

2Q25 EARNINGS UPDATE

CANGO INC.

From Transition to Traction

SUMMARY

Results in Line with Market Expectations. In 2Q25, Cango reported total revenues of US\$140 million, with the Bitcoin mining business generating US\$138 million. Adjusted EBITDA for the quarter was US\$99.1 million, while the GAAP net loss attributable to Cango's shareholders was US\$295 million. This net loss was primarily due to non-operational factors, which are viewed as the "growing pains" of the company's transformation.

The loss stemmed from two one-off items: 1) A non-cash impairment loss related to the revaluation of 18EH mining machines, caused by a rise in stock price; 2) A one-off loss of US\$82.6 million due to the disposal of Chinese assets, based on third-party valuation. Both items are part of Cango's long-term strategic investments. As of 2Q25, Cango maintained \$118 million in cash and cash equivalents, ensuring strong liquidity for future business expansion, strategic investments, and to manage market fluctuations.

Rapid Growth and Strong Operational Performance. Impressive Transformation: Within just 9 months of its transformation, Cango has emerged as one of the world's second-largest bitcoin mining companies by hash rate, reaching 50 EH/s in Q2 (representing 6% of global mining capacity). Mining revenue for Q2 was RMB 989 million, accounting for over 98% of total revenue. Operational Excellence: From July to August, Cango saw a significant increase in mining machine uptime. The company reported an adjusted EBITDA of RMB 710 million, with bitcoin mining costs per unit at approximately US\$98,000 (below market price), showcasing a competitive cost advantage over its peers. In August, Cango also acquired a 50 MW U.S. mining facility, laying the groundwork for future capacity expansion.

Clear Strategic Path and Promising Future: 1) Short-Term Strategy: Cango aims to: Maximize the potential of its 50 EH/s mining capacity, enhancing operational efficiency through improved maintenance practices and advanced mining machine upgrades. 2) Focus on cost control, particularly through the acquisition of low-cost mining sites, which will further reduce electricity costs and solidify Cango's competitive edge. 3) Expand its green energy and energy storage business, which will not only reduce mining-related electricity expenses but also generate diversified income through green electricity sales or self-consumption. 4) Long-Term Vision: Cango is positioning itself for a transition from a pure bitcoin mining business to an "Energy + HPC (High-Performance Computing)" platform. The company has already planned an HPC pilot, expected to launch in the first half of 2026, which will position Cango at the intersection of AI-driven mining capacity and energy collaboration.

Attractive Valuation with Re-Rating Potential. Cango's shares are currently trading at US\$5.50 per ADS, with a market capitalization of US\$1,002 million. We forecast revenues of US\$609 million and US\$850 million for CY2025 and CY2026, respectively. This equates to price-to-sales (P/S) multiples of 1.6x and 1.2x, significantly below the peer group averages of 6.9x and 4.8x. With Cango's exit from its China-based operations and the removal of associated regulatory risks, we expect the current valuation discount to narrow. This should enable Cango's multiples to re-rate closer to peers like Marathon Digital (MARA), Riot Platforms (RIOT), and Core Scientific (CORZ).

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KEY DATA

Exchange: NYSE
Ticker: CANG
Current Price: \$5.50
52-Week Range: \$1.40-\$9.66
Average Volume (3M): 6.49M
Shares Outstanding (MM): 104
Market Capitalization (\$MM): \$918
Fiscal Year-End: December

FINANCIALS

In US\$M	FY23A	FY24	FY25E	FY26E
Revenue	238	112	609	850
EBIT	-10	25	-120	187
GAAP Net Income	-5	42	-249	179

PRICE PERFORMANCE



FINANCIALS AND VALUATION UPDATES

Figure 1: CANG's Financials 2Q25-2026E

Unit: Million USD	2Q25	3Q25E	4Q25E	2025E	2026E
Revenues	140	162	158	609	850
Cost of revenue	139	161	157	589	833
Cost of revenue (exclusive of depreciation and amortization shown below)	117	136	132	385	697
Cost of revenue (depreciation and amortization)	22	25	25	72	136
Other Cost of revenue(Not splitted)	0	0	0	133	0
Sales and marketing	0	0	0	0.1	0
General and administrative	3	5	4	25	21
Provision for credit losses	1	1	1	3	4
Impairment loss from mining machines	257	0	0	257	0
Gain from changes in fair value of receivable for bitcoin collateral	-79	-45	-44	-142	-196
Other Expenses	0	0	0	-5	0
Total operation cost and expense	320	121	118	728	663
(Loss) income from operations	-180	42	40	-120	187
Interest income	1	2	2	5	5
Interest expense	-2	-2	-2	-7	-7
Foreign exchange (loss) gain, net	0.02	0.02	0.02	0.1	0.1
Other income	0.1	0.1	0.1	0.4	0.5
Other expenses	-0.1	-0.1	-0.1	-7	-7
Net (loss) income before income taxes	-182	41	40	-129	192
Income tax (expenses) benefits	2	-3	-3	-5	-13
Net (loss) income from continuing operations	-180	38	37	-133	179
Discontinued operations	0	0	0	0	0
Income/(Loss) from discontinued operations	-83	0	0	-83	0
Income tax benefit (expense)	-33	0	0	-33	0
Net income/(Loss) from discontinued operations	-115	0	0	-115	0
Net (loss) income attributable to Cango Inc.'s shareholders	-295	38	37	-249	179

Source: GLH Research; Company filings.

Figure 2: Peer Valuation Analysis.

Company	Ticker	Market Cap	Revenue			P/S			Category
			2024A	2025E	2026E	2024A	2025E	2026E	
MARA Holdings, Inc.	NASDAQ:MARA	5,631	656	992	1,298	8.6x	5.7x	4.3x	BTC Mining Companies
CleanSpark, Inc.	NASDAQ:CLSK	2,578	379	782	1,155	6.8x	3.3x	2.2x	BTC Mining Companies
Riot Platforms, Inc.	NASDAQ:RIOT	4,968	377	669	832	13.2x	7.4x	6.0x	BTC Mining Companies
Core Scientific, Inc.	NasdaqGS:CORZ	4,254	511	426	878	8.3x	10.0x	4.8x	BTC Mining Companies
Coinbase Global, Inc.	NASDAQ:COIN	77,647	6,293	7,375	8,387	12.3x	10.5x	9.3x	Crypto Exchange Companies
Bitdeer Technologies Group	NASDAQ:BTDR	2,499	350	567	1,078	7.1x	4.4x	2.3x	Shared Mining Platform
						Median	8.5x	6.6x	4.6x
						Mean	8.7x	6.9x	4.8x
Cango Inc.	NYSE:CANG	1,002	112	609	850	8.9x	1.6x	1.2x	

Notes:

1. Data as of 9/9/2025.
2. Market Caps and Revenues are in US\$ Million.
3. Revenues are in calendar year and estimates are provided by analyst consensus on Capital IQ.

Source: GLH Research; Company filings; Capital IQ.

ABOUT THE ANALYSTS

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Chujie (Jack) Sun is a Senior Research Analyst at Gelonghui Research. Since 2017, Jack has served as the Investment Analyst in China Alpha Fund Management (Hong Kong) Limited, TMT Analyst in First Shanghai Group, and TMT Analyst at Gelonghui Research. Focusing on TMT sector, Chinese companies listed in the US, Hong Kong, and etc., and he specializes in both buy-side and sell-side equity research. Jack holds a B.A. in Economics from Ohio State University (Columbus) and an M.S. in Finance from City University of Hong Kong.

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Yuecong (Marco) Zhang is a Senior Research Analyst at Gelonghui Research. Marco previously held the position of Senior Research Analyst at Watertower Research, Executive Director at Valuable Capital Group's Investment Banking Department, Vice President at Guosen Securities (HK), and Senior Associate at Roth Capital Partners, where he completed more than 35 transactions, including IPOs, follow-on offerings, and M&A, with a total transaction value of more than US\$3.5 Billion+ for mid-cap companies from China and the US. During his time at Roth, he led six NASDAQ and NYSE IPOs for Chinese clients, with a total transaction value of more than US\$260 Million. Marco holds a B.S. in Financial Management from North China Electric Power University and an M.S. in Applied Finance from Pepperdine University.

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