



Greenland Technologies Reports Second Quarter and First Half 2022 Unaudited Financial Results

August 12, 2022

- **2Q22 Gross Margin Rises 330 Basis Points Year over Year**
- **1H22 Gross Margin Rises 200 Basis Points Year over Year**

EAST WINDSOR, N.J., Aug. 12, 2022 /PRNewswire/ -- Greenland Technologies Holding Corporation (NASDAQ: GTEC) ("Greenland" or the "Company"), a technology developer and manufacturer of electric industrial vehicles and drivetrain systems for material handling machineries and vehicles, today announced its unaudited financial results for the second quarter and first half ended June 30, 2022.



First Half 2022 Financial and Operating Highlights

- **Total revenues** were \$49.9 million, compared with \$52.8 million in the same period of 2021.
- **Gross margin** was 22.5%, an increase of 200 basis points year over year.
- **Net income** was \$5.3 million, compared with \$5.6 million in the same period of 2021.
- **Number of transmission products sold** was 70,841 units, compared with 79,032 units in the same period of 2021.

Second Quarter 2022 Financial and Operating Highlights

- **Total revenues** were \$20.6 million, compared with \$28.2 million in the same period of 2021.
- **Gross margin** was 23.5%, an increase of 330 basis points year over year.
- **Net income** was \$2.4 million, compared with \$3.2 million in the same period of 2021.
- **Number of transmission products sold** was 28,939 units, compared with 42,046 units in the same period of 2021.

Mr. Raymond Wang, Chief Executive Officer of Greenland Technologies Holding Corporation, commented, "We posted strong underlying results but we were adversely impacted by recent FX moves (USD vs CNY) and we were not immune to the supply chain and COVID-19 shutdowns that impacted the broader market. Despite the many macro challenges in 2Q 2022, our revenue for the first half of 2022 was only down 5.5%, as compared to the first half of 2021. In addition, COVID-19 shutdowns in China resulted in customer closures and the pushout of orders. As a result, we ended 2Q 2022 with a higher backlog than normal but have a high degree of confidence that the shifting of those orders will result in a stronger second half of 2022 than the first half of 2022."

Mr. Wang added, "Overall, our underlying core business remains strong, our industry remains healthy and demand remains high. Greenland has been consistently outperforming over the last nine quarters and we remain focused on the continued execution of our long-term strategy. From an EV standpoint, we continue to hit all stated milestones. We launched our latest electric industrial vehicle in 2Q 2022, the GEL-5000 electric front loader, and we established our new Maryland facility. We plan to officially open our Maryland facility at the end of August, with our U.S. assembly space secure and live, and our longer-term capacity ramp underway."

Mr. Jing Jin, Chief Financial Officer of Greenland, commented: "While China's pandemic shutdowns and supply disruptions added pressure to our 2Q 2022 financial results, we were still able to drive a 330 basis point expansion in our gross margin to 23.5%. This reflects the strong fundamentals of our business and our success in developing higher-value products. Additionally, we further strengthened our balance sheet with \$10 million in proceeds from registered direct and private placement offerings in July. This gives us the ability to support existing customer demand, our expanded product roadmap and revenue-generating efforts, as we build value for shareholders."

Recent Developments and Strategic Highlights:

- **Launch of Lithium Powered GEL-5000 Electric Front Loader:** Greenland launched the latest electric industrial vehicle, the GEL-5000, under its new clean industrial heavy equipment brand, HEVI. The new GEL-5000 is a 5.0 ton rated load all-electric lithium wheeled front loader that boasts strong power, approximately 40,000 pounds operating weight and increased payload options, making it a clean, green industrial vehicle with a rapid 2 hour charge time and 9 hours of operational time per charge. It is perfect for on-site applications in industries ranging from agriculture, urban construction to waste management and property management.
- **Closing of \$10 Million Registered Direct and Private Placement Offerings:** Greenland issued 1,250,000 ordinary shares and pre-funded warrants to purchase up to 398,974 ordinary shares at a purchase price of \$4.17 per share in the registered direct offering. In the concurrent private placement, the Company has also issued and sold to the investor units to purchase pre-funded warrants to purchase up to 616,026 ordinary shares and common warrants to purchase 4,530,000 ordinary shares at an exercise price of \$4.49 per share. The purchase price for each unit was \$5.089, with an exercise price per pre-funded warrant of \$0.001 per share.

First Half 2022 Financial Results

Total revenues were \$49.9 million, a decrease of 6% from \$52.8 million in the first half of 2021, primarily due to the decrease in sales volume resulting

from China's COVID-19 lockdowns. On an RMB basis, total revenues decreased by approximately 5% from the first half of 2021. The number of transmission products sold was 70,841 units, down 10% from 79,032 units in the first half of 2021.

Costs of goods sold were \$38.7 million, a decrease of 8% from \$42 million in the first half of 2021, primarily due to the decrease in sales volume.

Gross profit was \$11.2 million, an increase of 4% from \$10.8 million in the first half of 2021. Gross margin was 22.5%, an increase of 200 basis points from 20.5% in the first half of 2021, as a result of the Company's strategic shift towards higher value, more sophisticated products such as hydraulic transmissions.

Total operating expenses were \$5.6 million, up 25% from \$4.5 million in the first half of 2021. Operating expenses as a percentage of total revenues was 11.3%, compared with 8.5% in the first half of 2021. The increase in operating expenses was primarily due to the Company's investments in support of its growth strategy.

Income from operations was \$5.6 million, a decrease of 12% from \$6.3 million in the first half of 2021.

Net Income was \$5.3 million, a decrease of 5% from \$5.6 million in the first half of 2021.

Basic and diluted net income per ordinary share was \$0.29, compared with \$0.46 in the first half of 2021.

Second Quarter 2022 Financial Results

Total revenues were \$20.6 million, a decrease of 27% from \$28.2 million in the second quarter of 2021, primarily due to the decrease in sales volume resulting from China's COVID-19 lockdowns. On an RMB basis, total revenues decreased by approximately 24% from the second quarter of 2021. The number of transmission products sold was 28,939 units, down 31% from 42,046 units in the second quarter of 2021.

Costs of goods sold were \$15.8 million, a decrease of 30% from \$22.5 million in the second quarter of 2021, primarily due to the decrease in sales volume.

Gross profit was \$4.8 million, a decrease of 15% from \$5.7 million in the second quarter of 2021. Gross margin was 23.5%, an increase of 330 basis points from 20.2% in the second quarter of 2021, as a result of the Company's strategic shift towards higher value, more sophisticated products such as hydraulic transmissions.

Total operating expenses were \$2.6 million, up 17% from \$2.3 million in the second quarter of 2021. Operating expenses as a percentage of total revenues was 12.7%, compared with 8% in the second quarter of 2021. The increase in operating expenses was primarily due to the Company's investments in support of its growth strategy.

Income from operations was \$2.2 million, a decrease of 36% from \$3.5 million in the second quarter of 2021.

Net Income was \$2.4 million, a decrease of 25% from \$3.2 million in the second quarter of 2021.

Basic and diluted net income per ordinary share was \$0.13, compared with \$0.26 in the second quarter of 2021.

Conference Call

Greenland Technologies management will host an earnings conference call at 8:00 AM on Friday, August 12, 2022, U.S. Eastern Time (8:00 PM on August 12, 2022, Beijing/Hong Kong Time).

Participant Registration:

Investors and analysts interested in participating in Greenland's second quarter and first half 2022 earnings call need to register in advance using the URL provided below. Conference access information will be provided once registration has been completed.

Participant Online Pre-Registration: <https://s1.c-conf.com/diamondpass/10024507-dg7s6d.html>

A replay of the conference call may be accessed by phone at the following numbers until August 19, 2022. To access the replay, please reference the Replay PIN 10024507.

	Phone Number
International	+61 7 3107-6325
United States	+1 (855) 883-1031
Hong Kong	+852 800930639
Mainland China	+86 4001209216

A live and archived webcast will also be available on the investor relations section of Greenland's website at <https://ir.gtec-tech.com/>.

About Greenland Technologies Holding Corporation

Greenland Technologies Holding Corporation (NASDAQ: GTEC) is a developer and a manufacturer of drivetrain systems for material handling machineries and electric vehicles, as well as electric industrial vehicles. Information on the Company's clean industrial heavy equipment division can be found at [HEVL Equipment](#).

Safe Harbor Statement

This press release contains statements that may constitute "forward-looking statements." Such statements reflect Greenland's current views with respect to future events and are subject to such risks and uncertainties, many of which are beyond the control of Greenland, including those set forth in the Risk Factors section of Greenland's Annual Report on Form 10-K and Definitive Proxy Statement on Schedule 14A filed with the Securities and Exchange Commission ("SEC"). Copies are available on the SEC's website, www.sec.gov. Words such as "expect," "estimate," "project," "budget," "forecast," "anticipate," "intend," "plan," "may," "will," "could," "should," "believes," "predicts," "potential," "continue," and similar expressions are

intended to identify such forward-looking statements. These forward-looking statements include, without limitation, Greenland's expectations with respect to future performance. In addition, there is uncertainty about the further spread of the COVID-19 virus or the occurrence of another wave of cases and the impact it may have on the Company's operations, the demand for the Company's products, global supply chains and economic activity in general. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results may vary materially from those described herein as intended, planned, anticipated or expected. Statements contained in this news release regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. Greenland does not intend and does not assume any obligation to update these forward-looking statements, other than as required by law.

Statement Regarding Preliminary Unaudited Financial Information

The unaudited financial information set out in this earnings release is preliminary and subject to potential adjustments. Adjustments to the consolidated financial statements may be identified when audit work has been performed for the Company's year-end audit, which could result in significant differences from this preliminary unaudited financial information.

GREENLAND TECHNOLOGIES HOLDING CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2022 AND 2021
(UNAUDITED, IN U.S. DOLLARS)

	For the three months ended June 30,		For the six months ended June 30,	
	2022	2021	2022	2021
REVENUES	\$ 20,602,505	\$ 28,204,307	\$ 49,909,462	\$ 52,815,201
COST OF GOODS SOLD	15,763,344	22,499,138	38,702,327	42,005,645
GROSS PROFIT	4,839,161	5,705,169	11,207,135	10,809,556
Selling expenses	518,088	495,462	1,157,735	874,692
General and administrative expenses	1,244,634	752,212	2,524,380	1,663,351
Research and development expenses	862,535	1,005,296	1,945,129	1,964,841
Total operating expenses	\$ 2,625,257	\$ 2,252,970	\$ 5,627,244	\$ 4,502,884
INCOME FROM OPERATIONS	\$ 2,213,904	\$ 3,452,199	\$ 5,579,891	\$ 6,306,672
Interest income	9,887	4,833	22,449	9,428
Interest expense	(91,651)	(221,664)	(196,660)	(401,853)
Loss on disposal of property and equipment	10	811	(394)	(959)
Other income	501,710	310,303	762,742	599,049
INCOME BEFORE INCOME TAX	\$ 2,633,860	\$ 3,546,482	\$ 6,168,028	\$ 6,512,337
INCOME TAX	254,434	394,159	873,804	916,775
NET INCOME	\$ 2,379,426	\$ 3,152,323	\$ 5,294,224	\$ 5,595,562
LESS: NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTEREST	892,162	371,570	2,019,908	686,241
NET INCOME ATTRIBUTABLE TO GREENLAND TECHNOLOGIES HOLDING CORPORATION AND SUBSIDIARIES	\$ 1,487,264	\$ 2,780,753	\$ 3,274,316	\$ 4,909,321
OTHER COMPREHENSIVE INCOME (LOSS):	(4,075,452)	833,963	(3,701,542)	575,734
Unrealized foreign currency translation income (loss) attributable to Greenland technologies holding corporation and subsidiaries	(2,720,040)	591,484	(2,471,958)	402,381
Unrealized foreign currency translation income (loss) attributable to Noncontrolling interest	(1,355,412)	242,479	(1,299,584)	173,353
Comprehensive income (loss)	(1,232,776)	3,372,237	802,358	5,311,702
Noncontrolling interest	(463,250)	614,049	790,324	859,594
WEIGHTED AVERAGE ORDINARY SHARES OUTSTANDING:				
Basic and diluted	11,329,530	10,814,479	11,329,530	10,574,223
NET INCOME PER ORDINARY SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY:				
Basic and diluted	0.13	0.26	0.29	0.46

GREENLAND TECHNOLOGIES HOLDING CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
AS OF JUNE 30, 2022 AND DECEMBER 31, 2021
(IN U.S. DOLLARS)

	June 30, 2022	December 31, 2021
ASSETS		
Current assets		

Cash and cash equivalents	\$ 3,217,925	\$ 11,062,590
Restricted cash	4,819,779	6,738,302
Short Term Investment	7,666,483	2,105,938
Notes receivable	33,019,721	37,551,121
Accounts receivable, net of allowance for doubtful accounts of \$822,482 and \$859,319, respectively	18,194,405	15,915,002
Inventories	23,948,131	25,803,474
Due from related parties-current	37,654,097	39,679,565
Advance to suppliers	703,149	434,893
Prepayments and other current assets	89,402	14,518
Total Current Assets	\$ 129,313,092	\$ 139,305,403
Non-current asset		
Property, plant, equipment and construction in progress, net	17,001,960	18,957,553
Land use rights, net	3,793,171	4,035,198
Other intangible assets	30,294	-
Deferred tax assets	134,740	141,623
Goodwill	3,890	3,890
Operating lease right-of-use assets	64,176	80,682
Other non-current assets	44,335	44,093
Total non-current assets	\$ 21,072,566	\$ 23,263,039
TOTAL ASSETS	\$ 150,385,658	\$ 162,568,442

GREENLAND TECHNOLOGIES HOLDING CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
AS OF JUNE 30, 2022 AND DECEMBER 31, 2021 (Continued)
(IN U.S. DOLLARS)

	<u>June 30,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
Current Liabilities		
Short-term bank loans	\$ 9,081,680	\$ 8,760,945
Notes payable-bank acceptance notes	33,752,065	42,093,061
Accounts payable	25,843,583	29,064,132
Taxes payables	-	108,058
Customer deposits	272,140	387,919
Due to related parties	1,598,109	3,619,459
Other current liabilities	1,276,059	1,198,427
Current portion of operating lease liabilities	34,331	33,308
Lease obligations - current	-	197,915
Total current liabilities	\$ 71,857,967	\$ 85,463,224
Long-term liabilities		
Lease obligations – non-current	-	-
Long term operating lease liabilities	30,205	47,614
Other long-term liabilities	1,983,069	2,212,938
Total long-term liabilities	\$ 2,013,274	\$ 2,260,552
TOTAL LIABILITIES	\$ 73,871,241	\$ 87,723,776
COMMITMENTS AND CONTINGENCIES		
EQUITY		
Ordinary shares, no par value, unlimited shares authorized; 11,329,530 and 11,329,530 shares issued and outstanding as of June 30, 2022 and December 31, 2021.	-	-
Additional paid-in capital	23,836,433	23,759,364
Statutory reserves	3,842,331	3,842,331
Retained earnings	36,943,012	33,668,696
Accumulated other comprehensive income (loss)	(1,457,559)	1,014,399
Total shareholders' equity	\$ 63,164,217	\$ 62,284,790
Non-controlling interest	13,350,200	12,559,876
TOTAL EQUITY	\$ 76,514,417	\$ 74,844,666
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 150,385,658	\$ 162,568,442

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