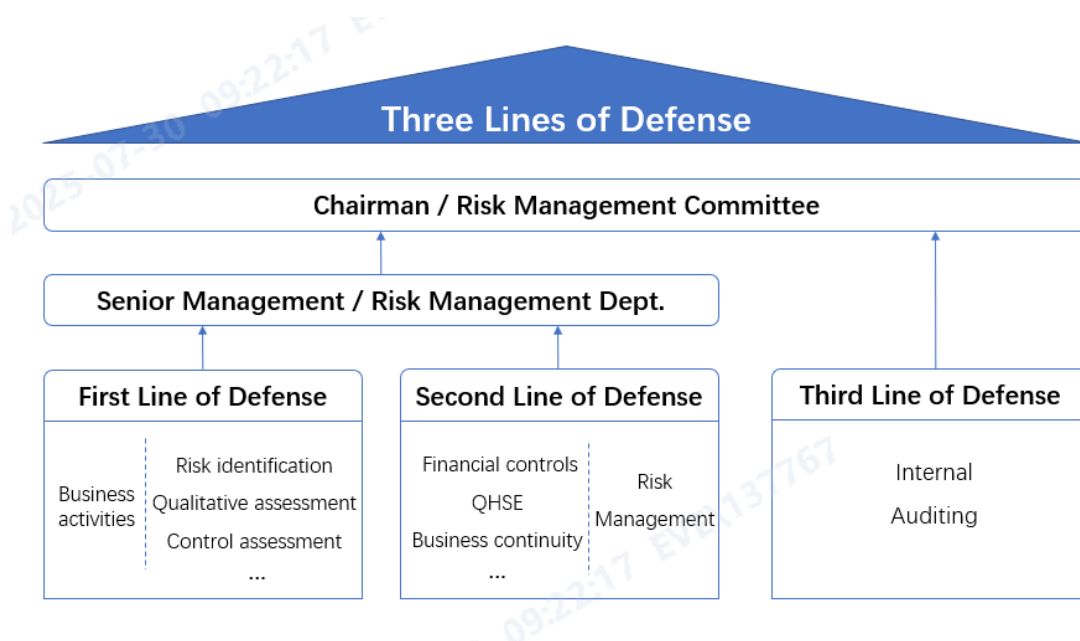


EVE Energy Co., Ltd.

Risk Management

A robust corporate risk management system serves as a critical foundation for the stable operation and sustainable development of EVE Energy Co., Ltd. (hereinafter referred to as "EVE" or the "Company"). EVE places high priority on integrating risk management into corporate governance and daily operations. By continually refining its enterprise risk management framework, EVE strengthens risk management efficiency and execution, thereby supporting steady long-term growth.

1. Risk Governance Framework



The Risk Management Committee, led by board members, serves as the highest governing body for operational risk management. Its responsibilities include reviewing risk-related information, assessing risk evaluation reports, and addressing other risk management matters as delegated by the Board.

First Line of Defense: All business units serve as the front-line defenders of operational risk, responsible for identifying and assessing risks within their respective domains and implementing control measures.

Second Line of Defense: The Risk Management Committee serves as the highest authority for operational risk management. The Risk Management Department is tasked with developing the enterprise risk management framework and mechanisms, providing business units with risk management methodologies and technical support tools, as well as overseeing and guiding the risk management activities within the First Line of Defense.

Third Line of Defense: The Audit Department conducts independent evaluations of the risk management and control effectiveness of the first and second lines of defense, verifies the effectiveness of the risk management mechanisms, and promptly addresses any identified issues.

2. Key Risks Management

2.1 Traditional Risks

(1) Exchange Rate Fluctuation Risk

EVE engages in export sales, international services, import procurement of certain materials and equipment, as well as multinational operations. Since transactions with different international clients involve various currencies, exchange rate fluctuations—a normal market occurrence—may impact costs and profits, potentially leading to financial losses. However, the consistent use of hedging instruments can help mitigate the extent of such losses.

Risk Control:

EVE has established the *Foreign Exchange Management Policy*, implementing hedging instruments including foreign exchange forwards, options, and swap transactions to lock in exchange costs. These measures effectively hedge against currency risks and mitigate potential financial losses caused by exchange rate fluctuations.

(2) Raw Material Price Volatility Risk

Subject to cyclical supply-demand dynamics, lithium battery upstream raw material prices experience significant fluctuations, which inevitably impact product costs. While raw material price volatility is common, potential consequences may include financial losses and supply chain disruptions. EVE maintains mitigated exposure through long-term resource planning and optimized procurement strategies, effectively containing potential losses to manageable levels.

Risk Control:

- Optimize production processes to enhance equipment utilization and yield rates, thereby reducing material costs;
- Improve production efficiency and capacity to dilute fixed costs per unit;

- Promote strategic supply chain construction, and achieve strategic synergy through deep cooperation across the industry chain to mitigate risks caused by raw material price fluctuations and create shared value;
- Utilize hedging tools in the futures market to ensure overall control of key raw material costs.

2.2 Emerging Risks

(1) Macroeconomic Volatility and Industrial Policy Changes

In recent years, the lithium battery industry and its downstream sectors have developed rapidly under strong national industrial policies. However, political factors such as armed conflicts and trade barriers may lead to significant adverse changes in domestic and international economic and policy environments, negatively affecting the industry and Company's business performance.

Risk Control:

- Drive technological innovation to enhance product performance and develop differentiated battery solutions that meet evolving market demands;
- Build upon technological innovations to adopt advanced, fully automated production, thereby enhancing yield rates, scaling production capacity, reducing costs, and ultimately improving product profitability;

- Establish overseas production facilities to enable localized supply and mitigate trade barriers;
- Maintain close monitoring of international policy changes and promptly develop response strategies.

(2) Overseas Labor Management Risks

Due to the complexity and regional variations in overseas labor policy systems, directly replicating domestic employment practices abroad may lead to legal compliance risks, potentially resulting in serious consequences such as labor disputes and administrative penalties.

Risk Control:

- Closely monitor updates in local labor laws and regulations, promptly identify potential compliance risks, and conduct regular employment compliance audits;
- Deploy intelligent compliance tools in key employment areas such as attendance, overtime, and payroll—including real-time overtime monitoring with automatic alerts—while leveraging data analytics to optimize shift scheduling and salary calculations, thereby reducing violation risks;
- Maintain open communication channels including regular employee forums and a CEO mailbox to gather workforce feedback;

- Establish effective management structures by appointing local personnel to directly supervise and communicate with local staff, preventing unnecessary misunderstandings.

3. Risk Management Procedures and Risk Culture

3.1 Risk Identification and Qualitative Assessment

Risk identification and qualitative assessment constitute a critical component of the Company's manufacturing and service. The Risk Management Department coordinates organization-wide risk identification and qualitative assessment, with all departments required to complete these activities at least twice annually. For identified high-risk items, assessments are conducted quarterly. Based on the identification of inherent risks, the effectiveness of control measures is evaluated to analyze the residual risk level and ultimately determine whether it meets acceptable standards. The assessment results are prioritized, and high-risk items are flagged for management's attention. Risks identified by various departments in daily operations are reported to the Risk Management Department and recorded in the risk database upon completion of assessment.

3.2 Risk Response

EVE has fully integrated our proven 'Three Lines of Defense' framework into all business processes, empowering responsible personnel with the necessary risk management competencies. The Risk Management Department conducts regular cross-departmental

evaluations of control measure effectiveness, followed by proactive redesign of any suboptimal controls to ensure sustained and robust risk mitigation.

3.3 Risk Reporting and Monitoring

EVE has established a formal risk communication mechanism to meet both internal and external needs. Risk information is promptly communicated to relevant departments, triggering immediate mitigation actions. EVE employs real-time monitoring protocols to track risk indicators and initiates contingency plans when thresholds are breached.

3.4 Business Continuity Management

EVE maintains heightened vigilance against emerging risks threatening business continuity and has established systematic response measures. In accordance with the Business Continuity Management System standards, the Company has completed the development of relevant system documents, and conducted internal review on BIA (Business Impact Analysis) and RA (Risk Assessment). Key departments, including EHS, IT, and Production Planning & Facilities, have completed the preparation of priority activity plans and BCPs (Business Continuity Plans), and conducted relevant drills. In October 2024, EVE successfully obtained ISO 22301 certification.

3.5 Risk Culture

EVE places great emphasis on fostering a robust risk culture. The Risk Management

Department conducts enterprise risk management training programs across the Company, with tailored initiatives for different tiers: executive leadership receives specialized workshops, case studies and strategic sessions to enhance governance capabilities and forward-looking risk assessment competencies, while business units undergo operational risk training to strengthen front-line risk awareness. Furthermore, the Company also invites third-party institutions to conduct risk management training across the organization to further enhance the dissemination of risk culture.

EVE has established a dedicated incentive policy for risk management. All employees are actively encouraged to identify and report potential risks, with monetary rewards granted for detecting operational hazards, mitigating risks, or implementing effective control measures that reduce potential losses. This structured approach systematically enhances organizational risk consciousness and reinforces the sustainable dissemination of risk culture.

EVE Energy Co., Ltd.

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