



Greenland Technologies Reports Second Quarter and First Half 2023 Unaudited Financial Results

Aug 21, 2023

- 2Q23 Revenue Increased 14% Year-over-Year
- 2Q23 Gross Margin Improved 590 Basis Points Year-over-Year
- 2Q23 Net Income Increased 24% Year-over-Year
- Cash and Cash Equivalents Grew 373% Year-over-Year to \$15.2 Million

EAST WINDSOR, N.J., Aug. 21, 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 second quarter and first half ended June 30, 2023.



Second Quarter 2023 Financial and Operating Highlights

- **Revenue** was \$23.6 million, an increase of 14% from \$20.6 million a year ago.
- **Gross margin** was 29.4%, up 590 basis points from 23.5% a year ago on improved product mix.
- **Net income** was \$2.9 million, an increase of 24% from \$2.4 million in the second quarter of 2022.
- **Transmissions products sold** were 38,256 units, an increase of 32% from 28,939 units a year ago.

First Half 2023 Financial and Operating Highlights

- **Revenue** was \$45.7 million, compared with \$49.9 million a year ago.
- **Gross margin** was 27.2%, up 470 basis points from 22.5% a year ago on improved product mix.
- **Net income** was \$5.4 million, a slight increase of 2% from \$5.3 million in the first half of 2022.
- **Transmissions products sold** were 75,097 units, an increase of 6% from 70,841 units a year ago.

"We are pleased to deliver strong second quarter results as our core markets in China have largely returned to a new-normal following years of COVID disruptions", said Mr. Raymond Wang, Chief Executive Officer of Greenland Technologies. "Demand for our transmission products increased significantly from the second quarter of last year and drove revenue growth of 14%. On a constant currency basis, our revenue growth was even stronger at 19% year-over-year, after excluding the impact of FX. Further, our strategic focus on higher value products continued to pay off and drove our gross margin to improve nearly 600 basis points to 29.4%, which is a record high for us over the last few years. Looking into the second half of the year, we expect demand to remain strong and we continue to anticipate revenue growth for our core transmission business in 2023."

Mr. Jing Jin, Chief Financial Officer of Greenland, commented: "Improved demand and product mix in the second quarter drove strong financial results across almost every metric. Notably, our net income grew 24% year-over-year and we ended the quarter with \$15.2 million of cash, up nearly 400% from a year ago. These impressive results demonstrate our leading position in the industry and the effectiveness of our business strategies. Going forward, we will continue to leverage our core strengths and execute growth strategies to bolster our core transmission business while also expanding our HEVI division."

Second Quarter 2023 Financial Results

Revenue was \$23.6 million, an increase of 14% from \$20.6 million in the second quarter of 2022, due to the increase in the Company's sales volume of its transmission products. On an RMB basis, excluding the impact of FX, revenue increased approximately 19% from the second quarter of 2022. The number of transmission products sold was 38,256 units, an increase of 32% from 28,939 in the second quarter of 2022.

Costs of goods sold were \$16.6 million, an increase of 6% from \$15.8 million in the second quarter of 2022, primarily due to the increase in sales volume.

Gross profit was \$6.9 million, an increase of 43% from \$4.8 million in the second quarter of 2022. Gross margin was 29.4%, up 590 basis points from 23.5% in the second quarter of 2022, resulting from a strategic shift in Greenland's product mix towards higher value and sophistication products such as hydraulic transmissions.

Total operating expenses were \$3.5 million, an increase of 34% from \$2.6 million in the second quarter of 2022. The increase was primarily due to the Company's focus on R&D investment as well as advertising, marketing, general and administrative activities related to its expansion, along with higher shipping fees.

Income from operations was \$3.4 million, an increase of 54% from \$2.2 million in the second quarter of 2022.

Net income was \$2.9 million, an increase of 24% from \$2.4 million in the second quarter of 2022.

Basic and diluted net income per ordinary share were both \$0.18, an increase of 38% from \$0.13 per ordinary share in the second quarter of 2022.

First Half 2023 Financial Results

Revenue was \$45.7 million, a decrease of 8% from \$49.9 million in the first half of 2022, primarily due to logistical and supply chain challenges in the

first quarter from 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. Revenue was also impacted by a stronger dollar relative to the Chinese RMB. On an RMB basis, excluding the impact of FX, revenue decreased approximately 2% from the first half of 2022. The number of transmission products sold was 75,097 units, an increase of 6% from 70,841 units in the first half of 2022.

Costs of goods sold were \$33.3 million, a decrease of 14% from \$38.7 million in the first half of 2022, primarily due to the decrease in sales.

Gross profit was \$12.5 million, an increase of 11% from \$11.2 million in the first half of 2022. Gross margin was 27.2%, up 470 basis points from 22.5% in the first half of 2022, resulting from a strategic shift in Greenland's product mix towards higher value and sophistication products such as hydraulic transmissions.

Total operating expenses were \$6.7 million, an increase of 18% from \$5.6 million in the first half of 2022. The Company has focused on R&D investment and general and administrative activities related to the Company's expansion, which offset the decrease in after-sales service fees.

Income from operations was \$5.8 million, an increase of 4% from \$5.6 million in the first half of 2022.

Net income was \$5.4 million, a slight increase of 2% from \$5.3 million in the first half of 2022.

Basic and diluted net income per ordinary share were both \$0.3, up 3% from \$0.29 per ordinary share in the first half of 2022.

Conference Call

Greenland Technologies management will host an earnings conference call at 4:30 PM on Monday, August 21, 2023, U.S. Eastern Time (4:30 AM on August 22, 2023, Beijing/Hong Kong Time).

Participant Registration

Investors and analysts interested in participating in Greenland's second quarter and first half 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/BI3891950c447148bf9c94f6a78f21defb>

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 BALANCE SHEETS
AS OF JUNE 30, 2023 AND DECEMBER 31, 2022
(IN U.S. DOLLARS)

	<u>June 30,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 15,232,289	\$ 16,295,695
Restricted cash	3,815,661	3,433,361

Short Term Investment	5,653,055	7,800,723
Notes receivable	31,366,381	28,748,879
Accounts receivable, net of allowance for doubtful accounts of \$1,104,705 and \$762,325, respectively	20,908,968	14,337,760
Inventories	20,216,673	23,096,382
Due from related parties-current	34,675,437	36,669,907
Advance to suppliers	1,068,716	412,766
Prepayments and other current assets	375,495	1,568,687
Total Current Assets	\$ 133,312,675	\$ 132,364,160
Non-current asset		
Property, plant, equipment and construction in progress, net	14,132,165	15,585,214
Land use rights, net	3,418,932	3,639,067
Other intangible assets	120,947	147,465
Long term investment	300,000	250,000
Deferred tax assets	277,222	219,207
Operating lease right-of-use assets	2,379,271	2,627,110
Other non-current assets	255,977	283,118
Total non-current assets	\$ 20,884,514	\$ 22,751,181
TOTAL ASSETS	\$ 154,197,189	\$ 155,115,341

GREENLAND TECHNOLOGIES HOLDING CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
AS OF JUNE 30, 2023 AND DECEMBER 31, 2022 (Continued)
(IN U.S. DOLLARS)

	<u>June 30,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
Current Liabilities		
Short-term bank loans	\$ 7,309,034	\$ 8,986,255
Notes payable-bank acceptance notes	28,120,761	28,272,472
Accounts payable	24,983,677	24,817,165
Taxes payables	-	192,478
Customer deposits	217,674	227,432
Due to related parties	1,690,031	1,693,315
Other current liabilities	2,433,957	1,547,390
Current portion of operating lease liabilities	533,157	472,182
Total current liabilities	\$ 65,288,291	\$ 66,208,689
Long-term liabilities		
Long term operating lease liabilities	1,928,680	2,176,130
Other long-term liabilities	1,641,079	1,812,759
Total long-term liabilities	\$ 3,569,759	\$ 3,988,889
TOTAL LIABILITIES	\$ 68,858,050	\$ 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 June 30, 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	41,074,374	37,228,261
Accumulated other comprehensive income (loss)	(5,804,429)	(2,831,419)
Total shareholders' equity	\$ 72,068,203	\$ 71,195,100
Non-controlling interest	13,270,936	13,722,663
TOTAL EQUITY	\$ 85,339,139	\$ 84,917,763
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 154,197,189	\$ 155,115,341

GREENLAND TECHNOLOGIES HOLDING CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2023 AND 2022
(UNAUDITED, IN U.S. DOLLARS)

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
REVENUES	\$ 23,569,449	\$ 20,602,505	\$ 45,718,809	\$ 49,909,462
COST OF GOODS SOLD	16,641,612	15,763,344	33,267,542	38,702,327
GROSS PROFIT	6,927,837	4,839,161	12,451,267	11,207,135
Selling expenses	574,040	518,088	961,525	1,157,735
General and administrative expenses	1,519,564	1,244,634	3,161,468	2,524,380
Research and development expenses	1,425,394	862,535	2,545,285	1,945,129
Total operating expenses	\$ 3,518,998	\$ 2,625,257	\$ 6,668,278	\$ 5,627,244
INCOME FROM OPERATIONS	\$ 3,408,839	\$ 2,213,904	\$ 5,782,989	\$ 5,579,891
Interest income	44,683	9,887	75,076	22,449
Interest expense	(79,504)	(91,651)	(145,997)	(196,660)
Loss on disposal of property and equipment	(239)	10	(239)	(394)
Other income	(128,768)	501,710	288,614	762,742
INCOME BEFORE INCOME TAX	\$ 3,245,011	\$ 2,633,860	\$ 6,000,443	\$ 6,168,028
INCOME TAX	304,815	254,434	601,673	873,804
NET INCOME	\$ 2,940,196	\$ 2,379,426	\$ 5,398,770	\$ 5,294,224
LESS: NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTEREST	541,058	892,162	1,552,657	2,019,908
NET INCOME ATTRIBUTABLE TO GREENLAND TECHNOLOGIES HOLDING CORPORATION AND SUBSIDIARIES	\$ 2,399,138	\$ 1,487,264	\$ 3,846,113	\$ 3,274,316
OTHER COMPREHENSIVE INCOME (LOSS):	(4,591,131)	(4,075,452)	(4,273,799)	(3,701,542)
Unrealized foreign currency translation income (loss) attributable to Greenland Technologies Holding Corporation and subsidiaries	(3,185,362)	(2,720,040)	(2,973,010)	(2,471,958)
Unrealized foreign currency translation income (loss) attributable to Noncontrolling interest	(1,405,769)	(1,355,412)	(1,300,789)	(1,229,584)
Comprehensive income (loss)	(786,224)	(1,232,776)	873,103	802,358
Noncontrolling interest	(864,711)	(463,250)	251,868	790,324
WEIGHTED AVERAGE ORDINARY SHARES OUTSTANDING:				
Basic and diluted	12,978,504	11,329,530	12,978,504	11,329,530
NET INCOME PER ORDINARY SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY:				
Basic and diluted	0.18	0.13	0.30	0.29

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