



SunCar Technology Group Inc. Announces First Half Year 2023 Results

September 28, 2023

NEW YORK, Sept. 28, 2023 (GLOBE NEWSWIRE) -- SunCar Technology Group Inc. ("SunCar" or the "Company") (Nasdaq: SDA), a leading provider of digitalized enterprise automotive after-sales services and online auto insurance intermediation service in China, today announced its unaudited financial results for the six months ended June 30, 2023.

Six months ended June 30, 2023 Financial Highlights

- **Total revenues** increased by 28% to \$159.4 million from \$124.7 million for the same period ended June 30, 2022.
- **Operating profit** decreased by 81% to \$1.1 million from \$6.0 million for the same period ended June 30, 2022.
- **Net profit** was \$1.1 million, compared to net profit of \$5.7 million for the same period ended June 30, 2022.
- **Net cash used in operating activities** was \$20.5 million, compared to net cash used in operating activities of \$20.5 million for the same period ended June 30, 2022.

Management Commentary

Mr. Ye Zaichang, Chairman & CEO of SunCar, commented, "We are pleased to report our financial results for the first half of the year 2023. Our revenue increased by 28% to \$159.4 million for the first half of fiscal year 2023 as compared to the same period of last year. In the first half of 2023, we successfully executed our sustainable growth strategy and strengthened our leadership in automotive after-sales services and the online insurance market for NEV. We attributed our solid results to increased institutional partner base, expanded network and new service initiatives. In the meanwhile, we made efforts to improve operational efficiency and maintain a healthy balance sheet. Looking into the future, we plan to continuously develop strategic cooperation with leading NEV companies, expand supplier network, and invest in technology."

Six months ended June 30, 2023 Financial Results

Total revenues in the six months ended June 30, 2023 were \$159.4 million, representing an increase of 28% from \$124.7 million in the same period ended June 30, 2022.

Revenue from automotive after-sales service in the six months ended June 2023 increased by 10% to \$98.8 million from \$89.9 million in the same period ended June 30, 2022.

Revenue from insurance intermediation service in the six months ended June 2023 increased by 63% to \$47.7 million from \$29.3 million in the same period ended June 30, 2022.

Revenue from technology service in the six months ended June 2023 increased by 132% to \$12.9 million from \$5.5 million in the same period ended June 30, 2022.

Operating costs and expenses in the six months ended June 2023 increased by 33% to \$158.3 million from \$118.7 million in the same period ended June 30, 2022.

Integrated service cost in the six months ended June 2023 increased by 15% to \$87.9 million from \$76.7 million in the same period ended June 30, 2022.

Promotional service expenses in the six months ended June 30, 2023 increased by 75% to \$49.6 million from \$28.4 million in the same period ended June 30, 2022.

Selling expenses in the six months ended June 30, 2023 increased by 88% to \$12.8 million from \$6.8 million in the same period ended June 30, 2022.

General and administrative expenses in the six months ended June 30, 2023 decreased by 19% to \$4.0 million from \$4.9 million in the same period ended June 30, 2022.

Research and development expenses in the six months ended June 30, 2023 increased by 108% to \$4.0 million from \$1.9 million in the same period ended June 30, 2022.

Operating profit in the six months ended June 30, 2023 decreased by 81% to \$1.1 million from \$6.0 million in the same period ended June 30, 2022.

Net profit in the six months ended June 30, 2023 was \$1.1 million, compared to net profit of \$5.7 million in the same period ended June 30, 2022.

Net loss attributable to ordinary shareholders in the six months ended June 30, 2023 was \$3.4 million, compared to net income attributable to ordinary shareholders of \$2.1 million in the same period ended June 30, 2022.

Basic and diluted net loss per share is \$0.04 in the six months ended June 30, 2023, compared with basic and diluted net income per share of \$0.04 in the same period ended June 30, 2022.

As of June 30, 2023, the aggregate amount of the Company's cash and cash equivalents was \$38.1 million.

Net cash used in operating activities in the six months ended June 30, 2023 was \$20.5 million, compared to net cash used in operating activities of \$20.5 million in the same period ended June 30, 2022.

About SunCar Technology Group Inc.

Originally founded in 2007, SunCar is transforming the customer journey for car insurance and aftermarket services in China, the largest passenger vehicle market in the world. SunCar develops and operates online platforms that seamlessly connect drivers with a wide range of automotive services and insurance coverage options from a nationwide network of provider partners. As a result, SunCar has established itself as the leader in China in the B2B automotive after-sales services market and the online insurance market for electric vehicles. The company's multi-tenant, cloud-based platform empowers its enterprise clients to optimally access and manage their customer database and offerings, and drivers gain access to hundreds of services from tens of thousands of independent providers in a single application.

Forward-Looking Statements

This press release contains information about the Company's view of its future expectations, plans and prospects that constitute forward-looking statements. Actual results may differ materially from historical results or those indicated by these forward-looking statements as a result of a variety of factors including, but not limited to, risks and uncertainties associated with its ability to raise additional funding, its ability to maintain and grow its business, variability of operating results, its ability to maintain and enhance its brand, its development and introduction of new products and services, the successful integration of acquired companies, technologies and assets into its portfolio of products and services, marketing and other business development initiatives, competition in the industry, general government regulation, economic conditions, dependence on key personnel, the ability to attract, hire and retain personnel who possess the technical skills and experience necessary to meet the requirements of its clients, and its ability to protect its intellectual property. The Company's encourages you to review other factors that may affect its future results in the Company's annual reports and in its other filings with the Securities and Exchange Commission.

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SUNCAR TECHNOLOGY GROUP INC
CONDENSED CONSOLIDATED BALANCE SHEETS
(In U.S. Dollar thousands, except for share and per share data, or otherwise noted)

	December 31, 2022	June 30, 2023
		(Unaudited)
ASSETS		
Current assets		
Cash	\$ 21,200	\$ 35,460
Restricted cash	2,717	2,653
Short-term investments	26,544	20,985
Accounts receivable, net	85,619	74,593
Prepaid expenses and other current asset	9,270	43,601
Total current assets	145,350	177,292
Non-current assets		
Long-term investment	290	276
Software and equipment, net	18,491	15,040
Deferred tax assets, net	13,070	12,630
Other non-current assets	14,423	17,267
Right-of-use assets	344	1,514
Total non-current assets	46,618	46,727
TOTAL ASSETS	\$ 191,968	\$ 224,019
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Short-term loans	\$ 74,653	\$ 85,199
Accounts payable	24,200	30,326
Contract liabilities	3,569	3,870
Tax Payable	2,042	1,749
Accrued expenses and other current liabilities	4,849	4,037
Amount due to related parties	45,564	168

Lease liabilities	315	624
Total current liabilities	155,192	125,973
Non-current liabilities		
Lease liabilities	-	796
Amount due to a related party	-	43,330
Warrant liabilities	-	32
Total non-current liabilities	-	44,158
Total liabilities	\$ 155,192	\$ 170,131

Commitments and contingencies (Note 17)

Shareholders' equity

Class A ordinary shares* (par value of US\$0.0001 per share; 400,000,000 Class A Ordinary Shares authorized as of December 31, 2022 and June 30, 2023, respectively; 30,371,435 and 36,058,102 Class A Ordinary Shares issued and outstanding as of December 31, 2022 and June 30, 2023, respectively)	\$ 3	\$ 4
Class B Ordinary Shares* (par value of US\$0.0001 per share; 100,000,000 Class B Ordinary Shares authorized as of December 31, 2022 and June 30, 2023, respectively; 49,628,565 and 49,628,565 Class B Ordinary Shares issued and outstanding as of December 31, 2022 and June 30, 2023, respectively)	5	5
Additional paid in capital	95,764	114,084
Accumulated deficit	(99,580)	(103,200)
Accumulated other comprehensive loss	(1,476)	(1,643)
Total SUNCAR TECHNOLOGY GROUP INC's shareholders' (deficit) equity	(5,284)	9,250
Non-controlling interests	42,060	44,638
Total equity	36,776	53,888
TOTAL LIABILITIES AND EQUITY	\$ 191,968	\$ 224,019

* Shares are related to the reverse recapitalization on May 17, 2023 for the business combination and presented on a retroactive basis to reflect the reverse recapitalization.

SUNCAR TECHNOLOGY GROUP INC
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
(In U.S. Dollar thousands, except for share and per share data, or otherwise noted)

	For the Six Months Ended June 30,	
	2022	2023
Revenues		
Automotive after-sales service	\$ 89,851	98,813
Insurance intermediation service	29,346	47,710
Technology service	5,531	12,855
Total revenues	124,728	159,378
Operating costs and expenses		
Integrated service cost	(76,717)	(87,854)
Promotional service cost	(28,363)	(49,563)
Selling expenses	(6,802)	(12,793)
General and administrative expenses	(4,935)	(4,020)
Research and development expenses	(1,930)	(4,020)
Total operating costs and expenses	(118,747)	(158,250)
Operating profit	5,981	1,128
Other expenses		
Financial expenses, net	(1,756)	(1,915)
Investment income	249	323

Other income, net	3,139	2,450
Total other income, net	1,632	858
Profit before income tax	7,613	1,986
Income tax expense	(890)	(850)
Income from continuing operations, net of tax	6,723	1,136
Discontinued operations:		
Net loss from the operations of the discontinued operations, net of tax	(1,031)	-
Net profit	5,692	1,136
Net income from continuing operations	6,723	1,136
Less: Net income attributable to non-controlling interests of continuing operations	3,568	4,515
Net income (loss) from continuing operations attributable to SunCar Technology Group Inc's ordinary shareholders	3,155	(3,379)
Loss from discontinued operations, net of tax	(1,031)	-
Less: Net loss attributable to non-controlling interests of discontinued operations	(1)	-
Net loss from discontinued operations attributable to SunCar Technology Group Inc's ordinary shareholders	(1,030)	-
Net income (loss) attributable to SunCar Technology Group Inc's ordinary shareholders	2,125	(3,379)
Net income (loss) per ordinary share from continuing operations:		
Basic and diluted	\$ 0.04	\$ (0.04)
Net loss per ordinary share from discontinued operations:		
Basic and diluted	\$ (0.01)	\$ -
Net income (loss) attributable to SunCar Technology Group Inc's ordinary shareholders per ordinary share		
Basic and diluted	\$ 0.03	\$ (0.04)
Weighted average shares outstanding used in calculating basic and diluted income (loss) per share		
Basic and diluted	80,000,000	81,374,609
Income from continuing operations before non-controlling interests	\$ 6,723	\$ 1,136
Loss from discontinued operation, net of tax	(1,031)	-
Net income	5,692	1,136
Other comprehensive loss		
Foreign currency translation difference	(2,412)	(2,614)
Total other comprehensive loss	(2,412)	(2,614)
Total comprehensive income (loss)	3,280	(1,478)
Less: total comprehensive income attributable to non-controlling interest	800	2,068
Total comprehensive (loss) income attributable to SUNCAR TECHNOLOGY GROUP INC's shareholders	\$ 2,480	\$ (3,546)

Shares are related to the reverse recapitalization on May 17, 2023 for the business combination and presented on a retroactive basis to reflect the reverse recapitalization.

(In U.S. Dollar thousands, except for share and per share data, or otherwise noted)

	For the Six Months Ended June 30,	
	2022	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net profit from continuing operations	\$ 6,723	\$ 1,136
Net loss from discontinued operations	(1,031)	-
<i>Adjustments to reconcile net income (loss) to net cash used in operating activities:</i>		
Provision for doubtful accounts	245	(3,694)
Depreciation and amortization	2,077	2,840
Amortization of right-of-use assets	-	350
Share-based compensation of subsidiary	830	776
Loss on disposal of software and equipment	2	-
Change in deferred taxes	(249)	(207)
Fair value income from short-term investments	-	(323)
<i>Changes in operating assets and liabilities:</i>		
Accounts receivable, net	(13,894)	10,353
Prepaid expenses and other current asset, net	(1,084)	(38,757)
Accounts payable	(17,696)	7,647
Contract liabilities	548	497
Accrued expenses and other current liabilities	916	(787)
Tax payable	(86)	(202)
Operating lease liabilities	-	(321)
Amount due to related parties	1,185	167
Net cash used in operating activities of continuing operations	<u>(20,483)</u>	<u>(20,525)</u>
Net cash used in operating activities of discontinued operations	<u>(54)</u>	<u>-</u>
Total net cash used in operating activities	<u>(20,537)</u>	<u>(20,525)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of software and equipment	(1,082)	(577)
Purchase short-term investment	(105)	-
Proceeds from sale of short-term investment	-	4,784
Purchase of other non-current assets	-	(3,310)
Net cash (used in) provided by investing activities of continuing operations	<u>(1,187)</u>	<u>897</u>
Net cash used in investing activities of discontinued operations	<u>(537)</u>	<u>-</u>
Total net cash (used in) provided by investing activities	<u>(1,724)</u>	<u>897</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term bank loans	70,564	68,271
Repayments of short-term bank loans	(43,942)	(53,418)
Repurchase of non-controlling interests	(496)	-
Proceeds from Private Placement	-	21,737
Net cash paid on reverse recapitalization	-	(482)
Payment for the offering cost	-	(623)
Net cash provided by financing activities of continuing operations	<u>26,126</u>	<u>35,485</u>
Net cash provided by financing activities of discontinued operations	<u>-</u>	<u>-</u>
Total net cash provided by financing activities	<u>26,126</u>	<u>35,485</u>
Effect of exchange rate changes	(1,463)	(1,661)
Net change in cash and restricted cash	2,402	14,196
Cash and restricted cash, beginning of the period	<u>\$ 37,347</u>	<u>\$ 23,917</u>
Cash and restricted cash, end of the period	<u>\$ 39,749</u>	<u>\$ 38,113</u>
Less: cash of discontinued operations at end of the period	-	-
Cash and restricted cash at end of the period for continuing operations	<u>\$ 39,749</u>	<u>\$ 38,113</u>

Reconciliation of cash and restricted cash to the consolidated balance sheets:

Cash	\$	36,958	\$	35,460
Restricted cash	\$	<u>2,791</u>	\$	<u>2,653</u>
Total cash and restricted cash	\$	39,749	\$	38,113

Supplemental disclosures of cash flow information:

Income tax paid	\$	1,108	\$	1,128
Interest expense paid	\$	2,271	\$	1,704

Supplemental disclosures of non-cash activities:

Disposal of Shengda Group		24,042		-
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SunCar Technology Group Inc.