

HIGHWAY HOLDINGS REPORTS FIRST QUARTER FISCAL 2026 RESULTS

HONG KONG – September 11, 2025 – Highway Holdings Limited (**Nasdaq: HIHO**) today reported financial results for the first quarter of fiscal year 2026 ended June 30, 2025.

Net sales for the first quarter of fiscal year 2026 were \$1.55 million compared to \$1.88 million in the first quarter of fiscal year 2025. Net income for the first quarter of fiscal year 2026 was \$61,000, or net income of \$0.01 per diluted share, compared with net income of \$98,000, or net income of \$0.02 per diluted share in the first quarter of fiscal year 2025.

Roland Kohl, chairman, president and chief executive officer of Highway Holdings, commented, “As an OEM supplier, our fortunes are closely tied to the performance of our customers. Following the COVID pandemic, which saw over-ordering, high inventories followed by strong reductions in demand, many of our customers until today have not yet recovered. Since we are heavily dependent on them, our business was also negatively impacted. Furthermore, recent uncertainties from increased tariffs imposed by the U.S. globally, the threat of additional new tariffs, and the conflicts in Ukraine and the Middle East have created market instability and have further added significant challenges.

“Despite these headwinds, we have maintained a solid financial position, which provides us the strength and flexibility to navigate this difficult environment as we seek a path back to sustainable growth. Despite reduced demand from existing customers, we are encouraged to see unexpected interest in new business from former customers. For example, we recently received a small order for our proprietary CO₂ cleaning machines, which had no sales activity for several years. The new interest in our cleaning machines follows governmental efforts by the Chinese government to replace toxic cleaning solvents with alternative non-environmental damaging cleaning solutions. This is a promising development that could be the beginning of a new product line and additional business. Furthermore, we also received renewed interest from a previous gaming console customer who, after a two-year pause, would like to ramp-up product production.”

“We are working relentlessly to diversify beyond the constraints of our OEM model, pursuing strategic actions that we believe will ultimately free us from the stranglehold of past business cycles. While the path forward involves challenges, we are confident in our ability to adapt, capitalize on new opportunities, and emerge stronger. Our focus remains on building a company that, in the long-term, is more resilient, more innovative, and better positioned to deliver long-term value.”

Gross profit and profit margins for the first quarter of fiscal year 2026 decreased to \$527,000, or 34%, compared with \$661,000 and 35%, respectively, in the first quarter of fiscal year 2025, primarily due to decreased sales.

Selling, general and administrative expenses for the first quarter of fiscal year 2026 slightly increased by 1% to \$665,000 in the first quarter 2026 from \$658,000 in the year ago period due to inflationary increases.

The Company recognized a \$4,000 currency exchange gain in the first quarter of fiscal year 2026, compared to \$38,000 in the first quarter of fiscal year 2025. The Company also earned \$43,000 in interest and had an \$82,000 gain on the disposal of a small underutilized real property in the first quarter of 2026, as the Company continues to benefit from a relatively high interest rate. The Company does not engage in foreign currency hedging activities.

The Company ended the first quarter of fiscal year 2026 in a solid financial position with \$5.82 million of cash and cash equivalents, which exceeded its combined short- and long-term liabilities by \$3.06 million. At June 30, 2025, the Company had a working capital balance of \$5.7 million, with a current ratio of 3.2:1, and total shareholders' equity of \$6.4 million, compared to \$6.3 million as of March 31, 2025.

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 the prospects of its proprietary CO₂ cleaning machines and new orders for gaming consoles, economic, competitive, governmental, political and technological factors affecting the company's revenues, operations, markets, products and prices, the remaining 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
(In thousands of U.S. dollars, except for shares and per share data)

	Quarter Ended June 30	
	2025 <u>(unaudited)</u>	2024 <u>(unaudited)</u>
Net sales	\$1,547	\$1,879
Cost of sales	<u>1,020</u>	<u>1,218</u>
Gross profit	527	661
Selling, general and administrative expenses	<u>665</u>	<u>658</u>
Operating income (loss)	(138)	3
Non-operating income (expense):		
Exchange gain (loss), net	4	38
Interest income	43	45
Gain (loss) on disposal of assets	82	-
Other income (expense)	<u>5</u>	<u>7</u>
Total non-operating income (expenses)	134	90
Net income (loss) before income taxes	(4)	93
Income taxes	<u>61</u>	<u>-</u>
Net income	57	93
Less: net gain/(loss) attributable to non-controlling interests	(4)	(5)
Net income attributable to Highway Holdings Limited's Shareholders	<u>\$61</u>	<u>\$98</u>
Net income (loss) per share – Basic	\$0.01	\$0.02
Net income (loss) per share - Diluted	\$0.01	\$0.02
Weighted average number of shares outstanding:		
Basic	<u>4,445</u>	<u>4,506</u>
Diluted	<u>4,445</u>	<u>4,506</u>

HIGHWAY HOLDINGS LIMITED AND SUBSIDIARIES
Consolidated Balance Sheet
(In thousands of U.S. dollars, except for shares and per share data)

	June 30 2025 (unaudited)	March 31 2025 (audited)
<u>Current assets:</u>		
Cash and cash equivalents	\$5,816	\$5,972
Accounts receivable, net of doubtful accounts	1,039	1,022
Inventories	956	1,146
Prepaid expenses and other current assets	458	430
Total current assets	<u>8,269</u>	<u>8,570</u>
Goodwill, net	-	-
Property, plant and equipment, net	126	94
Operating lease right-of-use assets	622	784
Long-term deposits	12	11
Long-term loan receivable	95	95
Total assets	<u>9,124</u>	<u>9,554</u>
<u>Current liabilities:</u>		
Accounts payable	\$472	\$613
Operating lease liabilities, current	468	623
Accrued expenses and other liabilities	1,108	1,274
Income tax payable	423	486
Dividend payable	81	81
Total current liabilities	<u>2,552</u>	<u>3,077</u>
Operating lease liabilities, non-current	184	187
Long term accrued expenses	23	23
Total liabilities	<u>2,759</u>	<u>3,287</u>
<u>Shareholders' equity:</u>		
Preferred shares, \$0.01 par value	-	-
Common shares, \$0.01 par value	46	44
Additional paid-in capital	12,201	12,178
Accumulated deficit	(5,378)	(5,437)
Accumulated other comprehensive (loss) / income	(498)	(516)
Non-controlling interest	(6)	(2)
Total shareholders' equity	<u>6,365</u>	<u>6,267</u>
Total liabilities and shareholders' equity	<u>\$9,124</u>	<u>\$9,554</u>