



## Greenland Technologies Reports Fourth Quarter and Full Year 2022 Unaudited Financial Results

March 30, 2023

- **4Q22 Gross Margin Rises 380 Basis Points Year over Year**
- **FY22 Gross Margin Rises 200 Basis Points Year over Year**
- **Cash Balance Rises 47% to \$16.3 Million as of End-22**

EAST WINDSOR, N.J., March 30, 2023 /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 fourth quarter and full year ended December 31, 2022.



### Full Year 2022 Financial and Operating Highlights

- **Revenue** was \$90.8 million, compared with \$98.8 million a year ago.
- **Gross margin** was 21.8%, up 200 basis point from 19.8% in 2021 on improved product mix.
- **Net income** was \$6.6 million, compared with \$7.3 million in 2021.
- **Transmissions products sold** were 129,686 units, compared with 141,431 units last year.

Mr. Raymond Wang, Chief Executive Officer of Greenland Technologies Holding Corporation, commented, "Even though China's zero covid restrictions put pressure on transmission product sales in the fourth quarter and the full year, we maintained our competitive position in the sector. Looking forward, we are beginning to see demand recover following the end of China's zero covid restrictions. As a result, we anticipate revenue growth for our core transmissions business in 2023."

Mr. Wang continued, "We continue to make progress with our HEVI division of all-electric industrial heavy equipment. I am proud to announce that we have multiple active product pilots and demos with flagship organizations such as United Rentals, Inc, the world's largest equipment rental company. The product demand and growth potential we have witnessed further strengthens our resolve to continue investing in HEVI infrastructure, talent and technology. We will pioneer and lead the industry's transition from heavy emission fossil fuels to cleaner alternative power."

Mr. Jing Jin, Chief Financial Officer of Greenland, commented: "Despite the challenging environment, our deliberate transition towards higher value transmission products helped improve our gross margin to 19.9% in the fourth quarter and 21.8% for the full year, representing a 380 and 200 basis point improvement year over year, respectively. Additionally, our balance sheet remains strong with \$16.3 million cash on hand. Given our strong financials and significant growth potential we believe Greenland's current market capitalization does not accurately reflect our true value."

### Recent Developments and Strategic Highlights:

- **Multiple Active Product Pilots:** Greenland, through its HEVI subsidiary, has secured active product demos and pilots with market-leading organizations such as United Rentals, Inc.
- **Ramp Up of Assembly Site in Baltimore, Maryland:** The initial US-based assembly site continues to ramp up its staff, procedures and equipment with the first machine expected to roll off the assembly line in Q2 2023.
- **Expansion of HEVI Leadership Team:** Greenland continues to invest in HEVI by expanding and developing its leadership team including a new Chief Operating Officer to accelerate business development.

### Full Year 2022 Financial Results

Revenue was \$90.8 million, a decrease of 8% from \$98.8 million in 2021, primarily due to lower sales volume resulting from pandemic lockdowns in China and negative FX from a stronger dollar. The number of transmission products sold was 129,686 units, compared with 141,431 units in 2021. On an RMB basis, excluding the impact of FX, total revenue decreased by approximately 3.7% from 2021.

Costs of goods sold were \$71 million, a decrease of 10% from \$79.2 million in 2021, primarily due to the decrease in sales volume.

Gross profit was \$19.8 million, a slight increase of 1.2% from \$19.6 million in 2021. Gross margin was 21.8%, up 200 basis points from 19.8% in 2021, as a result of a strategic shift in Greenland's product mix towards higher value, and more sophisticated products, such as hydraulic transmissions.

Total operating expenses were \$13.9 million, compared with \$11.3 million in 2021. Operating expenses as a percentage of total revenue was 15.3%, compared with 11.5% in 2021. The increase in operating expenses were primarily due to higher employee expense, increased marketing activities and higher legal and consultancy fees associated with the Company's expansion.

Income from operations was \$6 million, compared with \$8.3 million in 2021.

Net income was \$6.6 million, compared with \$7.3 million in 2021.

Basic and diluted net income per ordinary share were both \$0.30, compared with \$0.58 in 2021.

Cash and cash equivalents were \$16.3 million as of December 31, 2022, an increase of 47% from \$11.0 million as of December 31, 2021.

## Fourth Quarter 2022 Financial Results

Revenue was \$19.1 million, a decrease of 17% from \$22.9 million in the fourth quarter of 2021, primarily due to lower sales volume resulting from pandemic lockdowns in China and negative FX from a stronger dollar. The number of transmission products sold was 27,542 units, compared with 31,349 units in the fourth quarter of 2021. On an RMB basis, excluding the impact of FX, total revenues decreased by approximately 6% from the fourth quarter of 2021.

Costs of goods sold were \$15.3 million, a decrease of 21% from \$19.3 million in the fourth quarter of 2021, primarily due to the decrease in sales volume.

Gross profit was \$3.8 million, compared with \$3.7 million in the fourth quarter of 2021. Gross margin was 19.9%, up 380 basis points from 16.1% in the fourth quarter of 2021, as a result of a strategic shift in Greenland's product mix towards higher value, and more sophisticated products, such as hydraulic transmissions.

Total operating expenses were \$5.5 million, compared with \$3.8 million in the fourth quarter of 2021. Operating expenses as a percentage of total revenues was 28.8%, compared with 16.5% in the fourth quarter of 2021. The increase in operating expenses were primarily due to higher employee expense, increased marketing activities and higher legal and consultancy fees associated with the Company's expansion.

Loss from operations was \$1.7 million, compared with \$0.1 million in the fourth quarter of 2021.

Net loss was \$0.8 million, compared with net income of \$0.4 million in the fourth quarter of 2021.

Basic and diluted net loss per ordinary share were both \$0.08, compared with basic and diluted net income of \$0.03 per ordinary share in the fourth quarter of 2021.

## Conference Call

Greenland Technologies management will host an earnings conference call at 8:00 AM on Thursday, March 30, 2023, U.S. Eastern Time (8:00 PM on March 30, 2022, Beijing/Hong Kong Time).

## Participant Registration

Investors and analysts interested in participating in Greenland's fourth quarter and full year 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/Bldcb2edf13f0141819e35adc0a45def6b>

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 Corp.](#)

## 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](http://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 MONTHS AND YEARS ENDED DECEMBER 31, 2022 and 2021**  
**(IN U.S. DOLLARS)**

| For the three months ended<br>December 31, |      | For the years ended<br>December 31, |      |
|--|------|-------------------------------------|------|
| 2022                                       | 2021 | 2022                                | 2021 |

|   |                       |                      |                      |                      |
|---|-----------------------|----------------------|----------------------|----------------------|
| <b>REVENUES</b>   | <b>\$ 19,134,350</b>  | <b>\$ 22,939,906</b> | <b>\$ 90,830,674</b> | <b>\$ 98,839,900</b> |
| <b>COST OF GOODS SOLD</b>   | <b>15,319,047</b>     | <b>19,253,272</b>    | <b>70,995,940</b>    | <b>79,246,280</b>    |
| <b>GROSS PROFIT</b>   | <b>3,815,303</b>      | <b>3,686,634</b>     | <b>19,834,734</b>    | <b>19,593,620</b>    |
| Selling expenses  | 950,626               | 470,694              | 2,630,226            | 1,868,156            |
| General and administrative expenses   | 1,742,430             | 1,134,730            | 5,459,020            | 3,948,850            |
| Research and development expenses   | 2,818,374             | 2,189,490            | 5,786,946            | 5,526,546            |
| <b>Total operating expenses</b>   | <b>\$ 5,511,430</b>   | <b>\$ 3,794,914</b>  | <b>\$ 13,876,192</b> | <b>\$ 11,343,552</b> |
| <b>INCOME FROM OPERATIONS</b>   | <b>\$ (1,696,127)</b> | <b>\$ (108,280)</b>  | <b>\$ 5,958,542</b>  | <b>\$ 8,250,068</b>  |
| Interest income   | 21,578                | 54,130               | 56,817               | 68,295               |
| Interest expense  | (80,327)              | (78,905)             | (402,968)            | (587,264)            |
| (Loss) income on disposal of property and equipment   | (816)                 | 2,744                | (1,511)              | 1,785                |
| Other income  | 286,926               | 548,082              | 1,705,506            | 1,378,597            |
| <b>INCOME BEFORE INCOME TAX</b>   | <b>\$ (1,468,766)</b> | <b>\$ 417,771</b>    | <b>\$ 7,316,386</b>  | <b>\$ 9,111,481</b>  |
| <b>INCOME TAX</b>   | <b>(693,044)</b>      | <b>(1,359)</b>       | <b>699,691</b>       | <b>1,843,260</b>     |
| <b>NET INCOME</b>   | <b>\$ (775,722)</b>   | <b>\$ 419,130</b>    | <b>\$ 6,616,695</b>  | <b>\$ 7,268,221</b>  |
| LESS: NET INCOME ATTRIBUTABLE TO<br>NONCONTROLLING INTEREST   | 216,993               | 91,221               | 3,057,130            | 1,002,643            |
| <b>NET INCOME (LOSS) ATTRIBUTABLE TO<br/>GREENLAND TECHNOLOGIES HOLDING<br/>CORPORATION AND SUBSIDIARIES</b>                            | <b>\$ (992,715)</b>   | <b>\$ 327,909</b>    | <b>\$ 3,559,565</b>  | <b>\$ 6,265,578</b>  |
| <b>OTHER COMPREHENSIVE INCOME (LOSS):</b>   | <b>2,402,406</b>      | <b>1,506,491</b>     | <b>(5,740,161)</b>   | <b>1,476,710</b>     |
| Unrealized foreign currency translation income (loss)<br>attributable to Greenland Technologies Holding<br>Corporation and subsidiaries | 1,600,657             | 1,108,637            | (3,845,818)          | 1,077,324            |
| Unrealized foreign currency translation income (loss)<br>attributable to Noncontrolling interest  | 801,749               | 397,854              | (1,894,343)          | 399,386              |
| <b>Comprehensive income (loss)</b>  | <b>607,942</b>        | <b>1,436,546</b>     | <b>(286,253)</b>     | <b>7,342,902</b>     |
| <b>Noncontrolling interest</b>  | <b>1,018,742</b>      | <b>489,075</b>       | <b>1,162,787</b>     | <b>1,402,029</b>     |
| <b>WEIGHTED AVERAGE ORDINARY SHARES<br/>OUTSTANDING:</b>  |                       |                      |                      |                      |
| Basic and diluted   | 12,657,590            | 11,329,530           | 11,886,876           | 10,840,638           |
| <b>NET INCOME (LOSS) PER ORDINARY SHARE<br/>ATTRIBUTABLE TO OWNERS OF THE<br/>COMPANY:</b>  |                       |                      |                      |                      |
| Basic and diluted   | (0.08)                | 0.03                 | 0.30                 | 0.58                 |

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

|   | <u>December 31,<br/>2022</u> | <u>December 31,<br/>2021</u> |
|---|------------------------------|------------------------------|
| <b>ASSETS</b>   |                              |                              |
| <b>Current assets</b>   |                              |                              |
| Cash and cash equivalents   | \$ 16,295,695                | \$ 11,062,590                |
| Restricted cash   | 3,433,361                    | 6,738,302                    |
| Short Term Investment   | 7,800,723                    | 2,105,938                    |
| Notes receivable  | 28,748,879                   | 37,551,121                   |
| Accounts receivable, net of allowance for doubtful accounts of \$762,325 and<br>\$859,319, respectively | 14,337,760                   | 15,915,002                   |
| Inventories   | 23,096,382                   | 25,803,474                   |
| Due from related parties-current  | 36,669,907                   | 39,679,565                   |
| Advance to suppliers  | 412,766                      | 434,893                      |
| Prepayments and other current assets  | 1,568,687                    | 14,518                       |
| <b>Total Current Assets</b>   | <b>\$ 132,364,160</b>        | <b>\$ 139,305,403</b>        |
| <b>Non-current asset</b>  |                              |                              |
| Property, plant, equipment and construction in progress, net  | 15,585,214                   | 18,957,553                   |

|                                     |                       |                       |
|-------------------------------------|-----------------------|-----------------------|
| Land use rights, net                | 3,639,067             | 4,035,198             |
| Other intangible assets             | 147,465               | -                     |
| Long term investment                | 250,000               | -                     |
| Deferred tax assets                 | 219,207               | 141,623               |
| Goodwill                            | -                     | 3,890                 |
| Operating lease right-of-use assets | 2,627,110             | 80,682                |
| Other non-current assets            | 283,118               | 44,093                |
| <b>Total non-current assets</b>     | <b>\$ 22,751,181</b>  | <b>\$ 23,263,039</b>  |
| <b>TOTAL ASSETS</b>                 | <b>\$ 155,115,341</b> | <b>\$ 162,568,442</b> |

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

|   | <u>December 31,</u><br><u>2022</u> | <u>December 31,</u><br><u>2021</u> |
|---|------------------------------------|------------------------------------|
| <b>Current Liabilities</b>  |                                    |                                    |
| Short-term bank loans   | \$ 8,986,255                       | \$ 8,760,945                       |
| Notes payable-bank acceptance notes   | 28,272,472                         | 42,093,061                         |
| Accounts payable  | 24,817,165                         | 29,064,132                         |
| Taxes payables  | 192,478                            | 108,058                            |
| Customer deposits   | 227,432                            | 387,919                            |
| Due to related parties  | 1,693,315                          | 3,619,459                          |
| Other current liabilities   | 1,547,390                          | 1,198,427                          |
| Current portion of operating lease liabilities  | 472,182                            | 33,308                             |
| Lease obligations - current   | -                                  | 197,915                            |
| <b>Total current liabilities</b>  | <b>\$ 66,208,689</b>               | <b>\$ 85,463,224</b>               |
| <b>Long-term liabilities</b>  |                                    |                                    |
| Long term operating lease liabilities   | 2,176,130                          | 47,614                             |
| Other long-term liabilities   | 1,812,759                          | 2,212,938                          |
| <b>Total long-term liabilities</b>  | <b>\$ 3,988,889</b>                | <b>\$ 2,260,552</b>                |
| <b>TOTAL LIABILITIES</b>  | <b>\$ 70,197,578</b>               | <b>\$ 87,723,776</b>               |
| <b>COMMITMENTS AND CONTINGENCIES</b>  |                                    |                                    |
| <b>EQUITY</b>   |                                    |                                    |
| Ordinary shares, no par value, 12,978,504 shares authorized; 12,978,504 and 11,329,530 shares issued and outstanding as of December 31, 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   | 37,228,261                         | 33,668,696                         |
| Accumulated other comprehensive income (loss)   | (2,831,419)                        | 1,014,399                          |
| <b>Total shareholders' equity</b>   | <b>\$ 71,195,100</b>               | <b>\$ 62,284,790</b>               |
| Non-controlling interest  | 13,722,663                         | 12,559,876                         |
| <b>TOTAL EQUITY</b>   | <b>\$ 84,917,763</b>               | <b>\$ 74,844,666</b>               |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>   | <b>\$ 155,115,341</b>              | <b>\$ 162,568,442</b>              |

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SOURCE Greenland Technologies Holding Corporation

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