

CONTACT:
Gary S. Maier
(310) 471-1288

**HIGHWAY HOLDINGS REPORTS FISCAL 2021
FOURTH QUARTER AND YEAR-END RESULTS**

HONG KONG —July 15, 2021 — Highway Holdings Limited (**Nasdaq: HIHO**) today reported results for its fiscal year ended March 31, 2021 – reflecting the negative impact of the COVID-19 pandemic and the military takeover in Myanmar on the company’s operations in that country and the general shortage of raw materials and components, including electronic components and semiconductor chips.

Net sales for the fiscal 2021 fourth quarter were \$1.8 million compared with \$2.9 million a year ago. The decrease in sales was directly related to the closure of the company’s factory in Myanmar for a two week-period in March as a result of the military takeover in that country, as well as the shortage of raw materials and components that limited production. Net loss for the quarter was \$551,000, or \$0.14 per share, compared with net income of \$563,000, or \$0.14 per diluted share, a year earlier.

Net sales for fiscal 2021 were \$9.2 million compared with \$12.6 million a year ago. Net loss for fiscal 2021 was \$461,000, or \$0.12 per share, compared with net income of \$686,000, or \$0.18 per diluted share, a year earlier.

“The decrease in net sales in our fourth quarter, as well as for the full fiscal year, was primarily attributable to the February 1, 2021, coup d’état in Myanmar, the ongoing business slowdown caused by the global pandemic and the raw materials and parts shortage that started at the end of 2020. As a result of the unrest and a temporary lack of workers at our factory in Myanmar, together with the shortage of material supply, we had an interrupted production flow for almost all of March 2021. Fortunately, the majority of our workers have returned, and we are again fully operational. However, the loss of production in March had a severe negative impact on our fiscal 2021 financial performance, since March traditionally is one of our strongest months,” said Roland Kohl, chairman, president and chief executive officer.

He noted fiscal 2021 financial results were further impacted during most of the fourth quarter by world-wide material shortages, including electronic components and semiconductors, with a corresponding decrease in sales to certain European customers and the delayed manufacture of a video

(more)

gaming product -- which had to be deferred from November 2020. It was not until the current fiscal year that we finally could receive all the materials and start production in May. Kohl added that production of the video gaming product is currently ongoing and expected to enhance fiscal 2022 first quarter results, with the new fiscal year also benefitting from the resumption of manufacturing of other products that was deferred due to extraordinary factors previously noted.

Gross profit for the fiscal 2021 fourth quarter was \$387,000 compared with \$1.35 million a year ago. Gross profit as a percentage of sales was 21 percent compared with 46 percent in fiscal 2020. Gross profit as a percentage of sales for the fiscal 2021 fourth quarter was impacted by the previously noted negative events which distorted the results and therefore are not truly representative of the company's historical gross margins.

Gross profit for fiscal 2021 was \$ 2.7 million compared with \$4.2 million a year earlier. Gross profit as a percentage of sales for fiscal 2021 was 30 percent compared with 33 percent a year earlier.

Selling, general and administrative expenses increased to \$1,046,000 from \$605,000 for the fiscal fourth quarter a year ago. For the full fiscal year, selling general and administrative expenses slightly decreased to \$3.3 million from \$3.4 million last year – reflecting the extraordinary situation and events. Previous year results reflect substantial governmental subsidies and the reversal of staff obligation provisions, and hence not truly representative on a year-over-year comparison basis.

The company realized a currency exchange loss of \$60,000 in fiscal 2021 compared with a currency exchange gain of \$7,000 a year ago, mainly due to a stronger RMB. The company does not undertake any currency hedging transactions.

Kohl noted that the company's balance sheet remains strong. Total current assets at March 31, 2021, were \$11.5 million, with working capital of \$7.5 million and a current ratio of 2.9:1. Total cash was \$7.8 million, or \$1.94 per diluted share.

Kohl highlighted the company's strong financial position with total equity of \$9.8 million at March 31, 2021 -- representing approximately \$2.4 per diluted share.

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, the political situation in Myanmar, and other factors discussed in the company's various filings with the

Highway Holdings Ltd.
3-3-3

Securities and Exchange Commission, including without limitation, the company's annual reports on Form 20-F.

(Financial Tables Follow)

#

HIGHWAY HOLDINGS LIMITED AND SUBSIDIARIES
Consolidated Statement of Income
(Dollars in thousands, except per share data)

	Three Months Ended		Year Ended	
	March 31,		March 31,	
	(Unaudited)		(Audited)	
	2021	2020	2021	2020
Net sales	\$1,848	\$2,928	\$9,168	\$12,558
Cost of sales	1,461	1,577	6,461	8,405
Gross profit	387	1,351	2,707	4,153
Selling, general and administrative expenses	1,046	605	3,323	3,406
Operating (loss) / income	(659)	746	(616)	747
Non-operating items				
Exchange gain/(loss), net	0	(105)	(60)	7
Interest income	1	23	16	65
Gain/(Loss) on disposal of assets	0	(1)	9	16
Other income	43	60	51	61
Total non-operating income / (expenses)	44	(23)	16	149
Share of profits / (loss) of equity investee	-	-	-	-
Net (loss) / income before income tax and non-controlling Interest	(615)	723	(600)	896
Income taxes	66	(149)	146	(209)
Net (loss) / income before non-controlling interests	(549)	574	(454)	687
Less: Net gain / (loss) attributable to non-controlling Interests	2	11	7	1
Net (loss) / income attributable to Highway Holdings Limited shareholders	(\$551)	\$563	(\$461)	\$686
Net (loss) / income per share:				
Basic	(\$0.14)	\$0.14	(\$0.12)	\$0.18
Diluted	(\$0.14)	\$0.14	(\$0.12)	\$0.18
Weighted average number of shares outstanding:				
Basic	4,006	3,910	4,006	3,910
Diluted	4,006	3,910	4,006	3,910

HIGHWAY HOLDINGS LIMITED AND SUBSIDIARIES
Consolidated Balance Sheet
(In thousands, except per share data)

	March 31,	March 31,
	2021	2020
<u>Current assets:</u>		
Cash and cash equivalents	\$7,757	\$8,827
Accounts receivable, net of doubtful accounts	973	2,008
Inventories	2,238	2,000
Prepaid expenses and other current assets	513	388
Total current assets	11,481	13,223
Property, plant, and equipment, (net)	833	878
Operating lease right-of-use assets	2,795	3,710
Long-term deposits	282	263
Long-term loan receivable	95	95
Investments in equity method investees	-	-
Total assets	\$15,486	\$18,169
<u>Current liabilities:</u>		
Accounts payable	\$653	\$997
Operating lease liabilities, current	821	782
Accrual expenses and other liabilities	2,347	2,294
Income tax payable	58	564
Dividend payable	85	351
Total current liabilities	3,964	4,988
<u>Long term liabilities:</u>		
Operating lease liabilities, non-current	1,142	2,034
Deferred income taxes	607	229
Total liabilities	5,713	7,251
<u>Shareholders' equity:</u>		
Preferred shares, \$0.01 par value	-	-
Common shares, \$0.01 par value	40	40
Additional paid-in capital	11,709	11,537
Accumulated deficit	(2,041)	(865)
Accumulated other comprehensive income /(loss)	48	196
Non-controlling interest	17	10
Total equity	9,773	10,918
Total liabilities and shareholders' equity	\$15,486	\$18,169