Identified Issuer following the filing of the annual report on Form 10- K for the relevant fiscal year. In accordance with the HFCAA, our securities would be prohibited from being traded on a national securities exchange or in the over- the- counter trading market in the United States if we are identified as a Commission- Identified Issuer for two consecutive years in the future. If our securities are prohibited from trading in the United States, there is no certainty that we will be able to list on a non- U. S. exchange or that

a market for our shares will develop outside of the United States. A prohibition of being able to trade in the United States would substantially impair your ability to sell or purchase our securities when you wish to do so, and the risk and uncertainty associated with delisting would have a negative impact on the price of our securities. Also, such a prohibition would significantly affect our ability to raise capital on terms acceptable to us, or at all, which would have a material adverse impact on our business, financial condition, and prospects. Recent regulatory developments in China, in particular with respect to restrictions on China-based companies raising capital offshore, may lead to additional regulatory review in China over our financing and capital raising activities in the U. S., even though our subsidiaries in China are controlled and managed by U. S. citizens and function as U. S. companies that access the China market through their WFOE status. If it is determined in the future that approval from the China Securities Regulatory Commission (the “CSRC”) or other regulatory authorities or other procedures, including the cybersecurity review under the enacted version of the Measures for Cybersecurity Review, are required in relation to our business activities in China, it is uncertain whether we can or how long it will take us to obtain such approval or complete such procedures and any such approval could be rescinded. Any failure to obtain or delay in obtaining such approval or completing such procedures, or a rescission of any such approval, if obtained by us, would subject our China operations to sanctions by the CSRC or other PRC regulatory authorities for failure to seek CSRC approval or other government authorization. These regulatory authorities may impose fines and penalties on our operations in China, limit our ability to pay dividends outside of China, limit our operating privileges in China, delay or restrict the funding of our China operations or take other actions that could materially and adversely affect our business, financial condition, results of operations, and prospects, as well as the trading price of our shares. On February 17, 2023, the CSRC released the Trial Measures for the Administration of Overseas Issuance and Listing of Securities by Domestic Enterprises (“Circular 43”) and a series of associated regulatory guidelines which will come into effect from March 31, 2023. Under Circular 43, both direct listing and indirect listing activities of China based enterprises will become subject to a unified filing requirement with the CSRC. We do not believe this Circular is applicable to Microvast and we believe ~~that the~~ jurisdiction for how we conduct our offerings in the U. S. solely rests with the SEC. However, there is always the risk that the CSRC could rely on Circular 43 to cause disruption to our China business which in turn could have a material adverse impact on our business, results of operation and our stock price. We have become subject to the recent scrutiny, criticism and negative publicity involving U. S.- listed companies with significant operations in China, and we have and we may continue to expend significant resources to investigate and **resolve the matter which could harm our business operations, stock price and reputation, especially if such matter cannot be addressed and resolved favorably.** At various times during recent years, the U. S. and the PRC have had significant disagreements over political and economic issues, which may affect our economic outlook both in the U. S. and in China. Recently, there have been cases where U. S. public companies that have operations in China have been the subject of intense scrutiny, criticism and negative publicity by investors, financial commentators and regulatory agencies, such as the SEC. Much of the scrutiny, criticism and negative publicity has centered on financial and accounting irregularities and mistakes, a lack of effective internal controls over financial accounting, inadequate corporate governance policies or a lack of adherence thereto and, in many cases, allegations of fraud. As a result of the scrutiny, criticism and negative publicity, the publicly traded stock of many U. S.- listed companies with significant operations in China has sharply decreased in value and, in some cases, has become virtually worthless. Many of these companies are now subject to shareholder lawsuits and SEC enforcement actions and are conducting internal and external investigations into the allegations. This sector- wide scrutiny, criticism and negative publicity could have a negative influence on us, our business and our stock price. If we become the subject of any unfavorable allegations, whether such allegations are proven to be true or untrue, we will have to expend significant resources to investigate such allegations and / or defend ourselves. This situation will be costly and time consuming and distract our management from growing our business. If such allegations are not proven to be groundless, we and our business operations will be adversely affected. In addition, the U. S. government has recently been highly critical of U. S.- listed companies with significant operations in China, in some cases working to bar them from U. S. markets or stock exchanges. Any political or trade controversies between the U. S. and the PRC and any future allegations or regulations might negatively impact us, whether or not directly related to our business, could affect investors’ willingness to hold or buy our stock and reduce the price of our common stock. Risks Related to our Intellectual Property ~~Our success~~ **Success relies** depends in part on our ~~ability~~ **capacity** to ~~acquire~~ **protect our proprietary trade secrets, uphold confidential information and know-how, technology, trademarks and safeguard our other intellectual property and** intellectual property rights. To do so, we rely generally on copyright, trademark and trade secret laws, confidentiality and invention assignment agreements with employees and third parties, and other agreements with consultants, vendors and clients. Specifically, we rely substantially on unpatented proprietary technology. A significant number of our material proprietary technologies are know- how or trade secrets. For example, our proprietary polyvinylidene fluoride separator that allows for faster charge rates is unpatented. To protect our trade secrets, know- how and other proprietary information, we require employees, consultants, advisors and collaborators to enter into confidentiality agreements. ~~However~~ **Nonetheless**, we cannot ~~guarantee~~ **assure you** that these agreements will ~~effectively provide meaningful protection~~ **protect** for our trade secrets, know- how or other, and proprietary information ~~against in the event of any unauthorized use, misappropriation, or disclosure of such trade secrets, know-how or other proprietary information.~~ There can be ~~’s~~ **no assurance guarantee** that employees, consultants, vendors, and clients have ~~executed~~ **signed** such agreements or, have not ~~breached~~ **breached** or will not breach ~~them their~~ **agreements with us**, that we will ~~’ll~~ **have adequate sufficient** remedies for any ~~breach~~ **breaches**, or that ~~competitors won’t~~ **discover or independently develop** our trade secrets ~~will not otherwise become known or independently developed by competitors.~~ Despite the protections we place on our intellectual property, a third party could, without authorization, copy or otherwise obtain and use our products or technology, or develop similar technology. The theft or unauthorized use or publication of our trade secrets and other confidential business information could reduce the differentiation of our products and harm our business, the value of our investment in development or business acquisitions could be reduced and third parties might make

claims against us related to losses of their confidential or proprietary information. Any of the foregoing could materially and adversely affect our business. ~~Further~~ **Additionally**, it is possible that others will **may** independently **create** ~~develop~~ the same or similar **or identical** technology or ~~gain otherwise obtain~~ access to our unpatented technology, **preventing us from** and in such cases, we may not be able to assert ~~asserting any~~ trade secret rights against **them** such parties. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our trade secret rights and related confidentiality and nondisclosure provisions. If we fail to obtain or maintain trade secret protection, or if our competitors obtain our trade secrets or independently develop technology similar to our or competing technologies, our competitive business position could be materially and adversely affected. In addition, some courts inside and outside the U. S. may be less willing or unwilling to protect trade secrets and agreement terms that address non-competition are difficult to enforce in many jurisdictions and might not be enforceable in certain cases. We **rely depend** on our trademarks, service marks, trade names, and brand names to ~~distinguish~~ **differentiate** our products from the products of our competitors, and have registered or applied to register many of these **trademarks marks**. Our trademarks or trade names may be challenged, infringed, circumvented or declared generic or determined to be infringing on other marks, and we cannot assure you that our trademark applications will be approved. During trademark registration proceedings, we may receive rejections. Although we are given an opportunity to respond to those rejections, we may be unable to overcome such rejections. In addition, in the U. S. Patent and Trademark Office and in comparable agencies in many foreign jurisdictions, third parties are given an opportunity to oppose pending trademark applications and to seek to cancel registered trademarks. Opposition or cancellation proceedings may be filed against our trademarks, and our trademarks may not survive such proceedings. In the event that our trademarks are successfully challenged, we could be forced to rebrand our products, which could result in loss of brand recognition and could require us to devote resources towards advertising and marketing new brands. Further, we cannot assure you that competitors will not infringe our trademarks or that we will have adequate resources to enforce our trademarks and trade names, which we need to build name recognition among potential partners or customers in our markets of interest. At times, competitors may adopt trade names or trademarks similar to ours, thereby impeding our ability to build a brand identity and possibly leading to market confusion. In addition, there could be potential trade name or trademark infringement claims brought by owners of other registered trademarks or trademarks that incorporate variations of our registered or unregistered trademarks or trade names. Over the long term, if we are unable to establish name recognition based on our trademarks and trade names, then we may not be able to compete effectively and our business may be adversely affected. **Additionally** We also ~~rely~~, **in our strategy part partly involves**, on our ability to obtain ~~obtaining~~ and maintain ~~maintaining~~ **patent patents** protection for our proprietary products and processes. The process of applying for and obtaining a patent is expensive and time consuming, and we may not be able to file and prosecute all necessary or desirable patent applications at a reasonable cost, in a timely manner, or in all jurisdictions where protection may be commercially advantageous, or we financially may not be able to protect our proprietary rights at all. Despite our efforts ~~to protect our proprietary rights~~, unauthorized parties may **still access** be able to obtain and use **our proprietary** information that we regard as proprietary. In addition, the issuance of a patent does not ensure that it is valid or enforceable, so even if we obtain patents, they may not be valid or enforceable against third parties. In addition, the issuance of a patent does not give us the right to practice the patented invention. Third parties may have blocking patents that could prevent us from marketing our products and practicing our own technology. Alternatively, third parties may seek approval to market their products similar to or otherwise competitive with our products. In these circumstances, we may need to defend and / or assert our patents, including by filing lawsuits alleging patent infringement. In any of these types of proceedings, a court or agency with jurisdiction may find our patents invalid and / or unenforceable. Even if we have valid and enforceable patents, these patents still may not provide protection against competing products or processes sufficient to achieve our business objectives. Some of our patents and patent applications may be co- owned with third parties. If we are unable to obtain an exclusive license to any such third- party co- owners' interest in such patents or patent applications, such co- owners may be able to license their rights to other third parties, including our competitors, and our competitors could market competing products and technology. In addition, we may need the cooperation of any such co- owners of our patents in order to enforce such patents against third parties, and such cooperation may not be provided to us. Any of the foregoing could have a material adverse effect on our competitive position, business, financial conditions, results of operations, and prospects. Issued patents may be challenged, narrowed, invalidated or circumvented. ~~The~~ **Some countries'** legal systems ~~of certain countries~~ do not **strongly** favor the aggressive enforcement ~~enforce~~ of patents, and **limiting our ability to protect our inventions as effectively as in** the laws of non-U. S. countries may not allow us to protect our inventions with patents to the same extent as the laws of the U. S. and Europe. For example, the validity, enforceability and scope of protection available under the relevant intellectual property laws in China is uncertain and still evolving. Implementation and enforcement of PRC intellectual property- related laws has historically been deficient and ineffective. Accordingly, the protection of intellectual property rights in China may not be as effective as in the U. S. or other developed countries. There can be no assurance that our intellectual property rights will not be challenged by third parties or found by a governmental authority to be invalid or unenforceable. Furthermore, policing unauthorized use of proprietary technology is difficult and expensive, and we may need to resort to litigation to enforce or defend patents issued to us or our other intellectual property rights or to determine the enforceability, scope and validity of our proprietary rights or those of others. Such litigation and an adverse determination in any such litigation, if any, could result in substantial costs, loss of our proprietary rights, and diversion of resources and management' s attention. Because patent applications in the U. S., Europe and many other non- U. S. jurisdictions are typically not published until 18 months after filing, or in some cases not at all, and because publications of discoveries in scientific literature lag behind actual discoveries, we cannot be certain that we were the first to make the inventions claimed in our issued patents or pending patent applications, or that we were the first to file for protection of the inventions set forth in our patents or patent applications. As a result, we may not be able to obtain or maintain protection for certain inventions. Therefore, the enforceability and scope of our patents in the

U. S., Europe, China and in other non- U. S. countries cannot be predicted with certainty and, as a result, any patents that we own may not provide sufficient protection against competitors. We may not be able to obtain or maintain patent protection from our pending patent applications, from those we may file in the future, or from those we may license from third parties. Moreover, even if we are able to obtain patent protection, such patent protection may be of insufficient scope to achieve our business objectives. In some instances, we may have legal grounds to enforce our rights related to our patented technology, but may elect not to do so as a result of the cost of litigation or the limited value in enforcing our patent rights. In recent years, there has been significant litigation in the U. S., Europe and China involving patents and other intellectual property rights. Companies in the battery industry are increasingly bringing and becoming subject to suits alleging infringement of proprietary rights, particularly patent rights, and our competitors and other third parties may hold patents or have pending patent applications which could be related to our business. For example, we are aware of third- party patents and patent applications (if issued) that may be construed to cover one or more of our products or technologies. If these patents or patent applications (if issued) are asserted against us and we are found to infringe any of these patents, and we are unsuccessful in demonstrating that such patents are invalid or unenforceable, then we could be required to pay substantial monetary damages or cease further development or commercialization of one or more of our products or technologies. Although we generally conduct a freedom to operate search and review with respect to our products and technologies, we cannot guarantee that our search and review is complete and thorough, nor can we be sure that we have identified each and every patent and pending application in the U. S. and abroad that is relevant or necessary to the commercialization of our products or use of our technology. Because patent applications can take many years to issue, there may be currently pending patent applications that may later result in issued patents that our products or technologies may infringe. In addition, third parties may obtain patents in the future and claim that use of our technologies infringes upon these patents. These risks have been amplified by the increase in third parties, which we refer to as non-practicing entities, whose primary business is to assert infringement claims or make royalty demands. It is difficult to proceed with certainty in a rapidly evolving technological environment in which there may be patent applications pending related to our technologies, many of which are confidential when filed. We rely substantially on unpatented proprietary technology, which may make it more difficult to protect and enforce our intellectual property rights. We cannot assure you that we will have meaningful protection for our trade secrets, know- how or other intellectual property and proprietary information in the event of any unauthorized use, misappropriation, or disclosure, which could have a material adverse impact on our business. Third parties ~~may might~~ infringe, misappropriate, or otherwise violate our intellectual property or proprietary rights, or we ~~might~~ **have** may be required to defend against claims of ~~such infringement~~ **infringements**, misappropriation or other violations ~~by others~~ of the intellectual property or proprietary rights of a third party. To counter infringement or unauthorized use claims or to defend against such claims can be expensive and time consuming. ~~Being involved in~~ If we are party to an intellectual property ~~litigation,~~ related proceeding and even if such proceeding is resolved in our favor, ~~can~~ **litigation or other legal proceedings relating to intellectual property claims may cause us to incur significant expenses costs** and could distract our ~~staff~~ **technical and management personnel** from their ~~duties~~ **normal responsibilities**. In addition, there could be public announcements of the results of hearings, motions or other interim proceedings or developments and if securities analysts or investors perceive these results to be negative, it could have a substantial adverse effect on the price of our stock. Such litigation or proceedings could substantially increase our operating losses and reduce the resources available for development activities or any future sales, manufacturing, marketing or distribution activities. We may not have sufficient financial or other resources to adequately conduct such litigation or proceedings. Moreover, many of our current and potential competitors may dedicate substantially greater resources than we can to the protection and enforcement of intellectual property rights, especially patents. Incurring significant expenses and distracting our personnel for an intellectual property- related proceeding could have a material adverse effect on our business, financial condition, results of operations and prospects. We may issue additional shares of common stock or other equity or convertible securities, which may depress the market price of common stock and could make it difficult for another company to acquire us. From time to time in the future, we issue additional shares of common stock or other equity or convertible securities for any reason or in connection with, among other things, future acquisitions, the redemption of outstanding warrants, or repayment of outstanding indebtedness, without stockholder approval, in a number of circumstances. Our issuance of additional shares of common stock or other equity or convertible securities of equal or senior rank would have the following effects: • our existing stockholders' proportionate ownership interest in us will decrease; • the amount of cash available per share, including for payment of dividends in the future, may decrease; • the relative voting strength of each previously outstanding share of common stock may be diminished; • the market price of common stock may decline; and • it could make it difficult for another company to acquire us. In the future, we ~~may expect to~~ obtain financing or to further increase our capital resources by issuing additional shares of our capital stock or offering debt or other equity securities, including senior or subordinated notes, debt securities convertible into equity, or shares of preferred stock. Debt securities convertible into equity could be subject to adjustments in the conversion ratio pursuant to which certain events may increase the number of equity securities issuable upon conversion. Preferred stock, if issued, could have a preference with respect to liquidating distributions or a preference with respect to dividend payments that could limit our ability to pay dividends to the holders of common stock. Our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control, which may adversely affect the amount, timing or nature of our future offerings. As a result, holders of common stock bear the risk that our future offerings may reduce the market price of common stock and dilute their percentage ownership. In connection with the Business Combination, stockholders of Microvast, Inc. prior to the Business Combination received their pro rata portion of an aggregate of 209, 999, 991 shares of common stock and we may be required to issue to them up to an additional 19, 999, 988 shares of common stock if certain earnout conditions based on the performance of our stock price are achieved. Also in connection with the Business Combination, Tuscan Holdings Acquisition LLC (a Delaware limited liability company), Stefan M. Selig, Richard O. Rieger and Amy Butte (together with Tuscan Holdings Acquisition

LLC, the “ Tuscan Group ”) and stockholders of Microvast, Inc. prior to the Business Combination entered into the Registration Rights and Lock- Up Agreement providing for certain lock- up periods with respect to the shareholders party thereto, which lock- up periods have expired other than for shares held by Mr. Wu and the Tuscan Group. The Registration Rights and Lock- Up Agreement also provides that the stockholders party thereto are entitled to certain demand and piggyback registration rights with respect to the resale of the shares owned by them. Pursuant to those rights, as well as our obligations to other investors who acquired shares in connection with the Business Combination, we filed a registration statement that enables the Tuscan Group and other investors (including stockholders of Microvast, Inc. prior to the Business Combination) to sell large amounts of common stock in the open market or in privately negotiated transactions, which could have the effect of increasing the volatility in our stock price or putting significant downward pressure on the price of our stock. Additionally, outstanding warrants to purchase an aggregate of 28, 437, 000 shares of our common stock are exercisable in accordance with the terms of the Warrant Agreement governing those securities. The exercise price of these warrants is \$ 11. 50 per share. To the extent such warrants are exercised, additional shares of our common stock will be issued, which will result in dilution to the holders of our common stock and increase the number of shares eligible for resale in the public market. Sales of substantial numbers of such shares in the public market or the fact that such warrants may be exercised could adversely affect the market price of our common stock. However, there is no guarantee that the warrants will ever be in the money prior to their expiration, and as such, the warrants may expire worthless. Further, on October 1, 2021, we filed a registration statement with the SEC on Form S- 8 providing for the registration of shares of common stock issued or reserved for issuance under the Microvast Holdings, Inc. 2021 Equity Incentive Plan (the “ 2021 Plan ”). Subject to the satisfaction of vesting conditions and the expiration of lockup agreements, shares registered under the registration statement on Form S- 8 are available for resale immediately in the public market without restriction and such resales could adversely affect the trading price and volatility of our common stock. The exercise price for our warrants is \$ 11. 50 per share of common stock, and the trading price of our common stock was \$ 1-0. 20-767 as of March 10-25, 2023-2024. There is no guarantee that the warrants will be exercised following the time they become exercisable and prior to their expiration, and as such, the warrants may expire worthless. Further, since the registration of the warrants was not completed within 90 days following the Business Combination, pursuant to the Registration Rights and Lock- Up Agreement, warrant holders may exercise the warrants on a net- share basis. The Tuscan Group is likely to make a substantial profit even if the trading price of our common stock materially declines due to the nominal purchase price the Tuscan Group paid for the Founder Shares (as defined below). The Tuscan Group paid only a nominal aggregate purchase price of \$ 25, 000 for the Founder Shares, or approximately \$ 0. 004 per share, while the initial public offering (“ IPO ”) price of our common stock was \$ 10. 00 per share and the trading price of our common stock \$ 1-0. 20-767 as of March 10-25, 2023-2024. As a result, even if the trading price of our common stock significantly declines, the Tuscan Group will stand to make a significant profit on its investment in us. In addition, the Tuscan Group could potentially recoup its entire investment in us even if the trading price of our common stock is less than \$ 1. 00 per share. As a result, the Tuscan Group is likely to make a substantial profit on its investment in us even if the trading price of our common stock declines, while our public shareholders could lose significant value in their common stock and experience a negative rate of return on the shares they purchased in the IPO or in the public market. Similarly, the Tuscan Group purchased 837, 000 private warrants in our IPO for \$ 1. 00 per warrant. Based on the \$ 1-0. 20-767 trading price of our warrants as of March 10-25, 2023-2024, the Tuscan Group could earn incur a potential profit loss of \$ 0. 20-233 per warrant if the Tuscan Group sold all of its warrants at the current trading price. We are an “ emerging growth company ” and we cannot be certain if the reduced 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 JOBS Act. As an emerging growth company, we are only required to provide two years of audited financial statements and management discussion and analysis of financial condition and results of operations disclosure. In addition, we are not required to obtain auditor attestation of our reporting on internal control over financial reporting, have reduced disclosure obligations regarding executive compensation and are not required to hold non- binding advisory votes on executive compensation. In addition, the JOBS Act provides that an emerging growth company can take advantage of an extended transition period for complying with new or revised accounting standards. This allows an emerging growth company to delay the adoption of these accounting standards until they would otherwise apply to private companies. We have elected to take advantage of such extended transition period. We cannot predict whether investors will find our common stock to be less attractive as a result of our reliance on these exemptions. If some investors find our common stock to be less attractive as a result, there may be a less active trading market for our common stock and the price of our common stock may be more volatile. We will remain an emerging growth company until the earliest of: (1) the end of the fiscal year in which we have total annual gross revenue of \$ 1. 235 billion; (2) the last day of our fiscal year following the fifth anniversary of the date on which we consummated our IPO (or December 31, 2024); (3) the date on which we issue more than \$ 1. 0 billion in non- convertible debt during the preceding three- year period; or (4) the end of the fiscal year in which the market value of the common stock held by non- affiliates exceeds \$ 700 million as of the last business day of our most recently completed second fiscal quarter. Further, there is no guarantee that the exemptions available to us under the JOBS Act will result in significant savings. To the extent that we choose not to use exemptions from various reporting requirements under the JOBS Act, we will incur additional compliance costs, which may impact our financial condition. Our Charter provides, subject to limited exceptions, that the Court of Chancery of the State of Delaware will be the sole and exclusive forum for certain stockholder litigation matters, which could limit stockholders’ ability to obtain a favorable judicial forum for disputes with us or our directors, officers, employees or stockholders. Our Charter provides that unless we consent in writing to the selection of an alternative forum, (i) any derivative action or proceeding brought on behalf of us, (ii) any action asserting a claim of breach of a fiduciary duty owed by any current or former director, officer, employee or stockholder to us or our stockholders, (iii) any action asserting a claim (A) arising pursuant to any provision of the Delaware General Corporation Law (“ DGCL ”), the Charter or the Bylaws or (B) as to which the DGCL confers jurisdiction on the Court



of Chancery of the State of Delaware or (iv) any action asserting a claim governed by the internal affairs doctrine of the law of the State of Delaware will, to the fullest extent permitted by applicable law, be solely and exclusively brought in the Court of Chancery of the State of Delaware or, if such court does not have jurisdiction, any state or federal court located in the State of Delaware with jurisdiction. The forum provision further provides that the federal district courts of the United States of America will, to the fullest extent permitted by applicable law, be the sole and exclusive forum for the resolution of any action asserting claims arising under the Securities Act of 1933 (the "Securities Act"). This forum selection provision does not apply to any action asserting claims arising under the Exchange Act or the Securities Act. Any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock will be deemed to have notice of and consented to the forum provisions in the Charter. This choice of forum provision may limit a stockholder's ability to bring a claim in a judicial forum that we do not find favorable for disputes with us or any of our directors, officers, other employees or stockholders, which may discourage lawsuits with respect to such claims. Alternatively, if a court were to find the choice of forum provision contained in the Charter to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could harm our business, operating results and financial condition. Our Charter and Bylaws contain certain provisions that limit the ability of stockholders to take certain actions and could delay, discourage or prevent takeover attempts that stockholders may consider favorable. Our Charter and Bylaws contain provisions that could have the effect of rendering more difficult, discouraging, delaying or preventing a takeover attempt that may be beneficial to our stockholders but that is deemed undesirable by Mr. Wu and therefore depresses the trading price of our common stock. These provisions could also make it difficult for our stockholders to take certain actions, including electing directors who are not nominated by Mr. Wu or the Tuscan Group or amending the Charter. Our Charter and Bylaws provide for, among other things:

- the ability of the board of directors (the "Board") to issue shares of preferred stock and to determine the price and other terms of those shares, including preferences and voting rights, without stockholder approval, which could be used to significantly dilute the ownership of a hostile acquirer;
- the limitation of the liability of, and the indemnification of, our directors and officers;
- any increase or decrease in the number of directors will require the affirmative vote of the directors nominated by Mr. Wu as provided in the Stockholders Agreement (as defined below);
- the requirement that any Board vacancies occurring by reason of the death, resignation or removal of any director nominated by Mr. Wu or the Tuscan Group must be filled by the stockholder who was entitled to nominate such director to the Board;
- the requirement that committees of the Board will consist of the number of directors nominated by Mr. Wu that is proportionate to the number of directors on the Board nominated by Mr. Wu;
- the prohibition of stockholder action by written consent for any action that is required or permitted to be taken at an annual or special stockholders meeting;
- the ability to call for a special meeting of stockholders will only be available to (i) the Board, (ii) the chairman of the Board and (iii) Mr. Wu, so long as Mr. Wu beneficially owns at least 10 % of the total voting power of all the then outstanding shares of stock of the Company entitled to vote generally in the election of directors, which could delay the ability of stockholders to force consideration of a proposal or to take action, including the removal of directors;
- the limitation that directors on the Board may only be removed for a cause and only upon the affirmative vote of the holders of at least a majority of the total voting power of all the then outstanding shares of stock of the Company entitled to vote generally in the election of directors, voting together as a single class;
- the election that the Company will not be governed by Section 203 of the DGCL, which will prohibit the Company from taking certain actions involving an "interested stockholder" for a certain period of time;
- the requirement that any amendment to the Charter will be approved by (i) the holders of 75 % of the total voting power of all the then outstanding shares of stock of the Company entitled to vote generally in the election of directors, so long as Mr. Wu beneficially owns at least 10 % of the total voting power of all the then outstanding shares of stock of the Company entitled to vote generally in the election of directors, or (ii) the holders of a majority of the total voting power of all the then outstanding shares of stock of the Company entitled to vote generally in the election of directors, if Mr. Wu ceases to beneficially own at least 10 % of the total voting power of all the then outstanding shares of stock of the Company entitled to vote generally in the election of directors; and
- the ability of the Board to amend the Bylaws, which may allow the Board to take additional actions to prevent an unsolicited takeover and inhibit the ability of an acquirer to amend the Bylaws to facilitate an unsolicited takeover attempt. These provisions, alone or together, could delay or prevent hostile takeovers and changes in control or changes in the Board or management. Any provision of the Charter or Bylaws that has the effect of delaying or preventing a change in control could limit the opportunity for stockholders to receive a premium for their shares of the Company's capital stock and could also affect the price that some investors are willing to pay for the Company's common stock. The common stock price may be volatile or may decline regardless of our operating performance. The trading price of common stock is likely to be volatile. The stock market has recently experienced extreme volatility. This volatility often has been unrelated or disproportionate to the operating performance of particular companies. The trading volatility of our common stock may be due to a number of factors such as those listed in "— Risks Related to our Business and Industry" and "— Risks Related to doing Business in China" and the following:

- our operating and financial performance and prospects;
- our quarterly or annual earnings or those of other companies in our industry compared to market expectations;
- conditions that impact demand for our products;
- future announcements concerning our business, our product users' businesses or our competitors' businesses;
- the public's reaction to our press releases, other public announcements and filings with the SEC;
- the market's reaction to our reduced disclosure and other requirements as a result of being an "emerging growth company" under the JOBS Act;
- the size of our public float;
- coverage by or changes in financial estimates by securities analysts or failure to meet their expectations;
- **the issuance of short reports;**
- market and industry perception of our success, or lack thereof, in pursuing our growth strategy;
- strategic actions by us or our competitors, such as acquisitions or restructurings;
- changes in laws or regulations which adversely affect our industry or us;
- changes in accounting standards, policies, guidance, interpretations or principles;
- changes in senior management or key personnel;
- issuances, exchanges or sales, or expected issuances, exchanges or sales of our capital stock;
- changes in our dividend policy;
- adverse resolution of new or pending litigation against us;
- the

impact of **possible the COVID-19 pandemic pandemics** on our financial condition and the results of operations; • the conflict between Russia and Ukraine **and the conflict in the Middle East between Israel and Hamas** and any restrictive actions that have been or may be taken by the U. S. and / or other countries in response thereto, such as sanctions or export controls; and • changes in general market, economic and political conditions in the U. S. and global economies or financial markets, including those resulting from natural disasters, terrorist attacks, acts of war and responses to such events. These broad market and industry factors may materially reduce the market price of common stock, regardless of our operating performance. In addition, price volatility may be greater if the public float and trading volume of common stock is low. In the past, following periods of market volatility, stockholders have instituted securities class action litigation. If we were involved in securities litigation, we could have a substantial cost and divert resources and the attention of executive management from our business regardless of the outcome of such litigation. We do not intend to pay dividends on common stock for the foreseeable future. We currently intend to retain all available funds and any future earnings to fund the development and growth of our business. As a result, we do not anticipate declaring or paying any cash dividends on the common stock in the foreseeable future. Any decision to declare and pay dividends in the future will be made at the discretion of the Board and will depend on, among other things, the business prospects, results of operations, financial condition, cash requirements and availability, legal requirements, certain restrictions related to indebtedness, industry trends and other factors that the Board may deem relevant. Any such decision will also be subject to compliance with contractual restrictions and covenants in the agreements governing current and future indebtedness. In addition, we may incur additional indebtedness, the terms of which may further restrict or prevent us from paying dividends on the common stock. Our inability or decision not to pay dividends, particularly when others in our industry have elected to do so, could also adversely affect the market price of the common stock . **If securities analysts do not publish research or reports about us, or if they issue unfavorable commentary about us or industry or downgrade the common stock, the price of the common stock could decline. The trading market for the common stock depends in part on the research and reports that third- party securities analysts publish about us and the industries in which we operate. We may be unable or slow to attract research coverage and if one or more analysts cease coverage on us, the price and trading volume of our securities would likely be negatively impacted. If any of the analysts that may cover us change their recommendation regarding our securities adversely, or provide more favorable relative recommendations about our competitors, the price of our securities would likely decline. If any analyst that may cover us ceases covering us or fails to regularly publish reports on us, it could cause us to lose visibility in the financial markets, which could cause the price or trading volume of the securities to decline. Moreover, if one or more of the analysts who cover us downgrades the common stock, or if our reporting results do not meet their expectations, the market price of the common stock could decline.** We may be exposed to liabilities under the Foreign Corrupt Practices Act (the “FCPA”), U. K. Bribery Act, Chinese and other anti-corruption laws, and any determination that we violated these laws could have a material adverse effect on our business. We are subject to the FCPA, U. K. Bribery Act and other applicable anti- corruption laws that prohibit improper payments or offers of payments to foreign governments and their officials and political parties by U. S. persons and issuers as defined by the statutes, for the purpose of obtaining or retaining business. We have operations, agreements with third parties, and we currently have a sizeable portion of our sales in China. Since most of the end users and OEM bus manufacturers are state- owned companies in China, substantially most of our interactions with our end users and customers are with “government officials,” as such term is defined in the FCPA. The PRC also strictly prohibits bribery of government officials. Our activities in China create the risk of unauthorized payments or offers of payments by the employees, consultants, sales agents, or distributors of our subsidiaries, even though they may not always be subject to our control. We have implemented safeguards that seek to discourage and prevent these practices by our employees. However, our existing safeguards and any future improvements may prove to be less than effective, and the employees, consultants, sales agents, or distributors of our subsidiaries may engage in conduct for which we might be held responsible. Violations of the FCPA, U. K. Bribery Act, or Chinese or other anti- corruption laws may result in severe criminal or civil sanctions, and we may be subject to other liabilities in addition to adverse publicity, which could negatively affect our business, operating results and financial condition. In addition, the U. S. government may seek to hold our subsidiaries liable for FCPA violations committed by companies in which we invest or that we acquire. We face risks related to health epidemics, including **any ongoing public health crises, which has disrupted our business and could have a material adverse effect on our business and results of operations. Public health crises such as pandemics or similar outbreaks could adversely impact our business. Although the U. S. Government has declared an end to the public health emergency related to COVID- 19, there may be lingered effects of the COVID- 19 pandemic on , which has disrupted our business . Actual and could have a material adverse effect on our - or threatened business and results of operations. We face various risks related to public health issues crises may have a number of adverse impacts, including volatility in the global economy, impacts to our business operations, or significant disruptions in the markets we serve, caused by a variety of factors** such as **epidemics quarantines , pandemics closures , and or other outbreaks government- imposed restrictions , any including the pandemic of respiratory illness caused by a novel coronavirus known as which could adversely impact our business, operations, financial condition and operating results. For example, the COVID- 19 pandemic caused . The impact of COVID-19, including changes in consumer and business behavior, pandemic fears and market downturns, and restrictions on business and individual activities, has created significant volatility in the global economy and led to reduced economic activity. The spread of COVID- 19 has also created a disruption in the manufacturing, delivery and overall supply chain of vehicle manufacturers and suppliers, and has led to a global decrease in vehicle sales in markets around the world . At this time, the full impact of COVID-19 on our business cannot be fully predicted due to numerous uncertainties and future developments, including the duration and severity of the outbreak in individual geographies we operate, the emergence of new variants of the virus, measures by government authorities, travel restrictions and business closures, the acceptance and effectiveness of vaccines and other actions taken to contain the disease, the timing of economic and operational recovery, and other unpredictable**

consequences. In particular, we may face specific risks related to high infection rates among our staff, which could require quarantine or extended periods away from work. Which could result in reduced productivity, delays in delivery and increased costs for hiring and training replacement staff. As a result, our operations in China may be particularly vulnerable to the effects of future outbreaks. These measures may adversely impact our employees and operations and the operations of our customers, suppliers, vendors and business partners, and may negatively impact our sales and marketing activities, the construction schedule of manufacturing plants, and the production schedule of our battery systems. In addition, various aspects of our business and manufacturing plant cannot be conducted remotely. Past or future measures by the federal government and the Federal Reserve to stimulate the U. S. economy, including actions taken in response to COVID-19 such as fiscal and monetary policy measures, and tax reform, could lead to higher inflation than we had anticipated, which generally leads to increased cost of raw materials and other operating expenses. The impact of COVID-19 on any of our suppliers, co-manufacturers, distributors or transportation or logistics providers may negatively affect the price and availability of our raw materials and impact our supply chain. If the disruptions caused by COVID-19, including interruptions to global shipping that may impact our and our suppliers' ability to access equipment and other materials, continue for an extended period of time, our ability to meet the demands of our customers or to expand as planned may be materially impacted. Further, COVID-19 may impact customer and consumer demand. Specifically, difficult macroeconomic conditions, such as decreases in per capita income and level of disposable income, increased and prolonged unemployment or a decline in consumer confidence as a result of the COVID-19 pandemic, as well as reduced spending by businesses, could have a material adverse effect on the demand for our customers' products. Under difficult economic conditions, potential customers may seek to reduce spending by forgoing electric vehicles for other traditional options. Decreased demand for our electric vehicles could negatively affect our business. Even after the COVID-19 pandemic has subsided, we may continue to experience an adverse impact to our business as a result of its global economic impact, including any recession that has occurred or may occur in the future. Our facilities or operations could be damaged or adversely affected as a result of natural disasters and other catastrophic events. Our facilities or operations could be adversely affected by events outside of our control, such as natural disasters, wars, health epidemics such as the COVID-19 pandemic, and other calamities. We cannot assure you that any backup systems will be adequate to protect us from the effects of fire, floods, typhoons, earthquakes, power loss, telecommunications failures, break-ins, war, riots, terrorist attacks or similar events. Any of the foregoing events may give rise to interruptions, breakdowns, system failures, technology platform failures or internet failures, which could cause the loss or corruption of data or malfunctions of software or hardware as well as adversely affect our ability to provide services. Our lengthy and variable sales cycle makes it difficult for us to accurately forecast our revenue and other operating results. As a result, we expect our results of the operation to fluctuate on a quarterly and annual basis, which could cause our stock price to fluctuate or decline. The sales cycle for our products, especially those that are used in commercial vehicle applications, is lengthy, beginning from initial contact with a prospective customer to routine commercial utilization of our products, which makes it difficult for us to accurately forecast our revenue in a given period, and may cause our revenue and operating results to vary significantly from period to period. Some potential customers of our products typically need to commit significant time and resources in evaluating the technology used in our products and their decision to purchase our products may be further limited by budgetary constraints, lack of funding and numerous rounds of internal review and approval, which are beyond our control. We spend substantial time and effort assisting potential customers in evaluating our products, including providing demonstrations and validation. Even after initial approval by appropriate decision-makers, the negotiation and documentation processes for the actual adoption of our products can be lengthy. As a result of these factors, based on our experience to date, our sales cycle has varied and can sometimes be four years or longer. In addition, the revenue generated from sales of our products may fluctuate from time to time due to market and general economic conditions. As a result, our quarterly and annual operating results have fluctuated in the past and likely will fluctuate in the future. The demand for our products is driven largely by the demand for the end-product applications that are powered by our products. Accordingly, the battery industry is affected by market conditions that are often outside our control. Our results of operations may fluctuate significantly from period to period due to a number of factors, including general economic, industry and market conditions, capacity ramp up by competitors, industry-wide technological changes, the loss of a key customer or the postponement, rescheduling or cancellation of large orders by a key customer. As a result of these factors and other risks discussed in this section, year-over-year comparisons should not be relied upon to predict our future performance. If securities analysts do not publish research or reports about us, or if they issue unfavorable commentary about us or industry or downgrade the common stock, the price of the common stock could decline. The trading market for the common stock depends in part on the research and reports that third-party securities analysts publish about us and the industries in which we operate. We may be unable or slow to attract research coverage and if one or more analysts cease coverage on us, the price and trading volume of our securities would likely be negatively impacted. If any of the analysts that may cover us change their recommendation regarding our securities adversely, or provide more favorable relative recommendations about our competitors, the price of our securities would likely decline. If any analyst that may cover us ceases covering us or fails to regularly publish reports on us, it could cause us to lose visibility in the financial markets, which could cause the price or trading volume of the securities to decline. Moreover, if one or more of the analysts who cover us downgrades the common stock, or if our reporting results do not meet their expectations, the market price of the common stock could decline.