



Greenland Technologies Reports First Quarter 2023 Unaudited Financial Results

May 19, 2023

- **1Q23 Gross Margin Improves 320 Basis Points Year-over-Year**
- **Cash and Cash Equivalents Rises 125% Year-over-Year to \$15.4 Million**

EAST WINDSOR, N.J., May 19, 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 first quarter ended March 31, 2023.



First Quarter 2023 Financial and Operating Highlights

- **Revenue** was \$22.1 million, compared with \$29.3 million a year ago.
- **Gross margin** was 24.9%, up 320 basis point from 21.7% a year ago on improved product mix.
- **Net income** was \$2.5 million, compared with \$2.9 million in the first quarter of 2022.
- **Transmissions products sold** were 36,841 units, compared with 41,902 units last year.

Mr. Raymond Wang, Chief Executive Officer of Greenland Technologies Holding Corporation, commented, "We delivered results in line with our expectations. Demand remained soft in the first quarter as a result of our clients ramping up their production after the end of China's zero COVID policies and significant pent-up travel demand during this year's Chinese New Year holiday. However we continued to drive higher profitability through improved mix of higher value products and increased operational efficiencies. We expect demand to improve in the second half of the year and continue to anticipate revenue growth for our core transmission business in 2023."

Mr. Wang continued, "Our HEVI division of all-electric industrial heavy equipment continues to make progress in establishing our foundation, expanding market awareness and developing the team. I am pleased to announce that we have hired Dana Hopkins to lead our HEVI division as the Chief Operating Officer. Dana brings extensive senior leadership experience in the commercial industrial and material handling machinery industry and will be instrumental in helping us grow this new market and HEVI's industry-leading position. Brand awareness and product interest continues to grow from potential customers, partners or authorities through our active participation in a series of trade shows along with our ongoing product pilots and demos. Overall, we believe 2023 will be a strong year for our company."

Mr. Jing Jin, Chief Financial Officer of Greenland, commented: "Our strategic shift towards higher value and more sophisticated transmission products continued to improve profitability, highlighted by a 320-basis point increase in gross margin year-over-year to 24.9% in the first quarter. This is a testament to our leadership position in the industry and effectiveness of our business strategies. Meanwhile, we've been focusing on cost management and operational efficiency while also continuing to invest in the HEVI infrastructure, talent, and technology in order to drive long-term growth. Finally, we maintained a robust balance sheet with \$15.4 million cash on hand, up 125% from a year ago. With a solid balance sheet and growth strategies, we are confident in our ability to grow both core transmission business as well as our HEVI division and create significant value for shareholders."

First Quarter 2023 Financial Results

Revenue was \$22.1 million, a decrease of 24% from \$29.3 million in the first quarter of 2022, primarily due to logistical and supply chain challenges due to the initial wave of covid cases following the end of China's zero covid policies and significant pent-up demand related travel during this year's Chinese New Year holiday. In addition, revenue was impacted by a stronger dollar relative to the Chinese RMB. On an RMB basis, excluding the impact of FX, total revenues decreased by approximately 18% from the first quarter of 2022. The number of transmission products sold was 36,841 units, compared with 41,902 units in the first quarter of 2022.

Costs of goods sold were \$16.6 million, a decrease of 28% from \$22.9 million in the first quarter of 2022, primarily due to the decrease in sales volume.

Gross profit was \$5.5 million, compared with \$6.4 million in the first quarter of 2022. Gross margin was 24.9%, up 320 basis points from 21.7% in the first quarter of 2022, 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 \$3.1 million, compared with \$3.0 million in the first quarter of 2022. The Company has focused on significantly streamlining costs over the past year, which has mostly offset increases in R&D investment and marketing activities related to the company's expansion.

Income from operations was \$2.4 million, compared with \$3.4 million in the first quarter of 2022.

Net income was \$2.5 million, compared with net income of \$2.9 million in the first quarter of 2022.

Basic and diluted net income per ordinary share were both \$0.11, compared with \$0.16 per ordinary share in the first quarter of 2022.

Conference Call

Greenland Technologies management will host an earnings conference call at 8:00 AM on Friday, May 19, 2023, U.S. Eastern Time (8:00 PM on May

19, 2023, Beijing/Hong Kong Time).

Participant Registration

Investors and analysts interested in participating in Greenland's first quarter 2023 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/BI5632ba100a7047dba40ba463a3374c1f>

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 filed with the U.S. 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 MONTHS ENDED MARCH 31, 2023 AND 2022
(UNAUDITED, IN U.S. DOLLARS)

	For the three months ended March 31,	
	2023	2022
REVENUES	\$ 22,149,360	\$ 29,306,957
COST OF GOODS SOLD	16,625,930	22,938,983
GROSS PROFIT	5,523,430	6,367,974
Selling expenses	387,485	639,647
General and administrative expenses	1,641,904	1,279,746
Research and development expenses	1,119,891	1,082,594
Total operating expenses	\$ 3,149,280	\$ 3,001,987
INCOME FROM OPERATIONS	\$ 2,374,150	\$ 3,365,987
Interest income	30,393	12,562
Interest expense	(66,493)	(105,009)
Loss on disposal of property and equipment	-	(404)
Other income	417,382	261,032
INCOME BEFORE INCOME TAX	\$ 2,755,432	\$ 3,534,168
INCOME TAX	296,858	619,370
NET INCOME	\$ 2,458,574	\$ 2,914,798
LESS: NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTEREST	1,011,599	1,127,746
NET INCOME ATTRIBUTABLE TO GREENLAND TECHNOLOGIES HOLDING CORPORATION AND SUBSIDIARIES	\$ 1,446,975	\$ 1,787,052
OTHER COMPREHENSIVE INCOME (LOSS):	317,332	373,910

Unrealized foreign currency translation income (loss) attributable to Greenland technologies holding corporation and subsidiaries	212,352	248,082
Unrealized foreign currency translation income (loss) attributable to Noncontrolling interest	104,980	125,828
Comprehensive income (loss)	1,659,327	2,035,134
Noncontrolling interest	1,116,579	1,253,574
WEIGHTED AVERAGE ORDINARY SHARES OUTSTANDING:		
Basic and diluted	12,978,504	11,329,530
NET INCOME PER ORDINARY SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY:		
Basic and diluted	0.11	0.16

GREENLAND TECHNOLOGIES HOLDING CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
AS OF MARCH 31, 2023 AND DECEMBER 31, 2022
(IN U.S. DOLLARS)

	<u>March 31, 2023</u>	<u>December 31, 2022</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 15,401,387	\$ 16,295,695
Restricted cash	4,859,230	3,433,361
Short Term Investment	5,968,897	7,800,723
Notes receivable	28,979,885	28,748,879
Accounts receivable, net of allowance for doubtful accounts of \$1,005,569 and \$762,325, respectively	19,383,411	14,337,760
Inventories	22,502,791	23,096,382
Due from related parties-current	36,829,529	36,669,907
Advance to suppliers	626,646	412,766
Prepayments and other current assets	611,559	1,568,687
Total Current Assets	<u>\$ 135,163,335</u>	<u>\$ 132,364,160</u>
Non-current asset		
Property, plant, equipment and construction in progress, net	15,165,621	15,585,214
Land use rights, net	3,632,351	3,639,067
Other intangible assets	133,422	147,465
Long term investment	300,000	250,000
Deferred tax assets	271,609	219,207
Operating lease right-of-use assets	2,503,903	2,627,110
Other non-current assets	255,339	283,118
Total non-current assets	<u>\$ 22,262,245</u>	<u>\$ 22,751,181</u>
TOTAL ASSETS	<u>\$ 157,425,580</u>	<u>\$ 155,115,341</u>

GREENLAND TECHNOLOGIES HOLDING CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
AS OF MARCH 31, 2023 AND DECEMBER 31, 2022 (Continued)
(IN U.S. DOLLARS)

<u>March 31, 2023</u>	<u>December 31, 2022</u>
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Current Liabilities

Short-term bank loans	\$ 7,717,398	\$ 8,986,255
Notes payable-bank acceptance notes	25,230,911	28,272,472
Accounts payable	28,421,937	24,817,165
Taxes payables	158,802	192,478
Customer deposits	196,028	227,432
Due to related parties	1,693,605	1,693,315
Other current liabilities	2,001,331	1,547,390
Current portion of operating lease liabilities	482,122	472,182
Total current liabilities	\$ 65,902,134	\$ 66,208,689
Long-term liabilities		
Long term operating lease liabilities	2,048,848	2,176,130
Other long-term liabilities	1,780,929	1,812,759
Total long-term liabilities	\$ 3,829,777	\$ 3,988,889
TOTAL LIABILITIES	\$ 69,731,911	\$ 70,197,578
COMMITMENTS AND CONTINGENCIES		
EQUITY		
Ordinary shares, no par value, unlimited shares authorized; 12,978,504 and 12,978,504 shares issued and outstanding as of March 31, 2023 and December 31, 2022.	-	-
Additional paid-in capital	32,955,927	32,955,927
Statutory reserves	3,842,331	3,842,331
Retained earnings	38,675,236	37,228,261
Accumulated other comprehensive income (loss)	(2,619,067)	(2,831,419)
Total shareholders' equity	\$ 72,854,427	\$ 71,195,100
Non-controlling interest	14,839,242	13,722,663
TOTAL EQUITY	\$ 87,693,669	\$ 84,917,763
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 157,425,580	\$ 155,115,341

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SOURCE Greenland Technologies Holding Corporation

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