



Greenland Technologies Reports Third Quarter 2022 Unaudited Financial Results

November 9, 2022

-3Q22 Net Income Increases 67% Compared to 3Q21

EAST WINDSOR, N.J., Nov. 9, 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 third quarter ended September 30, 2022.



Third Quarter 2022 Financial and Operating Highlights

- **Total revenue** was \$21.8 million, compared with \$23.1 million a year ago.
- **Gross margin** was 22.1%, on par with the same period of 2021.
- **Total operating expenses** was \$2.7 million, 10% lower from a year ago due to improved operating efficiencies.
- **Net income** was \$2.1 million, an increase of 67% from \$1.3 million in the same period of 2021.
- **Transmissions products sold** were 31,303 units, slightly higher than 31,050 units last year.

Mr. Raymond Wang, Chief Executive Officer of Greenland Technologies Holding Corporation, commented, "While we are not immune to the ongoing global supply chain challenges, inflationary pressures and lockdowns in China, we made significant progress in the areas that will drive our long-term growth and build value for shareholders. For example, we are firmly on track with our capacity plans for the U.S., and we are seeing an improvement in the supply chain with lower freight costs and speed. We are also benefitting from the full support of Maryland's local and state level officials after formally opening our new Baltimore facility. They share in our leadership vision of the opportunities for electrification of industrial vehicles and the positive economic impact from job creation, related commerce and positives for the environment. This represents a significant opportunity for Greenland and the communities we operate in."

"We are also pleased with the additional innovation and further development with our strategic partners of new features for our vehicles that not only differentiate our HEVI brand but add premium value for our customers, including tracking now available with vehicle purchase. This is an essential selling point as operators laser focus on fleet ROI and asset utilization. Overall, we continue to benefit from several Greenland-specific catalysts. We are entering Q4 with a solid backlog and expect our results to more accurately reflect our business fundamentals as we move through 2023 and current headwinds become tailwinds. Longer-term we continue to make steady progress toward our ambitious goals, including the ramping our new U.S. assembly facility. This will serve as a powerful, high visibility showcase for our vehicles, which we expect will drive sales by helping us convert customer interest into orders when they see our innovative vehicles in person."

Mr. Jing Jin, Chief Financial Officer of Greenland, commented: "Our third quarter revenue was negatively impacted by the stronger dollar. Excluding FX impact, our revenue in Chinese RMB actually grew 2% year-over-year. During Q3, we also improved our operating efficiency by streamlining and simplifying our product lines, which led to a 10% decrease in our operating expenses and contributed to our 67% increase in net income. Looking ahead, we will continue to manage operating expenses closely as we shift our focus towards ramping up HEVI production capacity and deployment capabilities."

Recent Developments and Strategic Highlights:

- **Launched Vehicle Tracking System:** Greenland selected Cyngn Inc. ("Cyngn") (Nasdaq: CYN), a developer of innovative autonomous driving solutions for industrial and commercial applications, as the exclusive supplier of Infinitracker asset tracking systems for the Company's HEVI electric industrial vehicles. The Infinitrackers will enable HEVI vehicle consumers to track their vehicle locations through a simple web portal.
- **Launch of Assembly Site in Baltimore, Maryland:** Greenland opened a 54,000 square foot assembly facility in Baltimore, Maryland to support local service, assembly, and distribution of its electric industrial heavy equipment product line. The Company anticipates this facility will be able to produce over 500 units a year and create 4 to 5 dozen green jobs at full capacity.
- **Siemens EV Chargers Compatible with HEVI Products:** HEVI electric products has successfully tested compatible with Siemens's EV charging station network at their site in Wendell, NC. This is the start of a campaign to ensure HEVI compatibility with all major EV charging station providers in the US.
- **Closed \$10 Million Registered Direct and Private Placement:** Greenland raised \$10.0 million via a registered offering and a private placement with Aegis Capital Corp as the placement agent. This transaction significantly strengthen Greenland's balance sheet and the Company intends to use the net proceeds for working capital and general corporate purposes.

Third Quarter 2022 Financial Results

Total revenue was \$21.8 million, compared with \$23.1 million in the third quarter of 2021, primarily due to the impact of unfavorable foreign exchange. On an RMB basis, total revenues increased by approximately 2% from the third quarter of 2021. The number of transmission products sold was

31,303 units, up 1% from 31,050 units in the third quarter of 2021.

Costs of goods sold were \$17.0 million, a decrease of 6% from \$18.0 million in the third quarter of 2021, primarily due to the impact of foreign exchange.

Gross profit was \$4.8 million, compared with \$5.1 million in the third quarter of 2021, primarily due to the impact of unfavorable foreign exchange. Gross margin was 22.1%, on par with the third quarter of 2021.

Total operating expenses were \$2.7 million, a decrease of 10% from \$3.0 million in the third quarter of 2021. Operating expenses as a percentage of total revenues was 12.6%, down 60 basis points from 13.2% in the third quarter of 2021. The decrease in operating expenses was primarily due to improved operating efficiency.

Income from operations was \$2.07 million, an increase of 1% from \$2.05 million in the third quarter of 2021.

Net income was \$2.1 million, an increase of 67% from \$1.3 million in the third quarter of 2021, primarily due to improved operating efficiency, increase in grant income and lower effective tax rate.

Basic and diluted net income per ordinary share were both \$0.1, compared with \$0.09 in the third quarter of 2021.

Conference Call

Greenland Technologies management will host an earnings conference call at 8:00 AM on Wednesday, November 9, 2022, U.S. Eastern Time (9:00 PM on November 9, 2022, Beijing/Hong Kong Time).

Participant Registration

Investors and analysts interested in participating in Greenland's third quarter 2022 earnings call need to register in advance using the URL provided below. Conference access information will be provided upon registration.

Participant Online Pre-Registration: <https://register.vevent.com/register/Ble16b8fc2914c4c76ba13993c76c2a903>

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 [HEVI](#).

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 NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021
(UNAUDITED, IN U.S. DOLLARS)

	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2022	2021	2022	2021
REVENUES	\$ 21,786,862	\$ 23,084,793	\$ 71,696,324	\$ 75,899,994
COST OF GOODS SOLD	16,974,566	17,987,363	55,676,893	59,993,008
GROSS PROFIT	4,812,296	5,097,430	16,019,431	15,906,986
Selling expenses	521,865	522,770	1,679,600	1,397,462
General and administrative expenses	1,192,210	1,150,769	3,716,590	2,814,120

Research and development expenses	1,023,443	1,372,215	2,968,572	3,337,056
Total operating expenses	\$ 2,737,518	\$ 3,045,754	\$ 8,364,762	\$ 7,548,638
INCOME FROM OPERATIONS	\$ 2,074,778	\$ 2,051,676	\$ 7,654,669	\$ 8,358,348
Interest income	12,790	4,737	35,239	14,165
Interest expense	(125,981)	(106,506)	(322,641)	(508,359)
Loss on disposal of property and equipment	(301)	-	(695)	(959)
Other income	655,838	231,466	1,418,580	830,515
INCOME BEFORE INCOME TAX	\$ 2,617,124	\$ 2,181,373	\$ 8,785,152	\$ 8,693,710
INCOME TAX	518,931	927,844	1,392,735	1,844,619
NET INCOME	\$ 2,098,193	\$ 1,253,529	\$ 7,392,417	\$ 6,849,091
LESS: NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTEREST	820,229	225,181	2,840,137	911,422
NET INCOME ATTRIBUTABLE TO GREENLAND TECHNOLOGIES HOLDING CORPORATION AND SUBSIDIARIES	\$ 1,277,964	\$ 1,028,348	\$ 4,552,280	\$ 5,937,669
OTHER COMPREHENSIVE INCOME (LOSS):	(4,552,121)	(605,515)	(8,253,663)	(29,781)
Unrealized foreign currency translation income (loss) attributable to Greenland Technologies Holding Corporation and subsidiaries	(2,974,517)	(433,694)	(5,446,475)	(31,313)
Unrealized foreign currency translation income (loss) attributable to Noncontrolling interest	(1,577,604)	(171,821)	(2,807,188)	1,532
Comprehensive income (loss)	(1,696,553)	594,654	(894,195)	5,906,356
Noncontrolling interest	(757,375)	53,360	32,949	912,954
WEIGHTED AVERAGE ORDINARY SHARES OUTSTANDING:				
Basic and diluted	12,222,387	11,329,530	11,628,243	10,715,132
NET INCOME PER ORDINARY SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY:				
Basic and diluted	0.10	0.09	0.39	0.55

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

	<u>September 30, 2022</u>	<u>December 31, 2021</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 11,306,600	\$ 11,062,590
Restricted cash	3,720,931	6,738,302
Short Term Investment	12,243,140	2,105,938
Notes receivable	31,606,518	37,551,121
Accounts receivable, net of allowance for doubtful accounts of \$774,452 and \$859,319, respectively	18,344,356	15,915,002
Inventories	21,884,848	25,803,474
Due from related parties-current	35,462,308	39,679,565
Advance to suppliers	676,823	434,893
Prepayments and other current assets	96,323	14,518
Total Current Assets	<u>\$ 135,341,847</u>	<u>\$ 139,305,403</u>
Non-current asset		
Property, plant, equipment and construction in progress, net	15,503,755	18,957,553
Land use rights, net	3,550,039	4,035,198
Other intangible assets	157,153	-
Deferred tax assets	126,872	141,623
Goodwill	3,890	3,890
Operating lease right-of-use assets	2,748,910	80,682
Other non-current assets	242,866	44,093
Total non-current assets	<u>\$ 22,333,485</u>	<u>\$ 23,263,039</u>
TOTAL ASSETS	<u>\$ 157,675,332</u>	<u>\$ 162,568,442</u>

<u>September 30, 2022</u>	<u>December 31, 2021</u>
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Current Liabilities		
Short-term bank loans	\$ 8,715,822	\$ 8,760,945
Notes payable-bank acceptance notes	33,716,344	42,093,061
Accounts payable	23,954,824	29,064,132
Taxes payables	-	108,058
Customer deposits	196,125	387,919
Due to related parties	1,594,227	3,619,459
Other current liabilities	1,622,362	1,198,427
Current portion of operating lease liabilities	462,365	33,308
Long-term payables - current	-	197,915
Total current liabilities	\$ 70,262,069	\$ 85,463,224
Long-term liabilities		
Long-term payables – non-current	-	-
Long term operating lease liabilities	2,293,844	47,614
Other long-term liabilities	1,828,340	2,212,938
Total long-term liabilities	\$ 4,122,184	\$ 2,260,552
TOTAL LIABILITIES	\$ 74,384,253	\$ 87,723,776
COMMITMENTS AND CONTINGENCIES		
EQUITY		
Ordinary shares, no par value, unlimited shares authorized; 12,579,530 and 11,329,530 shares issued and outstanding as of September 30, 2022 and December 31, 2021.	-	-
Additional paid-in capital	32,955,927	23,759,364
Statutory reserves	3,842,331	3,842,331
Retained earnings	38,220,976	33,668,696
Accumulated other comprehensive income (loss)	(4,432,076)	1,014,399
Total shareholders' equity	\$ 70,587,158	\$ 62,284,790
Non-controlling interest	12,703,921	12,559,876
TOTAL EQUITY	\$ 83,291,079	\$ 74,844,666
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 157,675,332	\$ 162,568,442

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