Leishen Energy

Leishen Energy Holding Co., Ltd. Announces Fiscal Year 2024 Financial Results Highlighting Strong Operating Cash Flow and Stable Gross Margins

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BEIJING, Feb. 18, 2025 (GLOBE NEWSWIRE) -- Leishen Energy Holding Co., Ltd. ("Leishen Energy"), a leading provider of clean-energy equipment and integrated solutions for the oil and gas industry, today announced its fiscal year 2024 financial results, showcasing robust performance driven by effective cost management, strategic market expansion, and growing demand for the Company's innovative product offerings.

Fiscal Year 2024 Financial Highlights

- **Operating Cash Flow Grows 243%,** rising to USD $15.07 million in fiscal year 2024, up from USD $4.39 million in fiscal year 2023, marking a more than 243% year-over-year increase. This sharp rise was driven by robust accounts receivable collections, efficiency gains, and disciplined costs.
- **Total Revenues** were **USD $69.07 million**, compared to USD $73.08 million in fiscal year 2023, representing a **5.5% decrease** year-over-year. The decline was primarily attributable to lower sales of clean-energy equipment in the domestic market, partially offset by growth in the Company's new energy business.
- **Gross Profit** totaled **USD $16.03 million**, down from USD $18.38 million in the prior year, reflecting a gross margin of 23.2% (25.1% in fiscal year 2023). The margin decrease was primarily driven by lower margins in oil and gas engineering technical services.
- **Net Income** was **USD $7.99 million**, compared to USD $11.63 million in fiscal year 2023, reflecting a **31.3% decrease**.
- **Operating Expenses** rose from USD $6.49 million in fiscal year 2023 to USD $8.48 million in fiscal year 2024, largely due to higher selling and marketing costs associated with international market expansion, as well as increased research and development.
- **Net Income Attributable to Leishen Energy** was USD $8.10 million, reflecting a decrease of USD $3.76 million year-over-year.

Segment Performance

1. **Clean-Energy Equipment**
   - Revenue declined by 14.6% year-over-year, to USD $33.82 million, mainly due to reduced domestic orders amid tighter market competition and lower selling prices for certain common products. The segment contributed 49.0% of total revenues.
2. **Digitalization and Integration Equipment**
   - Revenue was USD $3.08 million, reflecting a modest year-over-year decline. Gross margin improved to 18.2% as the Company continued to streamline costs and enhance efficiency.
3. **New Energy Sales**
   - Revenue grew 11.3%, reaching USD $25.82 million, driven by increased demand for natural gas. The Company added a major new client in fiscal year 2024, contributing over USD $1.5 million in revenue.
4. **Oil and Gas Engineering Technical Services**
   - Revenue was USD $6.35 million, representing a decrease of 8.4% from the prior year, due to intensified pricing pressure and customers adopting lower-cost operating models. Despite increased competition, the Company continues to develop new projects at home and abroad.

Management Commentary

"We are pleased to report that while Leishen Energy experienced year-over-year declines in revenue and profitability in fiscal 2024, we have strengthened our position in new energy sales and increased our presence in international markets," said Hongliang Li, Chief Executive Officer of Leishen Energy. "The successful expansion of our customer base—particularly in overseas regions—and ongoing investments in research and development underscore our commitment to delivering innovative, high-performance energy solutions."

Zhiping Yu, Chief Financial Officer, added: "As we navigate near-term market pressures, we remain focused on cost optimization and strategic capital allocation. We believe our prudent balance sheet management, coupled with targeted investments in key growth areas, will help us enhance our financial performance and maintain sustainable returns for our shareholders in the years to come."

Business Outlook

The Company aims to capitalize on the following growth drivers and strategic initiatives in fiscal year 2025 and beyond:

- **International Expansion**: Continued pursuit of overseas projects in Central Asia, Southeast Asia, and the Middle East, including joint reserve warehouses of spare parts with major oilfields and new power plant operation and maintenance projects in Africa.
- **Technology and Innovation**: Further investment in research and development to strengthen patented technologies, with 72 patents now held across clean-energy equipment, oil and gas engineering technical services, and new energy production and operation.
- **Customer Diversification**: Ongoing efforts to deepen relationships with long-standing domestic clients while expanding the Company's international customer pipeline, particularly in digitalization and integration equipment sales.
- **Operational Efficiencies**: Enhancement of cost-control measures, rigorous supply chain management, and new supplier partnerships to mitigate inflationary pressures and disruptions.

LEISHEN ENERGY HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

	2024		2023		Variance	
	Amount	% of revenue	Amount	% of revenue	Amount	%
Revenues	$ 69,073,374	100.0 %	$ 73,084,448	100.0 %	$ (4,011,074)	(5.5)%
Cost of revenues	(53,038,855)	(76.8)%	(54,705,407)	(74.9)%	1,666,552	(3.0)%
Gross profit	16,034,519	23.2 %	18,379,041	25.1 %	(2,344,522)	(12.8)%
Operating expenses:						
Selling and marketing	2,053,194	3.0 %	775,957	1.1 %	1,277,237	164.6 %
General and administrative	5,979,890	8.7 %	5,553,912	7.6 %	425,978	7.7 %
Research and development	449,542	0.7 %	158,657	0.2 %	290,885	183.3 %
Total operating expenses	8,482,626	12.4 %	6,488,526	8.9 %	1,994,100	30.7 %
Income from operations	7,551,893	10.8 %	11,890,515	16.2 %	(4,338,622)	(36.5)%
Other income (loss):						
Interest expense	(57,018)	(0.1)%	(67,964)	(0.1)%	10,946	(16.1)%
Exchange (loss) gains	(18,107)	0.0 %	280,538	0.4 %	(298,645)	(106.5)%
Gain from equity investment	81,150	0.1 %	80,616	0.10 %	534	0.7 %
Net investment income	445,271	0.6 %	108,671	0.1 %	336,600	309.7 %
Other expenses, net	171,845	0.2 %	71,850	0.0 %	99,995	139.2 %
Total other income, net	623,141	0.8 %	473,711	0.6 %	149,430	31.5 %
Income before income taxes	8,175,034	11.6 %	12,364,226	16.8 %	(4,189,192)	(33.9)%
Provision for income taxes	184,818	0.3 %	729,506	1.0 %	(544,688)	(74.7)%
Net income	7,990,216	11.3 %	11,634,720	15.8 %	(3,644,504)	(31.3)%

Net loss attributable to non-controlling interests	(105,655)	(0.2)%	(223,870)	(0.3)%	118,215	(52.8)%
Net income attributable to Leishen Energy Holding Co., Ltd.	$ 8,095,871	11.5%	$ 11,858,590	16.1%	$ (3,762,719)	(31.7)%

LEISHEN ENERGY HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	As of September 30, 2024 US$	As of September 30, 2023 US$
ASSETS		
Current Assets:		
Cash	$ 5,811,798	$ 4,567,608
Restricted cash	1,489,216	-
Short-term investments	17,850,648	7,234,607
Accounts receivable, net	21,826,297	30,742,914
Notes receivable	1,054,528	1,304,004
Advance to suppliers, net	5,896,595	5,637,829
Inventories	5,396,634	7,877,202
Due from related parties	31,535	44,848
Loan receivable - related party	822,878	-
Prepaid expenses and other current assets, net	1,567,060	1,351,049
Total current assets	**61,747,189**	**58,760,061**
Non-current assets:		
Long-term investments	1,758,515	1,670,461
Deferred offering costs	437,653	271,155
Property and equipment, net	4,111,919	3,838,135
Intangible assets	140,070	152,901
Operating lease right-of-use assets, net	668,259	712,065
Loans receivable, non-current	725,699	-
Other non-current assets	44,746	52,351
Total non-current assets	**7,886,861**	**6,697,068**
Total Assets	**$ 69,634,050**	**$ 65,457,129**
LIABILITIES AND EQUITY		
Current Liabilities:		
Short-term loans	$ 50,899	$ 1,090,378
Accounts payable	10,731,238	11,758,870
Advance from customers	2,292,728	1,465,285
Taxes payable	3,418,725	2,755,661
Due to related parties	9,239,059	13,387,546
Operating lease liabilities	68,291	62,057
Other payables and other current liabilities	1,339,969	1,303,371
Total current liabilities	**27,140,909**	**31,823,168**
Non-current Liabilities:		
Long-term loans	1,127,380	49,676
Deferred tax liabilities, net	307,513	1,175,703
Operating lease liabilities, non-current	602,735	650,007
Total non-current liabilities	**2,037,628**	**1,875,386**

Total Liabilities	**29,178,537**	**33,698,554**
Equity:		
Ordinary shares, par value $0.001 per share, 50,000,000 shares authorized; 15,500,000 shares issued and outstanding*	15,500	15,500
Subscription receivable	(15,500)	(15,500)
Additional paid-in capital	1,617,966	1,617,966
Statutory reserves	1,690,994	1,565,649
Retained earnings	37,339,006	29,368,480
Accumulated other comprehensive loss	(861,374)	(1,746,809)
Total equity attributable to Leishen Energy Holding Co., Ltd	**39,786,592**	**30,805,286**
Non-controlling interests	**668,921**	**953,289**
Total Equity	**40,455,513**	**31,758,575**
Total Liabilities and Equity	**$ 69,634,050**	**$ 65,457,129**

About Leishen Energy Holding Co., Ltd.

The Leishen Group was founded in 2007 and is a China-based provider of clean-energy equipment and integrated solutions for the oil and gas industry, with a commitment to providing customers with high-performance, safe and cost-effective energy solutions. Our major lines of business include (i) sale of clean-energy industry; (ii) new energy production and operation; (iii) digitalization and integration equipment; and (iv) oil and gas engineering technical services. At present, the Group holds more than 70 patents and software copyrights, forming a comprehensive ecosystem of core technical capabilities. Currently, our business operations have expanded beyond the PRC to Central Asia, and Southeast Asia, and our service abilities and quality have been widely recognized and praised by foreign customers. Efficient, safe and energy-saving equipment combined with professional technical services have enabled our brand to gain positive attention and recognition from our customers and enabled us to become a well-known equipment and services provider in the oil and gas industry. For more information, please visit the Company's website: www.r-egroup.com.

Forward-Looking Statements

Certain statements in this announcement are forward-looking statements, including, but not limited to, the Company's share offering. These forward-looking statements involve known and unknown risks and uncertainties and are based on the Company's current expectations and projections about future events that may affect its financial condition, results of operations, business strategy and financial needs, including the expectation that the offering will be successfully completed. Investors can find many (but not all) of these statements by the use of words such as "aim", "anticipate", "believe", "estimate", "expect", "going forward", "intend", "may", "plan", "potential", "predict", "propose", "seek", "should", "will", "would" or other similar expressions in this press release. The Company undertakes no obligation to update or revise publicly any forward-looking statements to reflect subsequent occurring events or circumstances, or changes in its expectations, except as may be required by law. Although the Company believes that the expectations expressed in these forward-looking statements are reasonable, it cannot assure you that such expectations will turn out to be correct, and the Company cautions investors that actual results may differ materially from the anticipated results and encourages investors to review other factors that may affect its future results in the Company's registration statement and other filings with the SEC.

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Leishen Energy Holding Co., Ltd.