canaan

Q4 2023 Results

February 27, 2024

Chairman & CEO
NG Zhang

CFO
James Cheng

Safe Harbor Statement

This presentation contains certain financial measures that are not recognized under generally accepted accounting principles in the United States ("GAAP"), including adjusted EBITDA (including adjusted EBITDA margin), non-GAAP net income, non-GAAP diluted earnings per share/ADS and cash flow. These non-GAAP measures should be considered in addition to, and not as a substitute for, or in isolation from, GAAP results. You can find additional disclosures regarding these non-GAAP measures, including reconciliations with comparable GAAP results in our earnings press release, which is posted on the Company's website.

This presentation contains forward-looking statements. These statements are made under the "safe harbor" provisions of the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements can be identified by terminology such as "may," "will," "expect," "anticipate," "future," "aim," "estimate," "intend," "seek," "plan," "believe," "potential," "continue," "ongoing," "target," "guidance," "is/are likely to" and comparable terminology. In addition, statements that are not historical facts, including statements about the Company's new organizational and governance structure, the Company's strategies and business plans, the Company's beliefs, expectations and guidance regarding the growth of its business, revenue and return on investments, share repurchases, the business outlook and quotations from management in this presentation, as well as the Company's strategic and operational plans, are or contain forward-looking statements. Such forward-looking statements are inherently subject to certain risks, trends and uncertainties, many of which the Company cannot predict with accuracy and some of which the Company might not even anticipate and involve factors that may cause actual results to differ materially from those projected or suggested. Readers are cautioned not to place undue reliance on these forward-looking statements and are advised to consider the factors listed above together with the additional factors under the heading "Risk Factors" in the Company's Annual Reports on Form 20-F, as may be supplemented or amended by the Company's other public filings. The Company assumes no obligation to update or supplement forward-looking statements that become untrue because of subsequent events, new information or otherwise.

Disclaimer

Any financial information relating to the Company's self-mining is not intended to be and should not be considered as forward-looking statements by the Company. It is impossible to forecast what the price of bitcoin, hash rate, or the difficulty rate will be on any specific date, including when the Company's mining machines are expected to be installed or deployed. This presentation is for illustrative purposes only to provide the reader with an estimate of the Company's potential operational and financial results which might be attained if all mining machines were deployed as of a specific date and with certain parameters used, as set forth below.

Investor Notice

An investment in our ADSs involves a high degree of risk. You should carefully consider the risks, uncertainties and forward-looking statements described under "Risk Factors" in Item 4D of our most recent Annual Report on Form 20-F, as amended, for the fiscal year ended December 31, 2022. If any of these risks were to occur, our business, financial condition or results of operations would likely suffer. In that event, the value of our securities could decline, and you could lose part or all of your investment. The risks and uncertainties we describe are not the only ones facing us. Additional risks not presently known to us or that we currently deem immaterial may also impair our business operations. In addition, our past financial performance may not be a reliable indicator of future performance, and historical trends should not be used to anticipate results in the future.

Q4 2023 Bitcoin Mining Machines Market Overview

Bitcoin Price Drove Mining Machine Demand in Q4'23

~51% increase in Bitcoin Price
~39% increase Global Network Hash Rate

Legend: Hash Rate, BTC Price
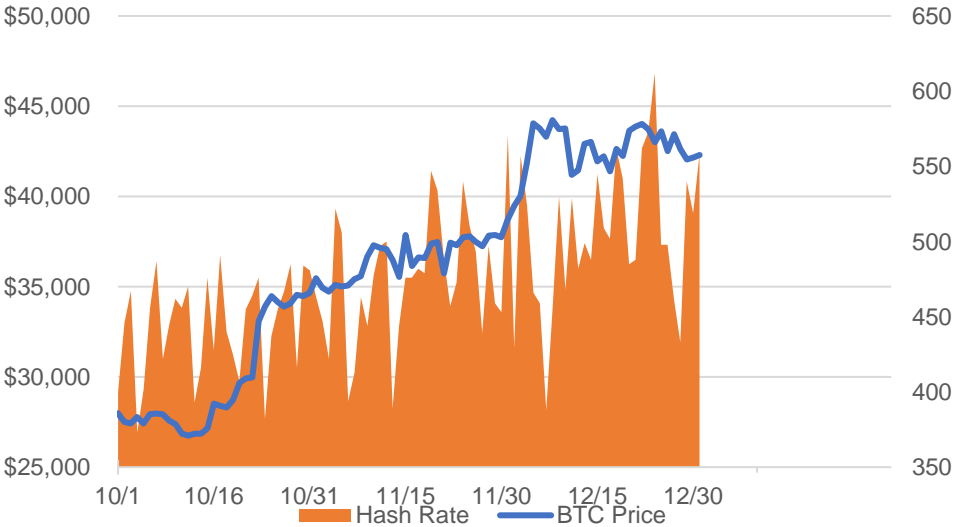
Global Network Hash Rate in EH/s

Source: Blockchain.com

Market Mining Machines Prices Suppressed Amidst Active Destocking

~24% decrease in average market prices for mining machines with power efficiency of 25J/TH to 38J/TH range

19.68 ... 12.4
14.04 ... 10.69
8.74 ... 4.3

Legend: Under 25 J/TH, 25 - 38 J/TH, 38 - 68 J/TH
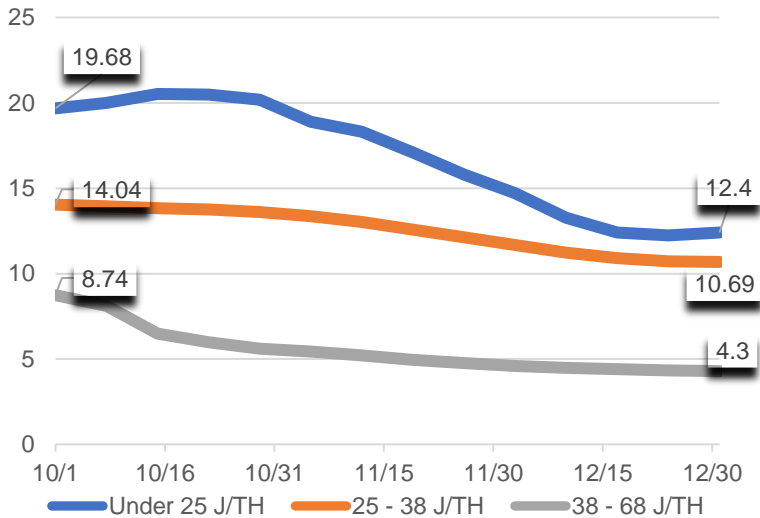
in $/TH/s

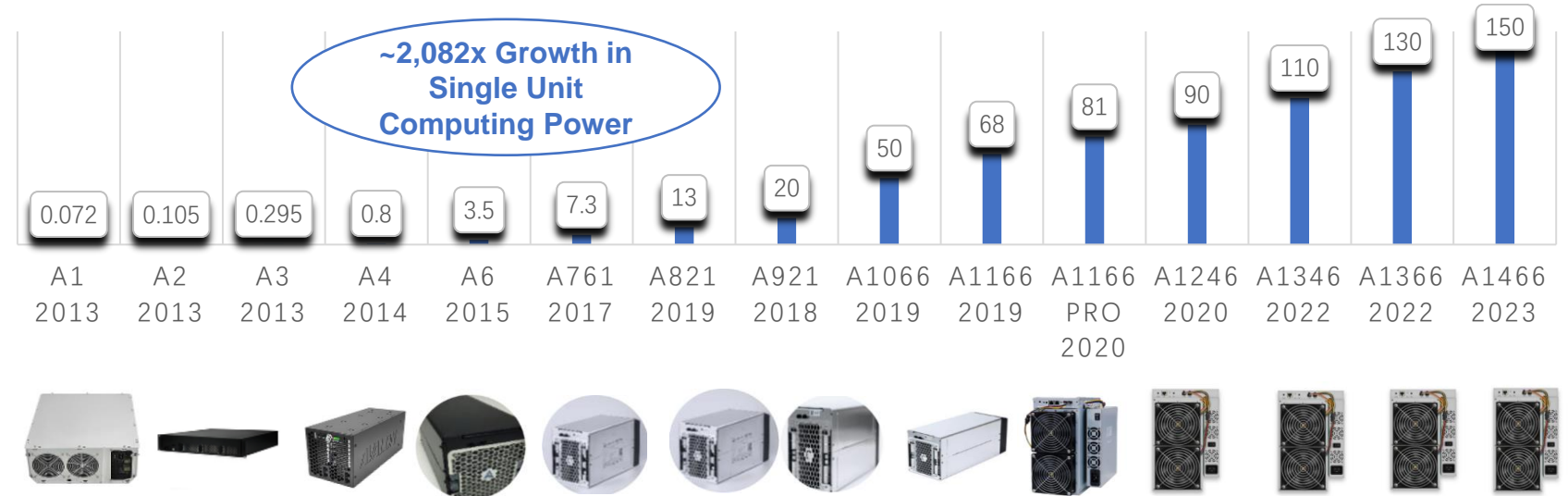Source: Hashrateindex.com

Numbers are rounded.

Avalon Design For Best Mining Practices

A14 Series, the most advanced model
- *Liquid-cooled A1466I 170TH/s @19.5J/TH*
- *Air-cooled A1466, 150TH/s @ 21.5J/TH*

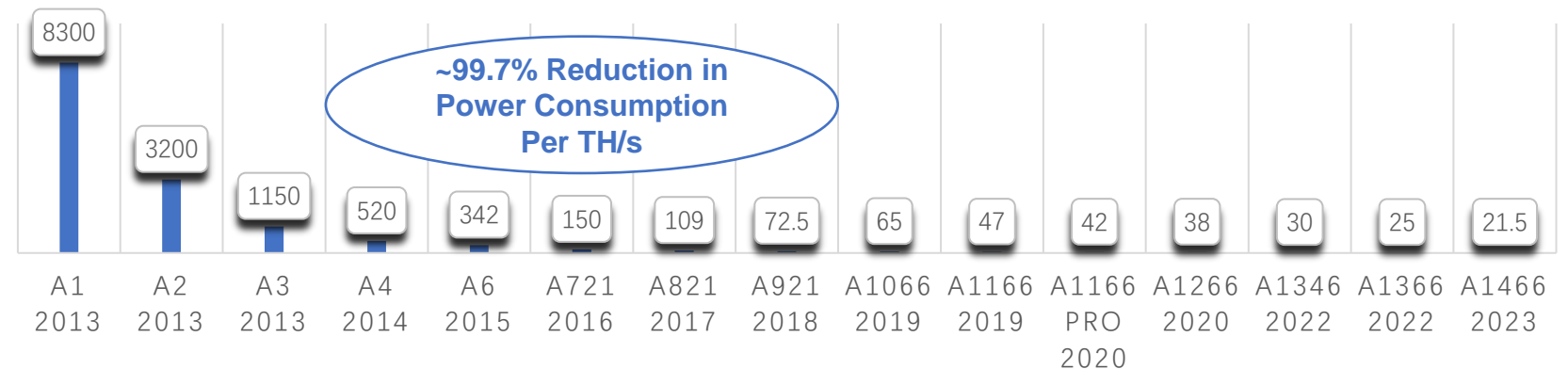**Canaan AvalonMiner Unit Computing Power (in TH/s)**

~2,082x Growth in Single Unit Computing Power

Model	Value
A1 2013	0.072
A2 2013	0.105
A3 2013	0.295
A4 2014	0.8
A6 2015	3.5
A761 2017	7.3
A821 2019	13
A921 2018	20
A1066 2019	50
A1166 2019	68
A1166 PRO 2020	81
A1246 2020	90
A1346 2022	110
A1366 2022	130
A1466 2023	150

Integrated Mining Solutions
- *Liquid-cooled solutions*
- *Air-cooled solutions*

Canaan AvalonMiner Power Efficiency (in J/TH)

~99.7% Reduction in Power Consumption Per TH/s

Model	Value
A1 2013	8300
A2 2013	3200
A3 2013	1150
A4 2014	520
A6 2015	342
A721 2016	150
A821 2017	109
A921 2018	72.5
A1066 2019	65
A1166 2019	47
A1166 PRO 2020	42
A1266 2020	38
A1346 2022	30
A1366 2022	25
A1466 2023	21.5

Numbers are rounded.

Innovation Drives Efficiency

Air-cooled Machines
Optimized Performance Across Diverse Environments
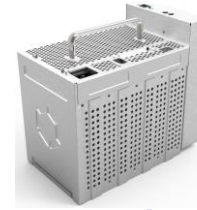

Avalon A1366
- **Hash Rate**
130TH/s
- **Power Consumption**
3250W
- **Power Efficiency**
25J/TH

Avalon A1466
- **Hash Rate**
150TH/s
- **Power Consumption**
3230W
- **Power Efficiency**
21.5J/TH

Immersion Cooled Machines
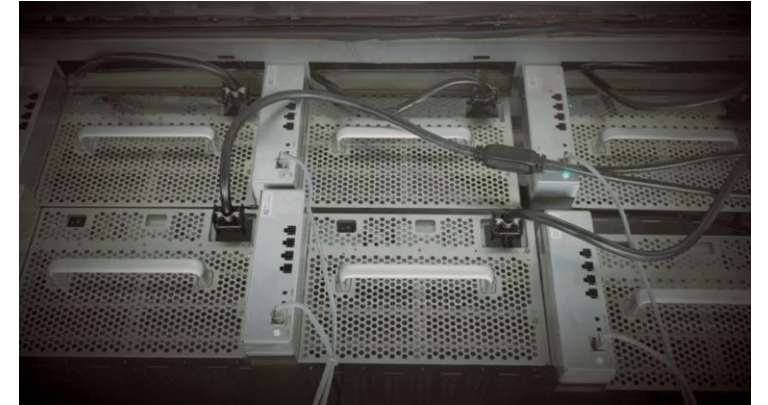*Unlocking the Max Potential of Data Centers*

Innovative Solution

✓ Compact and Hassle-Free Management
✓ Perforated chassis and hash boards optimized for immersion
✓ Original warranty and software support

Fluid temperature reduced by 5℃ celsius compared to a similar air-cooled model immersed in similar liquid.
(Source: Canaan lab data)

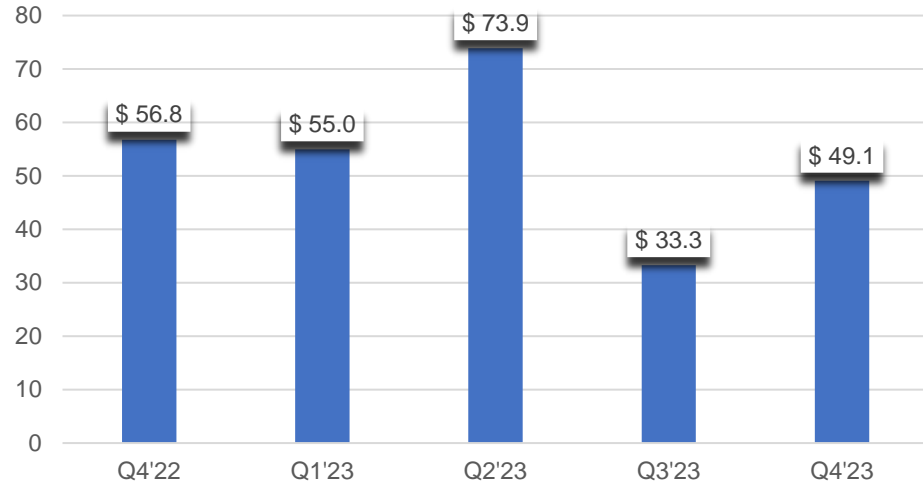### Middle East Pioneering Immersion Cooling Mining

Left:

Canaan's joint mining pioneering site with Green Data City in Oman
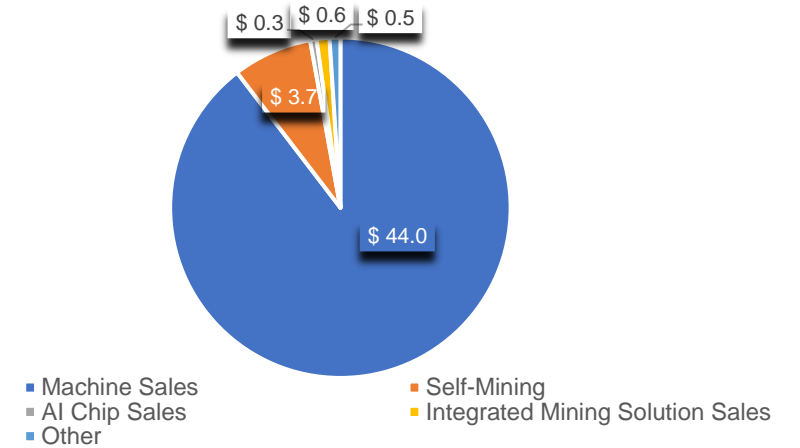
Numbers are rounded.

Q4 2023 Revenues Breakdown

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Revenues

Q4'22	$ 56.8	
Q1'23	$ 55.0	
Q2'23	$ 73.9	
Q3'23	$ 33.3	
Q4'23	$ 49.1	

$ in millions
Source: Company data

- Q4 Revenues $49.1M

- *~44% above management forecast of $34M*

Revenues Breakdown

$ 0.3 $ 0.6 $ 0.5
$ 3.7
$ 44.0

- Machine Sales
- AI Chip Sales
- Other
- Self-Mining
- Integrated Mining Solution Sales

$ in millions

Source: Company data

Computing Power Sold and ASP

	Computing Power Sold (TH/s)	ASP
Q4'22	1.9	$ 24.3
Q1'23	4.2	$ 10.5
Q2'23	6.1	$ 9.5
Q3'23	3.8	$ 7.9
Q4'23	5.5	$ 8.2
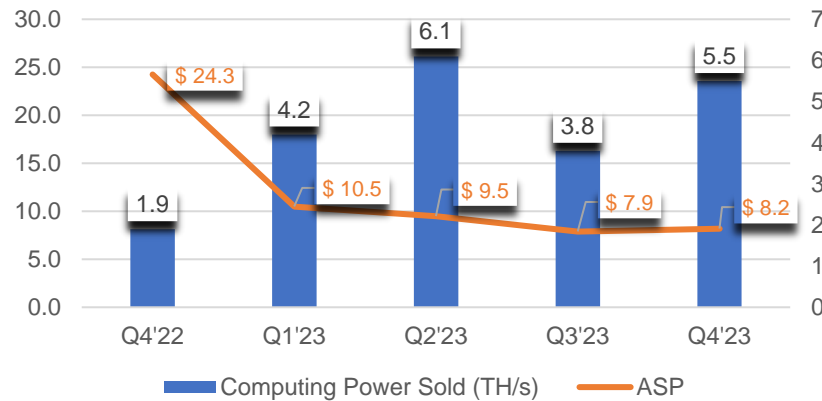
Computing Power Sold in millions; ASP$ per T/s
Source: Company data

- *5.5 million TH/s Total Computing Power Sold, +192% YoY, +46% QoQ*

- *7.5 million TH/s of A1466 ordered for future delivery*

- *Average Selling Price (ASP) $8.20/TH/s*

Numbers are rounded.

Canaan Supports Public Companies' Bitcoin Mining

## Canaan Supports Public Companies' Bitcoin Mining in the US

"We are excited to once again partner with Canaan for our 60 MW expansion at our Bear and Chief facilities. The Canaan machines we purchased last year are among the top-performing rigs in our fleet, especially in the hot summer months in Texas. Our relationship with Canaan has been great, and we look forward to future dealings with their team.

—— **Tyler Page, CEO of Cipher Mining**

"…Based on our positive experience from previous miner purchases, the A1346 is an outperformer in our air-cooled StrongBox containers. It provides an attractive value proposition with its remarkable hash rate, energy efficiency, and competitive pricing, and we are eager to put these new machines to work."

—— **Greg Beard, Chairman and CEO of Stronghold Digital Mining**

Source: *Canaan Secures Follow-On Purchase Orders from Cipher and Stronghold*, PR Newswire, January 3, 2024.
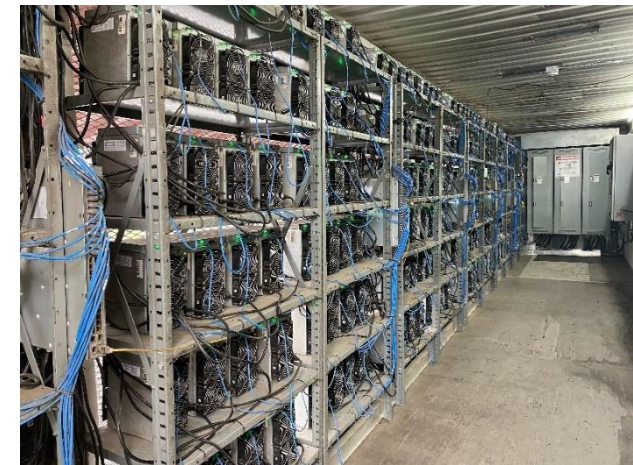
Canaan's Global Presence
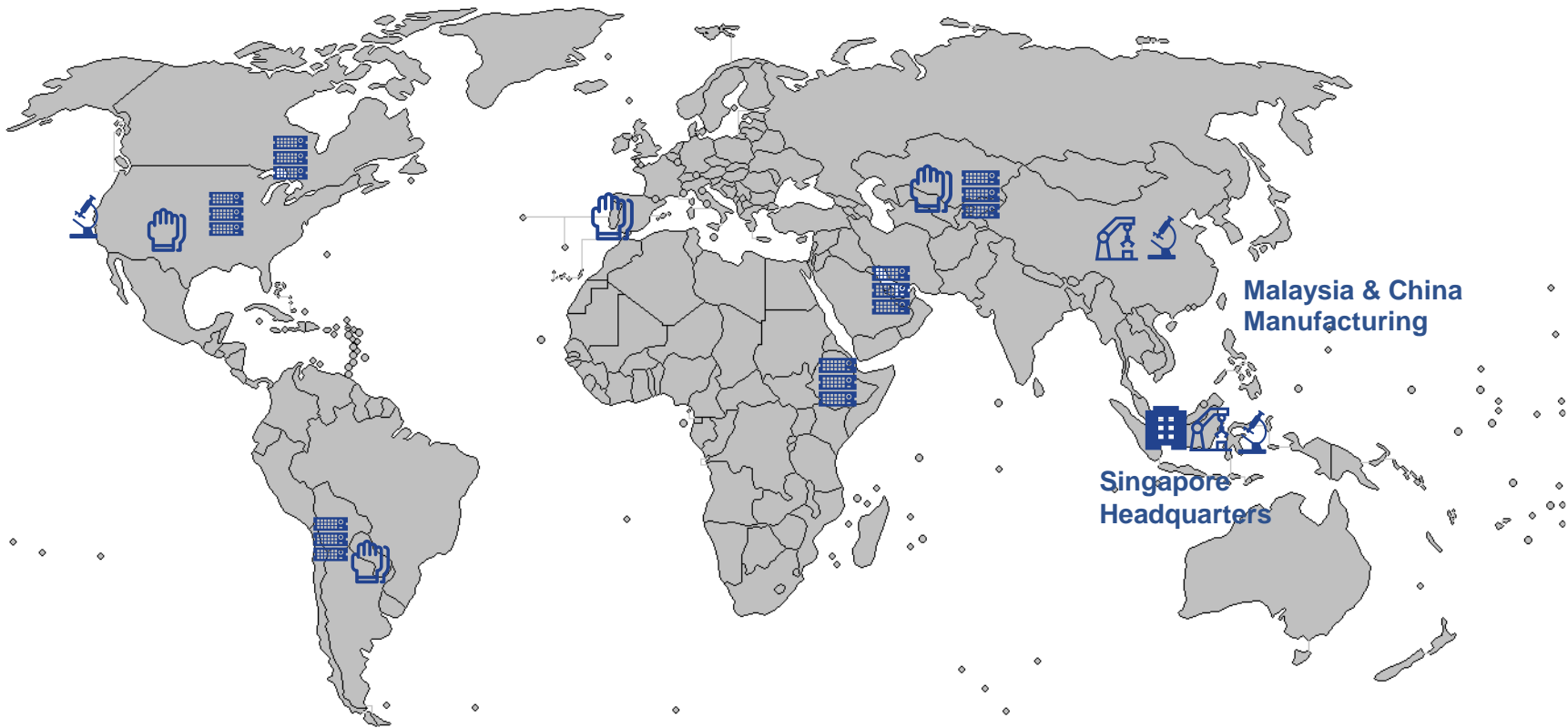
Headquarters
Singapore

Manufacturing
Malaysia & China

Online Store
- 46 countries and regions reached;
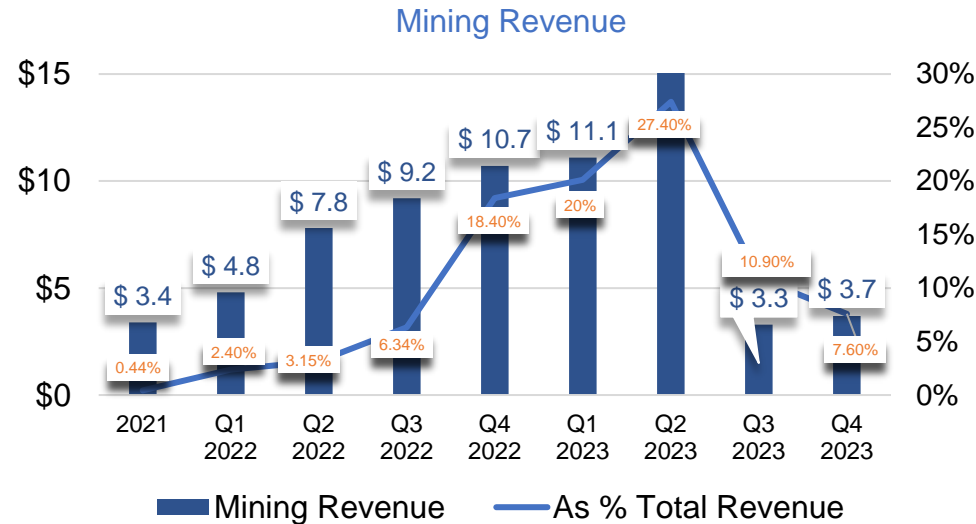- 4 newly reached regions including Norway and the Dominican Republic

Malaysia & China Manufacturing

Singapore Headquarters

Headquarters   Service Center   Self-Mining   Manufacturing   Research

Self-Mining Business Overview

Mining Revenue

Mining Revenue values by period:
- 2021: $3.4 (0.44%)
- Q1 2022: $4.8 (2.40%)
- Q2 2022: $7.8 (3.15%)
- Q3 2022: $9.2 (6.34%)
- Q4 2022: $10.7 (18.40%)
- Q1 2023: $11.1 (20%)
- Q2 2023: (27.40%)
- Q3 2023: $3.3 (10.90%)
- Q4 2023: $3.7 (7.60%)

Legend: ■ Mining Revenue — As % Total Revenue

$ in millions
Source: Company data

Q4 Updates

1.91EH/s — **Energized** Computing Power globally as of Dec 31, 2023

909 — **Bitcoins Owned** as of Dec 31, with a current market value of ~$50M

$3.7M — **Mining Revenue** during Q4 2023

Newest Updates

1.09EH/s — **Re-energized** in Kazakhstan as of Feb 27, 2024

2.8EH/s — **Energized** Computing Power globally as of Feb 27, 2024

2.1EH/s — **Expected** Computing Power globally as of Feb 27, 2024

See next page for detail.
Numbers are rounded.

2024 Mining Strategy

- Expand with legal and regulatory stability
- Shift from a cash flow focus towards a growth focus
- Put advanced machines for self-mining
- Open to flat fee hosting, self-construction & acquisition

Joint Mining

Site — **Profit Share** — Machines

- Minimize capital expenditure
- Bitcoin upside shared
- Bitcoin price risk also shared

Flat Fee Hosting

Site — Hosting Fee — Miner

- Traditional flat fee hosting
- Simple, direct
- Requires better machines

Self-Mining Projects (As of February 27, 2024)

Regions in alphabetical order (A to Z)	Active Mining Projects Count	Energized Computing Power[1]	Installed Computing Power[2]	Expected Computing Power[3]	Estimated Total Computing Power[4]	Estimated Total Power Demand[5]
Global	11	2.8 EH/s	2.8 EH/s	2.1 EH/s	4.9 EH/s	177MW
Canada	1	0.05 EH/s	0.05 EH/s	-	0.05 EH/s	2MW
Ethiopia	3	0.7 EH/s	0.7 EH/s	1.3 EH/s	2.0 EH/s	65MW
Kazakhstan	3	1.1 EH/s	1.1 EH/s	0.8 EH/s	2.0 EH/s	78MW
Middle East	2	0.07 EH/s	0.07 EH/s	-	0.07 EH/s	2MW
Paraguay	1	0.2 EH/s	0.2 EH/s	-	0.2 EH/s	10MW
Pennsylvania	1	0.6 EH/s	0.6 EH/s	-	0.6 EH/s	20MW

Source: Company data

Estimate Weighted Average Cost of Power[6]

~$0.05/KWh

Estimated Weighted Average Revenue Split[7]

~70.9%

Numbers are rounded.

1. Defined as the amount of computing power that could theoretically be generated if all mining machines that have been energized are currently in operation including mining machines that may be temporarily offline.
2. Defined as the sum of Energized Computing Power and computing power that has been installed but not yet energized, if any.
3. Defined as the amount of computing power that has been delivered to the country where each mining project is located in but not yet installed.
4. Defined as the sum of Installed Computing Power and Expected Computing Power.
5. Defined as the demand for electricity if 100% of the mining machines consisting of Estimated Total Computing Power were energized.
6. Defined as the weighted average cost of power if 100% of the mining machines consisting of Estimated Total Computing Power were energized.
7. Defined as the weighted average percentage that Canaan would share from the total revenues generated according to the applicable joint mining agreements if 100% of the mining machines consisting of Estimated Total Computing Power were energized.

Computing power and power consumption figures are estimates based on the manufacturer's specifications; all figures are rounded.
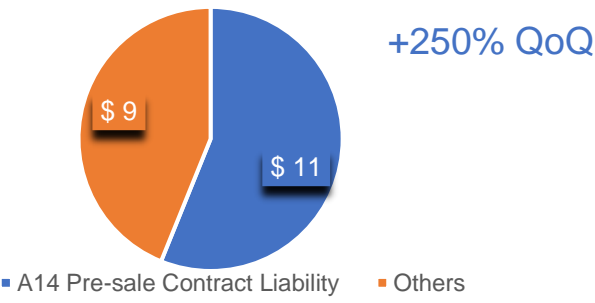
Poised for Expansion

Cash Balance

Q4'22	$ 102
Q1'23	$ 72
Q2'23	$ 66
Q3'23	$ 41
Q4'23	$ 96

$ in millions
Source: Company data

Contract Liability

+250% QoQ
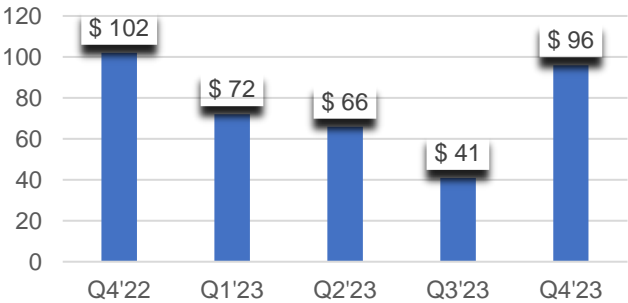
$ 9 — Others
$ 11 — A14 Pre-sale Contract Liability

$ in millions
Source: Company data

Revenue Forecast

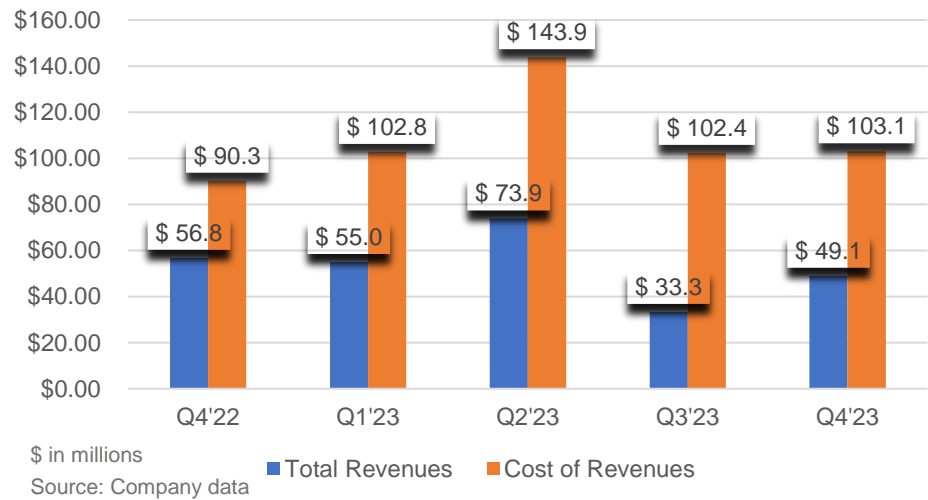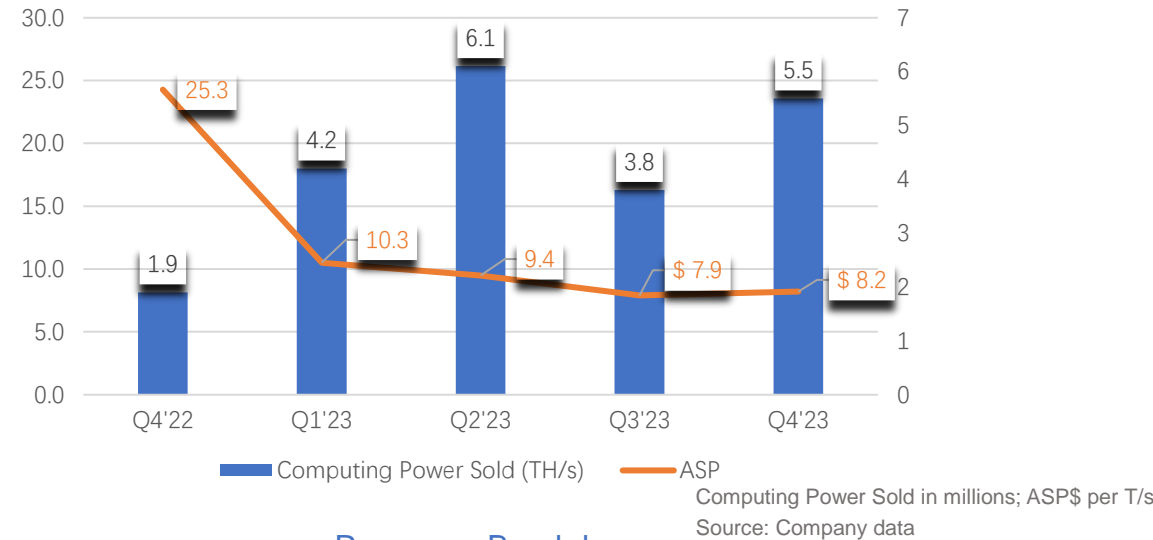|	
2023Q4A	$ 49.1
2024Q1E	$ 33.0
2024Q2E	$ 70.0
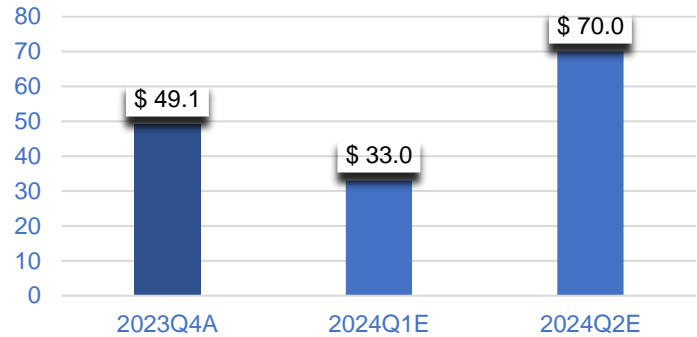
$ in millions

Empowered by Canaan's cutting-edge mining machines and comprehensive solutions, we stand poised for expansion into the future.
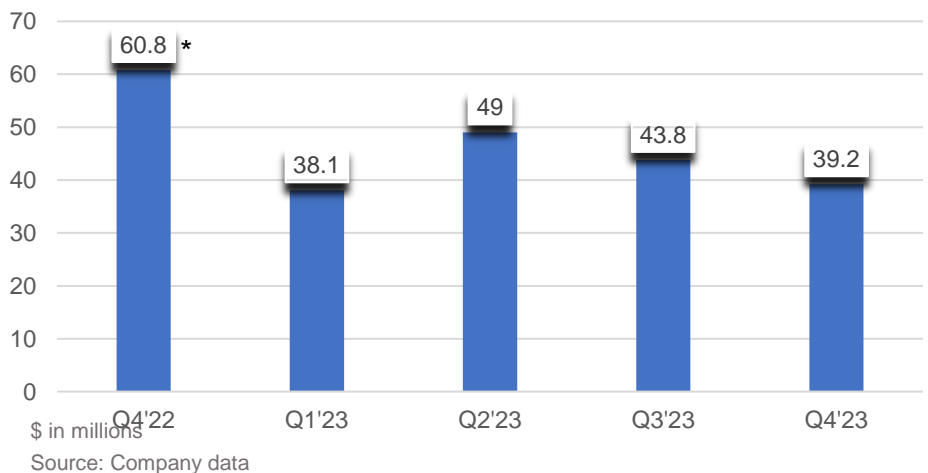
Numbers are rounded.

P&L

Total Revenues and Cost

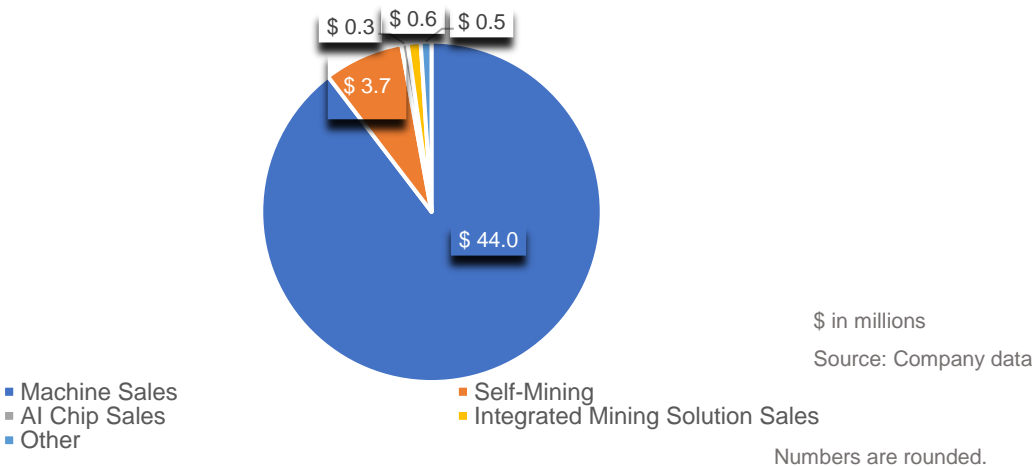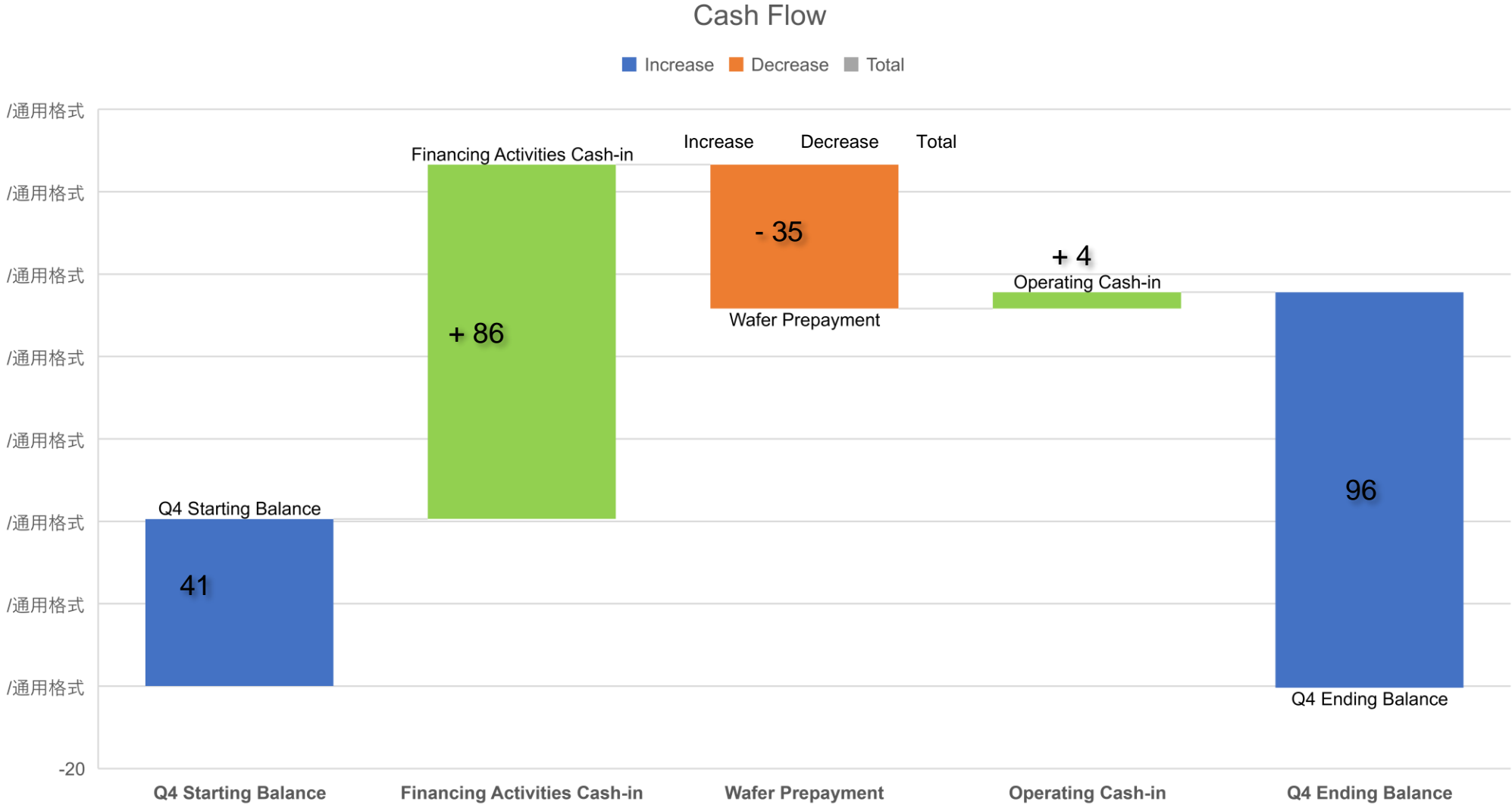- Q4'22: Total Revenues $56.8, Cost of Revenues $90.3
- Q1'23: Total Revenues $55.0, Cost of Revenues $102.8
- Q2'23: Total Revenues $73.9, Cost of Revenues $143.9
- Q3'23: Total Revenues $33.3, Cost of Revenues $102.4
- Q4'23: Total Revenues $49.1, Cost of Revenues $103.1

$ in millions
Source: Company data

■ Total Revenues ■ Cost of Revenues

Computing Power Sold and ASP

- Q4'22: Computing Power Sold 1.9, ASP 25.3
- Q1'23: Computing Power Sold 4.2, ASP 10.3
- Q2'23: Computing Power Sold 6.1, ASP 9.4
- Q3'23: Computing Power Sold 3.8, ASP 7.9
- Q4'23: Computing Power Sold 5.5, ASP 8.2

■ Computing Power Sold (TH/s) — ASP

Computing Power Sold in millions; ASP$ per T/s
Source: Company data

Total Operating Expenses($million)

- Q4'22: 60.8 *
- Q1'23: 38.1
- Q2'23: 49
- Q3'23: 43.8
- Q4'23: 39.2

* Operating expenses in Q4 2022 included $14.3M one-off expenditure for new generation chips.

$ in millions
Source: Company data

Revenues Breakdown

- $ 44.0
- $ 3.7
- $ 0.3
- $ 0.6
- $ 0.5

$ in millions
Source: Company data

■ Machine Sales   ■ Self-Mining
■ AI Chip Sales   ■ Integrated Mining Solution Sales
■ Other

Numbers are rounded.

Balance Sheet

Cash Flow

■ Increase ■ Decrease ■ Total

Numbers are rounded.

Balance Sheet

Contract Liability

- Q4'22: 0.7
- Q1'23: 8.3
- Q2'23: 8.3
- Q3'23: 5.6
- Q4'23: 19.6 *
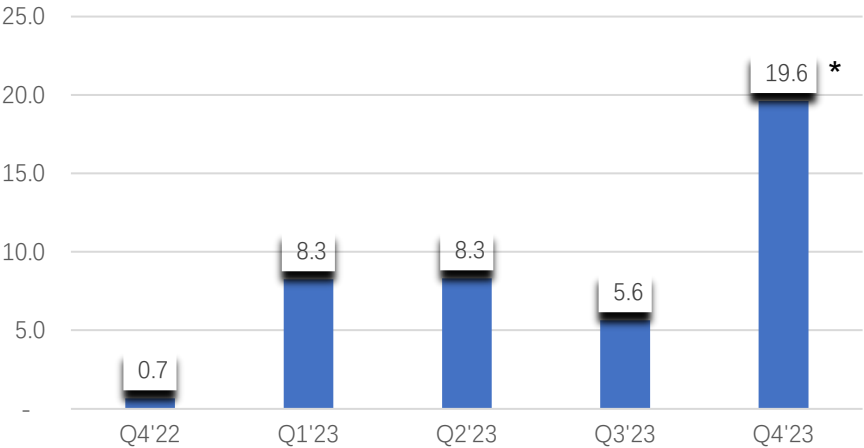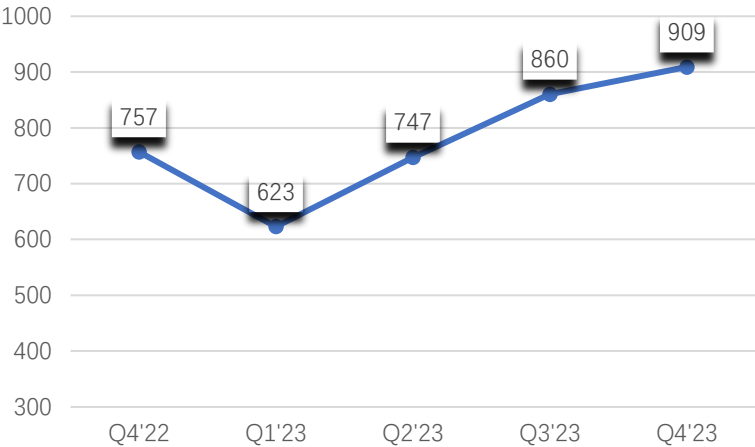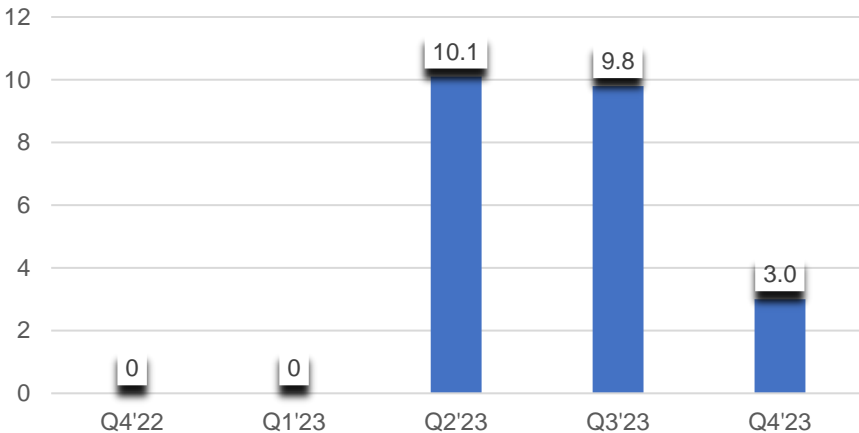
$ in millions
Source: Company data

Contract liability as of Dec 31, 2023 included US$11 million received from A14 series mining machine preorders.
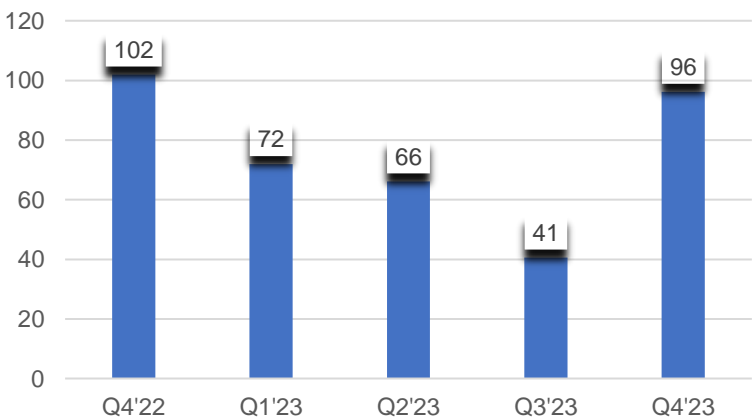
Number of Bitcoins Owned

- Q4'22: 757
- Q1'23: 623
- Q2'23: 747
- Q3'23: 860
- Q4'23: 909

$ in millions
Source: Company data

Accounts Receivable (in million$)

- Q4'22: 0
- Q1'23: 0
- Q2'23: 10.1
- Q3'23: 9.8
- Q4'23: 3.0

$ in millions
Source: Company data

Cash Balance

- Q4'22: 102
- Q1'23: 72
- Q2'23: 66
- Q3'23: 41
- Q4'23: 96

$ in millions
Source: Company data

Numbers are rounded.

Q&A