Beijing Fourth Paradigm Technology Co., Ltd.
北京第四範式智能技術股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 6682)

BUSINESS PROGRESS FOR THE THIRD QUARTER ENDED SEPTEMBER 30, 2024

This announcement is made by Beijing Fourth Paradigm Technology Co., Ltd. (the "**Company**", together with its subsidiaries, the "**Group**") on a voluntary basis.

BUSINESS REVIEW AND OUTLOOK

The Company's overall business achieved solid growth in the first three quarters of 2024, i.e., the nine months ended September 30, 2024 (the "**Period**"), with its core business performing well. The Company's total revenue amounted to RMB3,218 million, representing a year-on-year growth of 26.1%. Gross profit reached RMB1,350 million, marking a 12.5% year-on-year increase. The Company's gross profit margin during the Period was 42.0%, and remained generally stable.

Thanks to the steady expansion of industry-specific large model business and accelerated launch of Paradigm Ecology products, the 4Paradigm Sage AI Platform saw significant growth during the Period, with its revenue reaching RMB2,171 million, representing a year-on-year increase of 50.2%. This has driven our overall performance to improve steadily. According to data from a report by International Data Corporation ("**IDC**"), an international authoritative research institution, 4Paradigm has maintained its position as the leader in China's machine learning platform market share for six consecutive years.

We continuously expanded our customer diversity, reinforced our presence in key industries such as transportation, energy and power, finance and telecommunications, and improved customer service and customer loyalty. During the Period, we had a total of 224 users and 98 lighthouse users. On average, the lighthouse user group contributed RMB14.87 million in revenue.

We insisted on innovation-driven development. During the Period, our research and development ("R&D") expenditure was RMB1,373 million, representing a R&D expenditure rate of 42.7%. The Company's core product "4Paradigm Sage AI Platform" supports the large-scale application of industry-specific large models, and the industry-specific large model development and management platform "Sage AI Platform 5.0" has facilitated the end-to-end capability supply across the computing, platform, model and application layers, continuously optimizing key features such as AI Agent and GPU resource pooling. Moreover, through the innovative "Sage Inside Model," we developed an AI product matrix that efficiently delivered more than 40 AI products in a bid to address enterprise needs in application, platform and infrastructure during the development of industry-specific large models, unlocking the potential for AI to empower thousands of industries.

4Paradigm Sage AI Platform (4ParadigmSage)

During the Period, the 4Paradigm Sage AI Platform business (the "Sage AI Platform") generated revenue of RMB2,171 million, representing a 50.2% year-on-year increase. The revenue of the Sage AI Platform business accounted for 67.5% of total revenue.

The Sage AI Platform is the core of all 4Paradigm businesses. During the Period, we have remained committed to driving innovation, enabling multiple iterations and upgrades of the Sage AI Platform. "Sage AI Platform 5.0", a industry-specific large model development and management platform, has facilitated the end-to-end capability supply across computing, platform, model and application layers. We continuously optimized critical features such as AI Agent and GPU Resource Pooling. Among them, the AI Agent has further improved in handling complex reasoning and execution, covering the entire lifecycle of large model agents, including design, development, debugging, deployment, operational analysis and iterative optimization, providing stable and reliable support for agent production and application. GPU Resource Pooling enables enterprises realize platform-based management of hardware clusters, on-demand allocation and rapid scheduling of computing resources, which can overcome difficulties in the deployment of large models, such as low utilization of heterogeneous computing resources and high adaption costs between large models and computing resources.

At the same time, we innovatively leveraged the "Sage Inside Model" to efficiently build a matrix of AI products that are adaptable to various scenarios. Working with "Paradigm Ecology" partners, we cater to the diverse needs of enterprise market for AI technology, product capabilities and application deployment, bringing more growth momentum and expansion space to the Sage AI Platform business.

During the Period, the "Sage Inside Model" has efficiently delivered more than 40 AI products. It includes an intelligent mouse solution, an intelligent conference solution, vGPU, AI Data Foundry, a large model tool chain, an integrated search, advertising and promotion platform called "Tianshu", large model management platform Model Hub, intelligent number query, AI digital human video synthesis platform, digital document management platform Smart Archive 2.0, AI+5G video marketing, AI quality inspection system, 3D scanning modeling device, and other AI products, which enabled multi-scenario applications across enterprises. For example, the intelligent mouse solution and intelligent conference solution are designed for smart hardware manufacturers, integrating large-model capabilities into their

existing hardware products. This integration empowers functions like AI Q&A, AI dialogue, AI writing, conference summary and the like, significantly enhancing office and meeting efficiency. These innovations has not only broadened 4Paradigm's partnership ecosystem but also further accelerated the market competitiveness of the Sage AI Platform.

By virtue of comprehensive and solid technical product capabilities and rapid commercialization capabilities, Sage AI Platform has maintained a market-leading position for many years. According to data from a report by IDC, an international authoritative research institution, 4Paradigm has maintained its position as the leader in China's machine learning platform market share for six consecutive years from 2018 to 2023.

SHIFT Intelligent Solutions (4Paradigm SHIFT)

During the Period, the SHIFT Intelligent Solutions business recorded revenue of RMB688 million, representing 21.4% of the Group's total revenue. As the business expansion concentrated on Sage AI Platform, the development and growth of the SHIFT Intelligent Solutions business will support the expansion of the Sage AI Platform business. The revenue from the SHIFT Intelligent Solutions business decreased by 14.1% year on year as a result of the business expansion strategy.

SHIFT Intelligent Solutions are standardized solutions built on the technologies and capabilities of Sage AI Platform, tailored to address the specific business scenarios of various industries. These solutions enable our technology and capabilities to penetrate a wider range of industries and scenarios, solving the key business challenges for traditional enterprises, and promoting the transformation of digital intelligence in the industry.

During the Period, we launched a number of solutions for different application scenarios, and continued to update and upgrade the functions and performance of existing solutions, so as to meet the requirements of various verticals, such as accuracy, reliability and real-time performance. Currently, our solutions have been widely used in key industries, such as finance, retail, energy and power, healthcare, telecommunications, transportation and academic translation. For example, the professional publishing translation service solution, based on the mix-of-experts (MoE) model, is trained on the translation terminology covering hundreds of specialized fields, such as philosophy, history, law and economics, which ensures that the translation accuracy reaches "publishing level" and address core issues of traditional machine translation, such as poor accuracy, insufficient understanding of the original context and visible machine translation traces.

4Paradigm SageGPT AIGS Services (4Paradigm AIGS)

During the Period, the revenue from the 4Paradigm SageGPT AIGS Services business reached RMB359 million, marking a year-on-year increase of 17.0% and accounting for approximately 11.1% of the Group's total revenue. This business segment provides efficient development tools and services based on generative AI for the Sage AI Platform business.

Currently, with the rapid development of generative AI technology, enterprises are increasingly relying on AI Coding tools to lower development barriers and improve the code development efficiency, so as to achieve the goal of transforming the enterprise software interaction and creating large-scale AI applications, and to comprehensively improve the intelligence level of enterprises. During the Period, we continued to upgrade and optimize the functionality and application performance of products, such as the enterprise software reconfiguration assistant AIGS Builder and the enterprise programming assistant AIGS CodeX, creating an enterprise-level "development assistant" that understands customers, businesses, knowledge and R&D, while enabling fast coding capabilities.

To lower development barriers, AIGS Builder features AI Agent, no-code programming, multi-tool call, which enables full-stack development, transformation and deployment of intelligent software across the front end, back end, and database tasks replacing the complex interfaces of traditional software development. It even allows individuals without development or coding expertise to engage in software development through natural language description. The enterprise software development efficiency shifts from a "month" timeline to a "daily" or even "hourly" pace. After the transformation, the enterprise software was embedded in the new multi-modal "dialog box" interaction, acting as an intelligent assistant for employees' software operation. It solves the complex and low-efficiency issue of menu-based multi-click interactions in enterprise software, thereby significantly enhancing the user experience.

In terms of code efficiency, our AIGS CodeX goes beyond basic features, such as code completion, business Q&A, code review, unit testing and code interpretation. Additionally, it has been specifically tailored for enterprise-level customers by integrating a private code repository, incorporating RAG retrieval enhancement, and fine-tuning private models. This customization boosts both business code generation efficiency and the effectiveness of business Q&A.

CORE BUSINESS PROGRESS: AI AGENT EMPOWERS MULTIPLE SOLUTIONS, WHILE "SAGE INSIDE MODEL" IS DRIVING CONTINUOUS EXPANSION OF BUSINESS TERRITORY

Technology and innovation are the core driving forces of our development. During the Period, we continuously enhanced capabilities on all fronts like technologies, products, and commercialization. We diversely created industry-specific large models and AI product matrices for different domains, further expanding the coverage and penetration of our technologies and products in multiple industries and scenarios.

In terms of product function upgrade, we added AI Agent to AIGS Builder, AIGS CodeX, and a number of intelligent hardware solutions, enabling these products to handle more complex reasoning and execution tasks. In addition, AI Agent, based on reinforcement learning techniques, has created a self-learning closed loop. The more users use it, the stronger the reasoning capability and the more accurate the execution capability of models. Furthermore, we have further improved the functionality and application performance of AI Coding products for enterprises, transforming the traditional code-based development process into a dialog box Q&A form, comprehensively improving the development efficiency and user experience of enterprise software and business operations.

In terms of expanding the "Sage Inside Model", we have carried out in-depth collaboration with "Paradigm Ecology" partners in different fields. Leveraging the capabilities of the Sage AI Platform, we have created more than 40 AI products, further expanding the industrial application boundary and effect of core business products, and expanding our business footprint and the market coverage of Sage AI Platform.

With regard to commercialization, we teamed up with benchmark users to create a number of demonstrative industry-specific large models, and accelerated the wide application of AI technology in many industries. In the sphere of transportation, we collaborated with the world's largest port group to build a port supply chain large model, providing intelligent capabilities to support the transformation of port supply chain services and promoting the sustainable application and development of the large model in the port and shipping field and related business sectors. In the field of academic translation, we worked with a modern publishing agency to jointly develop the first large professional publishing model in China, elevating the translation quality to academic publishing standards. The BLEU (BLEU: a mainstream evaluation standard for machine translation, primarily used to assesses translation quality by comparing the similarity between machine-generated translations and human reference translations) of professional books has increased by more than 30% compared with the general large model, meeting the needs of high accuracy translation in the academic vertical fields.

CORPORATE SOCIAL RESPONSIBILITY

As an AI technology company, we always adhere to the concept of combining technology with humanistic care, and actively undertaking corporate social responsibility.

During the Period, we partnered with a major publishing and translation agency to jointly contribute to the protection of multi-ethnic language resources and culture heritage in China. As one of the world's most linguistically diverse countries, China has a rich variety of languages, many of which are endangered, making linguistic resources valuable intangible cultural assets. At present, there is still a big gap in the digitization and intertranslation of various ethnic languages, and issues related to language and cultural heritage urgently need to be addressed. Based on the past accumulation and experience in ancient books recognition, we are working to digitize and recognize texts in specific minority languages. On this basis, we explore the development of a large professional, publication-grade translation model for bilingual translation between minority languages and Chinese, and work with partners to promote the scientific preservation of linguistic resources and the cultural heritage of ethnic minorities.

We believe that technological progress not only empowers many industries to enhance business value, but also contributes to sustainable development.

The board of directors would like to remind investors that the data and the information contained in this announcement are based on the management accounts of the Group, which have not been reviewed or audited by the auditors of the Company and are for investors' reference only. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

By order of the Board
Beijing Fourth Paradigm Technology Co., Ltd.
北京第四範式智能技術股份有限公司
Dr. Dai Wenyuan
Chairman and Executive Director

Hong Kong, November 19, 2024

As at the date of this announcement, the executive directors are Dr. Dai Wenyuan, Mr. Chen Yuqiang and Mr. Yu Zhonghao; the non-executive directors are Dr. Yang Qiang, Mr. Dou Shuai and Mr. Zhang Jing; and the independent non-executive directors are Mr. Li Jianbin, Mr. Liu Chijin and Ms. Ke Yele.