



# Taoping Inc.

NASDAQ: TAOP

**Investor Presentation**

December 2021

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## Forward Looking Statements

# Company Overview

Taoping Inc. (TAOP) is a blockchain technology and smart cloud services provider. The Company is dedicated to the research and application of blockchain technology and digital assets, and continues to improve computing power and create value for the encrypted digital currency industry. Relying on its self-developed smart cloud platform, TAOP also provides solutions and cloud services to industries such as new media and artificial intelligence.





# Investment Highlights

01

Bifurcated Business Model Yields Stability

02

Innovative TAOP Smart Cloud Ecosystem

03

Seasoned Management Team





# Key Statistics

(as of 12/7/2021)

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Market	NSADAQ
Ticker Symbol	TAOP
Share Price (12/7/2021)	\$2.87
52 Week Range	\$ 2.41 - 16.86
Market Capitalization	\$44.366M
Shares Outstanding	15.46M
Fiscal Year End	December 31

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# Business Segments



**Digital Assets  
Business**



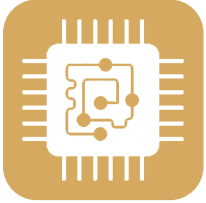
**Digital Culture  
Business**



**Digital Assets Business**



# Blockchain and Digital Assets Business



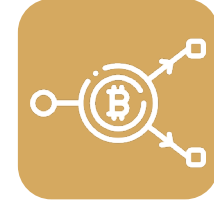
## Accumulate Computing Power

- Global High-quality Data Center
- Stable Computing Power
- Reliable Power Supply
- High-performance Server
- Stable Supply Chain



## Cloud Computing Platform

- Serve digital asset users
- Open Sharing Platform
- Large potential user base
- Provide cloud services
- Whole process can be monitored and tracked
- Support computing power transfer

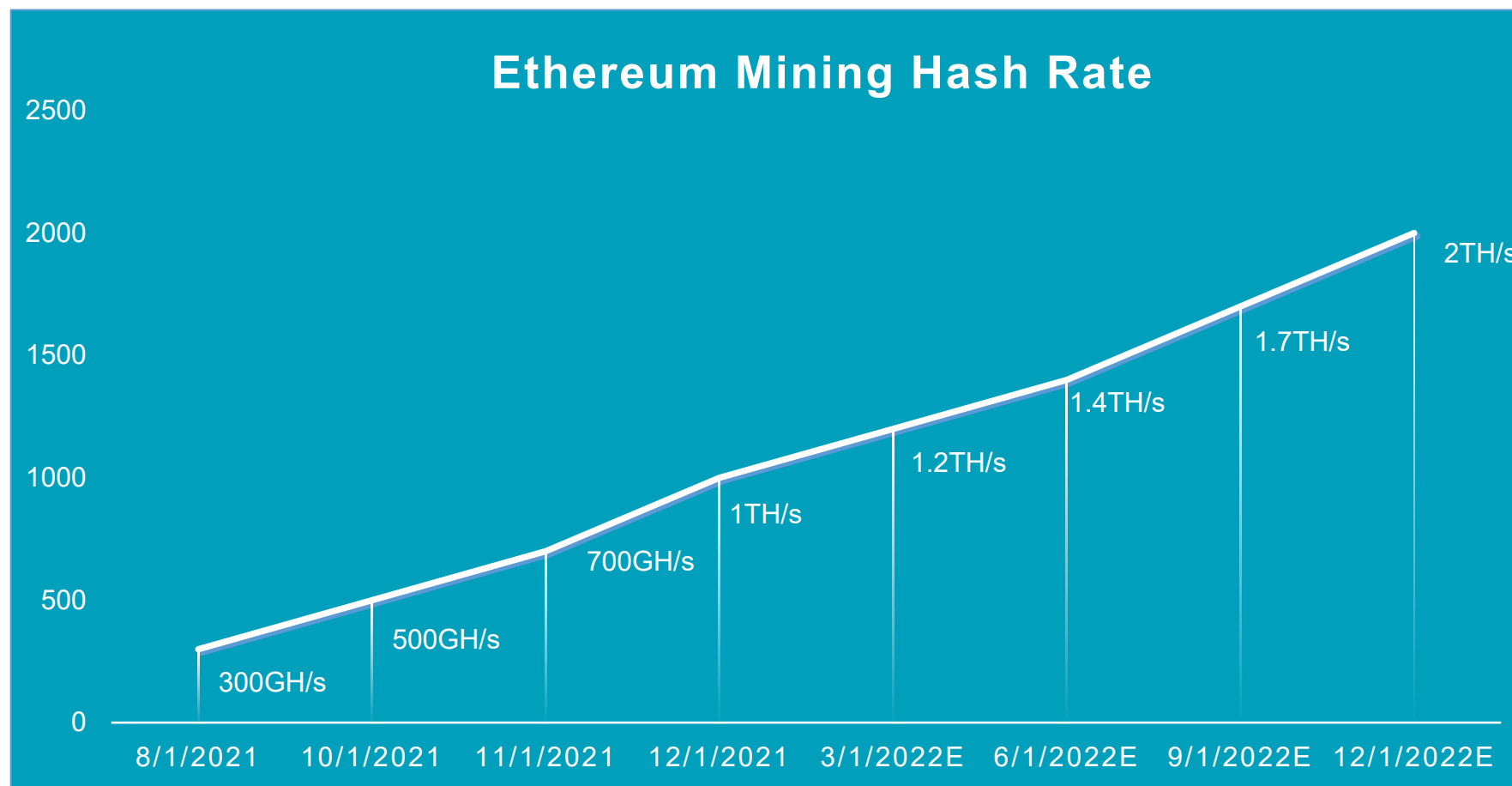


## Digital Asset Application Research

- R&D of software and hardware for safe custody of digital assets
- Research on safe and stable digital assets value preservation system
- R&D of cost-effective applications



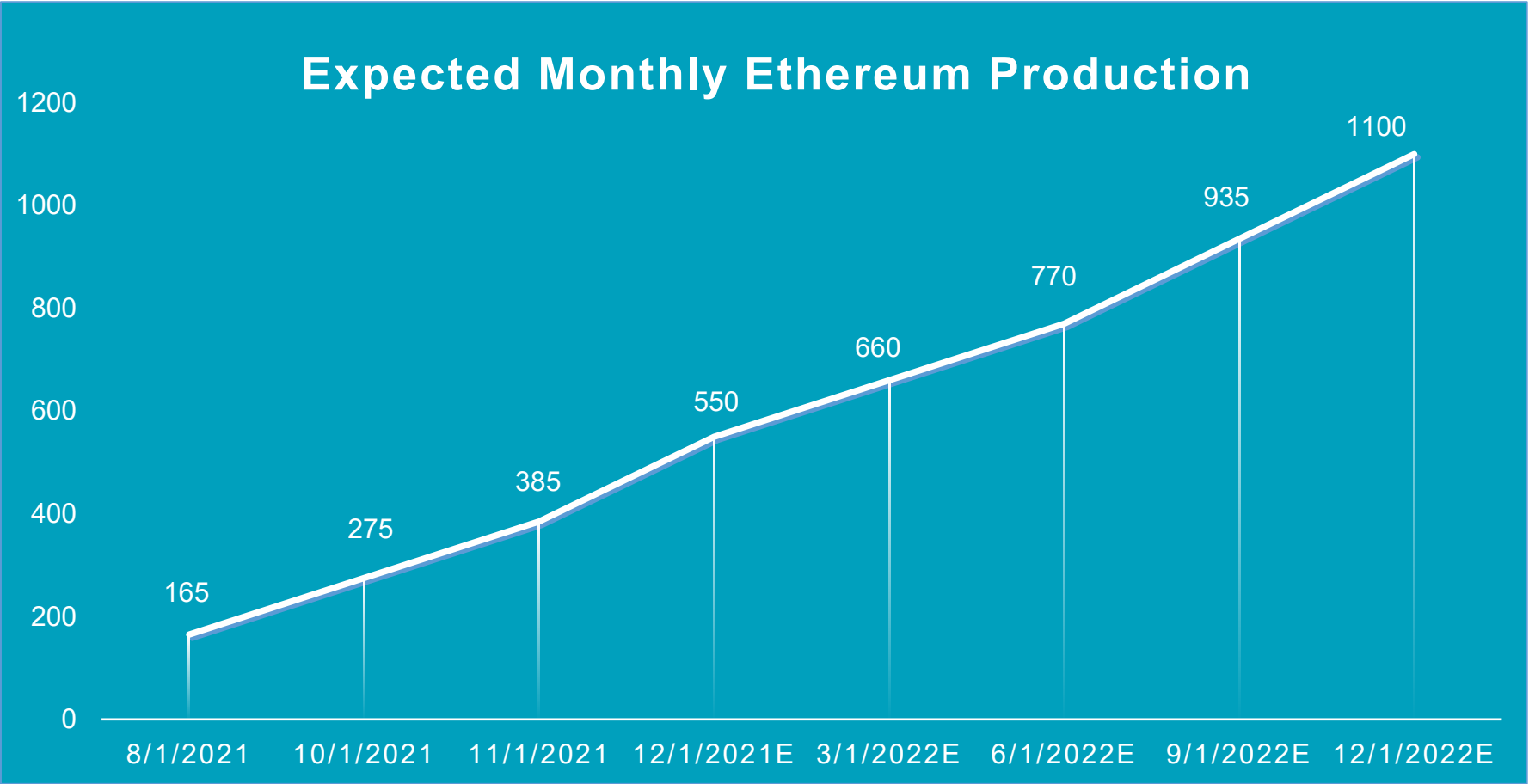
# Ethereum Mining



As of December 1st, 2021, the Company has deployed a total hash rate of 1TH/s. The future expected mining hash rate is calculated based on the Company's current miner purchasing and deployment plan.



# Ethereum Mining - Expected Monthly Production



According to the historical data of the number of Ether produced by the Company per week, Expected Monthly Ether Production = Current Hash Rate\* 0.55

# G Cloud Data Center

Currently TAOP has deployed Taoping G Cloud data centers in Dongguan, Hong Kong and Kazakhstan (under construction). The company plans to continue to deploy multiple data centers at home and abroad in accordance with business development needs, and to realize the scale of cloud computing power and interconnection of inter-regional data centers.





# Digital Assets Business Progress and Plan

- On **October 27, 2021**, the Company announced that its subsidiary, Taoping Capital Limited, established a wholly-owned Kazakh subsidiary, **Kazakh Taoping Data Center Co. Ltd. (“Kazakh Taoping”)**, to invest in the construction of cryptocurrency mining data center in Kazakhstan.
- On **August 27, 2021**, the Company announced that its wholly-owned subsidiary **Taoping Digital Assets (Asia) Limited (“TDAL”)** and a Kazakhstan company, **Aral Petroleum Capital LLP (“APC”)**, have signed a memorandum of understanding (“MOU”) to establish a joint venture to operate a cryptocurrency mining site in Kazakhstan, of which TDAL and APC will own 51% and 49%, respectively.
- On **August 11, 2021**, the Company signed a non-binding Memorandum of Understanding with **Dennver Group Holdings Limited**, a British Virgin Islands company, to purchase Ethereum mining machines with a total hash rate of 500 GH/s. Both parties aim to reach a definitive purchase agreement in the fourth quarter of 2021.



# Digital Assets Business Progress and Plan

- On **July 30, 2021**, the Company entered into a strategic cooperation agreement (the “Agreement”) with **Shenzhen IntelStrat Technology Co., Ltd.** (“IntelStrat”). Pursuant to the Agreement, TAOP and IntelStrat will seek in-depth collaboration in data service center and investments in blockchain company. It is expected that the parties will initiate the R&D cooperation on certain blockchain technology related projects by the end of 2021.
- On **May 5, 2021**, the Company launched “**Taoping G Cloud Hong Kong Data Center**” in Hong Kong. The Company intends to deploy a total of 1,000 general-purpose servers suitable for Ethereum and cloud desktops at the data center, with a total hash rate of 480,000 MH/s, by the end of 2021. The Company has accomplished most of its planned deployment for the data center.
- On **May 3, 2021**, the Company entered into a strategic cooperation agreement with Singapore-based **ZNDS Global Technology PTE. LTD.** (“Zionodes”), a leading computing power trading platform for a 5-year term from May 1, 2021, to April 30, 2026. Pursuant to the strategic cooperation agreement, TAOP plans to increase the supply of computing power to Zionodes in stages totaling at least \$10 million. The two parties agreed to work together to develop the GPU cloud computing market. The cooperation is expected to be formally implemented in 2022.





# Kazakhstan Crypto Mining Hosting Business Projection

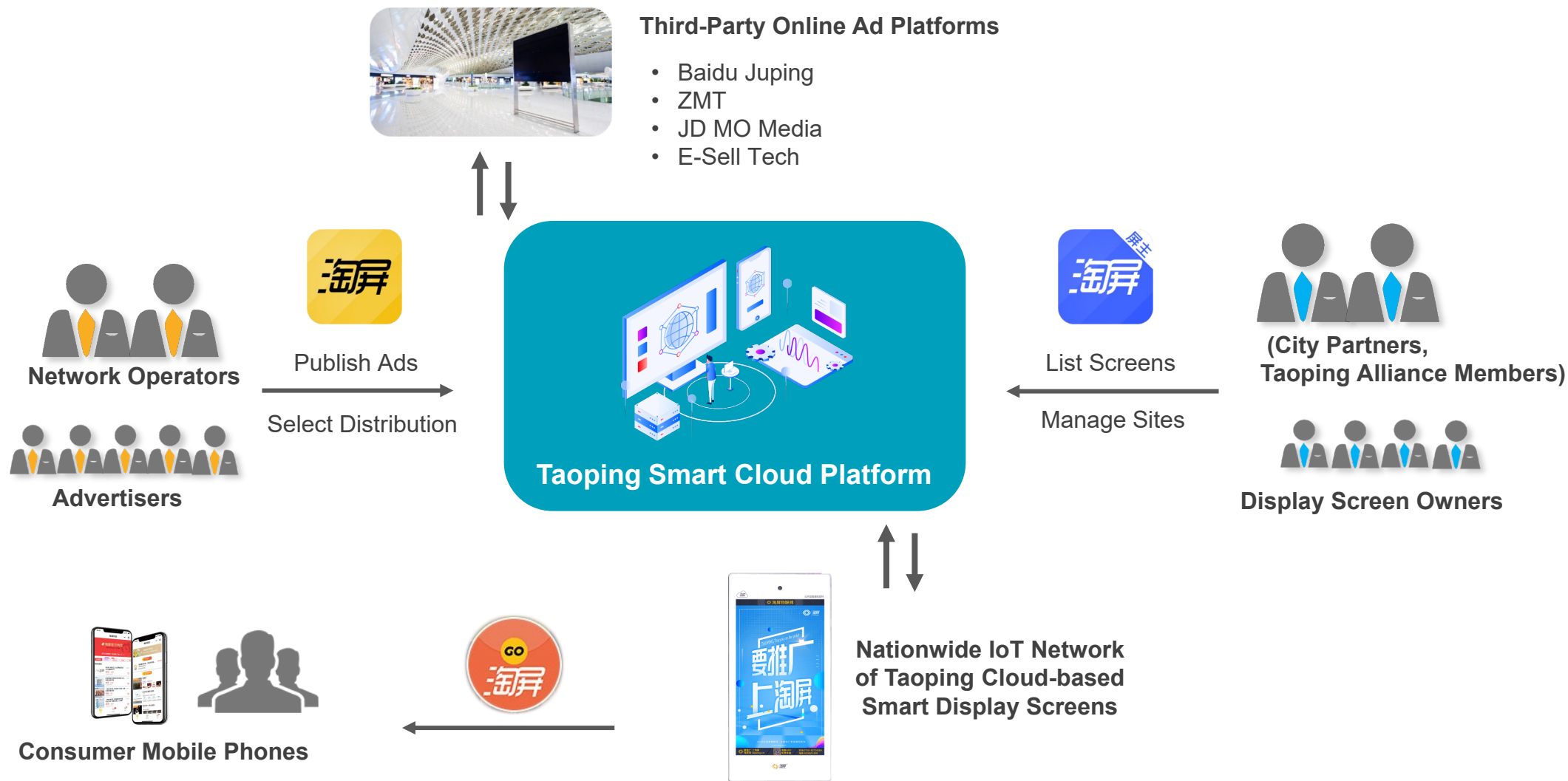
<b>Estimated Milestones</b>	<b>Revenue</b> (for the period from Jan 2022 through the Estimated Milestone)	<b>Gross profit</b> (for the period from Jan 2022 through the Estimated Milestone)
2022.7-2022.9 (2000 miners)	\$777,600	\$388,800
2022.10-2022.12 (6000 miners)	\$2,332,800	\$1,166,400
2022 Full Year	\$3,110,400	\$1,555,200



# Digital Culture Business



# Digital Culture Business - Taoping New Media



# Digital Culture Business - Taoping New Media

## Taoping Smart Cloud



Terminal Resource  
Aggregation



Smart Screen  
Management



Smart Advertising  
System



Multidimensional  
Data Service



Platform Transaction  
Management

## Advertising Cases

Taoping advertisers include well-known brands such as BMW, Audi, China Mobile, China Telecom, Industrial Bank, China CITIC Bank, JD, Tencent, Evergrande, Country Garden, etc.



# Digital Culture Business - Taoping New Media

In addition to Taoping smart screens, Taoping New Media offers **Dual Sided Photonic Screen** by cooperating with Guangke Digital to provide more display options for customers and further expand Taoping New Media ecosystem beyond its own network.



One screen for double sides, high definition image quality, grabbing audience's attention



One screen dual-purpose, displaying both product ads and directional signs



It can be customized according to different application scenarios



High security, low operation and maintenance cost



# Digital Culture Business - Taoping New Media

We team up with local entrepreneurs to expand Taoping network to more 3rd, 4th, and 5th tier cities in China.

**25+**

Core Provinces  
(Cities)

**200+**

Cities

**300+**

Brand Customers

**100k+**

Owned Screens

**200MM**

Covered Population







# First Half 2021 Financial Results

## Revenue

**\$6.4M**



## Gross Profit

**\$2.1M**



## Gross Profit Margin

**33.3%**



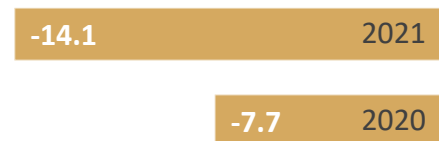
## Total Assets

**\$28.7M**



## Net Loss attributable to Company

**\$14.1M**



# Management Team



**Jianghuai LIN**  
**Chairman and CEO**

- Held CEO position since 2006.
- Expertise in IT and Internet industries. Possesses excellent insight, foresight, and comprehension of the business.
- Former President of Hong Kong United Development Group Co.
- Former Chairman of iASPEC Technology Group Co., Ltd.



**Zhiqiang ZHAO**  
**President, Director**

- Held President position since August 2015, named COO in 2010.
- Has experience in operations, resource integration, strategic planning.
- Former Deputy General Manager position at iASPEC Technology Group Co., Ltd.



**Iris YAN**  
**CFO**

- Held Director of Investor Relations, Secretary, and Asst. CFO positions since 2007.
- Has experiences in investor relations, capital market, and corp. governance.
- Certified Management Accountant (CMA).
- B.S. in Economics from Beijing Normal University, MS in Finance from Fudan University.



**Zhixiong HUANG**  
**COO**

- Held COO position since August 2015, appointed to CTO position in 2008, named Senior VP in 2006.
- Has 20 years of experiences in IT and strategic planning.
- Held R&D General Manager at Run Shen Information Technology, Inc.



**Guangzeng CHEN**  
**CTO**

- Held CTO position since December 2015, previously held VP of Strategic R&D Center and Chief Product Officer.
- Has over 10 years of experience in IT and internet R&D and management.

# THANKS!

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# Appendix





# Introduction to Crypto Mining

**Mining** – A system that adds transactions & provides security to the crypto blockchain;  
How new crypto currency enter the market

**A Miner** – a computer designed to solve a mathematical algorithm (i.e., the Bitcoin code)

## Taking Bitcoin Mining as an Example



A Bitcoin transaction occurs and is broadcast to the network

A miner pools together “pending” Bitcoin transactions in a “block”

Once a block is formed, miners compete to “hash” their block (i.e., solve a cryptographic puzzle)

Once solved, the network checks the miner’s work (i.e., verifies their “Proof of Work” adheres to rules of the Bitcoin protocol)

The new block of verified transactions is attached to a chain of prior blocks, hence “blockchain” (i.e., the public Bitcoin ledger) & the process repeats

For solving the puzzle, miners are rewarded with Bitcoin

Currently, 6.25 BTC per block / Blocks are solved, on avg., every 10 min.



# Crypto Mining Economics

## Mining Revenue

$$\begin{array}{c} \text{Block reward} \\ + \\ \text{Transaction fees} \\ \text{per block} \end{array} \times \text{\# of blocks/year} \times \text{Crypto Currency Price} \times \begin{array}{c} \text{Hash rate} \\ \div \\ \text{Total Network} \\ \text{Hash rate} \end{array}$$

## Mining Costs

$$\begin{array}{c} \text{Hash rate} \\ \times \\ \text{Efficiency} \\ \text{(w/TH)} \end{array} \times \begin{array}{c} \text{\$/kWh} \\ \text{Electricity} \\ \text{cost} \end{array} \times \text{Online \%} \times \begin{array}{c} \text{PuE} \\ \% \end{array} \times \begin{array}{c} \text{Labor} \\ + \\ \text{Repairs} \end{array}$$

Crypto mining economics are largely driven by five variables:

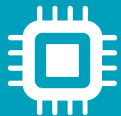
1. Crypto Currency Price
2. % of Network Hash rate
3. Electricity Price
4. Hardware Efficiency
5. Operational Efficiency

# Mining Profitability Drivers

## External Factors



### Revenue per Terahash influenced by Bitcoin price and Mining “Difficulty”



### Mining Hardware Cost & Efficiency

- Lower amount of electricity required relative to computing power of machines
- Price per hardware relative to economic returns



### Stable Political & Regulatory Regime

- Stable blockchain and crypto laws and regulations, including energy regulation for crypto mining.
- Strong “rule of law” to protect businesses

## Operational Factors



### Sufficiently Large Scale

- Gross margin on variable operating costs allow business to comfortably cover all fixed overhead



### Low-cost Electricity

- Ability to secure long term low electricity rate



### Data Center Excellence and Mining Expertise

- Operating systems to monitor and ensure “up-time”
- In-house electricians to minimize build out costs
- Hardware repair center to maintain mining equipment