



Greenland Reports 99.7% YoY Increase in 2Q 2024 Net Income

Aug 15, 2024

- *Drives Gross Margin Stability and Expense Reductions*
- *Introduces Incentives to Accelerate Electric Industrial Vehicle Purchases*
- *Terminates Planned Spin off its Drivetrain Systems Segment*

EAST WINDSOR, N.J., Aug. 15, 2024 /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 six months ended June 30, 2024.



Raymond Wang, Chief Executive Officer of Greenland, said, "We achieved a near 100% increase net income in the second quarter of 2024 compared to the year ago period, demonstrating the considerable scalability in our business and the momentum we are building. Our continued focus on expanding growth of our higher profit, higher return on investment opportunities is clearly paying off, which we expect to accelerate as we move forward. We are also strategically expanding our partner ecosystem to make it easier for customers to purchase and operate our electric industrial vehicles. In addition to further expanding our HEVI Authorized Service Provider ("ASP") national network, we announced an exciting new financing program agreement. Taken together, our growth plans remain firmly on track, which we believe will help us unlock far greater value for shareholders as we continue to successfully execute."

"In line with our strategic focus and portfolio assessment, on June 28, 2024, the Company's board of directors held a board meeting, during which the directors of the Company unanimously approved a decision to terminate its previously announced plan of spinning off its drivetrain systems segment. After due diligence review, the Company's board of directors has identified that the spin-off would likely not generate significant value to its shareholders due to changing market conditions. We have achieved significant milestones over our history as an integrated company and look forward to now working to accelerate growth as still integrated and unified company."

Jing Jin, Chief Financial Officer of Greenland, commented, "Despite the market fluctuations and challenges, we exited the first half of 2024 in a strong financial position with a healthy balance sheet and positive outlook. We are particularly encouraged with the earnings per share ("EPS") growth we delivered with an 88.89% increase in the second quarter of 2024 compared to the second quarter of 2023, and an equally impressive 76.67% increase in EPS for the six months ended June 30, 2024, as compared to the six months ended June 30, 2023. We do not believe our stock price accurately reflects this strong profit growth, the strength of our core business or the size of the opportunities ahead of us over both the near- and long-term."

2Q 2024 Financial Highlights

Greenland's revenue was approximately \$23.02 million for the three months ended June 30, 2024, representing a decrease of approximately \$0.55 million, or 2.3%, as compared to that of approximately \$23.57 million for the three months ended June 30, 2023. The decrease in revenue was primarily a result of the decrease of approximately \$1.62 million in the Company's sales volume of transmission products for the three months ended

June 30, 2024. On an Renminbi ("RMB") basis, Greenland's revenue for the three months ended June 30, 2024 increased by approximately 0.9% as compared to that for the three months ended June 30, 2023.

Greenland's gross profit was approximately \$6.77 million for the three months ended June 30, 2024, representing a decrease of approximately \$0.15 million, or 2.2%, as compared to that of approximately \$6.93 million for the three months ended June 30, 2023. The decrease in gross profit in the three months ended June 30, 2024 compared to the three months ended June 30, 2023 was primarily due to the decrease in the Company's sales volume. For the three months ended June 30, 2024 and 2023, Greenland's gross margin was approximately 29.4%.

Greenland's cost of goods sold consists primarily of material costs, freight charges, purchasing and receiving costs, inspection costs, internal transfer costs, wages, employee compensation, amortization, depreciation and related costs, which are directly attributable to the Company's manufacturing activities. The write down of inventory using the net realizable value impairment test is also recorded in cost of goods sold. The total cost of goods sold was approximately \$16.24 million for the three months ended June 30, 2024, representing a decrease by approximately \$0.40 million, or 2.4%, as compared to that of approximately \$16.64 million for the three months ended June 30, 2023. Cost of goods sold decreased due to the decrease in the Company's sales volume.

Total operating expenses were \$2.79 million, a decrease of 20.7% from \$3.52 million in the second quarter of 2023. The decrease was primarily due to lower shipping fees, staffing costs and general and administrative expenses.

Income from operations for the three months ended June 30, 2024 was approximately \$3.99 million, representing an increase of approximately \$0.58 million, as compared to that of approximately \$3.41 million for the three months ended June 30, 2023.

Net income was approximately \$5.87 million for the three months ended June 30, 2024, an increase of 99.66% from approximately \$2.94 million for the three months ended June 30, 2023. Net income per basic and diluted share was \$0.34 for the three months ended June 30, 2024, representing an increase of 88.89%, as compared to \$0.18 for the three months ended June 30, 2023.

Cash equivalents refers to all highly liquid investments purchased with original maturity of three months or less. As of June 30, 2024, Greenland had approximately \$17.12 million of cash and cash equivalents, representing a decrease of approximately \$5.86 million, or 25.51%, as compared to approximately \$22.98 million as of December 31, 2023. The decrease of cash and cash equivalents was mainly due to a decrease in short-term bank loans and notes payable, as compared to that as of December 31, 2023.

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 June 30, 2024, Greenland had approximately \$3.91 million of restricted cash, representing a decrease of approximately \$1.30 million, or 25.00%, as compared to that of approximately \$5.21 million as of December 31, 2023. The decrease of restricted cash was due to a decrease of notes payable.

As of June 30, 2024, Greenland had \$30.96 million of notes receivables, which it expects to collect within twelve months. The increase was \$3.82 million, or 14.10%, as compared to \$27.14 million as of December 31, 2023.

Six Months Ended June 30, 2024 Financial Highlights

Greenland's revenue was approximately \$45.74 million for the six months ended June 30, 2024, representing an increase of approximately \$0.02 million, or 0.0%, as compared to that of approximately \$45.72 million for the six months ended June 30, 2023. The increase in revenue was primarily a result of the increase of approximately \$1.07 million in the Company's sales volume, driven by increasing market demand of approximately \$1.1 million for electric industrial equipment for the six months ended June 30, 2024. On an RMB basis, Greenland's revenue for the six months ended June 30, 2024 increased by approximately 4.2% as compared to that for the six months ended June 30, 2023.

Greenland's gross profit was approximately \$12.42 million for the six months ended June 30, 2024, representing a decrease by approximately \$0.03 million, or 0.2%, as compared to that of approximately \$12.45 million for the six months ended June 30, 2023. For the six months ended June 30, 2024 and 2023, Greenland's gross margins were approximately 27.16% and 27.23%, respectively. The decrease in gross margins in the six months ended June 30, 2024 compared to the six months ended June 30, 2023 was primarily due to an increase in raw material costs.

Greenland's cost of goods sold consists primarily of material costs, freight charges, purchasing and receiving costs, inspection costs, internal transfer costs, wages, employee compensation, amortization, depreciation and related costs, which are directly attributable to the Company's manufacturing activities. The write down of inventory using the net realizable value impairment test is also recorded in cost of goods sold. The total cost of goods sold was approximately \$33.32 million for the six months ended June 30, 2024, representing an increase by approximately \$0.05 million, or 0.2%, as compared to that of approximately \$33.27 million for the six months ended June 30, 2023. Cost of goods sold increased due to the increase in the Company's sales volume.

Total operating expenses were \$6.51 million, a decrease of 2.40% from \$6.67 million in the first six months of 2023. The decrease was primarily due to lower shipping fees, staffing costs and general and administrative expenses.

Income from operations for the six months ended June 30, 2024 was approximately \$5.91 million, representing an increase of approximately \$0.13 million, as compared to that of approximately \$5.78 million for the six months ended June 30, 2023.

Net income was approximately \$9.44 million for the six months ended June 30, 2024, representing an increase of approximately \$4.04 million, as compared to that of approximately \$5.40 million for the six months ended June 30, 2023. Net income per basic and diluted share was \$0.53 for the six months ended June 30, 2024, representing an increase of 76.67%, as compared to \$0.30 for the six months ended June 30, 2023.

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 the success of Greenland's business execution, ability to unlock shareholder value or its ability to grow its business as an integrated company. 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 (AUDITED, IN U.S. DOLLARS)

| | June 30, 2024 | December 31, 2023 |
|--|-----------------------|-----------------------|
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | \$ 17,119,889 | \$ 22,981,324 |
| Restricted cash | 3,906,138 | 5,208,063 |
| Short Term Investment | 5,504,183 | 2,818,068 |
| Notes receivable | 30,962,280 | 27,135,249 |
| Accounts receivable, net | 21,882,869 | 16,483,533 |
| Inventories, net | 20,251,335 | 24,596,795 |
| Due from related parties-current, net | 228,311 | 225,927 |
| Advance to suppliers | 637,836 | 288,578 |
| Prepayments and other current assets | 1,944,925 | 53,204 |
| Total Current Assets | \$ 102,437,766 | \$ 99,790,741 |
| Non-current asset | | |
| Property, plant, equipment and construction in progress, net | 13,714,991 | 13,698,997 |
| Land use rights, net | 3,326,779 | 3,448,505 |
| Other intangible assets | 137,806 | 189,620 |
| Deferred tax assets | 452,248 | 256,556 |
| Right-of-use assets | 1,871,826 | 2,125,542 |
| Fixed deposit | 4,342,574 | 9,916,308 |
| Other non-current assets | 475,140 | 1,050,698 |
| Total non-current assets | \$ 24,321,364 | \$ 30,686,226 |
| TOTAL ASSETS | \$ 126,759,130 | \$ 130,476,967 |
| Current Liabilities | | |
| Short-term bank loans | \$ - | \$ 3,042,296 |
| Notes payable-bank acceptance notes | 31,407,248 | 36,712,562 |
| Accounts payable | 24,793,173 | 25,272,528 |
| Taxes payables | 740,850 | 758,307 |
| Customer deposits | 491,582 | 137,985 |
| Due to related parties | 3,831,576 | 3,831,636 |
| Other current liabilities | 2,221,355 | 2,281,507 |
| Lease liabilities | 495,693 | 487,695 |
| Total current liabilities | \$ 63,981,477 | \$ 72,524,516 |
| Non-current liabilities | | |
| Lease liabilities | 1,432,987 | 1,684,614 |
| Deferred revenue | 1,381,686 | 1,529,831 |
| Warrant liability | 1,180,281 | 4,084,605 |

| | | |
|--------------------------------------|----------------------|----------------------|
| Total non-current liabilities | \$ 3,994,954 | \$ 7,299,050 |
| TOTAL LIABILITIES | \$ 67,976,431 | \$ 79,823,566 |

COMMITMENTS AND CONTINGENCIES

Shareholders' equity

Ordinary shares, no par value, unlimited shares authorized; 13,594,530 and 13,594,530 shares issued and outstanding as of June 30, 2024 and December 31, 2023.

| | | |
|---|-----------------------|-----------------------|
| Additional paid-in capital | 30,286,560 | 30,286,560 |
| Statutory reserves | 3,842,331 | 3,842,331 |
| Retained earnings | 25,688,246 | 18,535,133 |
| Accumulated other comprehensive loss | (3,534,987) | (2,583,794) |
| Total shareholders' equity | \$ 56,282,150 | \$ 50,080,230 |
| Non-controlling interest | 2,500,549 | 573,171 |
| TOTAL SHAREHOLDERS' EQUITY | \$ 58,782,699 | \$ 50,653,401 |
| | | |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | \$ 126,759,130 | \$ 130,476,967 |

GREENLAND TECHNOLOGIES HOLDING CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
(AUDITED, IN U.S. DOLLARS)

| | For the three months ended | | For the six months ended | |
|--|----------------------------|----------------------|--------------------------|----------------------|
| | June 30, | | June 30, | |
| | 2024 | 2023 | 2024 | 2023 |
| Revenues | \$ 23,017,260 | \$ 23,569,449 | \$ 45,740,851 | \$ 45,718,809 |
| Cost of goods sold | 16,243,205 | 16,641,612 | 33,319,727 | 33,267,542 |
| Gross profit | 6,774,055 | 6,927,837 | 12,421,124 | 12,451,267 |
| Selling expenses | 465,146 | 574,040 | 1,014,642 | 961,525 |
| General and administrative expenses | 1,199,492 | 1,519,564 | 3,382,921 | 3,161,468 |
| Research and development expenses | 1,123,063 | 1,425,394 | 2,110,787 | 2,545,285 |
| Total operating expenses | \$ 2,787,701 | \$ 3,518,998 | \$ 6,508,350 | \$ 6,668,278 |
| INCOME FROM OPERATIONS | \$ 3,986,354 | \$ 3,408,839 | \$ 5,912,774 | \$ 5,782,989 |
| Interest income | 215,732 | 44,683 | 384,945 | 75,076 |
| Interest expense | (36,008) | (79,504) | (79,848) | (145,997) |
| Change in fair value of the warrant liability | 1,869,018 | - | 2,904,324 | - |
| Loss on disposal of property, plant and equipment | 556 | (239) | 556 | (239) |
| Other income (loss) | 518,333 | (128,768) | 814,481 | 288,614 |
| INCOME BEFORE INCOME TAX | \$ 6,553,985 | \$ 3,245,011 | \$ 9,937,232 | \$ 6,000,443 |
| INCOME TAX EXPENSE | 680,801 | 304,815 | 494,800 | 601,673 |
| NET INCOME | \$ 5,873,184 | \$ 2,940,196 | \$ 9,442,432 | \$ 5,398,770 |
| LESS: NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTEREST | 1,222,274 | 541,058 | 2,289,319 | 1,552,657 |
| NET INCOME ATTRIBUTABLE TO GREENLAND TECHNOLOGIES HOLDING CORPORATION AND SUBSIDIARIES | \$ 4,650,910 | \$ 2,399,138 | \$ 7,153,113 | \$ 3,846,113 |
| OTHER COMPREHENSIVE LOSS: | (404,372) | (4,591,131) | (1,313,134) | (4,273,799) |
| Unrealized foreign currency translation loss attributable to Greenland Technologies Holding Corporation and subsidiaries | (297,385) | (3,185,362) | (951,193) | (2,973,010) |
| Unrealized foreign currency translation loss attributable to non-controlling interest | (106,987) | (1,405,769) | (361,941) | (1,300,789) |
| Total comprehensive income (loss) attributable to Greenland Technologies Holding Corporation and subsidiaries | 4,353,525 | (786,224) | 6,201,920 | 873,103 |
| Total comprehensive income (loss) attributable to non-controlling interest | 1,115,287 | (864,711) | 1,927,378 | 251,868 |
| WEIGHTED AVERAGE ORDINARY SHARES OUTSTANDING: | 13,594,530 | 12,978,504 | 13,594,530 | 12,978,504 |
| Basic and diluted | 0.34 | 0.18 | 0.53 | 0.30 |

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SOURCE Greenland Technologies Holding Corporation

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