SunCar Technology Reports 29% Revenue Growth, Including 79% Increase in Auto e-Insurance Business in FY 2023

April 29, 2024

Adjusted EBITDA increased by $7.2 million to $1.6 million in 2023
Conference Call and Webcast on April 30th at 5 PM ET

NEW YORK, April 29, 2024 /PRNewswire/ -- SunCar Technology Group Inc. (the "Company" or "SunCar") (NASDAQ: SDA), an innovative leader in cloud-based B2B auto services and auto e-insurance in China, today provided a business update and reported financial results for the year ended December 31, 2023.

Fiscal Year 2023 Financial Results

- For the fiscal year ended December 31, 2023, total revenues were $364 million, up 29% from $282 million in 2022.
  - Our auto service segment reported revenue of $215 million in fiscal year 2023, an increase of 8% from $199 million in fiscal year 2022. The increase was driven by the increase in service orders in 2023. This segment is enabled by SunCar's technology platform, which facilitates auto services, such as car wash, maintenance, driving service, and road assistance.
  - Our auto eInsurance segment generated $118 million in fiscal year 2023, a 75% increase over fiscal year 2022. This growth was driven by an increase in gross premiums written and the number of insurance policies issued compared to the year ended December 31, 2022. Specifically, we experienced over 100% YoY revenue growth driven by our strong relationships with electric vehicle manufacturers, including Tesla (NASDAQ: TSLA), NIO (NYSE: NIO), X Peng (NYSE: XPEV), and Li Auto (NASDAQ: LI), Xiaomi (HKSE: 01810), BYD (HKSE: 01211), Seres Group (SHSE: 601127), ZEEKR, Lotus Technology (NASDAQ: LOT), Leapmotor (HKSE: 09863), JIDU Auto (a joint venture between Baidu (NASDAQ: BIDU) and Geely (HKSE: 0175), and others.
  - Our technology service business generated revenues of $31 million for the year ended December 31, 2023, a 98% increase over 2022. This increase is due to our continuous expansion in new business to acquire more market share and to the increasing adoption of insurance companies of our eInsurance technology.
  - Our net losses were $18 million and $12 million for the year ended December 31, 2023 and 2022, respectively. We continue to strategically invest in technology and business development as we increase our presence with some of the largest enterprise customers in China.
  - Adjusted EBITDA, a non-GAAP metric that excludes certain non-recurring items and non-cash expenses, is useful in evaluating our operational performance in addition to the GAAP metrics. Our Adjusted EBITDA increased by $7.2 million from the year ended December 31, 2022, to a positive $1.6 million in the year ended December 31, 2023.

Fiscal Year 2023 Operational Highlights

- For our auto service business, the Company was working with over 1,400 enterprise clients and over 47,000 auto service providers (compared to 45,000 as of December 31, 2022), covering over 350 cities and all 33 provinces of China.
  - Announced auto service agreements and renewals with China Minsheng Banking Corp., Ltd. (CMBC), Bank of Communications Limited (BoComm), China CITIC Bank, and the Heilongjiang Branch of the Agricultural Bank of China.
- For our auto eInsurance business, the Company was working with 85 insurance companies (including the top 10 insurance companies with a combined over 90% market share), over 900 insurance company branches, and over 64,000 insurance sales partners (compared to 62,000 in 2022) in China.
  - Announced auto eInsurance agreements and renewals with Tesla (NASDAQ: TSLA), Nio (NYSE: NIO), Li Auto (NASDAQ: LI), XPeng (NYSE: XPEV).
- Closed our business combination with Goldenbridge Acquisition Limited and listed our shares on the Nasdaq in May 2023.
- We released Version 7.9.0 of our eInsurance system with new features, including enhanced automatic storage and management of insurance image data.
  - Currently deployed by 18 leading NEV companies, it aims to enhance user experience to the best-in-class in the industry.

Management Commentary

Ye Zaichang, CEO and Chairman of SunCar commented, "At SunCar, we're leveraging cutting-edge technology to revolutionize the auto services and eInsurance sectors in China, the world's largest and rapidly growing vehicle market. Our cloud-based platform seamlessly connects car owners with a

vast array of services and eInsurance options, tapping into a network of over 47,000 service providers and more than 64,000 insurance sales partners nationwide."

"In 2023, we achieved a significant revenue increase to $364 million, up 29% from the previous year, demonstrating the strong synergy between our auto services and eInsurance segments. Our robust technology infrastructure propels this success, including seamless API integrations and an AI-powered purchasing process that significantly enhances customer experience. With our strategic focus on the burgeoning electric vehicle sector and partnerships with top EV manufacturers, we are uniquely positioned to drive continued growth and innovation in this dynamic industry."

"I extend my heartfelt thanks to our team, partners, and shareholders for their unwavering support as we move forward with our vision to transform automotive service and insurance in China."

CONFERENCE CALL & AUDIO WEBCAST

SunCar will host a conference call on Tuesday, April 30, at 5:00 PM ET (2:00 PM PT) with the investment community to discuss the Company's financial results and provide a business update.

To access the call by phone, please dial 1-877-407-0752 (international callers please dial 1-201-389-0912) approximately 10 minutes prior to the start of the call. A live audio webcast of the conference call will be available online at https://viavid.webcasts.com/starthere.jsp?ei=1668638&tp_key=73879e5f16.

A webcast replay will also be available for a limited time at the following link: https://viavid.webcasts.com/starthere.jsp?ei=1668638&tp_key=73879e5f16.

About SunCar Technology Group Inc.

Originally founded in 2007, SunCar is transforming the customer journey for auto services and auto insurance in China, the largest passenger vehicle market in the world. SunCar develops and operates cloud-based platforms that seamlessly connect drivers with a wide range of auto services and insurance coverage options through a nationwide network of sales partners. As a result, SunCar has established itself as the leader in China in the B2B auto services market and the auto eInsurance market for electric vehicles. The Company's multi-tenant, cloud-based platform empowers its enterprise clients to access and manage their customer database and offerings optimally, and drivers gain access to hundreds of services from tens of thousands of independent providers in a single application. For more information, please visit: https://suncartech.com.

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 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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*** *tables follow* ***

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

	As of December 31,	
	2022	2023
ASSETS		
Current assets		
Cash	$ 21,200	$ 30,854
Restricted cash	2,717	2,741
Short-term investments	26,544	21,596
Accounts receivable, net	85,619	56,043

Prepaid expenses and other current assets, net	9,270	63,963
Total current assets	**145,350**	**175,197**
Non-current assets		
Long-term investment	290	282
Software and equipment, net	18,491	22,466
Deferred tax assets, net	13,070	11,998
Other non-current assets	14,423	12,012
Right-of-use assets	344	1,280
Total non-current assets	**46,618**	**48,038**
TOTAL ASSETS	**$ 191,968**	**$ 223,235**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Short-term loan	$ 74,653	$ 83,029
Accounts payable	24,200	26,641
Deferred revenue	3,569	3,050
Tax payables	2,042	1,364
Accrued expenses and other current liabilities	4,849	4,809
Amount due to a related party, current	45,564	4,751
Operating lease liability, current	315	748
Total current liabilities	**155,192**	**124,392**
Non-current liabilities		
Operating lease liability, non-current	**-**	504
Amount due to a related party, non-current	**-**	29,688
Warrant liabilities	**-**	661
Total non-current liabilities	**-**	**30,853**
Total liabilities	**$ 155,192**	**$ 155,245**
Shareholders'(deficit)/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 2023, respectively; 31,971,435 and 39,876,493 Class A Ordinary shares issued and outstanding as of December 31, 2022 and 2023, respectively)	$ 3	$ 4
Class B Ordinary shares* (par value of US$0.0001 per share; 100,000,000 Class B Ordinary shares authorized as of December 31, 2022 and 2023, respectively; 49,628,565 and 49,628,565 Class B Ordinary shares issued and outstanding as of December 31, 2022 and 2023, respectively)	5	5
Additional paid in capital	95,764	144,160
Accumulated deficit	(99,580)	(129,724)
Accumulated other comprehensive loss	(1,476)	(1,367)
Total SUNCAR TECHNOLOGY GROUP INC's shareholders' (deficit)/equity	**(5,284)**	**16,078**
Non-controlling interests	42,060	51,912
Total equity	**36,776**	**67,990**
TOTAL LIABILITIES AND EQUITY	**$ 191,968**	**$ 223,235**

SUNCAR TECHNOLOGY GROUP INC
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 year ended December 31,		
	2021	**2022**	**2023**
Revenues			

Auto service	$ 187,880	$ 199,294	$ 214,979
Auto eInsurance	56,766	67,640	118,109
Technology service	4,589	15,479	30,658
Total revenues	**249,235**	**282,413**	**363,746**
Operating cost and expenses			
Integrated service cost	(156,852)	(166,793)	(209,553)
Promotional service expenses	(55,222)	(65,500)	(112,504)
Selling expenses	(12,731)	(16,477)	(20,578)
General and administrative expenses	(10,420)	(37,742)	(22,462)
Research and development expenses	(3,651)	(8,478)	(14,111)
Total operating costs and expenses	**(238,876)**	**(294,990)**	**(379,208)**
Operating profit/(loss)	**10,359**	**(12,577)**	**(15,462)**
Other income/(expenses)			
Financial expenses, net	(3,045)	(3,659)	(4,435)
Investment income	759	441	518
Change of fair value of warrant liabilities	-	-	(629)
Other income, net	2,457	5,121	5,001
Total other income, net	**171**	**1,903**	**455**
Income/(loss) before income tax expense	10,530	(10,674)	(15,007)
Income tax expense	(938)	(231)	(2,572)
Income/(Loss) from continuing operations, net of tax	**9,592**	**(10,905)**	**(17,579)**
Discontinued operations:			
Net loss from the operations of the discontinued operations, net of tax	(27,682)	(994)	-
Net loss	**(18,090)**	**(11,899)**	**(17,579)**
Net income/(loss) from continuing operations	9,592	(10,905)	(17,579)
Less: Net income/(loss) attributable to non-controlling interests of continuing operations	5,650	(5,230)	9,333
Net income/(loss) from continuing operations attributable to the Company's ordinary shareholders	**3,942**	**(5,675)**	**(26,912)**
Loss from discontinued operations, net of tax	(27,682)	(994)	-
Less: Net loss attributable to non-controlling interests of discontinue operations	(19)	-	-
Net loss from discontinued operations attributable to the Company's ordinary shareholders	**(27,663)**	**(994)**	**-**
Net loss attributable to the Company's ordinary shareholders	**(23,721)**	**(6,669)**	**(26,912)**
Net income/(loss) per ordinary share from continuing operations:			
Basic and diluted	$ 0.05	$ (0.07)	$ (0.31)
Net loss per ordinary share from discontinued operations:			
Basic and diluted	$ (0.34)	$ (0.01)	$ -
Net loss attributable to the Company's ordinary shareholders per ordinary share			
Basic and diluted	$ (0.29)	$ (0.08)	$ (0.31)
Weighted average shares outstanding used in calculating basic and diluted loss per share			
Basic and diluted	81,600,000	81,600,000	85,441,057

Income/ (loss) from continuing operations before non-controlling interests	$ 9,592	$ (10,905)	$ (17,579)
Loss from discontinued operations, net of tax	(27,682)	(994)	-
Net loss	**(18,090)**	**(11,899)**	**(17,579)**
Other comprehensive income/(loss)			
Foreign currency translation difference	907	(2,410)	(1,137)
Total other comprehensive income/(loss)	**907**	**(2,410)**	**(1,137)**
Total comprehensive loss	**(17,183)**	**(14,309)**	**(18,716)**
Less: total comprehensive income/(loss) attributable to non-controlling interest	6,839	(9,801)	8,087
Total comprehensive loss attributable to the SUNCAR TECHNOLOGY GROUP INC's shareholders	**$ (24,022)**	**$ (4,508)**	**$ (26,803)**

SUNCAR TECHNOLOGY GROUP INC
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In U.S. Dollar thousands, except for share and per share data, or otherwise noted)

	For the years ended December 31,		
	2021	**2022**	**2023**
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income/(loss) from continuing operations	$ 9,592	$ (10,905)	$ (17,579)
Net loss from discontinued operations	(27,682)	(994)	-
Net loss	(18,090)	(11,899)	(17,579)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Provision (Reversal) for credit losses	148	25,981	(4,112)
Depreciation and amortization	4,055	5,078	4,114
Amortization of right-of-use assets	-	619	754
Share-based compensation of subsidiary	1,668	1,599	1,519
Share-based compensation of the Group	-	-	9,776
Loss/(gain) on disposal of software and equipment	27	-	(27)
Deferred income tax (benefit) expense	(1,124)	(1,951)	701
Fair value changes of warrant liabilities	-	-	629
Financing expense related to issuance of GEM Warrants	-	-	377
Changes in operating assets and liabilities:			
Accounts receivable	(35,071)	(32,640)	30,822
Prepaid expenses and other current assets	3,181	(3,850)	(55,908)
Accounts payable	13,608	(5,019)	3,140
Deferred revenue	813	1,858	(418)
Accrued expenses and other current liabilities	(14,976)	2,548	(288)
Tax payable	(1,026)	(280)	(621)
Operating lease liabilities	-	(615)	(680)
Amount due to a related party	-	1,485	150
Net cash used in operating activities of continuing operations	**(19,105)**	**(16,092)**	**(27,651)**
Net cash used in operating activities of discontinued operations	**(6,462)**	**(52)**	**-**
Total net cash used in operating activities	**(25,567)**	**(16,144)**	**(27,651)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of software and equipment	(1,284)	(4,351)	(4,928)
Proceeds from disposal of software and equipment	-	-	54
Purchase of short-term investment	(9,839)	-	(518)
Proceeds from the redemption of short-term investment	-	149	4,719
Purchase of other non-current assets	(8,968)	(1,200)	(1,721)
Net cash (used in) provided by investing activities of continuing operations	**(20,091)**	**(5,402)**	**(2,394)**

Net cash used in investing activities of discontinued operations	**(591)**	**(517)**	**-**
Total net cash (used in) provided by investing activities	**(20,682)**	**(5,919)**	**(2,394)**
CASH FLOWS FORM FINANCING ACTIVITIES			
Proceeds from short-term loan	76,812	122,249	104,506
Repayments of short-term loan	(70,193)	(111,103)	(93,970)
Repayments of payables to a related party	-	-	(10,000)
Proceeds from issuance of ordinary shares, net of issuance cost	-	-	18,468
Cash required on reverse recapitalization	-	-	68
Proceeds from Private Placement	-	-	21,737
Payment for offering cost related to Business Combination	-	-	(588)
Shares repurchase	-	-	(2,000)
Exercise of warrants	-	-	2,213
Repurchase of non-controlling interests	(1,184)	(510)	-
Dividend paid to non-controlling shareholders	(6,620)	-	-
Net cash (used in) provided by financing activities of continuing operations	**(1,185)**	**10,636**	**40,434**
Net cash provided by financing activities of discontinued operations	**1,119**	**-**	**-**
Total net cash (used in) provided by financing activities	**(66)**	**10,636**	**40,434**
Effect of exchange rate changes	1,827	(2,573)	(711)
Net change in cash and restricted cash	(44,488)	(14,000)	9,678
Cash and restricted cash, beginning of the year	**$ 82,405**	**$ 37,917**	**$ 23,917**
Cash and restricted cash, end of the year	**$ 37,917**	**$ 23,917**	**$ 33,595**
Less: cash of discontinued operations at end of year	570	-	-
Cash and restricted cash at end of year for continuing operations	**$ 37,347**	**$ 23,917**	**$ 33,595**
Reconciliation of cash and restricted cash to the consolidated balance sheets:			
Cash	$ 34,517	$ 21,200	$ 30,854
Restricted cash	$ 2,830	$ 2,717	$ 2,741
Total cash and restricted cash	$ 37,347	$ 23,917	$ 33,595
Supplemental disclosures of cash flow information:			
Income tax paid	$ 3,472	$ 2,459	$ -
Interest expense paid	$ 3,087	$ 3,780	$ 2,577
Supplemental disclosures of non-cash activities:			
Disposal of Shengda Group	-	23,222	-
Decrease of accrued expenses and other current liabilities due to vest of restricted shares	$ 311	$ 311	$ -
Purchase of software and equipment by using accrued expenses and other current liabilities	$ -	$ -	$ -
Obtaining right-of-use assets in exchange for operating lease liabilities and prepaid expenses	$ -	$ 972	$ 1,702
Software and equipment transferred from other non-current assets	$ -	$ 12,150	$ 3,727,781
Prepaid financing expense related to issuance of GEM Warrants	$ -	$ -	$ 1,441,826

Non-GAAP Financial Measures

In addition to our results determined in accordance with GAAP, the Company's management believes that Adjusted EBITDA, which is a non-GAAP measure that excludes certain non-recurring items such as costs and expenses related to the Business Combination and prior and subsequent capital raises, is useful in evaluating our operational performance. The Company uses this non-GAAP financial information to evaluate our ongoing

operations and for internal planning, budgeting and forecasting purposes. We believe that this non-GAAP financial information, when taken collectively with GAAP measures, may be helpful to investors in assessing our operating performance and comparing our performance with competitors and other comparable companies, which may or may not present similar non-GAAP financial measures to investors. Our computation of these non-GAAP measures may not be comparable to other similarly titled measures computed by other companies, because all companies may not calculate these measures in the same fashion. We endeavor to compensate for the limitation of the non-GAAP measure presented by also providing the most directly comparable GAAP measure and a description of the reconciling items and adjustments to derive the non-GAAP measure. This non-GAAP measure should be considered in addition to results prepared in accordance with GAAP, but should not be considered in isolation or as a substitute for performance measures calculated in accordance with GAAP. We compensate for these limitations by relying primarily on our GAAP results and using non-GAAP measures on a supplemental basis.

Adjusted EBITDA

We believe that Adjusted EBITDA, as defined below, is useful in evaluating our operational performance distinct and apart from certain expenses that may not be indicative of our recurring core business operating results and non-operational expenses. Adjusted EBITDA is defined as Operating profit (loss) adjusted for depreciation and amortization, share-based compensation and non-recurring expenses related to the Business Combination and prior and subsequent capital raises. Adjusted EBITDA Margin is defined as Adjusted EBITDA divided by Total revenues.

Reconciliation of Operating Profit (Loss) to Adjusted EBITDA
(In thousands)

	For the years ended December 31,	
	2022	**2023**
Operating profit (loss)	$ (12,577)	$ (15,462)
Depreciation and amortization [1]	5,078	4,114
Share-based compensation [2]	1,599	11,295
Transaction fees [3]	357	1,702
Adjusted EBITDA	**$ (5,543)**	**$ 1,649**
Adjusted EBITDA Margin	***(2.0) %***	***0.5 %***

(1) Non-cash expenses related to depreciation and amortization

(2) Non-cash expense related to compensation costs for equity classified awards (both for the subsidiary and the Group)

(3) Includes non-recurring transaction related fees and expenses associated with the Company's Business Combination and prior and subsequent capital raises

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