



## Ebang International Reports Financial Results for Fiscal Year 2022

April 28, 2023

HANGZHOU, China, April 28, 2023 (GLOBE NEWSWIRE) -- Ebang International Holdings Inc. (Nasdaq: EBON, the "Company," "we" or "our"), a global blockchain technology and Fintech company, today announced its financial results for the fiscal year ended December 31, 2022.

### Operational and Financial Highlights for Fiscal Year 2022

**Total computing power sold** in fiscal year 2022 was 0.41 million Thash/s, representing a year-over-year decrease of 72.27% from 1.47 million Thash/s in fiscal year 2021.

**Total net revenues** in fiscal year 2022 were US\$32.33 million, representing a 37.17% year-over-year decrease from US\$51.45 million in fiscal year 2021.

**Gross profit** in fiscal year 2022 was US\$15.41 million compared to the gross profit of US\$29.22 million in fiscal year 2021.

**Net loss** in fiscal year 2022 was US\$45.76 million compared to net income of US\$2.77 million in fiscal year 2021.

Mr. Dong Hu, Chairman, and Chief Executive Officer of the Company, commented, "In the past year, we have been committed to expanding our global Fintech business. While our cryptocurrency exchange, cross-border payment and foreign exchange business are in their infancy due to the well-publicized industry volatility and the macroeconomic environment, we continue to believe in the future prospects of blockchain technology and Fintech industry generally. As these business lines develop beyond their infancy, we expect to distinguish ourselves from other industry participants by prioritizing the expansion of our business within a sound regulatory system, providing quality online trading services to our customers, and striving to improve the protection mechanism for safety, reliability and compliance. We are confident in the various opportunities and challenges ahead, and at the same time, as always, we adhere to Fintech as our core driver to continuously launch diversified products and services."

### Financial Results for Fiscal Year 2022

**Total net revenues** in fiscal year 2022 were US\$32.33 million, compared to US\$51.45 million in fiscal year 2021. The year-over-year decrease in total net revenues was primarily due to, among others, Bitcoin price's continued decrease and large cryptocurrency exchange platforms declaring bankruptcy in 2022, which led to investors being increasingly cautious in investment. Our chip suppliers also reduced their production capacity due to the impact of COVID-19, resulting in our inability to produce at full capacity, insufficient inventory and inability to meet the market demand. With limited raw materials, we optimized our hardware structure to ensure our products' competitiveness.

**Cost of revenues** in fiscal year 2022 was US\$16.92 million, compared to US\$22.23 million in fiscal year 2021. The year-over-year decrease in cost of revenues was a result of a decrease in sales. Our cost of revenues for fiscal year 2022 primarily consists of impairment charge on write-downs for the potentially obsolete, slow-moving inventory and lower of cost or market, and VAT recoverable impairment of \$4.5 million recorded in 2022 which was mainly associated with the disposal of Wuhai Ebang Information Technology Co., Ltd.

**Gross profit** in fiscal year 2022 was US\$15.41 million, compared to the gross profit of US\$29.22 million in fiscal year 2021.

**Total operating expenses** in the fiscal year 2022 were US\$63.41 million compared to US\$27.19 million in fiscal year 2021.

- **Selling expenses** in fiscal year 2022 were US\$1.96 million compared to US\$1.42 million in fiscal year 2021. The year-over-year increase in selling expenses was mainly due to increased advertising and marketing expenses occurred in relation to development of our Fintech businesses.
- **General and administrative expenses** in fiscal year 2022 were US\$61.45 million compared to US\$25.77 million in fiscal year 2021. The year-over-year increase in general and administrative expenses was mainly due to increases in amortization expenses and impairment losses relating to intangible assets and employee stock ownership plan related expenses.

**Gain from disposal of subsidiaries** in fiscal year 2022 was US\$0.006 million compared to nil in fiscal year 2021. The year-over-year increase in gain from disposal of subsidiaries was primarily due to the disposal of Ebang Hongling and Wuhai Ebang during 2022.

**Loss from operations** in fiscal year 2022 was US\$47.99 million compared to income from operations of US\$2.03 million in fiscal year 2021.

**Interest income** in fiscal year 2022 was US\$4.36 million compared to US\$1.78 million in fiscal year 2021. The year-over-year increase in interest income was primarily due to the interest income from our investments in term deposit and financing products in 2022.

**Other income** in fiscal year 2022 was US\$1.03 million compared to US\$0.13 million in fiscal year 2021. The year-over-year increase in interest income was primarily due to the liability waived before the deregistration of a subsidiary.

**Government grants** in fiscal year 2022 were US\$0.08 million compared to US\$0.44 million in fiscal year 2021. The year-over-year decrease in government grants was primarily due to the decrease of non-recurring rebates from local government.

**Net loss** in fiscal year 2022 was US\$45.76 million compared to net income of US\$2.77 million in fiscal year 2021.

**Net loss attributable to Ebang International Holdings Inc.** in fiscal year 2022 was US\$43.89 million compared to net income attributable to Ebang International Holdings Inc. of US\$4.43 million in fiscal year 2021.

**Basic and diluted net loss per share** in fiscal year 2022 was US\$7.03 compared to basic and diluted net earnings per share of US\$0.75 in fiscal year 2021.

**Cash and cash equivalents** were US\$251.29 million as of December 31, 2022, compared with US\$239.87 million as of December 31, 2021.

#### About Ebang International Holdings Inc.

Ebang International Holdings Inc. is a global blockchain technology and Fintech company with strong application-specific integrated circuit (ASIC) chip design capability. With years of industry experience and expertise, it has become a global Bitcoin mining machine producer. Based on its deep understanding of the Fintech industry and compliance with laws and regulations in various jurisdictions, it has launched professional, convenient and innovative Fintech service platforms. It strives to expand into the upstream and downstream markets of the blockchain and Fintech industry value chain to achieve diversified products and services. For more information, please visit <https://ir.ebang.com/>.

#### Forward-Looking Statements

*This press release contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and as defined in the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements include, without limitation, the Company's development plans and business outlook, which can be identified by terminology such as "may," "will," "expects," "anticipates," "aims," "potential," "future," "intends," "plans," "believes," "estimates," "continue," "likely to," and other similar expressions intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. Such statements are not historical facts, and are based upon the Company's current beliefs, plans and expectations, and the current market and operating conditions. Forward-looking statements include, but are not limited to, statements regarding our future operating results and financial position, our business strategy and plans, expectations relating to our industry, the regulatory environment, market conditions, trends and growth, expectations relating to customer behaviors and preferences, our market position and potential market opportunities, and our objectives for future operations. Forward-looking statements involve inherent known or unknown risks, uncertainties and other factors, all of which are difficult to predict and many of which are beyond the Company's control, which may cause the Company's actual results, performance and achievements to differ materially from those contained in any forward-looking statement. These risks and uncertainties include our ability to successfully execute our business and growth strategy and maintain future profitability, market acceptance of our products and services, our ability to further penetrate our existing customer base and expand our customer base, our ability to develop new products and services, our ability to expand internationally, the success of any acquisitions or investments that we make, the efforts of increased competition in our markets, our ability to stay in compliance with applicable laws and regulations, market conditions across the blockchain, Fintech and general market, political and economic conditions. Further information regarding these and other risks, uncertainties or factors is included in the Company's filings with the U.S. Securities and Exchange Commission. These forward-looking statements are made only as of the date indicated, and the Company undertakes no obligation to update or revise the information contained in any forward-looking statements as a result of new information, future events or otherwise, except as required under applicable law.*

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#### EBANG INTERNATIONAL HOLDINGS INC. CONSOLIDATED BALANCE SHEETS (Stated in US dollars)

	December 31, 2022	December 31, 2021
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 251,294,952	\$ 239,872,316
Restricted cash, current	29,039	171,156
Short-term investments	5,835,377	35,443,246
Accounts receivable, net	3,334,727	9,872,746
Advances to suppliers	1,178,168	1,057,096
Inventories, net	440,064	7,137,538
Prepayments	281,611	283,776
Other current assets, net	6,711,422	4,994,271
<b>Total current assets</b>	<b>269,105,360</b>	<b>298,832,145</b>
<b>Non-current assets:</b>		
Property, plant and equipment, net	36,549,278	33,329,610
Intangible assets, net	6,890,738	22,512,208
Operating lease right-of-use assets	5,343,608	2,132,247
Operating lease right-of-use assets - related parties	519,140	1,136,775
Restricted cash, non-current	903,125	883,130
Goodwill	2,299,628	-

VAT recoverable	21,132,898	26,332,231
Other assets	1,421,309	705,825
<b>Total non-current assets</b>	<b>75,059,724</b>	<b>87,032,026</b>
<b>Total assets</b>	<b>\$ 344,165,084</b>	<b>\$ 385,864,171</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 1,456,577	\$ 3,387,836
Accrued liabilities and other payables	11,519,091	8,975,988
Operating lease liabilities, current	1,217,604	851,936
Operating lease liabilities - related parties, current	283,567	595,424
Advances from customers	1,010,852	894,174
<b>Total current liabilities</b>	<b>15,487,691</b>	<b>14,705,358</b>
<b>Non-current liabilities:</b>		
Operating lease liabilities – related party, non-current	-	288,563
Deferred tax liabilities	1,133,539	178,582
Operating lease liabilities, non-current	5,755,973	1,712,303
<b>Total non-current liabilities</b>	<b>6,889,512</b>	<b>2,179,448</b>
<b>Total liabilities</b>	<b>22,377,203</b>	<b>16,884,806</b>
<b>Equity:</b>		
Class A ordinary share, HKD0.03 par value, 11,112,474 shares authorized, 4,700,852 and 4,640,318 shares issued and outstanding as of December 31, 2022 and 2021, respectively <sup>(1)</sup>	18,080	17,848
Class B ordinary share, HKD0.03 par value, 1,554,192 shares authorized, issued and outstanding as of December 31, 2022 and 2021, respectively <sup>(1)</sup>	5,978	5,978
Additional paid-in capital	397,620,927	393,717,189
Statutory reserves	11,079,649	11,079,649
Accumulated deficit	(78,068,522)	(34,180,280)
Accumulated other comprehensive loss	(11,724,531)	(6,897,005)
<b>Total Ebang International Holdings Inc. shareholders' equity</b>	<b>318,931,581</b>	<b>363,743,379</b>
Non-controlling interest	2,856,300	5,235,986
<b>Total equity</b>	<b>321,787,881</b>	<b>368,979,365</b>
<b>Total liabilities and equity</b>	<b>\$ 344,165,084</b>	<b>\$ 385,864,171</b>

(1) Retrospectively adjusted for the effect of the Reverse Stock Split effected on November 20, 2022. See Note 12.

**EBANG INTERNATIONAL HOLDINGS INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)**  
(Stated in US dollars)

	For the year ended December 31, 2022	For the year ended December 31, 2021	For the year ended December 31, 2020
Product revenue	\$ 29,537,224	\$ 48,323,022	\$ 9,677,278
Service revenue	2,790,895	3,127,225	9,327,023
<b>Total revenues</b>	<b>32,328,119</b>	<b>51,450,247</b>	<b>19,004,301</b>
Cost of revenues	16,915,795	22,227,055	21,903,644
<b>Gross profit (loss)</b>	<b>15,412,324</b>	<b>29,223,192</b>	<b>(2,899,343)</b>
<b>Operating expenses:</b>			
Selling expenses	1,956,120	1,418,586	925,373
General and administrative expenses	61,450,444	25,774,237	22,822,085
<b>Total operating expenses</b>	<b>63,406,564</b>	<b>27,192,823</b>	<b>23,747,458</b>

Gain on disposal of subsidiaries	(5,941)	-	-
<b>Income (loss) from operations</b>	<b>(47,988,299)</b>	<b>2,030,369</b>	<b>(26,646,801)</b>
<b>Other income (expenses):</b>			
Interest income	4,362,832	1,779,672	824,435
Interest expenses	-	(4,383)	(728,346)
Other income	1,033,622	133,477	81,733
Loss from investment	(509,496)	(3,656,520)	-
Exchange gain (loss)	(2,161,264)	1,780,087	(288,346)
Government grants	81,911	434,604	4,006,567
Other expenses	(649,476)	(108,328)	(108,624)
<b>Total other income</b>	<b>2,158,129</b>	<b>358,609</b>	<b>3,787,419</b>
<b>Income (loss) before income taxes provision (benefit)</b>	<b>(45,830,170)</b>	<b>2,388,978</b>	<b>(22,859,382)</b>
Income taxes provision (benefit)	(72,933)	(378,843)	9,251,542
<b>Net income (loss)</b>	<b>(45,757,237)</b>	<b>2,767,821</b>	<b>(32,110,924)</b>
Less: net loss attributable to non-controlling interest	(1,868,995)	(1,663,120)	(1,435,504)
<b>Net income (loss) attributable to Ebang International Holdings Inc.</b>	<b>\$ (43,888,242)</b>	<b>\$ 4,430,941</b>	<b>\$ (30,675,420)</b>
<b>Comprehensive income (loss)</b>			
Net income (loss)	\$ (45,757,237)	\$ 2,767,821	\$ (32,110,924)
<b>Other comprehensive income (loss):</b>			
Foreign currency translation adjustment	(5,338,217)	953,073	1,960,109
<b>Total comprehensive income (loss)</b>	<b>(51,095,454)</b>	<b>3,720,894</b>	<b>(30,150,815)</b>
Less: comprehensive loss attributable to non-controlling interest	(2,379,686)	(1,461,374)	(893,905)
<b>Comprehensive income (loss) attributable to Ebang International Holdings Inc.</b>	<b>\$ (48,715,768)</b>	<b>\$ 5,182,268</b>	<b>\$ (29,256,910)</b>
<b>Net income (loss) per ordinary share attributable to Ebang International Holdings Inc.</b>			
Basic <sup>(1)</sup>	\$ (7.03)	\$ 0.75	\$ (7.55)
Diluted <sup>(1)</sup>	\$ (7.03)	\$ 0.75	\$ (7.55)
<b>Weighted average ordinary shares outstanding</b>			
Basic <sup>(1)</sup>	6,247,333	5,923,845	4,064,708
Diluted <sup>(1)</sup>	6,247,333	5,928,858	4,064,708

(1) Retrospectively adjusted for the effect of the Reverse Stock Split effected on November 20, 2022. See Note 12.



Source: EBANG INTERNATIONAL HOLDINGS INC.