

STATEMENT

Lux Power recently got aware of, that individuals claiming to be employees of an energy storage trading company, "Ningbo Huayu Technology", have been contacting many of Lux Power's customers through SMS, WeChat, E-Mail and other channels spreading maliciously fabricating stories to slander our goodwill. These individuals have even gone so far, to persuade our customers to "If they cooperate with Lux Power they will not receive after-sales support".

Lux Power issues this statement to clear misunderstandings. We want to emphasize that Lux Power fully reserves the intellectual property rights of our products and will take appropriate legal action against any unauthorized use or infringement of Lux Power's intellectual property.

- ✧ Lux Power's background: Our founders have over 10 years of experience in inverter R&D. Since 2018, Lux Power has independently developed European, Japanese, and American standard household hybrid inverters. Our 6kW hybrid inverter for North America and Japan has been developed in 2019 and went to market in 2020. In August 2020, Lux Power began to develop the second generation of 8-10kW hybrid inverter. After the second-generation the 12kW hybrid inverter for North America was developed. The above products are independently developed by Lux Power, and Lux Power fully owns the intellectual property rights.
- ✧ Exclusive Agency Agreement with Ningbo Huayu: Since 2019, Lux Power's products gained high recognition in regional markets due to the limited availability of similar products. In January 2021, Ningbo Huayu New Energy Technology Co., Ltd. (referred to as "Ningbo Huayu") entered into an exclusive agency agreement with Lux Power for the 8-10kW hybrid inverter for North America.
The agreement contains the following terms:
 - a) The ownership and intellectual property rights of the product developed under this agreement belongs to Lux Power. The intellectual property rights of this product are not related to Ningbo Huayu.

- b) The agreement stipulates that both parties will share half of the certification fee. As of now, Ningbo Huayu has only paid 25% of the certification fee for the 8-10kW hybrid inverter for North America and refuses to pay the remaining fees.
- c) The two parties agreed on procurement targets for 2021-2022 and 2023-2024. If Ningbo Huayu fails to reach 80% of the procurement target for 2021-2022 or 90% of the procurement target for 2023-2024, Lux Power can unilaterally cancel the "Exclusive Agency Agreement". In the sales available period from September 2022 to December 2022, the actual procurement volume of Ningbo Huayu was only 2% of the corresponding procurement target.
- ✧ Lux Power has sent three letters to Ningbo Huayu regarding the issue of procurement volume and the cancellation of exclusive distribution rights. The letters were sent on November 4th, November 14th and December 31st, 2022. Lux Power's lawyer has informed Ningbo Huayu that it no longer has the qualification and rights of exclusive distribution since January 1st, 2023 based on the procurement volume assessment result.
- ✧ Lux Power and Ningbo Huayu are currently in a contract dispute, which is in the first instance trial stage. On August 17th, 2022, Ningbo Huayu filed a lawsuit against Lux Power in the Yinzhou District People's Court of Ningbo City. Lux Power filed a counterclaim on November 9th. The case was officially filed on February 15th, 2023, with the case number <(2023) Zhejiang 0212 mingchu No. 1964>. The case is currently under trial and pending.
- ✧ Lux Power would like to highlight, that we independently applied for and obtained the 12KW hybrid inverter's certification for North America. Lux Power has independently completed the North American UL certification and CEC listing for this product. The 12kW hybrid inverter is not part of the Exclusive Agency Agreement .
- ✧ Lux Power has been aware of, that individuals claiming to be staff of Ningbo Huayu and individuals claiming to have "insider information" about this case. These rumors include the claim that the North American version of Lux Power's hybrid inverter 7.6kW-12kW was jointly developed with Ningbo Huayu, and that Ningbo Huayu paid the certification fee and obtained exclusive sales rights in North America. We would like to make it clear that these rumors are wrong.

Lux Power would like to express our gratitude to our friends, partners and users. We understand that false rumors may have caused inconvenience and concerns and we apologize. The spread of such false rumors has caused significant damage to Lux Power's reputation. Lux Power has taken necessary legal actions against those who have engaged in this maliciously fabricating stories.

Thank you for your continued support and trust in Lux Power.

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Lux Power Team/March 30th, 2023