

# Company Presentation

March 2024



## Disclaimer

This presentation has been prepared by Xiao-I Corporation (the "Company") and is intended solely for investors that are institutional accredited investors as defined under the Securities Act of 1933, as amended, and rules and regulations promulgated thereunder. Any investment or investment activity to which this presentation relates is or will be available only to, and may be engaged in only with such investors.

This presentation does not constitute an offer to sell, a solicitation of an offer to buy, or a recommendation to purchase securities of the Company. No such offering or securities shall be made except by means of a prospectus meeting the requirements of section 10 of the Securities Act or an exemption therefrom. The contents of this presentation have not been reviewed by any regulatory authority in any jurisdiction. The Company, its management, advisors, representatives and their respective affiliates expressly disclaim any liability whatsoever for any loss howsoever arising from any information presented or contained in this presentation, or from any opinion expressed by the presenters. You must make your own assessment of the relevance, accuracy and adequacy of the information contained in this presentation and must make such independent investigation as you may consider necessary or appropriate as to the merit and suitability of an investment in the securities of the Company, including without limitation by obtaining independent legal tax, accounting, financial, credit and other related advice prior to making any such investment. This presentation does not purport to contain all of the information that may be required to evaluate an investment in the securities of the Company and should not be relied upon to form the basis of, nor be relied on in connection with, any commitment or investment decision whatsoever. This presentation is intended to present background information about the Company and is not intended to provide complete disclosure.

This presentation includes statements that are forward-looking statements. These forward-looking statements involve known and unknown risks and uncertainties and are based on the Company's current expectations and projections about future events that the Company believes may affect its financial condition, results of operations, business strategy and financial needs. Investors can identify these forward-looking statements by words or phrases such as "anticipate," "estimate," "plan," "project," "continuing," "ongoing," "expect," "we believe," "we intend," "may," "should," "will," "could" and similar expressions.

The Company undertakes no obligation to update or revise publicly any forward-looking statements to reflect subsequent occurring events or circumstances, or changes in its expectations, except as may be required by law. Although the Company believes that the expectations expressed in these forward-looking statements are reasonable, it cannot assure you that such expectations will turn out to be correct, and the Company cautions investors that actual results may differ materially from the anticipated results and encourages investors to review other factors that may affect its future results in the Company's registration statement and other filings with the U.S. Securities and Exchange Commission.





**01** Company Overview

**04** Business Outlook

**02** Market Overview

**05** Financials

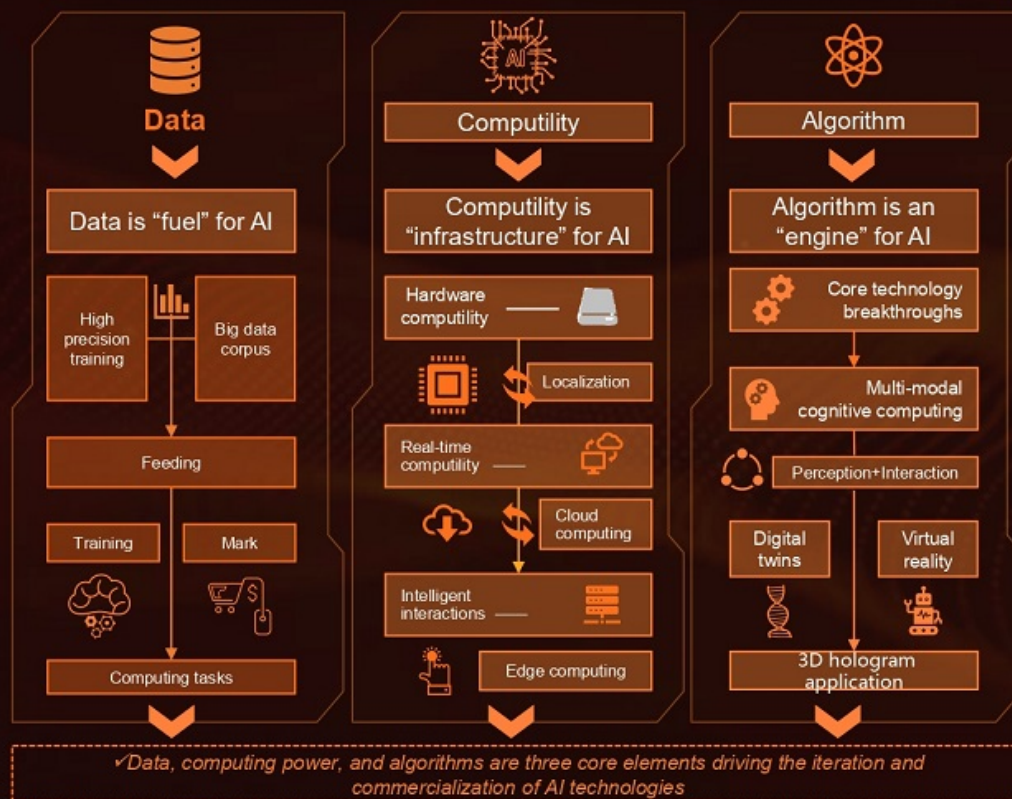
**03** Core Competitiveness

**06** Appendix

# Artificial Intelligence ( "AI" ) Development' s Golden Decade



## Major Core Infrastructure Development Promotes Significant Growth of AI industry<sup>1</sup>



1: Source: LeadLeo' s 2023 China AI Industry Overview Report

## Cognitive Intelligence Determines AI Sophistication





# ▶▶ Xiao-I' s 20 Years of Deep-Rooted Commitment to Cognitive Intelligence



**2001** 

Xiao-I Robot was established

Early adopter in 2C market

Phenomenal products – Xiao - I chat robots launched on MSN and Tencent QQ, obtaining over 100 million users

**2004**

**2006**



Released the world's first conversational robots for government affairs

AI application exploration in 2B market

**2012**

Launched WeChat-based intelligent customer service products for banking industry

**2015**  Bot 开放平台  
open.xiaoi.com

Cloud-based open system iBot Cloud and iBot OS launched online

Productization and commercialization of AI-based business solutions

Expanded business from customer service robots to knowledge management


**2014**



Entered smart city industry by establishing multiple intelligent systems for governments

**2016**



**2018-2019** 

Set Asia-Pacific headquarters in Hong Kong; developed vertical solutions in various industries

Domain-oriented and overseas expansion

**2020-2022**

Started overall commercial business and sought overseas opportunities with preparations for the next generation of AI innovation and use

**March 2023**

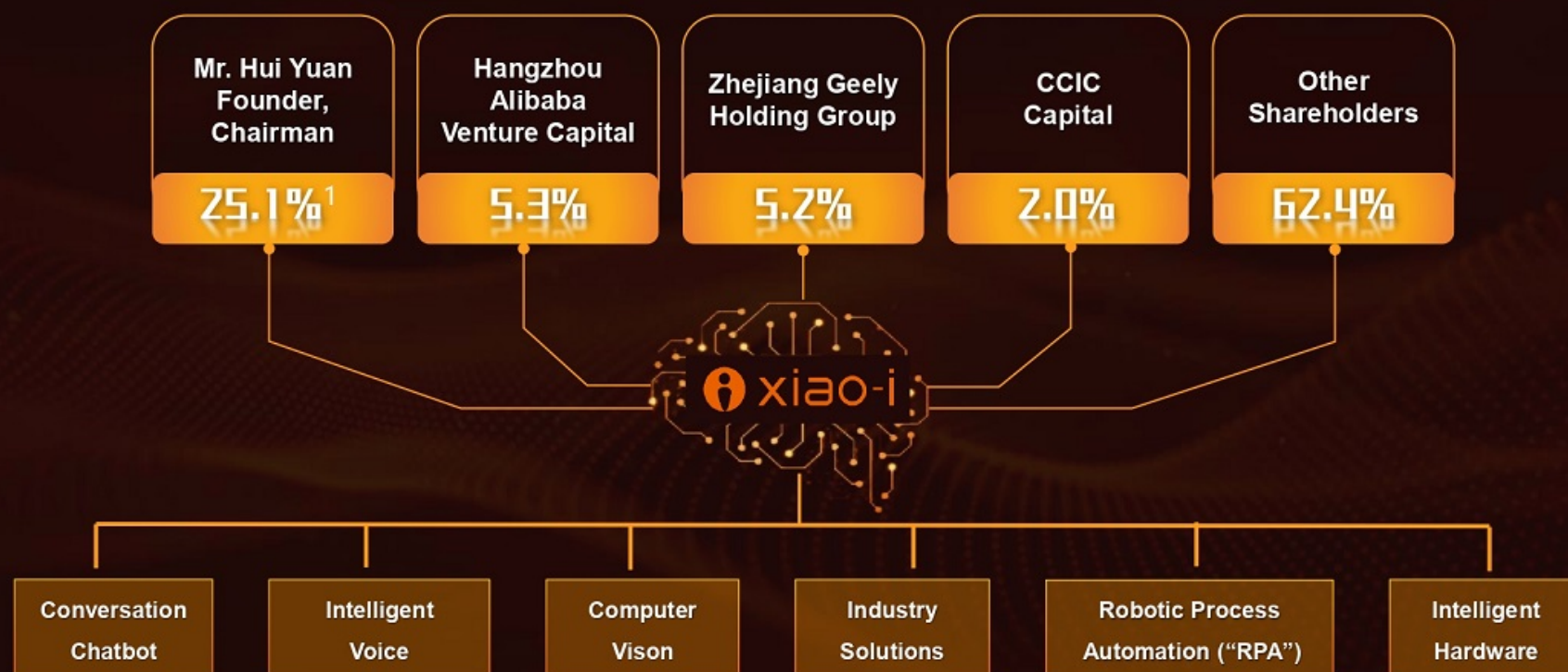
Listed in NASDAQ under stock ticker "AIXI"; Raised US\$39 million from U.S. IPO



Launched Hua Zang large language model

**June 2023**

## Strong Recognition: Diverse High-Profile Institutional and Strategic Investors



1: Mr. Hui Yuan holds 79% of the voting power of Xiao-i





**01** Company Overview

**04** Business Outlook

**02** Market Overview

**05** Financials

**03** Core Competitiveness

**06** Appendix

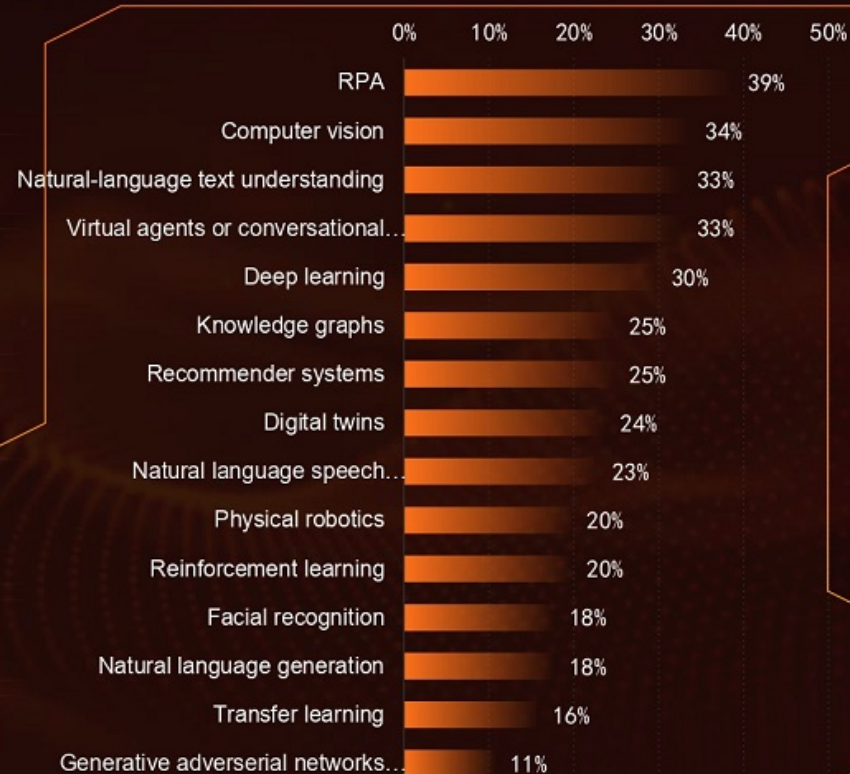
## AI Applications & Supply: Penetration Is Still Very Low in Practice



Basic AI Capabilities in 2022 Global Business Activities, by Industry and Function

	Human resources	Manufacturing	Marketing & sales	Product /service development	Risk
All Industries	11%	8%	5%	10%	19%
Business, legal and professional services	11%	10%	9%	8%	16%
Consumer goods/retail	14%	4%	3%	4%	15%
Financial services	1%	8%	7%	31%	17%
Healthcare /pharma	15%	7%	2%	4%	22%
High tech/telecom	6%	6%	4%	7%	38%

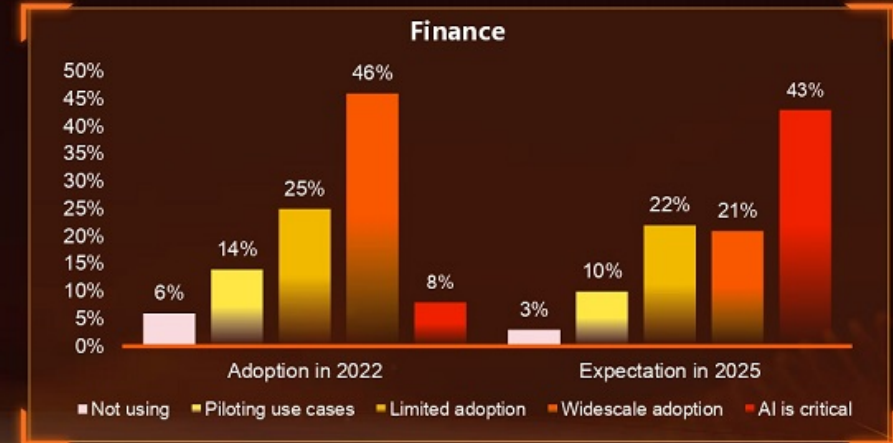
AI Capabilities Among 2022 Global Business Activities



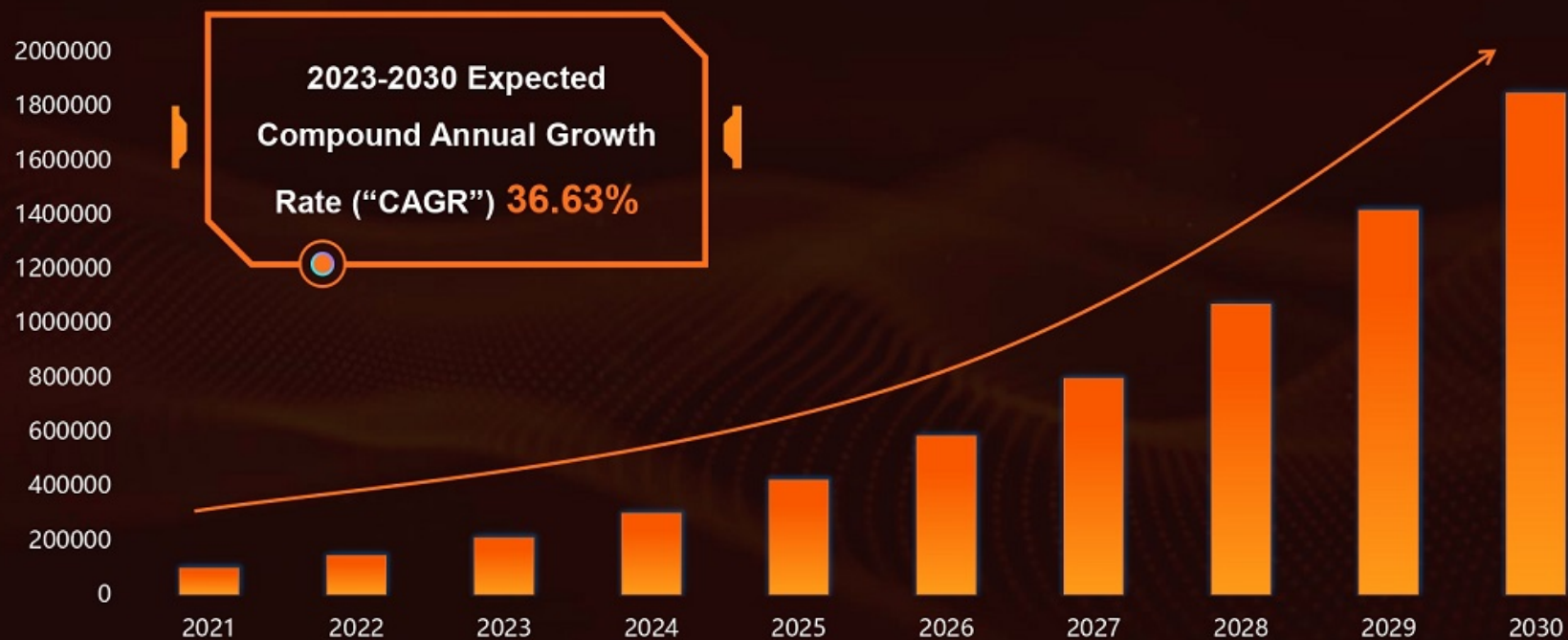
Source: McKinsey & Company, Stanford University



## AI Market Demand: Large Gap to be Filled



Global AI Market Size & Estimates (2021-2030E) (USD in Millions)



Source: Next Move Strategy Consulting





**01** Company Overview

**04** Business Outlook

**02** Market Overview

**05** Financials

**03** Core Competitiveness

**06** Appendix



## Technology

- 20 years of deep-rooted **commitment** to cognitive intelligence
- Pioneer in independently developed virtual chatbot technology, boasting an **industry-leading portfolio of intellectual property rights**.
- Setting both international and domestic **technical standards**.



## Use Cases

- In the Greater China region, we have successfully provided solutions to **thousands of clients** and developed **hundreds of unique application use cases**



## ▶▶ Pioneer in AI Technology with Market Recognition



### R&D Resource

- 4 R&D centers
- 280+ dedicated engineers
- 50+ external experts
- 10+ university partners
- Joint-lab and tech cooperation with tier-1 universities

### Industry Standard Developer



- Led the drafting and establishment of **1 international standard**, 3 national standards, and 1 industry association standard.
- Participated in the drafting and establishment of 1 national standard and 4 industry association standards.

20 YEARS OF DEEP-ROOTED  
COMMITMENT TO COGNITIVE  
INTELLIGENCE

~600 Patents Applied

### IP

200+

Registered invention patents

100+

AI copyrights

### Professional Service Team



- Professional service teams across China (10 teams in major cities and regions)
- Full support by training, quality checks, and periodic updates





## ►► Broad Industry and Sector Coverage via Extensive Product Offerings



### Conversation Chatbot



- Intelligent robot customer service
- Intelligent knowledge management
- Integrated hardware and software
- SaaS services

### Intelligent Voice



- Voice processing platform
- Voice analysis and interactive voice response ("IVR")
- Outbound system
- Voiceprint recognition

### Computer Vision



- i-ASNet defect detection technology for industrial quality requirements
- Original AI review technology
- Adaptable for cloud and on-premise



### Industry Solutions

- Comprehensive AI empowered systems for smart city, telecom, e-commerce, finance, construction and various industries



### RPA product

- Using AI technology to improve RPA product and reduce costs for enterprises
- Combine intelligent cognitive technology with various industries



### Intelligent Hardware

- Independently developed iBot OS operating system
- Software and hardware integrated intelligent management platform

### Application

AI+  
Call Center

AI+  
Finance

AI+  
Urban Public  
Services

AI+  
Construction

AI+  
Metaverse

AI+  
Manufacturing

AI+  
Healthcare

## Robust Ecosystem of Partnerships



### Leading Bank in China Credit Card Department

#### Challenges

High customer acquisition, lack of marketing staff, low service quality

#### Solutions

Conversational robot, automated smart marketing & individualized services

### Contact Center Leading Kitchenware Company

#### Challenges

High cost and low service quality, lack of business knowledge and tools

#### Solutions

Virtual service assistant, service robot and online customer service systems

### Electric Grid Company Knowledge Management System

#### Challenges

Unstandardized knowledge system, incomplete business process, limited service capability

#### Solutions

Automated knowledge generation, service robot, multi-model data warehouse

### Smart City Government Services

#### Challenges

Low population density, imperfect social security, lack of professional lawyers

#### Solutions

Online self-service league service system & 24H smart kiosk of league consulting

### Financial Institutions

8 of China's Top 10 Banks;  
6 of China's Top 10 Insurance Companies;  
Global FSI also in the list

### Telecom Operators

China's Top 3 Telecom Operators

### Government Agencies

Smart City Clients:  
Multiple Government Agencies

### Other Industries

Diversified Industrial Clients. Top Players in E-commerce, Manufacturing, Airlines & Logistics OTA

### Outside Mainland China

International Clients outside Mainland China





**01** Company Overview

**04** Business Outlook

**02** Market Overview

**05** Financials

**03** Core Competitiveness

**06** Appendix

## ▶▶ Hua Zang Large Language Model ( "LLM" ) : Core Positioning



### Goal

AI operating system.

### Core

A universal foundational model enhanced for Chinese, synchronized with international markets to empower the global ecosystem.

### Foundation

Self trained foundational model development with strong capabilities, adaptable to diverse business scenarios.



### Chinese Data Reinforcement

Leveraging our 20-year history and three-tiered technical expertise, we've enhanced our proprietary chatbot with a robust Chinese language library.

### Rapid Commercial Implementation

It's a cognitive LLM that's controllable, customizable and deliverable. It offers unique capabilities for swift integration into various business scenarios and client systems.

### Broad Industry Applications

Xiao-i's large model serves diverse industries, including smart customer services, construction, smart cities, and beyond.



### Xiao-I' s cognitive LLM capabilities and their significance

- ★ We 've added more engineering capabilities that were based on fine-tuning the LLM' s capabilities. This can directly connect to business systems and combine a large model with commercial applications.
- ★ Controllable output content that can be quickly delivered to customers' systems, reflecting our target of being "Controllable, Customizable, Deliverable."
- ★ Achieving a win-win through both technological enhancements and successful commercial implementation.

#### Controllable

Based on clients' business systems, documents, and demands, we can control output content to meet the requirements of generated content, data security, model algorithm design, and operational standards.

#### Customizable

We offer diverse application capabilities. Based on clients' needs, we can customize and tailor to multiple platforms and languages, fulfilling demands for customized business solutions.

#### Deliverable

The large model can be applied in various industries, including smart customer services, construction, smart cities, and more.

## ▶▶ Hua Zang LLM Applied in Practice: Faster, Lower-Cost, More Effective



### Hua Zang LLM Applications: Empowered by MAAS Ecosystem

#### Faster: Driven by Customer Needs

Private Deployment / Localized Data	Full Coverage of Various Model Sizes
Simplified Platform Integration	Enterprise Customization

#### Lower-Cost: Developed for Commercialization

Ticket Order	Office Software	Financial Data	Industry Data
Fresh Food E-Commerce	Travel Information	Mobile Payment	Restaurant Recommendation
Brand Information	Language Learning	Science & Technology	Automation Tool

#### More Effective: Customized Vertical Models



### AI+Finance: Exploring Potential Deployment Scenarios<sup>1</sup>



<sup>1</sup> Source: Zheshang Securities 2023 Medium-term Strategy: Wisdom as Wings, Numbers as the Foundation, Zheshang Securities Research Institute





## GLOBALIZATION FOOTPRINTS



### USA

June 2023,  
First US subsidiary in Delaware

2

### MENA

March of 2024,  
First MENA subsidiary in Abu Dhabi

3

1

### Asia-Pacific

Established in 2001,  
AI pioneer with 20+years  
experience







**01** Company Overview

**04** Business Outlook

**02** Market Overview

**05** Financials

**03** Core Competitiveness

**06** Appendix

## 1H' 2023 Financial Highlights (unaudited)



### Net Revenues

USD in millions

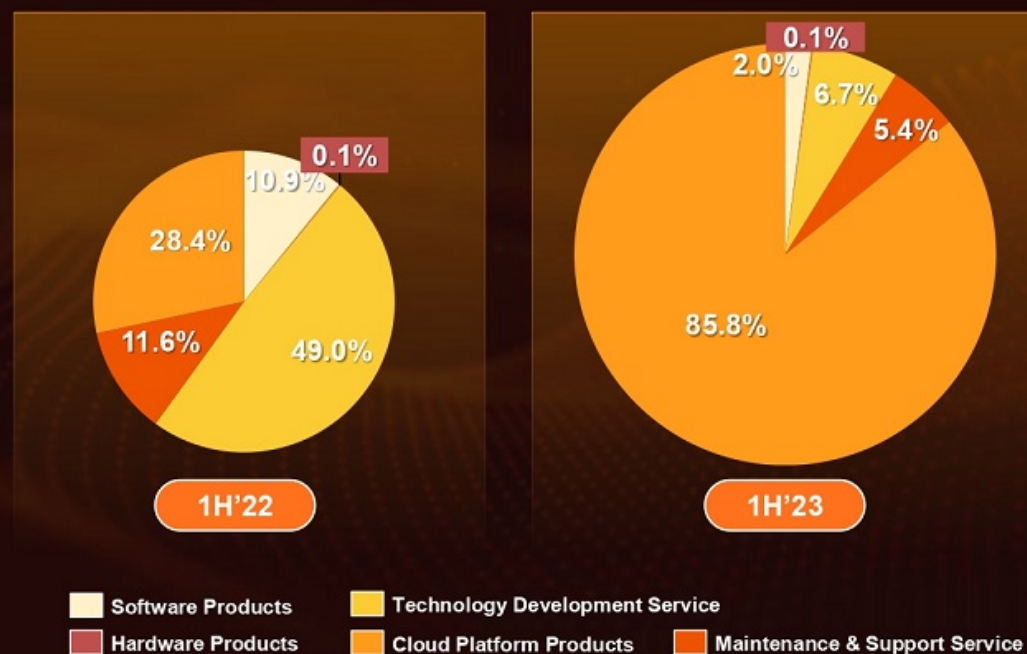
- Revenue growth in 1H'2023 driven by increased sales of cloud platform products and hardware products.



Note: The first half of the fiscal year 2023 ended on June 30, 2023

### Revenue Mix

- Shifting product mix towards subscription for cloud platform products.





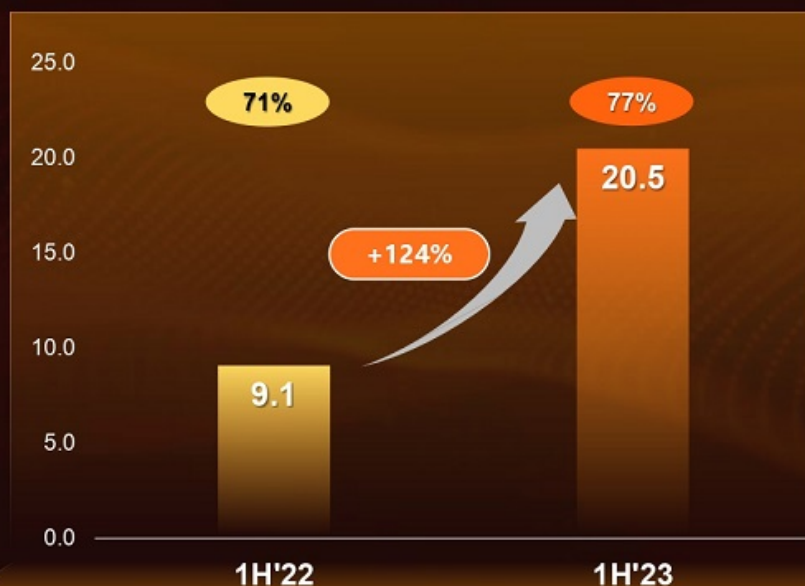
## 1H' 2023 Financial Highlights (unaudited)



### Gross Profit & Margin

USD in millions

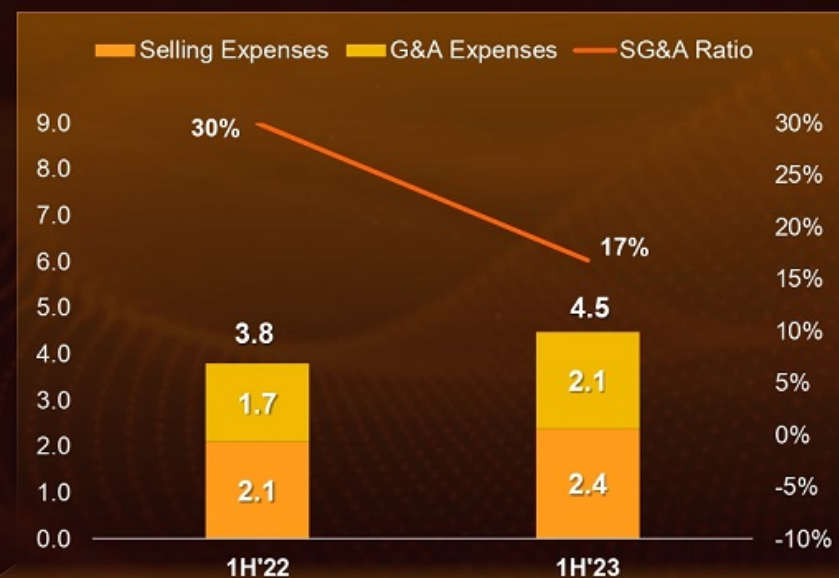
- Gross margin expansion mainly due to a shift in product mix towards subscription for cloud platform products from one-time software sales.



### SG&A and Its Ratio<sup>1</sup>

USD in millions

- SG&A expenses demonstrated improved efficiency with larger business scales.



Note: The first half of the fiscal year 2023 ended on June 30, 2023

1. SG&A ratio represents the proportion of selling, general and administrative expenses in net revenues

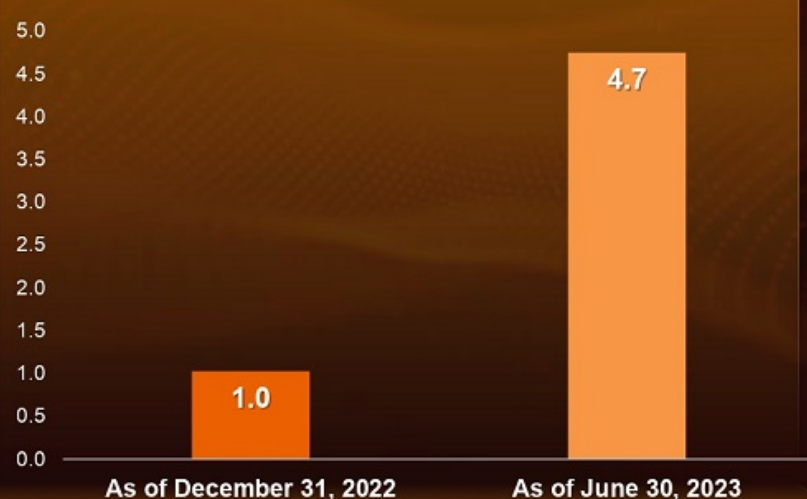
## 1H' 2023 Financial Highlights (unaudited)



### Cash in Hand

USD in millions

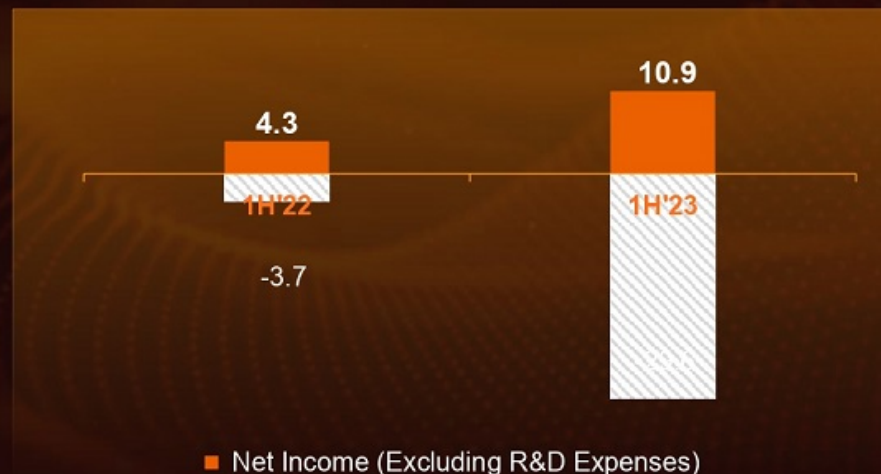
- Cash and cash equivalents more than quadrupled compared to \$1.0 million as of December 31, 2022, primarily due to the proceeds from the IPO. This highlights Xiao-i's capability to utilize the capital market for securing funds for R&D and sustaining competitiveness.



### Net Income (Excluding R&D Expenses)

USD in millions

- Net income after excluding incremental R&D expenses increased by 155% year-on-year.



Note: The first half of the fiscal year 2023 ended on June 30, 2023



# WELCOME TO THE NEW AGE



# Unaudited Consolidated Statements of Operations and Comprehensive Income/(Loss)

(in U.S. dollars, except for share and per share data, or otherwise noted)

	For the six months ended June 30,	
	2022	2023
Sale of software products	\$ 1,397,996	\$ 535,004
Sale of hardware products	18,431	30,175
Technology development service	6,296,844	1,763,797
M&S service	1,497,871	1,426,784
Sale of cloud platform products	3,648,339	22,719,659
<b>Net revenues</b>	<b>12,859,481</b>	<b>26,475,419</b>
Cost of revenues	(3,720,705)	(6,005,898)
<b>Gross profit</b>	<b>9,138,776</b>	<b>20,469,521</b>
Operating expenses:		
Selling expenses	(2,094,124)	(2,377,409)
General and administrative expenses	(1,725,928)	(2,070,052)
Research and development expenses	(3,669,196)	(29,649,703)
<b>Total operating expenses</b>	<b>(7,489,248)</b>	<b>(34,097,164)</b>
<b>Income/(Loss) from operations</b>	<b>1,649,528</b>	<b>(13,627,643)</b>
Other loss:		
Investment losses	(121,618)	(225,351)
Interest expense	(1,202,391)	(1,570,847)
Other income, net	44,160	525,431
<b>Total other loss</b>	<b>(1,279,849)</b>	<b>(1,270,767)</b>
Income/(Loss) before income tax expense	369,679	(14,898,410)
Income tax expense	220,820	(3,871,118)
<b>Net income/(loss)</b>	<b>\$ 590,499</b>	<b>\$ (18,769,528)</b>
Net loss attributable to non-controlling interests	(2,674)	(173,782)
Net income/(loss) attributable to XIAO-I CORPORATION shareholders	593,173	(18,595,746)
<b>Other comprehensive income/(loss)</b>		
Foreign currency translation change, net of nil income taxes	145,129	507,422
Total other comprehensive income/(loss)	145,129	507,422
<b>Total comprehensive income/(loss)</b>	<b>\$ 735,628</b>	<b>\$ (18,262,106)</b>



# Unaudited Consolidated Balance Sheets



(in U.S. dollars, except for share and per share data, or otherwise noted)

	As of December 31,		As of June 30,	
	2022		2023	
<b>Assets</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$	1,026,245	\$	4,746,836
Accounts receivable, net		41,362,705		16,025,831
Amounts due from related parties		346,517		-
Inventories		768,216		701,119
Contract costs		2,012,309		1,936,073
Advance to suppliers		1,115,672		1,586,618
Deferred offering costs		1,330,902		-
Prepaid expenses and other current assets, net		460,854		6,656,705
<b>Total current assets</b>		<b>48,423,420</b>		<b>31,653,182</b>
<b>Non-current assets:</b>				
Property and equipment, net		219,470		313,953
Intangible assets, net		637,114		557,995
Long-term investment		2,852,492		3,187,416
Right of use assets		865,399		969,400
Deferred tax assets, net		3,888,574		-
Prepaid expenses and other, non-current assets		3,697,675		3,616,218
Amount due from related parties-non current		-		11,018,714
<b>Total non-current assets</b>		<b>12,160,724</b>		<b>19,663,696</b>
<b>TOTAL ASSETS</b>	\$	<b>60,584,144</b>	\$	<b>51,316,878</b>
<b>Commitments and Contingencies</b>				

# Unaudited Consolidated Balance Sheets

(in U.S. dollars, except for share and per share data, or otherwise noted)



	As of December 31,		As of June 30,	
	2022		2023	
<b>Liabilities</b>				
<b>Current liabilities:</b>				
Short-term borrowings	\$	18,784,459	\$	16,548,757
Accounts payable		9,180,532		7,222,235
Amount due to related parties-current		896,431		742,714
Deferred revenue		2,553,808		3,444,636
Convertible loans		3,754,269		-
Accrued expenses and other current liabilities		17,006,713		9,214,618
Lease liabilities, current		435,462		458,018
<b>Total current liabilities</b>		<b>52,611,674</b>		<b>37,630,978</b>
<b>Non-current liabilities:</b>				
Amount due to related parties-non current		8,581,743		7,573,563
Accrued liabilities, non-current		8,073,912		5,194,843
Lease liabilities, non-current		300,974		392,436
<b>Total non-current liabilities</b>		<b>16,956,629</b>		<b>13,160,842</b>
<b>TOTAL LIABILITIES</b>		<b>69,568,303</b>		<b>50,791,820</b>
<b>Shareholders' deficit</b>				
Ordinary shares (par value of \$0.00005 per share; 1,000,000,000 shares authorized as of December 31, 2022 and June 30, 2023, respectively; 22,115,592 and 24,015,592 shares issued and outstanding as of December 31, 2022 and June 30, 2023, respectively)	\$	1,106	\$	1,201
Additional paid-in capital		75,621,294		108,762,797
Statutory reserve		237,486		237,486
Accumulated deficit		(78,483,156)		(102,449,177)
Accumulated other comprehensive loss		(3,262,666)		(2,852,695)
<b>XIAO-I CORPORATION shareholders' (deficit)/equity</b>		<b>(5,885,936)</b>		<b>3,699,612</b>
Non-controlling interests		(3,098,223)		(3,174,554)
<b>Total shareholders' (deficit)/equity</b>		<b>(8,984,159)</b>		<b>525,058</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' (DEFICIT)/EQUITY</b>	<b>\$</b>	<b>60,584,144</b>	<b>\$</b>	<b>51,316,878</b>