



## Cenntro Announces Third Quarter 2024 Financial Results

November 12, 2024

FREEHOLD, N.J.--(BUSINESS WIRE)--Nov. 12, 2024-- [Cenntro Inc.](#) (NASDAQ: CENN) ("Cenntro" or "the Company"), a pioneering electric commercial vehicle company with advanced, market-validated, and purpose-built vehicles, has reported its financial and operational results for the third quarter ended September 30, 2024.

### Third Quarter 2024 Financial and Operational Highlights:

- Third quarter 2024 net revenue of \$16.7 million increased 190% compared to \$5.8 million for the third quarter of 2023.
- United States ("US") sales volume increased to \$10.3 million in the third quarter of 2024 from \$0.2 million for the third quarter of 2023.
- Adjusted EBITDA loss for the third quarter of 2024 of \$7.5 million compared to a loss of \$12.1 million for the third quarter of 2023.
- Sold 662 Electric Commercial Vehicles in the third quarter of 2024.
- Sold 78 Logistar™ 400 Class 4 vehicles in the US market compared to 1 vehicle in the third quarter of 2023.
- Sold 334 Avantier™ vehicles in Europe and South American markets in the third quarter of 2024 compared to 21 vehicles in the third quarter of 2023.
- Sold 230 iChassis kits in the third quarter of 2024 compared to 103 kits in the third quarter of 2023.

Peter Wang, Chief Executive Officer illustrated: "In the third quarter of 2024, we continued our steady growth in the US market, selling and delivering Cenntro products as we positioned the Company for a longer-term profitable future. During the third quarter, we sold a total of 662 vehicles across our portfolio, compared to 298 vehicles in the prior year period. Additionally, we sold 230 units of our iChassis in the third quarter, although these units are not inclusive of the number of vehicles sold because iChassis is not considered a complete vehicle. We expect a significant revenue increase in the US market as we continue to shift our strategy to focus towards North American sales, and introduction of additional new models in the US market.

"For new models during the quarter, we announced our newest Class 4 addition to our Logistar series, the Logistar® 450 ("LS450") model for sale and distribution in the US and global markets. The new LS450 has received California Air Resources Board Executive Order ("CARB") Certification and a Certificate of Conformity from the US Environmental Protection Agency ("EPA"). The LS450 is equipped with a 128Kwh battery capacity, offering an improved range compared to its predecessor model, the LS400. We also obtained a CARB Executive Order and a Certificate of Conformity from the EPA for the Logistar® 300 model, a Class 3 delivery truck. We introduced the Deepstar® 864 ("DS864"), a Class 8 drayage truck in October 2024, at our 'Cenntro Day 2024' at the Ontario Convention Center in Ontario, California. Lastly, we recently announced that Avantier Motors Corporation, our wholly owned subsidiary, launched two new electric vehicle models tailored for the European market following the strong reception of the Avantier C; the Avantier Ex, a mini electric commercial vehicle, and the Avantier Commuter, an entry-level electric passenger car. Both models join Avantier's existing product line as the company continues its mission to revolutionize urban mobility through innovative, sustainable electric vehicles.

"At our California-based electric commercial vehicles ("ECVs") production and distribution assembly facility in Ontario, CA, we are now producing the Metro, LS400, LS450 and LS300, with full-scale production capabilities for these and future models. As of October 2024, the facility has assembled and delivered over 150 vehicles to customers in the North American west coast. With the ramp-up of this facility, we are increasing vehicle delivery efficiency as we continue to expand sales in North America's west coast market.

"Looking ahead, we are diligently working to diversify our portfolio and develop new vehicle models that align with market demands, and keep pace with new regulations, technologies and features. We are focused on expanding our geographic footprint for production, distribution, and service infrastructure, especially in the US market. Taken together, we believe our strategy is positioning us to become a significant presence in commercial EV sales and production," concluded Mr. Wang.

### Third Quarter 2024 Financial Results

#### **Net Revenue**

Net revenues for the three months ended September 30, 2024 were approximately \$16.7 million, an increase of 190% from approximately \$5.8 million for the three months ended September 30, 2023. The increase was primarily due to an increase in vehicle sales, spare parts sales, and sales of iChassis.

#### **Gross Profit**

Gross Profit for the three months ended September 30, 2024 was approximately \$4.0 million, an increase of approximately \$3.3 million from approximately \$0.7 million of gross profit for the three months ended September 30, 2023. For the three months ended September 30, 2024 and 2023, our overall gross margin was approximately 24.2% and 12.4%, respectively. Our gross margin of vehicle sales for the three months ended September 30, 2024 and 2023 was 23.5% and 15.7%, respectively. The increase of our overall gross profit was mainly caused by an increase in the gross profit of our vehicle sales and spare-part sales of approximately \$6.8 million and \$0.5 million, respectively, offset by the increase in the inventory write-down of approximately \$4.0 million.

#### **Operating Expenses**

Total operating expenses were approximately \$14.4 million in the third quarter of 2024, compared to \$13.3 million in the third quarter of 2023.

Selling and marketing expenses for the three months ended September 30, 2024, were approximately \$5.0 million, an increase of approximately \$2.4 million or approximately 91.4% from approximately \$2.6 million for the three months ended September 30, 2023. The increase in selling and marketing expenses was primarily attributed to the increase in marketing expenses and marketing related professional fee of approximately \$2.3 million and \$0.3 million, respectively, offset by a decrease in freight of approximately \$0.2 million.

General and administrative expenses for the three months ended September 30, 2024 were approximately \$7.9 million, a decrease of approximately \$1.1 million or approximately 12.5% from approximately \$9.1 million for the three months ended September 30, 2023. The decrease in general and administrative expenses in 2024 was primarily attributed to a decrease in share-based compensation, legal and professional fee and salary, lease ROU amortization and social insurance of \$1.1 million, \$0.6 million, \$0.1 million and \$0.2 million, respectively, offset by the increase in leasehold improvement depreciation, rental expense and others of approximately \$0.3 million, \$0.2 million and \$0.4 million, respectively, the increase in others was mainly caused by the increase in fees related to garage liability insurance.

Research and development expenses for the three months ended September 30, 2024 were approximately \$1.5 million, a decrease of approximately \$0.2 million or approximately 9.7% from approximately \$1.6 million for the three months ended September 30, 2023. The decrease in research and development expenses in 2024 was primarily attributed to the decrease in design and development expenditures, share-based compensations and others of approximately \$0.06 million, \$0.09 million and \$0.06 million, respectively.

#### **Net Loss**

Net loss was approximately \$9.0 million in the third quarter of 2024, compared with net loss of \$16.1 million in the third quarter of 2023.

#### **Adjusted EBITDA**

Adjusted EBITDA was approximately (\$7.5) million in the third quarter of 2024, compared with Adjusted EBITDA of (\$12.1) million in the third quarter of 2023.

### **Nine Months 2024 Financial Results**

#### **Net Revenue**

Net revenues for the nine months ended September 30, 2024 were approximately \$28.4 million, an increase of approximately \$15.0 million or 111.2% from approximately \$13.5 million for the nine months ended September 30, 2023. The increase was primarily due to an increase in vehicle sales, spare parts sales, and sales of iChassis.

#### **Gross Profit**

Gross Profit for the nine months ended September 30, 2024 was approximately \$5.3 million, an increase of approximately \$3.2 million from approximately \$2.1 million of gross loss for the nine months ended September 30, 2023. For the nine months ended September 30, 2024 and 2023, our overall gross margin was approximately 18.6% and 15.3%, respectively. Our gross margin of vehicle sales for the nine months ended September 30, 2024 and 2023 was 19.2% and 16.3%, respectively. The increase of our overall gross profit was mainly caused by an increase in the gross profit of our vehicle sales and spare-part sales of approximately \$8.5 million and \$0.4 million, respectively, offset by the increase in the inventory write-down of approximately \$5.7 million.

#### **Operating Expenses**

Total operating expenses were approximately \$33.9 million for the nine months ended September 30, 2024, compared with \$38.3 million in the nine months ended September 30, 2023.

Selling and marketing expenses for the nine months ended September 30, 2024 were approximately \$7.7 million, an increase of approximately \$0.4 million or approximately 5.7% from approximately \$7.2 million for the nine months ended September 30, 2023. The increase in selling and marketing expenses in 2024 was primarily attributed to the increase in marketing expenses and marketing related professional fee of approximately \$1.7 million and \$0.7 million, respectively, offset by the decrease in salary expense, freight and share-based compensations of approximately \$1.0 million, \$0.6 million and \$0.4 million, respectively.

General and administrative expenses for the nine months ended September 30, 2024 were approximately \$21.9 million, a decrease of approximately \$3.8 million or approximately 14.7% from approximately \$25.7 million for the nine months ended September 30, 2023. The decrease in general and administrative expenses in 2024 was primarily attributed to a decrease in legal and professional fees, office expenses and share-based compensations of approximately \$2.1 million, \$1.7 million and \$1.5 million, respectively, offset by the increase in salary and social insurance expense, lease ROU amortization, amortization, leasehold improvement depreciation and others of approximately \$0.7 million, \$0.3 million, \$0.2 million, \$0.3 million and \$0.1 million, respectively.

Research and development expenses for the nine months ended September 30, 2024 were approximately \$4.3 million, a decrease of approximately \$1.1 million or approximately 19.7% from approximately \$5.3 million for the nine months ended September 30, 2023. The decrease in research and development expenses in 2024 was primarily attributed to the decrease in design and testing material expenditures of approximately \$1.3 million, offset by the increase in salary expense of approximately \$0.4 million.

#### **Net Loss**

Net loss was approximately \$27.4 million in the nine months ended September 30, 2024, compared with net loss of \$41.3 million in the nine months ended September 30, 2023.

#### **Balance Sheet**

Cash and cash equivalents were approximately \$21.8 million as of September 30, 2024, compared with \$29.4 million as of December 31, 2023.

## Adjusted EBITDA

Adjusted EBITDA was approximately (\$23.1) million in the nine months ended September 30, 2024, compared with Adjusted EBITDA of \$(33.9) million in the nine months ended September 30, 2023.

We define Adjusted EBITDA as net income (or net loss) before net interest expense, income tax expense, depreciation and amortization as further adjusted to exclude the impact of stock-based compensation expense and other non-recurring expenses including expenses related to TME Acquisition, expenses related to one-off payment inherited from the original Naked Brand Group, impairment of goodwill, convertible bond issuance fee, loss on redemption of convertible promissory notes, loss on exercise of warrants, and change in fair value of convertible promissory notes and derivative liability. 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.

## US-GAAP NET INCOME (LOSS) TO ADJUSTED EBITDA RECONCILIATION

	Three Months ended September 30,		Nine Months ended September 30,	
	2024	2023	2024	2023
	(Expressed in U.S. Dollars)		(Unaudited)	
Net loss	\$ (8,981,587)	\$ (16,103,199)	\$ (27,405,605)	\$ (41,294,342)
Interest expense, net	34,198	84,573	58,744	137,726
Income tax expense	(12,434)	(384)	(47,149)	25,084
Depreciation and amortization	630,270	425,217	1,605,514	1,213,489
Share-based compensation expense	870,094	2,154,710	2,643,214	4,565,000
Loss on redemption of convertible promissory notes	-	(966)	-	(865)
Loss on exercise of warrants	(910)	1,134	(910)	228,749
Change in fair value of convertible promissory notes and derivative liability	6,724	(15,143)	(1,808)	(88,568)
Loss from acquisition of Antric	-	1,316,772	-	1,316,772
Adjusted EBITDA	\$ (7,453,645)	\$ (12,137,286)	\$ (23,148,000)	\$ (33,896,955)

Represents a non-GAAP financial measure.

## About Cenntro

Cenntro (NASDAQ: CENN) is a leading maker and provider of electric commercial vehicles ("ECVs"). Cenntro's purpose-built ECVs are designed to serve a variety of commercial applications inclusive of its line of class 1 to class 8 trucks. Cenntro is building a globalized supply-chain, as well as the manufacturing, distribution, and service capabilities for its innovative and reliable products. Cenntro continues to evolve its products capabilities through advanced battery, powertrain, and smart driving technologies. For more information, please visit Cenntro's website at: [www.cenntroauto.com](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," "approximately," "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. 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 the "Risk Factors" in Cenntro's Annual Report on Form 10-K filed with the Securities and Exchange Commission on April 1, 2024 and which may be viewed at [www.sec.gov](http://www.sec.gov).

## CENNTRO INC. UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS (Expressed in U.S. dollars, except for the number of shares)

	September 30, 2024	December 31, 2023
	(Unaudited)	
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 21,822,485	\$ 29,375,727
Restricted cash	1,009,263	196,170

Short-term investment	9,647	4,236,588
Accounts receivable, net	4,556,857	6,530,801
Inventories	35,882,436	43,909,564
Prepayment and other current assets	20,971,578	20,391,150
Amounts due from related parties - current	524,892	287,439
<b>Total current assets</b>	<b>84,777,158</b>	<b>104,927,439</b>
<b>Non-current assets:</b>		
Long-term investment, net	4,078,386	4,685,984
Investment in equity securities	26,341,901	26,158,474
Property, plant and equipment, net	20,175,445	20,401,521
Goodwill	225,171	223,494
Intangible assets, net	6,623,871	6,873,781
Right-of-use assets	16,049,893	20,039,625
Other non-current assets, net	1,563,361	2,227,672
<b>Total non-current assets</b>	<b>75,058,028</b>	<b>80,610,551</b>
<b>Total Assets</b>	<b>\$ 159,835,186</b>	<b>\$ 185,537,990</b>
<b>LIABILITIES AND EQUITY</b>		
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 6,164,060	\$ 6,797,852
Short-term loans and current portion of long-term loans	262,836	-
Accrued expenses and other current liabilities	5,349,282	4,263,887
Contractual liabilities	4,958,315	3,394,044
Operating lease liabilities, current	4,605,336	4,741,599
Convertible promissory notes	9,952,000	9,956,000
Contingent liabilities	45,333	26,669
Deferred government grant, current	104,076	108,717
Amounts due to related parties	-	10,468
<b>Total current liabilities</b>	<b>31,441,238</b>	<b>29,299,236</b>
<b>Non-current liabilities:</b>		
Long-term loans	361,400	-
Contingent liabilities non-current	213,326	230,063
Deferred tax liabilities	196,887	228,086
Deferred government grant, non-current	1,875,786	1,929,733
Derivative liability - investor warrant	12,141,241	12,189,508
Derivative liability - placement agent warrant	3,457,052	3,456,578
Operating lease liabilities, non-current	13,288,324	16,339,619
<b>Total non-current liabilities</b>	<b>31,534,016</b>	<b>34,373,587</b>
<b>Total Liabilities</b>	<b>\$ 62,975,254</b>	<b>\$ 63,672,823</b>
<b>Commitments and contingencies</b>		
<b>EQUITY</b>		
Common stock (No par value;30,866,614 and 30,828,778 shares issued and outstanding as of September 30, 2024 and December 31, 2023, respectively)	-	-
Additional paid in capital	405,029,683	402,337,393
Accumulated deficit	(301,408,251)	(274,023,501)
Accumulated other comprehensive loss	(6,913,396)	(6,444,485)
<b>Total equity attributable to shareholders</b>	<b>96,708,036</b>	<b>121,869,407</b>
Non-controlling interests	151,896	(4,240)
<b>Total Equity</b>	<b>\$ 96,859,932</b>	<b>\$ 121,865,167</b>
<b>Total Liabilities and Equity</b>	<b>\$ 159,835,186</b>	<b>\$ 185,537,990</b>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS**  
(Expressed in U.S. dollars, except for the number of shares)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2024	2023	2024	2023
Net revenues	\$ 16,731,340	\$ 5,762,831	\$ 28,443,831	\$ 13,470,895
Cost of goods sold	(12,688,393)	(5,045,364)	(23,161,743)	(11,411,439)
<b>Gross profit</b>	<u>4,042,947</u>	<u>717,467</u>	<u>5,282,088</u>	<u>2,059,456</u>
<b>OPERATING EXPENSES:</b>				
Selling and marketing expenses	(5,027,864)	(2,626,829)	(7,651,305)	(7,238,563)
General and administrative expenses	(7,934,755)	(9,071,910)	(21,945,891)	(25,715,387)
Research and development expenses	(1,476,684)	(1,634,796)	(4,292,153)	(5,347,785)
<b>Total operating expenses</b>	<u>(14,439,303)</u>	<u>(13,333,535)</u>	<u>(33,889,349)</u>	<u>(38,301,735)</u>
<b>Loss from operations</b>	(10,396,356)	(12,616,068)	(28,607,261)	(36,242,279)
<b>OTHER EXPENSE:</b>				
Interest expense, net	(34,198)	(84,573)	(58,744)	(137,726)
Loss from long-term investment	(11,152)	(107,069)	(28,262)	(236,672)
Loss from acquisition of Antric GmbH	-	(1,316,772)	-	(1,316,772)
Loss from acquisition of Hezhe	-	-	(149,872)	-
Impairment of long-term investment	-	(2,668)	-	(1,157,334)
Gain on redemption of convertible promissory notes	-	966	-	865
Gain/(Loss) on exercise of warrants	910	(1,134)	910	(228,749)
Change in fair value of convertible promissory notes and derivative liability	(6,724)	15,143	1,807	88,568
Change in fair value of equity securities	262,417	(1,879,593)	756,868	(1,166,125)
Foreign currency exchange gain (loss), net	1,838,505	(311,204)	1,108,826	(1,667,475)
(Loss)/ Gain from cross-currency swaps	(705)	-	882	-
Other (expense) income, net	(646,718)	199,389	(477,908)	794,441
<b>Loss before income taxes</b>	<u>(8,994,021)</u>	<u>(16,103,583)</u>	<u>(27,452,754)</u>	<u>(41,269,258)</u>
Income tax benefit (expense)	12,434	384	47,149	(25,084)
<b>Net loss</b>	<u>(8,981,587)</u>	<u>(16,103,199)</u>	<u>(27,405,605)</u>	<u>(41,294,342)</u>
Less: net loss attributable to non-controlling interests	(9,815)	(534)	(20,855)	(159,244)
<b>Net loss attributable to the Company's shareholders</b>	<u>\$ (8,971,772)</u>	<u>\$ (16,102,665)</u>	<u>(27,384,750)</u>	<u>(41,135,098)</u>
<b>OTHER COMPREHENSIVE LOSS</b>				
Foreign currency translation adjustment	916,164	(931,345)	(461,126)	(3,419,038)
<b>Total comprehensive loss</b>	<u>(8,065,423)</u>	<u>(17,034,544)</u>	<u>(27,866,731)</u>	<u>(44,713,380)</u>
Less: total comprehensive loss attributable to non-controlling interests	(5,226)	(534)	(13,070)	(183,812)
<b>Total comprehensive loss to the Company's shareholders</b>	<u>\$ (8,060,197)</u>	<u>\$ (17,034,010)</u>	<u>(27,853,661)</u>	<u>(44,529,568)</u>
Weighted average number of shares outstanding, basic and diluted *	30,841,106	30,444,909	30,832,928	30,400,293
Loss per share, basic and diluted *	(0.29)	(0.53)	(0.89)	(1.35)

**CENNTRO INC.**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Expressed in U.S. dollars, except for the number of shares)

	For the Nine Months Ended September 30,	
	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
<b>Net cash used in operating activities</b>	\$ (12,912,011)	\$ (45,588,906)

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Purchase of equity investment	-	(680,932)
Purchase of property, plant and equipment	(720,445)	(7,329,509)
Purchase of land use right and property	-	(2,183,430)
Purchase of other intangible assets	-	(7,502)
Acquisition of CAE's equity interests	-	(1,924,557)
Acquisition of Antric Gmbh's equity interests	-	(1)
Cash acquired from acquisition of Antric Gmbh	-	1,376
Net of cash acquired of 60% of Hezhe's equity interests	(355,400)	-
Purchase of short-term investment	(4,167,970)	-
Proceeds from short-term investment	8,431,348	-
Cash dividend received	55,573	-
Proceeds from disposal of property, plant and equipment	41,495	842
Loans provided to third parties	-	(790,000)
Proceeds from interest and redemption of equity securities investment	1,573,441	-
<b>Net cash provided by (used in) investing activities</b>	<b>4,858,042</b>	<b>(12,913,713)</b>

**CASH FLOWS FROM FINANCING ACTIVITIES:**

Proceeds from bank loans	662,836	-
Repayment of bank loans	(38,600)	(602,477)
Loans proceed from third parties	708,832	-
Repayment of loans to third parties	(90,000)	-
Redemption of convertible promissory notes	-	(47,534,119)
<b>Net cash provided by (used in) financing activities</b>	<b>1,243,068</b>	<b>(48,136,596)</b>

Effect of exchange rate changes on cash, cash equivalents and restricted cash	70,752	(2,614,204)
Net decrease in cash, cash equivalents and restricted cash	(6,740,149)	(109,253,419)
Cash, cash equivalents and restricted cash at beginning of period	29,571,897	154,096,801
Cash, cash equivalents and restricted cash at end of period	<b>\$ 22,831,748</b>	<b>\$ 44,843,382</b>

**SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:**

Interest paid	\$ 553,654	\$ 1,200,673
Income tax paid	\$ -	\$ 4,829

**SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:**

Convention from debt to equity interest of HW Electro Co., Ltd.	\$ -	\$ 1,000,000
Cashless exercise of warrants	\$ 49,076	\$ 2,168,185

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