



Greenland Technologies Reports Third Quarter and First Nine Months 2023 Unaudited Financial Results

Nov 20, 2023

- ***Company Drives Year-over-Year Revenue Growth and Gross Margin Expansion***
- ***Strengthens Balance Sheet with 90% YoY Increase in Cash and Cash Equivalents***
- ***Company Optimistic about Outlook, with Growth Led by Key Strategic Initiatives Including its Winning Port of Baltimore Bid, and Newly Launched HEVI Approved Service Provider Network Program***

EAST WINDSOR, N.J., Nov. 20, 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 third quarter and nine month period ended September 30, 2023.



Raymond Wang, Chief Executive Officer of Greenland Technologies, said, "We have made considerable progress in our business expansion over the past year and are very optimistic in our outlook based on several catalysts. In our advancement, propelled by our expertise in catering to the expanding global material handling sector through groundbreaking products, our commitment to research and development remains a driving force for growth. We are extending our innovative product offerings into underserved market segments, enabling Greenland to provide cutting-edge products to our customers and achieve higher profit margins for the business."

"At the same time, we continue to make significant progress with our HEVI brand of electric industrial heavy equipment. We continue to pioneer the industry of sustainable heavy machinery through inroads with supportive states, which are incentivizing both production and customer adoption. Our efforts are shining a light on the environmental benefits of electrification of this important industry and have fueled nearly 20 states into offering incentives specifically directed to the electrification of off-highway heavy equipment. We recently announced that HEVI won a bid from Maryland's Port of Baltimore, under which Greenland will help facilitate the Port of Baltimore's ambitious plan to electrify port equipment, including planned sales of our new GEL-5000 all-electric front loader. This is the first step towards market penetration with many more to come as the industry becomes more comfortable and educated on the compelling advantages of our product offerings. As the first company in the U.S. to commercially offer electric off-highway heavy equipment, we will continue to develop and explore the right strategies to penetrate the market and support cleaner job sites for our local communities."

Jing Jin, Chief Financial Officer of Greenland, commented, "We achieved revenue of approximately \$67.6 million for the first nine months of 2023, which represents only a single-digit decrease year over year, despite the continued adverse impact on our business of logistical and supply chain challenges. Given the challenging operating environment, we continue to focus on improving efficiencies and reducing costs wherever possible. We also continue to execute on our product mix shift towards higher value and more sophisticated products, which helped drive an expansion in gross margin to 27.7% from 22.3% for the first nine months of 2023 compared to the first nine months of 2022. Our balance sheet remains strong, with a 90% year over year increase in cash and cash equivalents after paying off an \$8.81 million bank loan, and we have a \$21 million accounts receivable

balance to be collected over the coming quarters."

Financial Highlights

Greenland's revenue was approximately \$21.84 million for the three months ended September 30, 2023, representing an increase of approximately \$0.05 million, or 0.2%, as compared to that of approximately \$21.79 million for the three months ended September 30, 2022. The increase in revenue YoY was primarily an increase in the Company's sales volume, driven by increasing market demand.

Greenland's gross profit was approximately \$6.27 million for the three months ended September 30, 2023, representing an increase by approximately \$1.46 million, or 30.3%, as compared to that of approximately \$4.81 million for the three months ended September 30, 2022.

For the three months ended September 30, 2023 and 2022, Greenland's gross margins were approximately 28.7% and 22.1%, respectively. The increase in gross margin in the three months ended September 30, 2023 compared to same time frame in 2022 was primarily due to a shift in Greenland's product mix towards higher value and more sophisticated products, such as hydraulic transmission products.

Cost of goods sold was approximately \$15.57 million for the three months ended September 30, 2023, representing a decrease by approximately \$1.40 million, or 8.3%, as compared to that of approximately \$16.97 million for the three months ended September 30, 2022. Cost of goods sold decreased due to the decrease in production cost.

Total operating expenses were \$3.46 million, an increase of 26.5% from \$2.74 million in the third 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 for the three months ended September 30, 2023, was approximately \$2.81 million, representing an increase of approximately \$0.74 million, as compared to that of approximately \$2.07 million for Q3 2022.

Net income was approximately \$0.19 million for the three months ended September 30, 2023, representing a decrease of approximately \$1.91 million, as compared to that of approximately \$2.10 million for the three months ended September 30, 2022. Basic and diluted net loss per ordinary share were both \$0.07, compared to net income of \$0.10 per basic and diluted ordinary share in the year ago period.

For the first nine months of 2023, revenue was approximately \$67.56 million, as compared to \$71.69 million in the year ago period. The decrease in revenue was primarily due to logistical and supply chain challenges due to the initial wave of COVID-19 cases following the lifting of China's zero COVID policies in the first quarter of calendar year 2023.

For the first nine months of 2023, Greenland sold an aggregate of 112,414 sets of transmission products, as compared to 102,144 sets for the same period in 2022.

Net income was approximately \$5.59 million for the first nine months of 2023, as compared to \$7.39 million in the year ago period. Basic and diluted net income per ordinary share were both \$0.22, as compared to \$0.39 for the same period the year prior.

Cash equivalents refers to all highly liquid investments purchased with original maturity of three months or less. As of September 30, 2023, Greenland had approximately \$21.54 million of cash and cash equivalents, representing an increase of approximately \$5.25 million, or 32.21%, as compared to that of approximately \$16.30 million as of December 31, 2022. The increase of cash was mainly attributable to the decrease of short-term investment, as compared to that as of December 31, 2022.

Restricted cash represents the amount held by a bank as security for bank acceptance notes and therefore is not available for use until the bank acceptance notes are fulfilled or expired, which typically takes less than twelve months. As of September 30, 2023, Greenland had approximately \$2.80 million of restricted cash, representing a decrease of approximately \$0.63 million, or 18.34%, as compared to that of approximately \$3.43 million as of December 31, 2022. The decrease of restricted cash was due to a decrease of mortgaged assets.

As of September 30, 2023, Greenland had an approximately \$21 million to be collected accounts receivables balance, reflecting slower payment at certain customers given ongoing challenging market conditions.

Third Quarter 2023 Results Conference Call and Webcast

Greenland Technologies management will host an earnings conference call at 8:00 AM on Monday, November 20, 2023, U.S. Eastern Time (9:00 PM on November 20, 2023, Beijing/Hong Kong Time). Investors and analysts can register to participate and will be sent a dedicated dial-in phone number by using the following registration URL:

<https://register.vevent.com/register/BIId34da1aff4fb4551bce99d2a8a3f2f9b>

An archived webcast will also be available on the investor relations section of Greenland's website at <https://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.

For more information, please contact:

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

	<u>September 30,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 21,543,963	\$ 16,295,695
Restricted cash	2,803,756	3,433,361
Short Term Investment	4,393,777	7,800,723
Notes receivable	32,403,217	28,748,879
Accounts receivable, net of allowance for doubtful accounts of \$1,093,826 and \$762,325, respectively	20,826,354	14,337,760
Inventories	20,498,166	23,096,382
Due from related parties-current	34,684,542	36,669,907
Advance to suppliers	1,687,939	412,766
Prepayments and other current assets	90,732	1,568,687
Total Current Assets	<u>\$ 138,932,446</u>	<u>\$ 132,364,160</u>
Non-current asset		
Property, plant, equipment and construction in progress, net	13,730,136	15,585,214
Land use rights, net	3,376,901	3,639,067
Other intangible assets	208,154	147,465
Long term investment	300,000	250,000
Deferred tax assets	279,085	219,207
Operating lease right-of-use assets	2,253,162	2,627,110
Other non-current assets	253,760	283,118
Total non-current assets	<u>\$ 20,401,198</u>	<u>\$ 22,751,181</u>
TOTAL ASSETS	<u>\$ 159,333,644</u>	<u>\$ 155,115,341</u>

GREENLAND TECHNOLOGIES HOLDING CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
AS OF SEPTEMBER 30, 2023 AND DECEMBER 31, 2022 (Continued)

(IN U.S. DOLLARS)

	September 30, 2023	December 31, 2022
Current Liabilities		
Short-term bank loans	\$ 6,524,123	\$ 8,986,255
Notes payable-bank acceptance notes	30,713,480	28,272,472
Accounts payable	25,731,835	24,817,165
Taxes payables	67,776	192,478
Customer deposits	303,122	227,432
Due to related parties	4,080,627	1,693,315
Other current liabilities	2,654,935	1,547,390
Current portion of operating lease liabilities	485,207	472,182
Total current liabilities	\$ 70,561,105	\$ 66,208,689
Long-term liabilities		
Long term operating lease liabilities	1,807,408	2,176,130
Other long-term liabilities	1,577,010	1,812,759
Total long-term liabilities	\$ 3,384,418	\$ 3,988,889
TOTAL LIABILITIES	\$ 73,945,523	\$ 70,197,578
COMMITMENTS AND CONTINGENCIES		
EQUITY		
Ordinary shares, no par value, unlimited shares authorized; 13,594,530 and 12,978,504 shares issued and outstanding as of September 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	40,186,954	37,228,261
Accumulated other comprehensive income (loss)	(3,552,846)	(2,831,419)
Total shareholders' equity	\$ 73,432,366	\$ 71,195,100
Non-controlling interest	11,955,755	13,722,663
TOTAL EQUITY	\$ 85,388,121	\$ 84,917,763
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 159,333,644	\$ 155,115,341

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

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
REVENUES	\$ 21,836,761	\$ 21,786,862	\$ 67,555,570	\$ 71,696,324
COST OF GOODS SOLD	15,568,224	16,974,566	48,835,766	55,676,893
GROSS PROFIT	6,268,537	4,812,296	18,719,804	16,019,431
Selling expenses	606,649	521,865	1,568,174	1,679,600
General and administrative expenses	1,610,100	1,192,210	4,771,568	3,716,590
Research and development expenses	1,245,646	1,023,443	3,790,931	2,968,572
Total operating expenses	\$ 3,462,395	\$ 2,737,518	\$ 10,130,673	\$ 8,364,762
INCOME FROM OPERATIONS	\$ 2,806,142	\$ 2,074,778	\$ 8,589,131	\$ 7,654,669
Interest income	4,242	12,790	79,318	35,239
Interest expense	(72,952)	(125,981)	(218,949)	(322,641)
Loss on disposal of property and equipment	(204)	(301)	(443)	(695)

Other income(expense)	(1,663,423)	655,838	(1,374,809)	1,418,580
INCOME BEFORE INCOME TAX	\$ 1,073,805	\$ 2,617,124	\$ 7,074,248	\$ 8,785,152
INCOME TAX	878,922	518,931	1,480,595	1,392,735
NET INCOME	\$ 194,883	\$ 2,098,193	\$ 5,593,653	\$ 7,392,417
LESS: NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTEREST	1,082,303	820,229	2,634,960	2,840,137
NET INCOME(LOSS) ATTRIBUTABLE TO GREENLAND TECHNOLOGIES HOLDING CORPORATION AND SUBSIDIARIES	\$ (887,420)	\$ 1,277,964	\$ 2,958,693	\$ 4,552,280
OTHER COMPREHENSIVE INCOME (LOSS):	3,756,643	(4,441,025)	(517,156)	(8,142,567)
Unrealized foreign currency translation income (loss) attributable to Greenland Technologies Holding Corporation and subsidiaries	2,251,583	(2,974,517)	(721,427)	(5,446,475)
Unrealized foreign currency translation income (loss) attributable to Noncontrolling interest	1,505,060	(1,466,508)	204,271	(2,696,092)
Comprehensive income (loss) attributable to Greenland Technologies Holding Corporation and subsidiaries	1,364,163	(1,696,553)	2,237,266	(894,195)
Noncontrolling interest	2,587,363	(646,279)	2,839,231	144,045
WEIGHTED AVERAGE ORDINARY SHARES OUTSTANDING:				
Basic and diluted	13,594,530	12,222,387	13,307,954	11,628,243
NET INCOME PER ORDINARY SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY:				
Basic and diluted	(0.07)	0.10	0.22	0.39

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