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HIGHWAY HOLDINGS REPORTS FISCAL 2022 FIRST QUARTER RESULTS

--Net Sales Up 46 Percent; Profitability Returns --

HONG KONG —July 22, 2021 — Highway Holdings Limited (**Nasdaq: HIHO**) today reported results for its fiscal 2022 first quarter ended June 30, 2021.

Net sales for the fiscal first quarter increased approximately 46 percent to \$3.0 million from \$2.1 million a year earlier. Net income for the same period was \$333,000, or \$0.08 per diluted share, compared with a net loss of \$223,000, or \$0.06 per share, last year.

"Results for the fiscal 2022 first quarter benefitted from the carryover of orders that were delayed in the fiscal 2021 fourth quarter due to the global pandemic and other factors discussed in the company's recently announced fiscal year-end results. While we remain cautious about the near-term consequences related to the global pandemic and supply chain issues impacting most industries, we are starting fiscal 2022 off on a solid foundation with excellent order demand," said Roland Kohl, chairman, president and chief executive officer.

Gross profit for the 2022 fiscal first quarter was \$930,000 compared with \$520,000 in the same period a year ago, with gross profit as a percentage of sales approximately 31 percent compared with 25 percent a year ago, representing a six percent improvement on a year-over-year basis.

Selling, general and administrative expense for the 2022 fiscal first quarter decreased by \$113,000 – benefiting from some of the management salary reductions. As a percentage of net sales, SG&A expenses decreased to 21 percent from 35 percent, despite an almost 46 percent increase in sales.

The company realized a small currency exchange loss of \$7,000 in the quarter compared with an exchange loss of \$20,000 in the same period last year, primarily due to a stronger RMB during the first two months of the fiscal 2022 first quarter.

Kohl highlighted the company's solid financial position, with cash and cash equivalents of \$ 7.7 million -- exceeding combined short- and long-term liabilities by \$2.2 million. At June 30, 2021, the company had working capital of \$7.9 million.

Total shareholders' equity at June 30, 2021 was \$10.1 million compared with \$9.8 million as of March 31, 2021. The company's current ratio at June 30, 2021 was 3.0 :1.

About Highway Holdings

Highway Holdings is an international manufacturer of a wide variety of high-quality parts and products for blue chip equipment manufacturers based primarily in Germany. Highway Holdings' administrative office is located in Hong Kong and its manufacturing facilities are located in Yangon, Myanmar and Shenzhen, China.

Except for the historical information contained herein, the matters discussed in this press release are forward-looking statements which involve risks and uncertainties, including but not limited to economic, competitive, governmental, political and technological factors affecting the company's revenues, operations, markets, products and prices, the impact of the worldwide COVID-19 pandemic, and other factors discussed in the company's various filings with the Securities and Exchange Commission, including without limitation, the company's annual reports on Form 20-F.

(Financial Tables Follow)

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HIGHWAY HOLDINGS LIMITED AND SUBSIDIARIES

Consolidated Statement of Income
(Dollars in thousands, except per share data)
(Unaudited)

| | Quarter Ended June 30 | |
|---|----------------------------------|----------------|
| | <u>2021</u> | <u>2020</u> |
| Net sales | \$2,998 | \$2,057 |
| Cost of sales | <u>2,068</u> | <u>1,537</u> |
| Gross profit | 930 | 520 |
| Selling, general and administrative expenses | <u>617</u> | <u>730</u> |
| Operating income/(loss) | 313 | (210) |
| Non-operating income (expense): | | |
| Exchange (loss), net | (7) | (20) |
| Interest income | 1 | 4 |
| Gain/(loss) on disposal of asset | - | 1 |
| Other income (expense) | <u>-</u> | <u>1</u> |
| Total non-operating (expenses) income | (6) | (14) |
| Net income/(loss) before income taxes | 307 | (224) |
| Income taxes | <u>33</u> | <u>-</u> |
| Net income/(loss) | 340 | (224) |
| Less: net gain/(loss) attributable to non-controlling interests | 7 | (1) |
| Net income/(loss) attributable to Highway Holdings Limited's Shareholders | <u>\$333</u> | <u>(\$223)</u> |
| Net income/(loss) per share – Basic | \$0.08 | (\$0.06) |
| Net income/(loss) per share - Diluted | \$0.08 | (\$0.06) |
| Weighted average number of shares outstanding: | | |
| Basic | <u>4,019</u> | <u>3,910</u> |
| Diluted | <u>4,160</u> | <u>3,910</u> |

HIGHWAY HOLDINGS LIMITED AND SUBSIDIARIES

Consolidated Balance Sheet
(In thousands, except per share data)

| | June 30 2021 | March 31 2021 |
|---|-----------------|------------------|
| <u>Current assets:</u> | | |
| Cash and cash equivalents | \$7,691 | \$7,757 |
| Accounts receivable, net of doubtful accounts | 1,752 | 973 |
| Inventories | 2,171 | 2,238 |
| Prepaid expenses and other current assets | 246 | 513 |
| Total current assets | 11,860 | 11,481 |
| Property, plant and equipment, net | 798 | 833 |
| Operating lease right-of-use assets | 2,562 | 2,795 |
| Long-term deposits | 285 | 282 |
| Long-term loan receivable | 95 | 95 |
| Investments in equity method investees | - | - |
| Total assets | 15,600 | 15,486 |
| <u>Current liabilities:</u> | | |
| Accounts payable | \$885 | \$653 |
| Operating lease liabilities, current | 822 | 821 |
| Accrued expenses and other liabilities | 2,249 | 2,347 |
| Income tax payable | 32 | 58 |
| Dividend payable | 5 | 85 |
| Total current liabilities | 3,993 | 3,964 |
| Operating lease liabilities, non-current | 929 | 1,142 |
| Deferred income taxes | 572 | 607 |
| Total liabilities | 5,494 | 5,713 |
| <u>Shareholders' equity:</u> | | |
| Preferred shares, \$0.01 par value | - | - |
| Common shares, \$0.01 par value | 40 | 40 |
| Additional paid-in capital | 11,731 | 11,709 |
| Accumulated deficit | (1,708) | (2,041) |
| Accumulated other comprehensive income/(loss) | 19 | 48 |
| Non-controlling interest | 24 | 17 |
| Total shareholders' equity | 10,106 | 9,773 |
| Total liabilities and shareholders' equity | \$15,600 | \$15,486 |