

## **ANTELOPE ENTERPRISE HOLDINGS LIMITED**

### **Second Half and Fiscal Year End 2022 Earnings Conference Call**

**May 2, 2023**

**8:00 am ET**

Speakers:

CEO Will Zhang

CFO Edmund Hen

Operator: Good day and welcome to the Antelope Enterprise Holdings Limited second half and fiscal year-end earnings conference Call. All participants will be in listen-only mode. Should you need assistance, please signal a Conference Specialist by pressing the star key followed by zero. After today's presentation, there will be an opportunity to ask questions. to ask a question you may press star then one on a touch-tone phone. to withdraw your question please press star then two. Please note, this event is being recorded. I would now like to turn the conference over for an introduction. Please go ahead.

David R. Thank you, Marlise. Good morning ladies and gentlemen and good evening to those of you who are joining us from China. Welcome to Antelope Enterprise Holding's second half and fiscal year end 2022 earnings conference call. With us today are Antelope Enterprise's Chief Executive Officer, Mr. Will Zhang and its Chief Financial Officer, Mr. Edmund Hen.

Before I turn the call over to Mr. Zhang, I would like to address forward-looking statements that may be discussed on the call. Forward-looking statements involve risks and uncertainties and include, among others, those regarding revenue, operating expenses, other income and expense, taxes, and future business outlook. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements. The Company claims the safe harbor protections for such forward-looking statements as contemplated under the Private Securities Litigation Reform Act of 1995. Please refer to the documents filed by the Company with the SEC, specifically the most recent reports on Forms 20-F and 6-K, which identify important risk factors that could cause actual results to differ from those contained in the forward-looking statements. We assume no obligation to update any forward-looking statements or information, which speak as of their respective dates.

And now it's my pleasure to turn the call over to Antelope Enterprise's CEO, Mr. Will Zhang and Antelope Enterprise's CFO, Mr. Edmund Hen. Shaoli Ge will be translating for CEO Will Zhang. Mr. Zhang, you may proceed.

CEO Weilai Zhang: (In Chinese)

Elaine: Thank you, David. On behalf of the Company, I would like to welcome everyone to our second half and fiscal year end 2022 earnings conference call.

CEO Weilai Zhang: (In Chinese)

Elaine: I am extremely proud of the achievements of our team in 2022 and pleased with our results as we successfully executed on our strategic plan to enter the high growth livestreaming ecommerce sector. Our KylinCloud livestreaming business generated 96% of our total revenue for the second half of 2022 as we pivoted away from the legacy ceramic tile building materials business which was divested on April 28, 2023. Our top line revenue for our livestreaming ecommerce business came in \$40.7 million for the full year 2022, modestly ahead of our pre-announcement, and the registered influencers and hosts on our KylinCloud platform increased eight times to 316,696 in 2022 from 39,624 in 2021.

CEO Weilai Zhang: (In Chinese)

Elaine: As a first mover in the livestreaming ecommerce space, KylinCloud provides turnkey livestreaming marketing and broadcasting services to consumer brand companies by matching companies' brand characteristics and products with hosts and influencers. This results in livestreaming sales presentations that can generate increased sales and profitability for these companies. We believe that KylinCloud has the core competencies to increase its market share and be highly competitive in this key sales channel as a pure play in the sector.

CEO Weilai Zhang: (In Chinese)

Elaine: I believe that we have a tremendous market opportunity ahead of us and have the financial resources, operating infrastructure and the vibrant team culture to achieve long-term growth. I am genuinely excited about our unique business model and execution capabilities, and I am confident that we will create value for our shareholders.

CEO Weilai Zhang: (In Chinese)

Elaine: With that, I would like to turn over the call to the Company's Chief Financial Officer, Mr. Edmund Hen, who will discuss the Company's second half and fiscal year end 2022 earnings results in more detail. Thank you!

CFO Hen: Thank you Mr. Zhang! I will now move on to a more detailed discussion of our financial results for the six months ending December 31, 2022.

Revenue for the six months ended December 31, 2022 was RMB 168.1 million or US\$ 24.1 million, a 164.3% increase from RMB 63.6 million or US\$ 9.9 million for the same period of 2021. The increase in revenue was due to RMB 161.4 million or US\$ 23.1 million in revenue generated from KylinCloud, the Company's livestreaming ecommerce business in the second half of 2022, which constituted 96% of second half 2022 total Company revenue.

Gross profit for the six months ended December 31, 2022 was RMB 26.0 million or US\$ 3.7 million, as compared to RMB 1.0 million or US\$ 0.1 million for the same period of 2021. The increase in gross profit was due to RMB 25.0 million or US\$ 3.6 million in gross profit generated by the Company's livestreaming ecommerce business. For the second half of 2022, our gross profit margin was 15.5% for the livestreaming ecommerce business as compared to a gross profit margin of 5.1% for the second half of 2021.

Other income for the six months ended December 31, 2022 was RMB 1.3 million or US\$ 0.2 million, as compared to the RMB 24,000 or \$4,000 for the comparable period of 2021.

Selling and distribution expenses for the six months ended December 31, 2022 were RMB 14.5 million or US\$ 2.1 million, as compared to RMB 24,000 or US\$ 4,000 for the comparable period of 2021. The increase was due to an increase in commission expenses advertising expenses attributable to KylinCloud.

Administrative expenses for the six months ended December 31, 2022 were RMB 21.6 million or US\$ 3.1 million, as compared to RMB 8.3 million or US\$ 1.3 million for the same period of 2021. The increase in administrative expenses was mainly due to increases in professional fees, compensation fees, insurance expense, R&D, payroll expenses and promotional fees, primarily attributable to KylinCloud.

Net loss from continuing operations for the six months ended December 31, 2022 was RMB 6.1 million or US\$ 0.9 million, as compared to RMB 17.7 million or US\$ 2.8 million for the same period of 2021. In terms of our livestreaming ecommerce business, net income was RMB 0.7

million or US\$ 0.1 million for second half of 2022 and a net loss of RMB 1.4 million or US\$ 0.2 million for the second half of 2021. The decrease in the Company's total net loss from continuing operations was mainly due to the increase in gross profit attributable to our livestreaming ecommerce business and the reversal of bad debt expense that occurred in the second half of 2022 as compared to the same period of 2021.

Loss per basic share and fully diluted share from continuing operation for the six months ended December 31, 2022 were RMB 0.73 or US\$ 0.10, as compared to loss per basic and fully diluted share of RMB 3.44 or US\$ 0.53 for the same period of 2021.

Turning to our balance sheet, as of December 31, 2022, we had Cash and bank balances were RMB 3.9 million or US\$ 0.6 million as of December 31, 2022, compared with RMB 27.9 million or US\$ 4.4 million as of December 31, 2021.

Trade receivables turnover was zero of December 31, 2022 due to no outstanding trade receivables at December 31, 2022, as compared with 11 days as of December 31, 2021.

Trade payables turnover of our social and livestreaming ecommerce business was three days as of December 31, 2022 as compared with seven days as of December 31, 2021.

As has been publicly announced, over the last two years, the Company enacted a corporate transformation to pivot towards high growth technology areas which included the acquisition of a social and livestreaming ecommerce business.

In December 2022, the Company's Board of Directors unanimously agreed to divest of its legacy ceramic tile building materials business. On December 30, 2022, the Company entered into a share purchase agreement pursuant where it agreed to sell the Company's legacy ceramic tile manufacturing business to New Stonehenge Limited in exchange for a 5% unsecured promissory note with a principal amount of US\$ 8.5 million.

The note will mature in four years and the 5% interest and principal amount on the note is to be paid in four annual installments. On February 21, 2023, the Company's shareholders approved the sale of this business, and on April 28, the transaction closed and the Company completed the divestiture of this business.

Moving on to our business outlook, the Company operates a livestreaming ecommerce business through its KylinCloud subsidiary, which comprises virtually all of Antelope Enterprise's ongoing business operations. Kylin Cloud's platform strategically matches appropriate hosts and influencers to the products of consumer brand companies

which results in increased sales for consumer brand companies. For the second six months and the full year 2022, KylinCloud generated 96.0% and 84.5% of the Company's total revenue, respectively.

The Company believes that livestreaming product marketing is an important growth engine for consumer brand companies since it heightens consumer engagement and can build brand loyalty through rich content and online interaction. The Company expects that livestreaming ecommerce will comprise an ever-increasing percentage of China's ecommerce sales in the years ahead spurred by a consumer ecosystem that includes a young demographic and their high usage rate of mobile devices. AEHL also believes that China's livestreaming ecommerce sector will experience high double-digit growth for many years to come, and the Company is encouraged by the strong contribution to revenue of its KylinCloud subsidiary to date.

This business outlook reflects the Company's current and preliminary views and is based on the information currently available to us, which are subject to change, and is subject to risks and uncertainties, as well as risks and uncertainties identified in the Company's public filings.

At this point, we would like to open up the call to any questions pertaining to our second half and fiscal year 2022 financial results. Operator please?

Operator: We will now begin the question-and-answer session. To ask a question you may press star then 1 on your touch-tone phone. If you are using a speakerphone, please pick up your handset before pressing the keys. If at any time your question has been addressed and you would like to withdraw your question, please press star then two. At this time, we will pause momentarily to assemble our roster but to ask a question, star one.

Our first question comes from Darren Evans from POC Capital. Darren, please go ahead.

Darren Evans: Just a couple of quick questions. How is the first half of 2023 tracking?

CFO Hen: We do not disclose forecasts or our guidance at this point. We have significant growth from our data from our first few months. So we believe that we will have promising revenue.

Darren Evans: At some point in time, will you issue guidance?

CFO Hen: As you may have noticed, we will announce our results in the first half reporting sometime in September. Whenever we have some news for the market, we will let investors know.

Darren Evans: How about the ownership of the management team and other stakeholders, major owners of the company.

CFO Hen: We have just announced our 20-F, so you may refer to our annual report, filed yesterday. We have management ownership information included in the 20-F.

Darren Evans: Okay, great. Good work, guys.

CFO Hen: Thank you very much.

Operator: Again, reminding you that if you want to ask a question, press star one. Our next call comes from Jeff Cone, a private investor. Jeff, please go ahead.

Jeff Cone: How big of a market is it for your KylinCloud?.

CFO Hen: This is a really big market. We do not have official statistics and we believe we only have a very small market share at this moment. We have lots of room to grow in our sectorSeptember.

Jeff Cone: Are other public companies that we can compare you to?

CFO Hen: There is no straight comparison for a public company because we can are in a new sector and we are doing different things in the market. But there is one with a similarity with our business, listed in Hong Kong.

Jeff Cone: If I'm reading this right, you're not profitable yet but when do you expect to reach profitability?

CFO Hen: We are still in the very beginning of our business right now. We believe that this year we can have breakeven. In terms of the future, I cannot comment at this moment. But we will have profitability very soon.

Jeff Cone: Okay, thank you.

Operator: Once more, press start one to pose a question. As there are no more questions at this time, I would like to turn the call back to the company for any closing remarks.

David R: On behalf of the entire Antelope Enterprise management team, we want to thank all of you for your interest and participation on this call. This

concludes Antelope Enterprise's second half and fiscal year 2022 earnings call. Thank you.