Cenntro Electric Group Announces 2021 Year End Audited Financial Results

April 25, 2022

Net Revenue increased by 57%

Number of vehicles sold increased 30% year over year

Management to Host Conference Call on Monday, April 25 at 5:00 p.m. ET

FREEHOLD, N.J.--(BUSINESS WIRE)--Apr. 25, 2022-- Cenntro Electric Group Limited (NASDAQ: CENN) ("Cenntro" or "the Company"), a leading EV technology company with advanced, market-validated electric commercial vehicles, today announced its financial results for the year ended December 31, 2021.

Full Year 2021 Operational and Financial Highlights

- **The number of commercial vehicles sold** was 918 units, an increase of 29.8% from 707 units sold in 2020.
- **Net revenue** was $8.6 million, an increase of 57.1% from $5.5 million in 2020.
- **Gross margin** was 17.5%, up 7.1 percentage points from 10.4% in 2020.
- **Cash and cash equivalents** were $261.1 million as of December 31, 2021, compared with $4.5 million as of December 31, 2020.

"2021 was a year of significant progress for Cenntro as we successfully became a publicly traded company following our stock purchase transaction with Naked Brand Group. The transaction provided Cenntro with over $250 million of cash on hand to fund capacity expansion and to support our growth initiatives," said Peter Wang, Chief Executive Officer.

"We achieved strong operational performance in 2021, highlighted by 918 commercial electric vehicles sold, an increase of approximately 30% from the prior year. We also continue to ramp up capacity with the addition of our Jacksonville facility, and an assembly facility in Germany, and further strengthened our distribution and customer network through our strategic acquisition of a majority interest in Tropos Motors Europe GmbH," concluded Peter Wang.

"While our 2021 operating results were negatively impacted by higher material and shipping costs and shipping container shortages and supply-chain disruptions, we are pleased to have delivered revenue and gross margin improvement driven by increased vehicle sales and other service income. Notably, our revenue grew 57% year-over-year to $8.6 million in 2021 while our gross margin increased by 7.1 percentage points to 17.5%. Our 2021 results demonstrate our ability to manage our production despite the challenges arising out of the COVID-19 pandemic. In addition to scaling production, we are supporting future revenue growth with increased sales and marketing initiatives," added Edmond Cheng, Chief Financial Officer.

Recent Developments & 2021 Business Highlights

- **Acquisition of Majority Interest of Tropos Motors Europe**
  In March 2022, Cenntro completed the previously announced acquisition of a 65% equity interest in Tropos Motors Europe GmbH ("TME"), a wholly owned subsidiary of Mosolf SE & Co. KG ("Mosolf"), one of Europe's largest automotive logistics and service providers. The transaction expands Cenntro's assembling capabilities in Herne, Germany, and distribution network in EMEA and brings an additional strategic customer network in Europe.

- **Cenntro became a Publicly Traded Company**
  On Dec 31, 2021, Cenntro became a publicly traded company on the Nasdaq Capital Market ("Nasdaq") through a stock purchase transaction with Naked Brand Group. The combined company is led by Cenntro CEO Peter Wang and Cenntro's executive team as Naked Brand Group's online business was divested. Cenntro's trading symbol on NASDAQ changed from "NAKD" to "CENN" in January 2022.

- **Production Milestone of 1,623 Electric Commercial Vehicles**
  Cenntro achieved a production milestone of 1,623 electric commercial vehicles ("ECVs") for 2021, with its highest volume month of 628 ECVs produced in December 2021.

- **Jacksonville, Florida Selected as Location for a new U.S. Manufacturing Facility**
  In January 2022, Cenntro leased a new assembly facility in Jacksonville, Florida. The 100,000-square-foot facility will support U.S. production, with a possible expansion to support additional vehicles assembly and battery packing operations.

- **New vehicle model development**
  The Company has continued to develop and introduce new vehicle models to meet market demand. Cenntro developed four new vehicle models: Neibor® 150, Logistar™ 200, Logistar™ 400, and Teemak™

Full Year 2021 Financial Results

Net Revenues

Net revenue was $8.6 million for 2021, an increase of 57.1% from $5.5 million in 2020. The increase was primarily due to an increase in vehicle sales and an increase in service revenue.

Cost of goods sold

Cost of goods sold was $7.1 million 2021, an increase of 44.7% from $4.9 million in 2020. The increase was primarily due to an increase in the number of vehicles sold to our channel partners.

Gross profit

Gross profit was $1.5 million in 2021, an increase of 164% from $0.6 million in 2020. Gross margin was 17.5% in 2021, up 7.1 percentage points from 10.4% in 2020. The increase was primarily driven by an increase in vehicle sales, particularly an increase in sales volume of our Metro® vehicle in the US market and an increase in service revenue.

Operating expenses

Total operating expenses were $18.0 million in 2021, an increase of 60% from $11.2 million in 2020. The increase was mainly due to an increase in selling and marketing expenses due to an increase in freight costs and general and administrative expenses relating to transaction expenses in connection with Cenntro's combination with Naked Brand Group (the "Combination") and the related Nasdaq listing and the expansion of its U.S. operations.

- *Selling and marketing expenses* were $1.0 million, an increase of 32.0% from $0.8 million in 2020. The increase was primarily due to an increase in freight costs related to shipping container shortages caused by COVID-19, and an increase in marketing expense in connection with our efforts to expand our product market and grow our channel partner network.
- *General and administration expenses* were $15.0 million, an increase of 71.5% from $8.7 million in 2020. The increase was mainly due to transaction expenses related to the Combination and the related Nasdaq listing and an increase in salaries related to the Company's expansion of administrative operations in the United States. The increase was offset by the non-recurrence of depreciation expense and share-based compensation in 2021.
- *Research and development expenses* were $1.5 million, an increase of 8.3% from $1.4 million in 2020. The increase was mainly due to increases in design and development expenses and salary expenses offset by a decrease in share-based compensation in 2021.

Net income (loss)

Net loss was $16.4 million, compared with net loss of $5.2 million in 2020.

Adjusted EBITDA[1]

1 Represents a non-GAAP financial measure. For additional information about non-GAAP measures, including, where applicable, reconciliations to the most directly comparable financial measures presented in accordance with U.S. GAAP, please see "Non-GAAP Measures" below.

Adjusted EBITDA was $(7.0) million in 2021, compared with Adjusted EBITDA of ($5.6) million in 2020.

Cash, cash equivalents and restricted cash balances

Cash and cash equivalents were $261.1 million as of December 31, 2021, compared with $4.5 million as of December 31, 2020.

Full Year 2021 Results Conference Call

Cenntro Electric Group CEO Peter Wang, and CFO Edmond Cheng will host the conference call followed by a question-and-answer period.

Please register in advance of the conference call using the link provided below. Conference access information will be provided upon registration. Participant Online Registration: http://apac.directeventreg.com/registration/event/6057659

The conference call will be broadcast live and available for replay at https://edge.media-server.com/mmc/p/wfm3z4ky and via the investor relations section of the Company's website at ir.cenntroauto.com. A replay of the conference call will be available after 8:00 p.m. Eastern time through May 4, 2022.

Toll-free replay number	1-646-254-3697
International replay number	+61 2 8199-0299
Hong Kong	+852 800963117
Mainland China	+86 4008209035 or +86 8009880552
Replay ID	6057659

About Cenntro Electric Group Ltd.

Cenntro Electric Group Ltd. (or "Cenntro") (NASDAQ: CENN) is a leading designer and manufacturer of electric light and medium-duty commercial vehicles. Cenntro's purpose-built ECVs are designed to serve a variety of organizations in support of city services, last-mile delivery and other commercial applications. Cenntro plans to lead the transformation in the automotive industry through scalable, decentralized production, and smart driving solutions empowered by the Cenntro iChassis. As of December 31, 2021, Cenntro has sold or put into service more than 3,700 vehicles in over

25 countries across North America, Europe and Asia. For more information, please visit Cenntro's website at: http://www.cenntroauto.com.

Forward-Looking Statements

This communication contains "forward-looking statements" within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements include all statements that are not historical facts. Such statements may be, but need not be, identified by words such as "may," "believe," "anticipate," "could," "should," "intend," "plan," "will," "aim(s)," "can," "would," "expect(s)," "estimate(s)," "project(s)," "forecast(s)", "positioned," "potential," "goal," "strategy," "outlook" and similar expressions. Examples of forward-looking statements include, among other things, statements regarding assembly and distribution capabilities, decentralized production and fully digitalized autonomous driving solutions. All such forward-looking statements are based on management's current beliefs, expectations and assumptions, and are subject to risks, uncertainties and other factors that could cause actual results to differ materially from the results expressed or implied in this communication. Among the key factors that could cause actual results to differ materially from those expressed or implied in the forward-looking statements are the following: our limited operating history and historical losses from operations; our ability to develop and manufacture ECVs of sufficient quality, on schedule and on a large scale is still evolving; our ability to introduce new models; potential delays in launching and ramping up production of our new ECV models; our reliance on our channel partners to market, sell and service (and in certain cases, assemble and/or homologate) our vehicles; the impacts of the COVID-19 pandemic on our operating results, in particular due to the increase in shipping costs and shortages of shipping containers and raw materials; our reliance on third party manufacturing partners and suppliers for substantially all of our vehicle kits and components, respectively, for our new vehicles; our material weakness in our internal control over financial reporting; risks associated with our global operations and expansion, including unfavorable regulatory, political, legal, economic, tax and labor conditions; changes in China's economic, political or social conditions or government policies, which could have a material adverse effect on our business; and changes in U.S. and international trade policies, particularly with regard to China. For additional risks and uncertainties that could impact Cenntro's forward-looking statements, please see disclosures contained in Cenntro's public filings with the SEC, including "Risk Factors" in Cenntro's Report of Foreign Private Issuer on Form 6-K filed with the Securities and Exchange Commission on January 5, 2022 and which may be viewed at www.sec.gov.

CENNTRO ELECTRIC GROUP LIMITED
CONSOLIDATED AND COMBINED BALANCE SHEETS
(Expressed in U.S. dollars, except for the number of shares)

	December 31, 2021	December 31, 2020
	Consolidated	**Combined**
ASSETS		
Current assets:		
Cash and cash equivalents	$ 261,069,414	$ 4,549,034
Restricted cash	595,548	-
Accounts receivable, net	2,047,560	463,333
Inventories	8,139,816	4,207,990
Prepayment and other current assets, net	7,989,607	2,087,756
Receivable from disposal of land use rights and properties	-	7,724,138
Amounts due from related parties - current	1,232,634	1,101,144
Total current assets	281,074,579	20,133,395
Non-current assets:		
Equity investments	329,197	-
Plants and equipment, net	1,301,226	1,039,191
Intangible assets, net	3,313	45,430
Right-of-use assets, net	1,669,381	423,304
Amount due from related parties - non-current	4,834,973	-
Other non-current assets, net	2,151,700	1,117,648
Total non-current assets	10,289,790	2,625,573
Total Assets	$ 291,364,369	$ 22,758,968
LIABILITIES AND EQUITY		
LIABILITIES		
Current liabilities:		
Accounts payable	$ 3,678,823	$ 3,722,686
Accrued expenses and other current liabilities	4,183,263	5,743,323
Contractual liabilities	1,943,623	1,690,837
Operating lease liabilities, current	839,330	131,014
Amounts due to related parties	15,756,028	3,248,777
Total current liabilities	26,401,067	14,536,637
Other non-current liabilities	700,000	-

Operating lease liabilities, non-current	489,997	356,143
Total Liabilities	$ 27,591,064	$ 14,892,780
Commitments and contingencies		
EQUITY		
Ordinary shares (No par value; 174,853,546 and 261,256,254 shares issued and outstanding as of December 31, 2020 and 2021)	-	-
Additional paid in capital	374,901,939	103,113,793
Accumulated deficit	(109,735,935)	(93,314,128)
Accumulated other comprehensive loss	(1,392,699)	(1,904,839)
Total equity attributable to shareholders	263,773,305	7,894,826
Non-controlling interests	-	(28,638)
Total Equity	263,773,305	7,866,188
Total Liabilities and Equity	$ 291,364,369	$ 22,758,968

CENNTRO ELECTRIC GROUP LIMITED
COMBINED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Expressed in U.S. dollars, except for number of shares)

	For the Years Ended December 31,		
	2021	**2020**	**2019**
Net revenues	$ 8,576,832	$ 5,460,003	$ 3,575,887
Cost of goods sold	(7,073,391)	(4,889,850)	(3,699,741)
Gross profit/(loss)	**1,503,441**	**570,153**	**(123,854)**
OPERATING EXPENSES:			
Selling and marketing expenses	(1,034,242)	(783,763)	(964,471)
General and administrative expenses	(14,978,897)	(8,735,534)	(10,959,203)
Research and development expenses	(1,478,256)	(1,365,380)	(2,145,884)
Provision for doubtful accounts	(469,702)	(319,816)	(3,598,506)
Total operating expenses	(17,961,097)	(11,204,493)	(17,668,064)
Loss from operations	**(16,457,656)**	**(10,634,340)**	**(17,791,918)**
OTHER INCOME (EXPENSE):			
Interest expense, net	(1,069,581)	(1,411,558)	(1,058,795)
Income (loss) from and impairment on equity method investments	15,167	(330,103)	(1,235,306)
Gain from disposal of land use rights and properties	-	7,005,446	-
Other income, net	1,090,263	173,624	580,549
Loss before income taxes	(16,421,807)	(5,196,931)	(19,505,470)
Income tax expense	-	-	-
Net loss	(16,421,807)	(5,196,931)	(19,505,470)
Less: net loss attributable to non-controlling interests	-	(31,039)	(39,455)
Net loss attributable to the Company's shareholders	$ (16,421,807)	$ (5,165,892)	$ (19,466,015)
OTHER COMPREHENSIVE LOSS			
Foreign currency translation adjustment	512,140	1,290,855	431,153
Total comprehensive loss	(15,909,667)	(3,906,076)	(19,074,317)
Less: total comprehensive loss attributable to non-controlling interests	-	(39,210)	(38,393)
Total comprehensive loss to the Company's shareholders	$ (15,909,667)	$ (3,866,866)	$ (19,035,924)
Weighted average number of shares outstanding, basic and diluted *	175,090,266	174,853,546	174,853,546
Loss per share, basic and diluted *	(0.09)	(0.03)	(0.11)

* The share numbers are retroactively stated for purposes of calculating weighted average number of shares outstanding for loss per share to reflect the outstanding shares of Cenntro Electric Group Limited as if the equity structure of the acquired Cenntro companies (the “Cenntro Group”) (the accounting acquirer) was stated to reflect the number of shares of Cenntro Electric Group Limited (the accounting acquiree) issued in the

Combination.

Non-GAAP Financial Measures

Adjusted EBITDA for the Years Ended December 31, 2021 and 2020

In addition to our results determined in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"), we believe Adjusted EBITDA, a non-GAAP measure is useful in evaluating operational performance. We use Adjusted EBITDA to evaluate ongoing operations and for internal planning and forecasting purposes. We believe that non-GAAP financial information, when taken collectively, may be helpful to investors in assessing operating performance.

Adjusted EBITDA is a supplemental measure of our performance that is not required by, or presented in accordance with, U.S. GAAP. Adjusted EBITDA is not a measurement of our financial performance under U.S. GAAP and should not be considered as an alternative to net income or any other performance measure derived in accordance with U.S. GAAP. We define Adjusted EBITDA as net income (or net loss) before net interest expense, income tax expense, and depreciation and amortization, as further adjusted to exclude the impact of stock-based compensation expense and other non-recurring or extraordinary expenses, losses, charges or gains.

We present Adjusted EBITDA because we consider it to be an important supplemental measure of our performance and believe it is frequently used by securities analysts, investors, and other interested parties in the evaluation of companies in our industry. Management believes that investors' understanding of our performance is enhanced by including this non-GAAP financial measure as a reasonable basis for comparing our ongoing results of operations. Management uses Adjusted EBITDA:

- as a measurement of operating performance because it assists us in comparing the operating performance of our business on a consistent basis, as it removes the impact of items not directly resulting from our core operations;
- for planning purposes;
- to evaluate the performance and effectiveness of our operational strategies; and
- to evaluate our capacity to expand our business.

By providing this non-GAAP financial measure, together with the reconciliation, we believe we are enhancing investors' understanding of our business and our results of operations, as well as assisting investors in evaluating how well we are executing our strategic initiatives. We caution investors that amounts presented in accordance with our definition of Adjusted EBITDA may not be comparable to similar measures disclosed by our competitors because not all companies and analysts calculate Adjusted EBITDA in the same manner. Adjusted EBITDA has limitations as an analytical tool, and should not be considered in isolation, or as an alternative to, or a substitute for net income or other financial statement data presented in our financial statements as indicators of financial performance. Some of the limitations are:

- such measures do not reflect our cash expenditures;
- such measures do not reflect changes in, or cash requirements for, our working capital needs;
- although depreciation and amortization are recurring, non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future and such measures do not reflect any cash requirements for such replacements; and
- the exclusion of stock-based compensation expense, which has been a significant recurring expense and will continue to constitute a significant recurring expense for the foreseeable future, as equity awards are expected to continue to be an important component of our compensation strategy.

Due to these limitations, Adjusted EBITDA should not be considered as a measure of discretionary cash available to us to invest in the growth of our business. We compensate for these limitations by relying primarily on our U.S. GAAP results and using these non-GAAP measures only as supplemental information. As noted in the table below, Adjusted EBITDA includes adjustments to exclude the impact of stock-based compensation expense and other non-recurring or extraordinary expenses, losses, charges or gains. It is reasonable to expect that these items will occur in future periods. However, we believe these adjustments are appropriate because the amounts recognized can vary significantly from period to period, do not directly relate to the ongoing operations of our business and may complicate comparisons of our internal operating results and operating results of other companies over time. In addition, Adjusted EBITDA may include adjustments for other items that we do not expect to regularly occur in future reporting periods. Each of the normal recurring adjustments and other adjustments described in this paragraph and in the reconciliation table below help management with a measure of our core operating performance over time by removing items that are not related to day-to-day operations.

The following table reconciles Adjusted EBITDA to the most directly comparable U.S. GAAP financial performance measure, which is net loss:

	Year Ended December 31,		
	2021	2020	2019
		(Unaudited)	
Net loss	$(16,421,807)	$(5,196,931)	$(19,505,470)
Interest expense, net	1,069,581	1,411,558	1,058,795
Income tax expense	—	—	—
Depreciation and amortization	632,256	1,840,980	2,071,269
Share-based compensation expense	1,128,325	3,364,217	4,923,509
Transaction expenses related to the Combination and proposed IPO	6,559,095	—	—
Gain from disposal of land use rights and properties	—	(7,005,446)	—
Adjusted EBITDA	$ (7,032,550)	$(5,585,622)	$(11,451,897)

Presentation of GAAP financial information rather than IFRS financial information

The financial results included in this press release have been prepared in accordance with U.S. GAAP (the “U.S. GAAP Results”). As an Australian public limited company, we are subject to the Corporations Act, which requires financial statements to be prepared and audited in accordance with Australian Auditing Standards and International Financial Reporting Standards. The financial information in this press release are not financial statements for the purposes of the Corporations Act and is considered “non-IFRS financial information” under the Australian Securities and Investment Commission’s Regulatory Guide 230: ‘Disclosing non-IFRS financial information.’ Such non-IFRS financial information may not be comparable to similarly titled information presented by other entities and should not be construed as an alternative to other financial information prepared in accordance with AAS or IFRS.

We believe that the GAAP Results, as well as Adjusted EBITDA, a non-IFRS measure, are useful in evaluating operational performance. We use GAAP Results and Adjusted EBITDA to evaluate ongoing operations, for internal planning and forecasting purposes and for informing our investors based in the United States.

Our GAAP Results are not a measurement of our financial performance under IFRS and should not be considered as an alternative to performance measures derived in accordance with IFRS.

By providing this non-IFRS financial information, together with the reconciliation, we believe we are enhancing investors’ understanding of our business and our results of operations, as well as assisting investors in evaluating how well we are executing our strategic initiatives. We caution investors that amounts presented in accordance with U.S. GAAP may not be comparable to similar measures presented in accordance with IFRS.

Adjusted EBITDA is not a measurement of our financial performance under IFRS.

The following U.S. GAAP to IFRS reconciliation tables include IFRS information as of and for the years ended December 31, 2021 and 2020, which IFRS information was derived from the Company’s annual report dated 31 December 2021 filed with the Australian Securities and Investments Commission in accordance with the Corporations Act.

The following table reconciles our audited balance sheet under U.S. GAAP with our audited balance sheet under IFRS as of December 31, 2021 and 2020, respectively:

	As of the Year Ended December 31,					
	2021			2020		
Balance Sheet:	**U.S. GAAP**	**IFRS Difference**	**IFRS**	**U.S. GAAP**	**IFRS Difference**	**IFRS**
Current assets						
Cash and cash equivalents	$ 261,069,414	-	$ 261,069,414	$ 4,549,034	-	$ 4,549,034
Restricted cash	595,548	-	595,548	-	-	-
Accounts receivable, net	2,047,560	-	2,047,560	463,333	-	463,333
Inventories	8,139,816	-	8,139,816	4,207,990	-	4,207,990
Prepayment and other current assets, net	7,989,607	-	7,989,607	2,087,756	-	2,087,756
Receivable from disposal of land use right and properties	-	-	-	7,724,138	-	7,724,138
Amount due from related parties - current	1,232,634	-	1,232,634	1,101,144	-	1,101,144
Total current assets	**281,074,579**	-	**281,074,579**	**20,133,395**	-	**20,133,395**
		-				
Non-current assets		-				
Equity investments	329,197	-	329,197	-	-	-
Plants and equipment, net	1,301,226	-	1,301,226	1,039,191	-	1,039,191
Intangible assets, net	3,313	-	3,313	45,430	-	45,430
Right-of-use assets , net	1,669,381	-	1,669,381	423,304	-	423,304
Amount due from related parties – non-current	4,834,973		4,834,973	-		-
Other non-current assets, net	2,151,700	-	2,151,700	1,117,648	-	1,117,648
Total non-current assets	**10,289,790**		**10,289,790**	**2,625,573**		**2,625,573**
Total assets	**$ 291,364,369**		**$ 291,364,369**	**$ 22,758,968**		**$ 22,758,968**
Current liabilities						
Accounts payable	3,678,823	-	3,678,823	3,722,686	-	3,722,686
Accrued expense and other current liabilities	4,183,263	-	4,183,263	5,743,323	-	5,743,323
Contractual liabilities	1,943,623	-	1,943,623	1,690,837	-	1,690,837
Operating lease liabilities, current	839,330	-	839,330	131,014	-	131,014
Amount due to related parties	15,756,028	-	15,756,028	3,248,777	-	3,248,777
Total current liabilities	**26,401,067**		**26,401,067**	**14,536,637**		**14,536,637**
Non-current liabilities						
Other non-current liabilities	700,000		700,000	-	-	-
Operating lease liabilities, non-current	489,997		489,997	356,143		356,143
Total non-current liabilities	**1,189,997**		**1,189,997**	**356,143**		**356,143**
Total liabilities	**$ 27,591,064**		**$ 27,591,064**	**$ 14,892,780**		**$ 14,892,780**

Equity						
Ordinary Shares (No par value; 261,256,254 shares issued and outstanding as of December 31, 2021)	-	-	-	1,000	-	1,000
Additional paid-in capital	374,901,939	186,157,104 (1)	561,059,043	103,112,793	(22,144,502)	80,969,291
Accumulated other comprehensive loss	(1,392,699)	1,392,699	-	(1,904,839)	1,904,839	-
Reserves	-	21,880,128 (2)	21,880,128	-	20,239,663 (3)	20,239,663
Accumulated deficit	(109,735,935)	(209,429,931)	(319,165,866)	(93,314,128)	-	(93,314,128)
Total Stockholders' Equity	**263,773,305**		**263,773,305**	**7,894,826**		**7,894,826**
Noncontrolling interest	-	-	-	(28,638)	-	(28,638)
Total Equity	**263,773,305**		**263,773,305**	**7,866,188**		**7,866,188**
Total Liabilities and Equity	**$ 291,364,369**		**$ 291,364,369**	**$ 22,758,968**		**$ 22,758,968**

(1) Includes $(23,272,827) in share-based compensation payments and additional equity of $209,429,931 recognized from the difference between the deemed transaction price and net assets acquired related to the Combination under IFRS.

(2) Includes (i) a restatement of Accumulated other comprehensive loss under U.S. GAAP of $(1,392,699) to Reserves and (ii) $23,272,827 in share-based compensation payments under IFRS.

(3) Includes (i) a restatement of Accumulated other comprehensive loss under U.S. GAAP of $(1,904,839) to Reserves and (ii) $22,144,502 in share-based compensation payments under IFRS.

The following table reconciles our statement of operations under U.S. GAAP with our statement of operations under IFRS for the years ended December 31, 2021 and 2020, respectively:

	For the Year Ended December 31,					
		2021			**2020**	
Statement of Operations:	**U.S. GAAP**	**IFRS Difference**	**IFRS**	**U.S. GAAP**	**IFRS Difference**	**IFRS**
Net revenues	$ 8,576,832	-	$ 8,576,832	$ 5,460,003	-	$ 5,460,003
Cost of goods sold	(7,073,391)	-	(7,073,391)	(4,889,850)	-	(4,889,850)
Gross Profit	**1,503,441**		**1,503,441**	**570,153**		**570,153**
Selling and marketing expenses	(1,034,242)	-	(1,034,242)	(783,763)	-	(783,763)
General and administrative expenses	(14,978,897)	-	(14,978,897)	(8,735,534)	-	(8,735,534)
Research and development expenses	(1,478,256)	-	(1,478,256)	(1,365,380)	-	(1,365,380)
Provision for doubtful accounts	(469,702)	-	(469,702)	(319,816)	-	(319,816)
Total operating expenses	**(17,961,097)**	**-**	**(17,961,097)**	**(11,204,493)**	**-**	**(11,204,493)**
Loss from operations	**(16,457,656)**		**(16,457,656)**	**10,634,340)**		**(10,634,340)**
Interest expense, net	(1,069,581)	-	(1,069,581)	(1,411,558)	-	(1,411,558)
Other income, net	1,090,263	-	1,090,263	173,624	-	173,624
Income (loss) from and impairment on equity method investments	15,167	-	15,167	(330,103)	-	(330,103)
Cost of listing on reverse acquisition	-	(209,429,931)	(209,429,931)	-	-	-
Gain from disposal of land use rights and properties	-	-	-	7,005,446	-	7,005,446
Loss before income taxes	**(16,421,807)**		**(225,851,738)**	**(5,196,931)**		**(5,196,931)**
Income tax (expense) benefit	-	-	-	-	-	-
Net loss	**(16,421,807)**		**(225,851,738)**	**(5,196,931)**		**(5,196,931)**
Less: Net loss attributable to non-controlling interests	-	-	-	(31,039)	-	(31,039)
Net loss attributable to shareholders	**$(16,421,807)**		**$(225,851,738)**	**$ (5,165,892)**		**$ (5,165,892)**
OTHER COMPREHENSIVE LOSS						
Foreign currency translation adjustment	512,140	-	512,140	1,290,855	-	1,290,855
Total comprehensive loss	**(15,909,667)**		**(225,339,598)**	**(3,906,076)**		**(3,906,076)**
Less: total comprehensive loss attributable to non-controlling interests	-	-	-	(39,210)	-	(39,210)
Total comprehensive loss attributable to the Company's shareholders	**(15,909,667)**		**(225,339,598)**	**(3,866,866)**		**(3,866,866)**

As set forth above, the material differences between the U.S. GAAP and IFRS presentation with respect to our consolidated balance sheet as of December 31, 2021 and combined balance sheet as of December 31, 2020 are as follows:

a. The reclassification of “Accumulated other comprehensive loss” under U.S. GAAP to “Reserves” under IFRS;
b. The reclassification of amounts of IFRS share-based payments from “Additional paid-in capital” under U.S. GAAP to “Reserves” under IFRS; and
c. Additional equity recognized from the difference between the total deemed transaction price and net assets acquired related to the Combination under IFRS.

As set forth above, the material difference between the U.S. GAAP and IFRS presentation as it relates to our combined statement of operations and comprehensive loss for the years ended December 31, 2021 and 2020 is as follows:

In 2021, the Company was deemed to have incurred non-cash listing costs of approximately $209.4 million as a result of the IFRS accounting treatment of the Combination, as the Cenntro Group was deemed to have received a 67% controlling interest in the Company and the Company was deemed to have incurred listing costs equaling the difference between the total deemed transaction price and total net assets. Under U.S. GAAP, the Combination is accounted for as a reverse recapitalization, which is equivalent to the issuance of shares by the Cenntro Group for the net assets of Cenntro Electric Group Limited (formerly NBG), accompanied by a recapitalization.

[1] Represents a non-GAAP financial measure. For additional information about non-GAAP measures, including, where applicable, reconciliations to the most directly comparable financial measures presented in accordance with U.S. GAAP, please see “Non-GAAP Measures” below.

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