



Company Presentation

March 2024



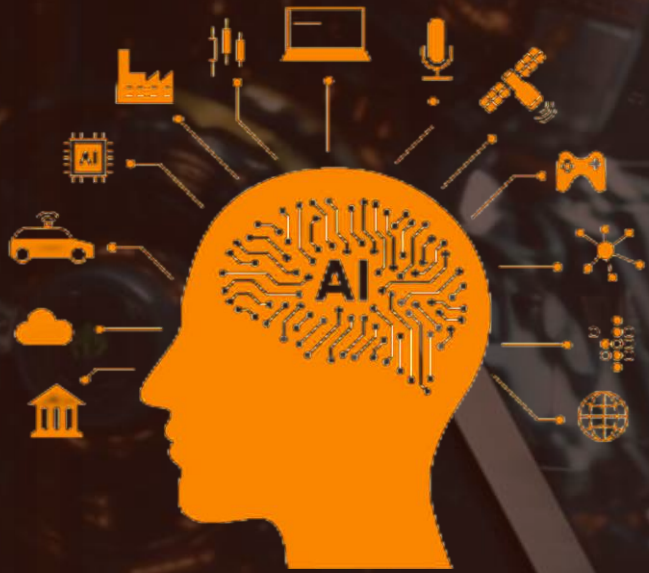
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01 Company Overview

02 Market Overview

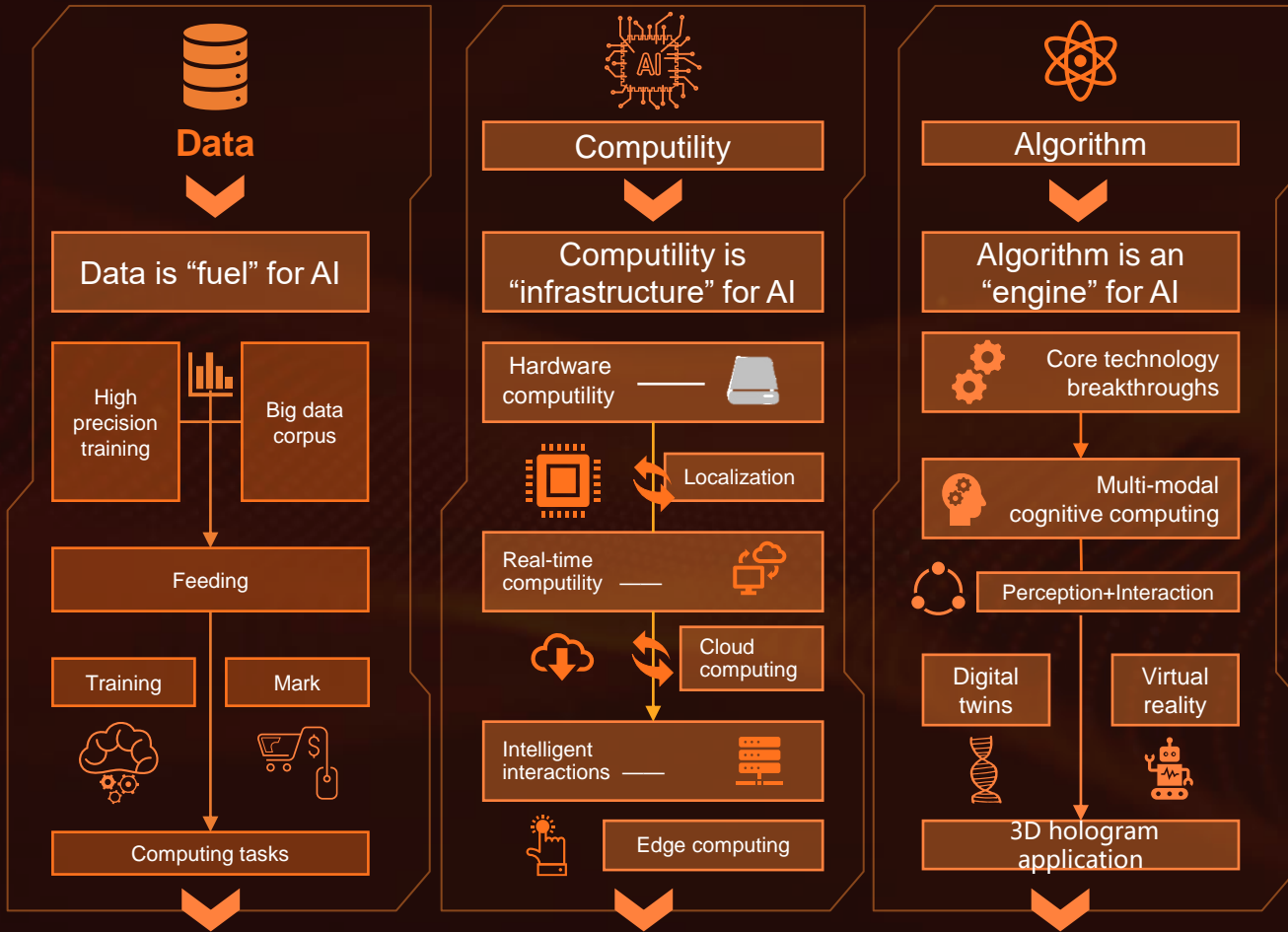
03 Core Competitiveness

04 Business Outlook

05 Financials

06 Appendix

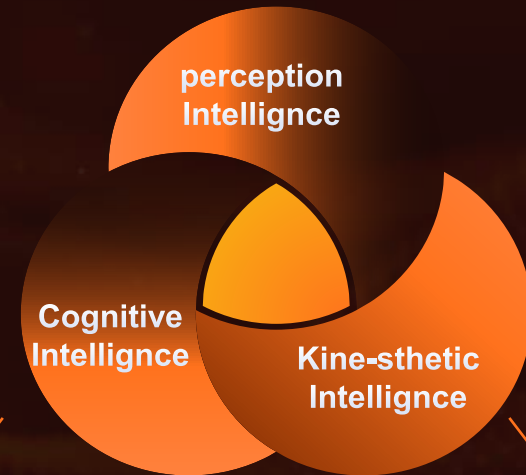
Major Core Infrastructure Development Promotes Significant Growth of AI industry¹



✓Data, computing power, and algorithms are three core elements driving the iteration and commercialization of AI technologies

Cognitive Intelligence Determines AI Sophistication

- Visual, auditory, tactile and other perceptual abilities
- Perception of the external world



- Possess concepts
- awareness, and sense for reasoning or making decisions
- Discover deep relationships in information
- NLP is a core technology for cognitive intelligence

- Enable machines to have a certain degree of mobility like walking, running, grasping, and throwing
- Possess positioning, planning and control abilities

☰ ▶▶ 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

Released intelligent customer service system for China Mobile – the first of its kind in China

2008



Expanded business from customer service robots to knowledge management

2014



2015



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

Productization and commercialization of AI-based business solutions

2016



Entered smart city industry by establishing multiple intelligent systems for governments

2020-2022

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

2018-2019



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

Domain-oriented and overseas expansion

March 2023

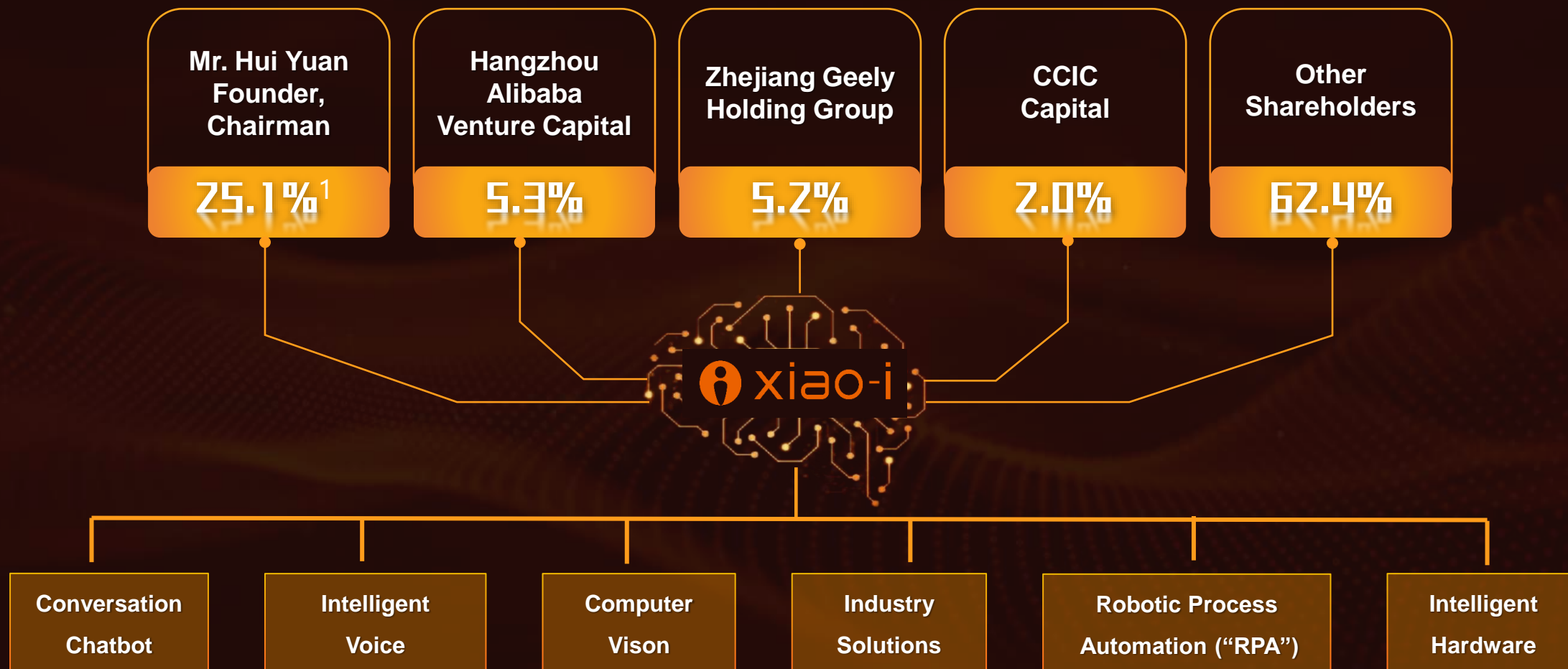
Listed in NASDAQ under stock ticker "AIXI"; Raised US\$39 million from U.S. IPO



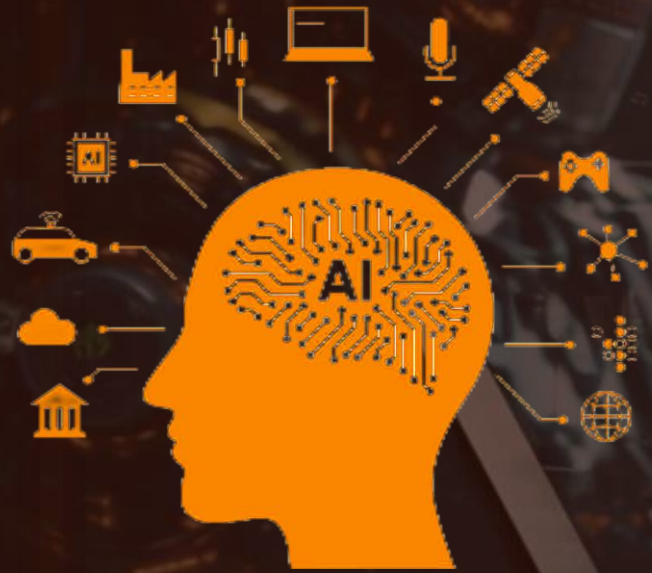
Launched Hua Zang large language model

June 2023

Strong Recognition: Diverse High-Profile Institutional and Strategic Investors



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



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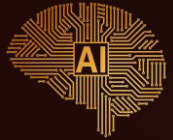
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AI Applications & Supply: Penetration Is Still Very Low in Practice



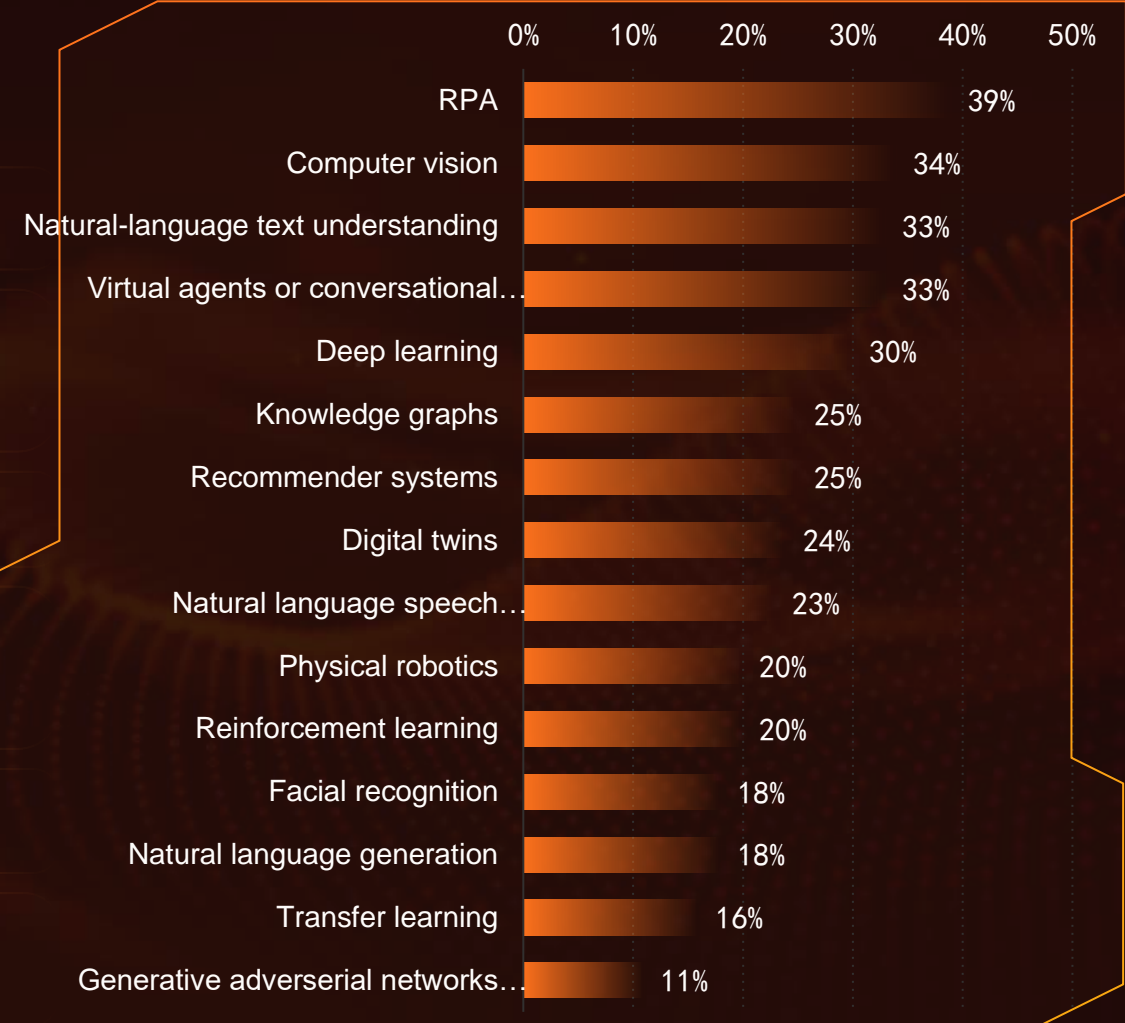
Basic AI Capabilities in 2022 Global Business Activities, by Industry and Function



| | Human resources | Manufacturing | Marketing & sales | Product /service development | Risk |
|--|-----------------|---------------|-------------------|------------------------------|------|
|--|-----------------|---------------|-------------------|------------------------------|------|

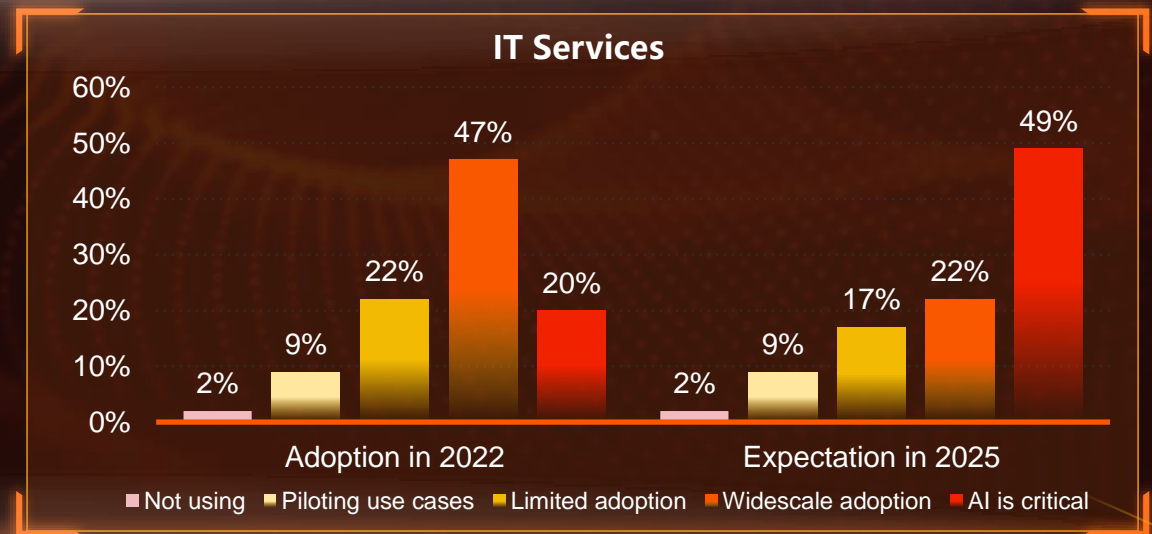
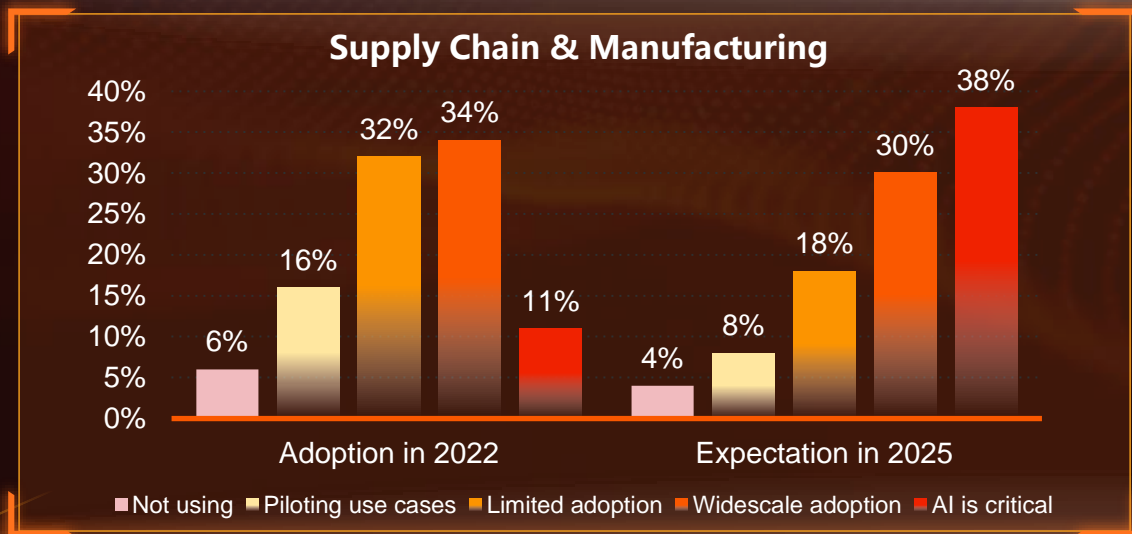
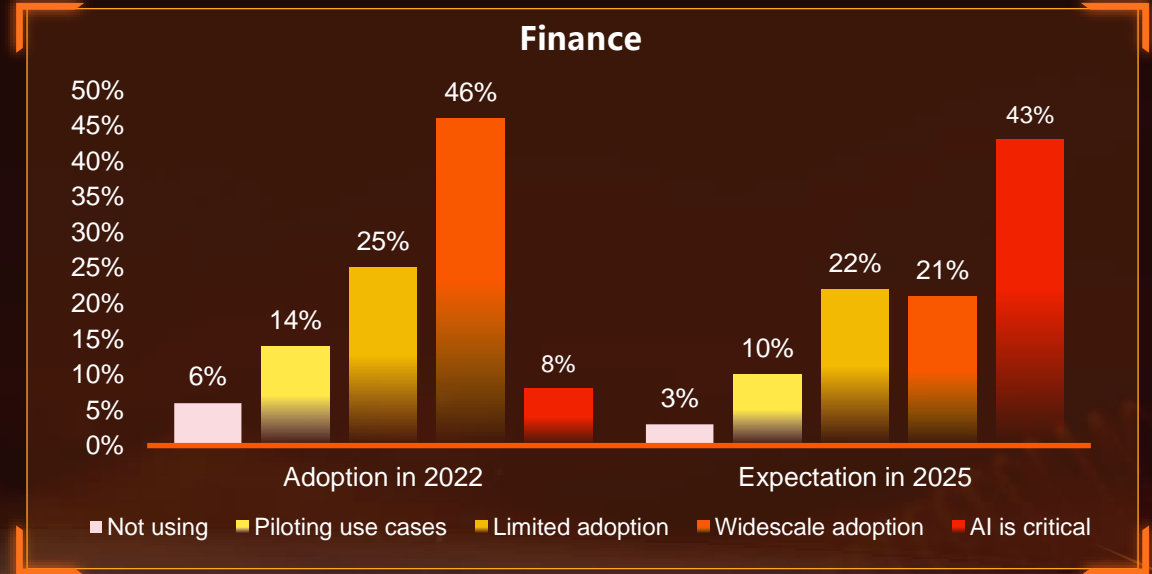
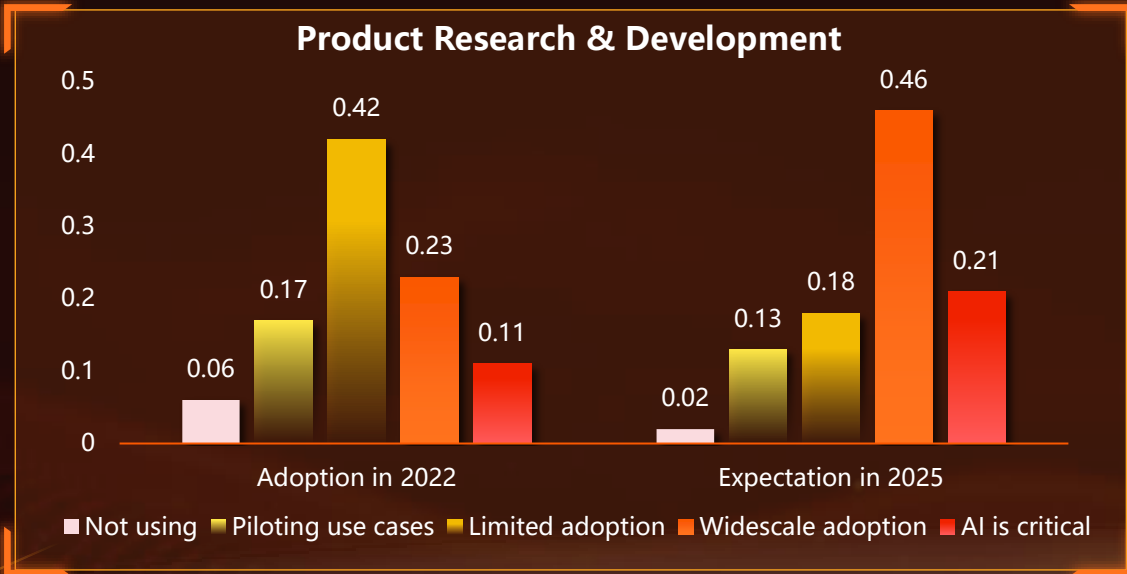
| | | | | | |
|---|-----|-----|----|-----|-----|
| All Industries | 11% | 8% | 5% | 10% | 19% |
| Business, legal and professional services | 11% | 10% | 9% | 8% | 16% |
| Consumer goods/retail | 14% | 4% | 3% | 4% | 15% |
| Financial services | 1% | 8% | 7% | 31% | 17% |
| Healthcare /pharma | 15% | 7% | 2% | 4% | 22% |
| High tech/telecom | 6% | 6% | 4% | 7% | 38% |

AI Capabilities Among 2022 Global Business Activities

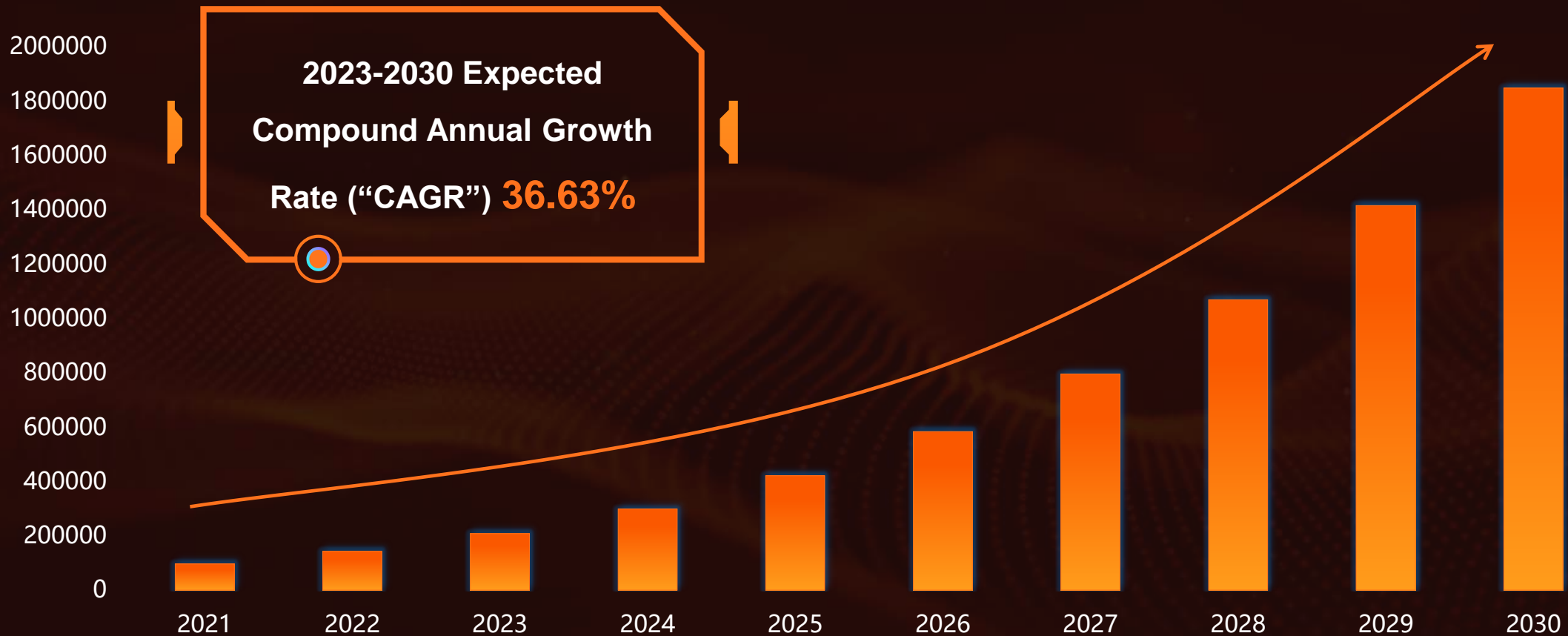


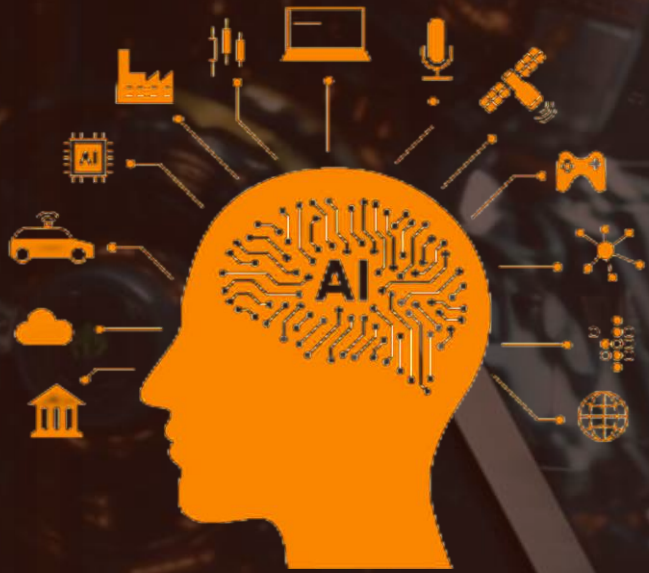
Source: McKinsey & Company, Stanford University

AI Market Demand: Large Gap to be Filled



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





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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**



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

| | | | | | |
|-------|-------------|--|-----------------|------------|---------------|
| WO-日中 | IP2017035JP | 画像認識のためのニューラルネットワークを用いた画像認識システム | 2020-562804 | 2020/7/22 | 中国特許局 |
| WO-日中 | IP2017000JP | 脳神経ネットワークを用いた画像認識システム | 2020-558376 | 2020/10/13 | 上海特許局 |
| WO-日中 | IP2018089JP | INTELLIGENT INTERACTIVE METHOD AND APPARATUS, COMPUTER DEVICE AND COMPUTER READABLE STORAGE MEDIUM | 2020-540499 | 2020/7/16 | 上海特許局 |
| 中国特許 | IP2020029CN | 一种基于深度学习的图像识别、检测、分类及识别方法 | 202011211313.3 | 2020/1/13 | 上海特許局 |
| 中国特許 | IP2020016CN | 一种基于深度学习的图像识别、检测、分类及识别方法 | 20201112356.9 | 2020/10/16 | 上海特許局 |
| 中国特許 | IP2020017CN | 一种图像识别方法、检测、分类及识别方法 | 20201112325.0 | 2020/10/16 | 上海特許局 |
| 中国特許 | IP2020027CN | 一种图像识别方法、检测、分类及识别方法 | 20201112311.8 | 2020/10/16 | 特許 (上海) 特許 |
| 中国特許 | IP2020028CN | 一种图像识别方法、检测、分类及识别方法 | 2021110996.5 | 2020/10/16 | 特許 (上海) 特許 |
| 中国特許 | IP2020018CN | 一种图像识别方法、检测、分类及识别方法 | 20201107562.8 | 2020/10/16 | 上海特許局 |
| 中国特許 | IP2020022CN | 一种图像识别方法、检测、分类及识别方法 | 20201090666.4 | 2020/9/1 | 上海特許局 |
| 中国特許 | IP2020024CN | 一种图像识别方法、检测、分类及识别方法 | 20201090666.1.6 | 2020/9/1 | 上海特許局 |
| 中国特許 | IP2020020CN | 一种图像识别方法、检测、分类及识别方法 | 202010905682.6 | 2020/9/1 | 上海特許局 |
| 中国特許 | IP2020019CN | 一种图像识别方法、检测、分类及识别方法 | 202010905669.6 | 2020/9/1 | 上海特許局 |
| 中国特許 | IP2020015CN | 一种图像识别方法、检测、分类及识别方法 | 20201087762.1 | 2020/8/12 | 上海特許局 |
| 中国特許 | IP2020001CN | 一种图像识别方法、检测、分类及识别方法 | 2020105137632.4 | 2020/6/12 | 上海特許局 |
| 中国特許 | IP2020003CN | 一种图像识别方法、检测、分类及识别方法 | 2020105137631.X | 2020/6/12 | 上海特許局 |
| 中国特許 | IP2020002CN | 一种图像识别方法、检测、分类及识别方法 | 2020105137630.1 | 2020/6/12 | 上海特許局 |
| 中国特許 | IP2020014CN | 一种图像识别方法、检测、分类及识别方法 | 2020105137636.5 | 2020/6/12 | 上海特許局 |
| 中国特許 | IP2020013CN | 一种图像识别方法、检测、分类及识别方法 | 2020105137624.2 | 2020/6/12 | 上海特許局 |
| 中国特許 | IP2020007CN | 一种图像识别方法、检测、分类及识别方法 | 202010487142.6 | 2020/5/26 | 中国科学院大学、上海特許局 |
| 中国特許 | IP2020011CN | 一种图像识别方法、检测、分类及识别方法 | 202010443303.7 | 2020/5/22 | 中国科学院大学、上海特許局 |
| 中国特許 | IP2020005CN | 一种图像识别方法、检测、分类及识别方法 | 20201033255.5 | 2020/4/24 | 上海特許局 |
| 中国特許 | IP2020004CN | 一种图像识别方法、检测、分类及识别方法 | 202010243524.5 | 2020/3/31 | 中国科学院大学、上海特許局 |

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

Xiao-I Hua Zang LLM

Natural Language Processing ("NLP")



- Proprietarily leading NLP technology
- Core of cognitive AI

Semantic Interaction



- Knowledge graph
- Semantic library
- Automated knowledge generation and management tools

Affective Computing



- Emotion simulation
 - Self-learning
- Emotional interaction

Data Analysis & Automation



- Big-data platform and tools
- RPA products

Voice & Image Processing



- NLP, automated speech recognition ("ASR"), text-to-speech ("TTS") & visual basic ("VB")
- Optical character recognition ("OCR"), face recognition & computer vision

Machine Learning



- Deep learning
- United machine learning platform

▶▶ 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

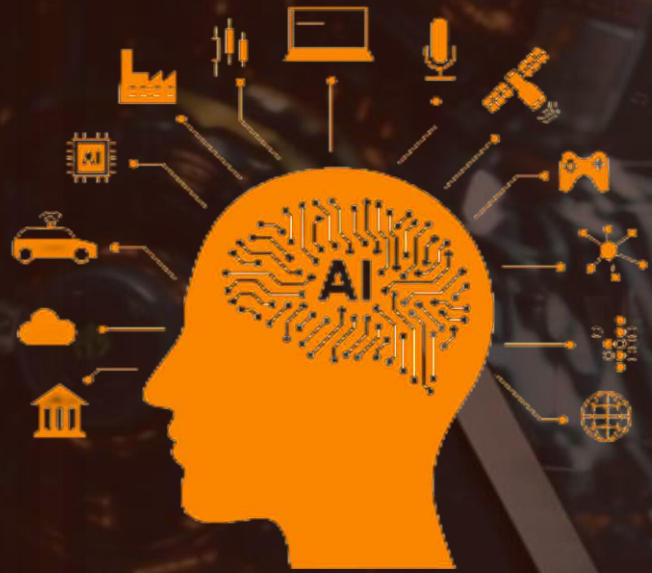
AI+
Healthcare

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 |
|--|---|---|---|---|



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



Goal

AI operating system.

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.

Core

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

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.

Foundation

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

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 Applications: Empowered by MAAS Ecosystem

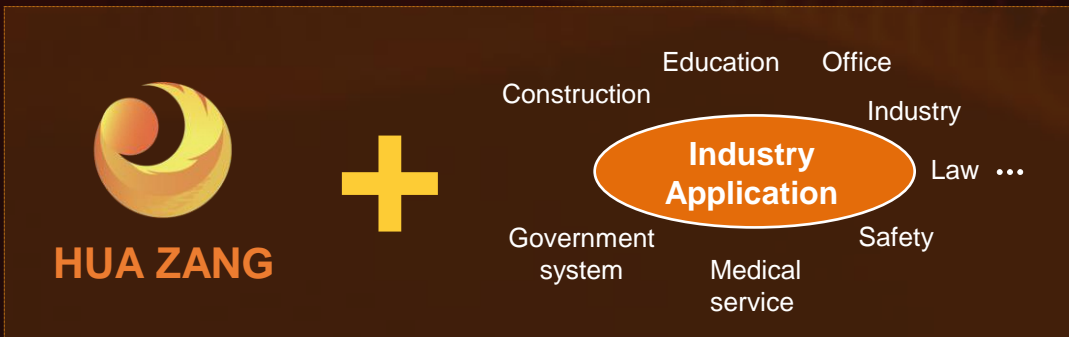
Faster: Driven by Customer Needs

- | | |
|-------------------------------------|--------------------------------------|
| 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 Scenarios¹



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



USA

June 2023,
First US subsidiary in Delaware

2

MENA

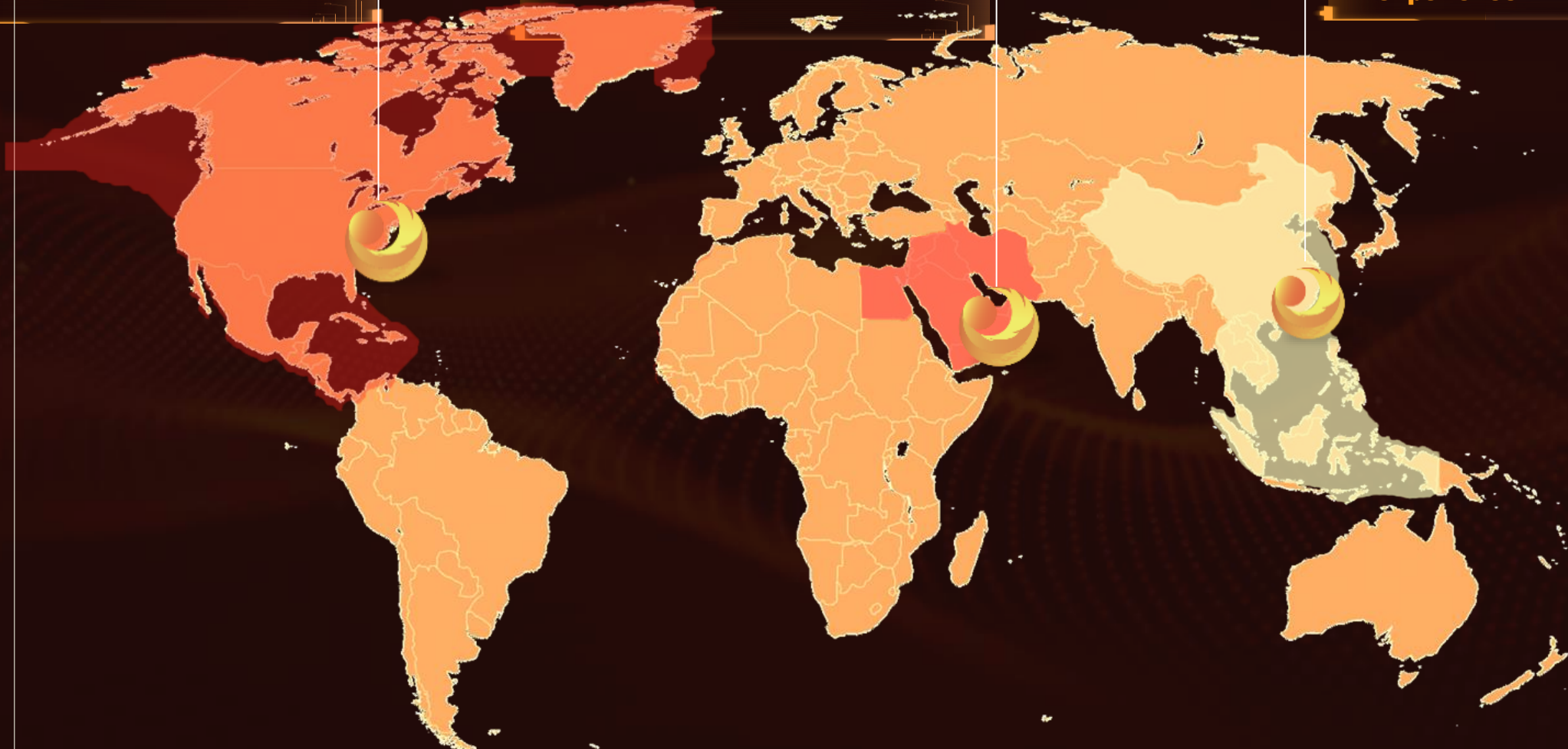
March of 2024,
First MENA subsidiary in Abu Dhabi

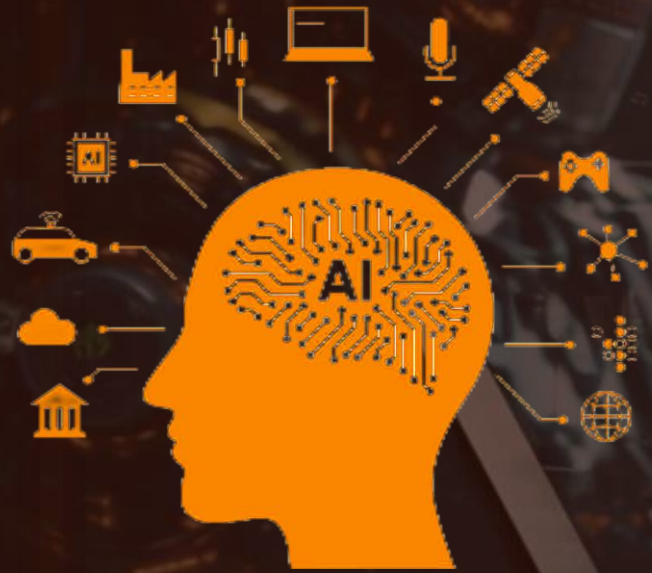
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Asia-Pacific

Established in 2001,
AI pioneer with 20+years
experience





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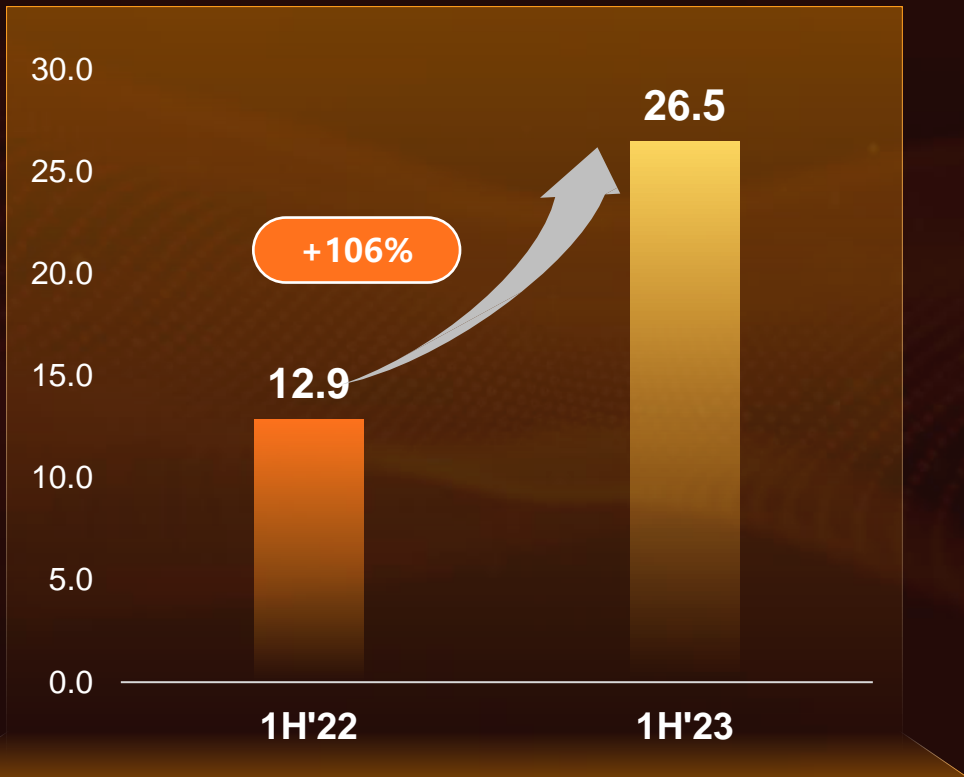
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Net Revenues

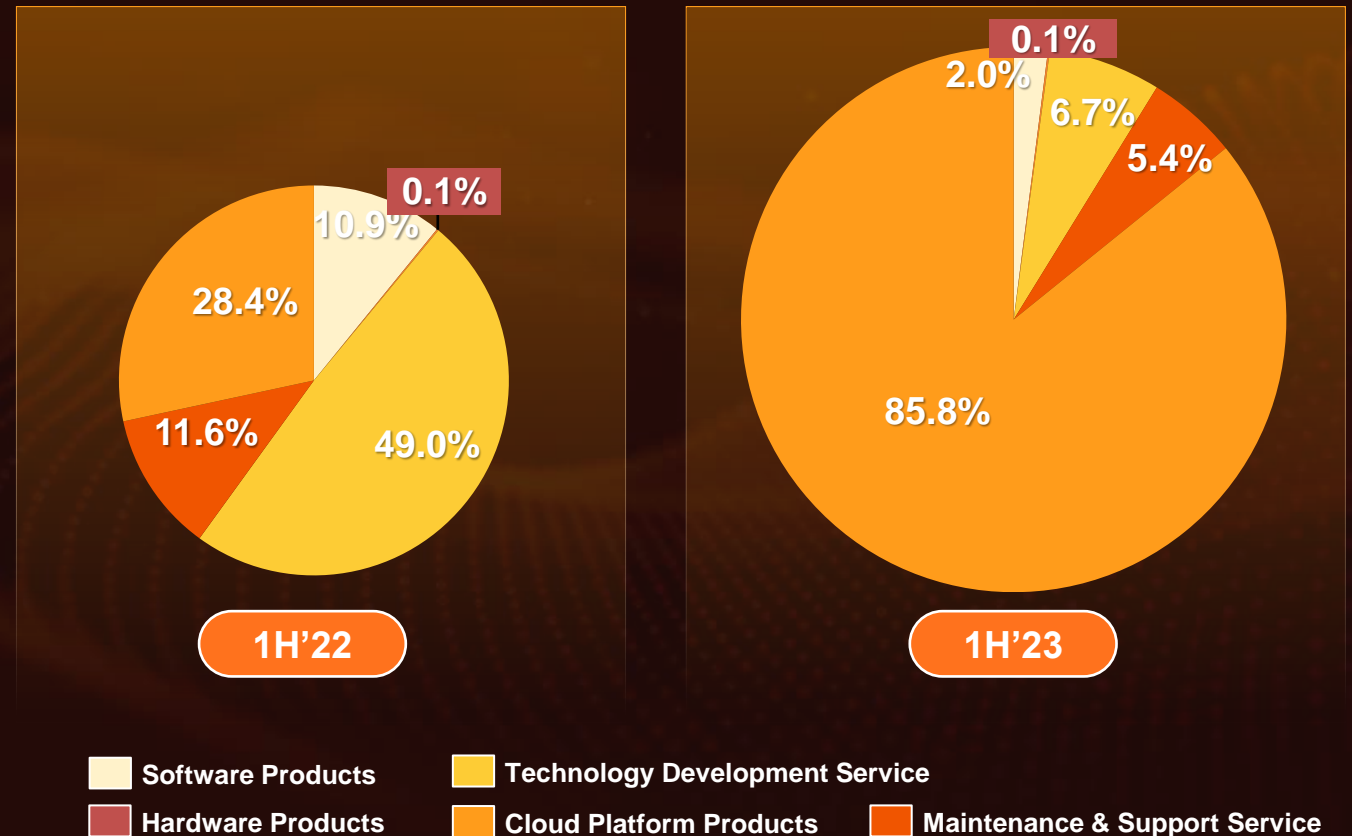
USD in millions

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



Revenue Mix

- Shifting product mix towards subscription for cloud platform products.

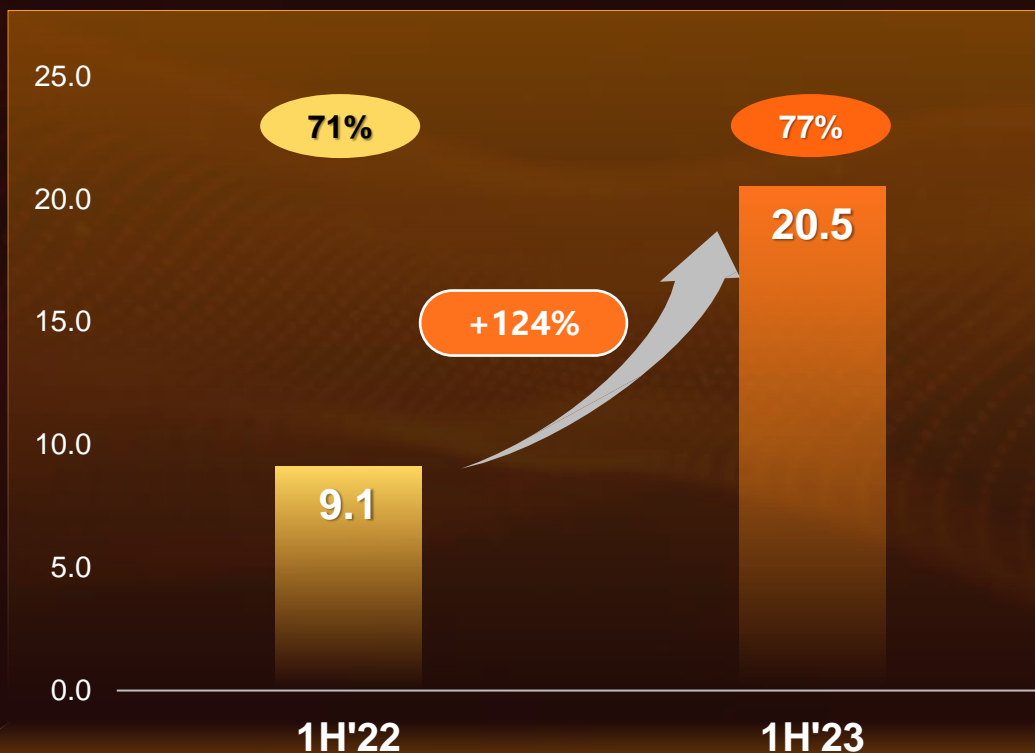


Note: The first half of the fiscal year 2023 ended on June 30, 2023

Gross Profit & Margin

USD in millions

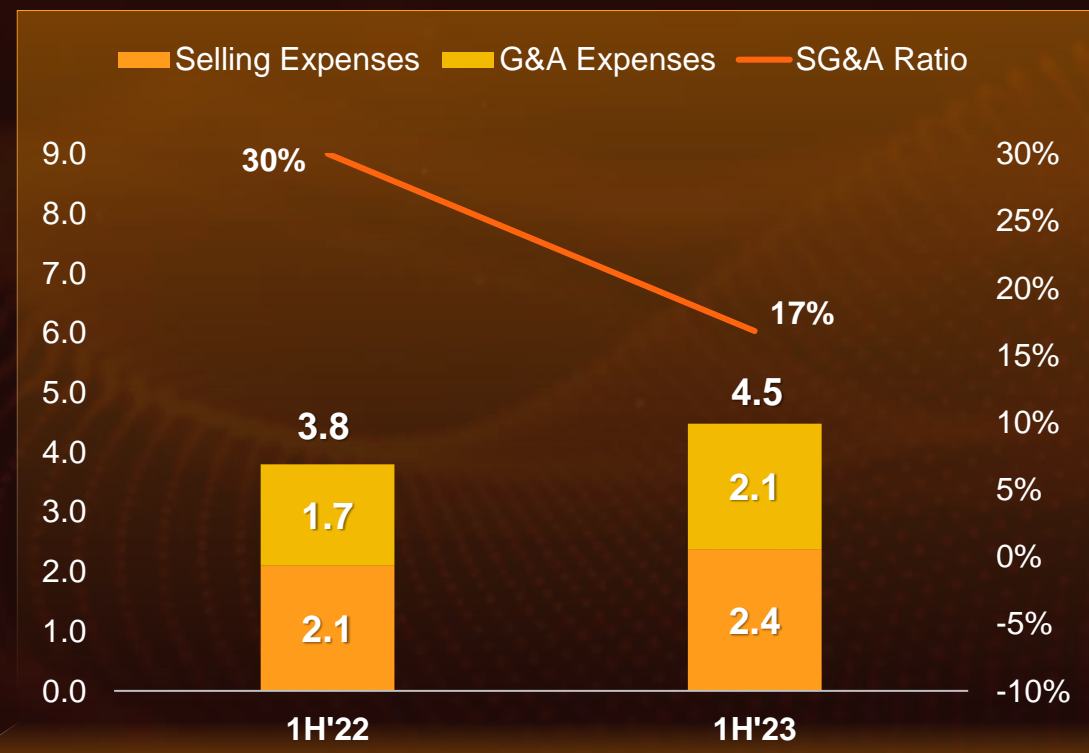
- Gross margin expansion mainly due to a shift in product mix towards subscription for cloud platform products from one-time software sales.



SG&A and Its Ratio¹

USD in millions

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



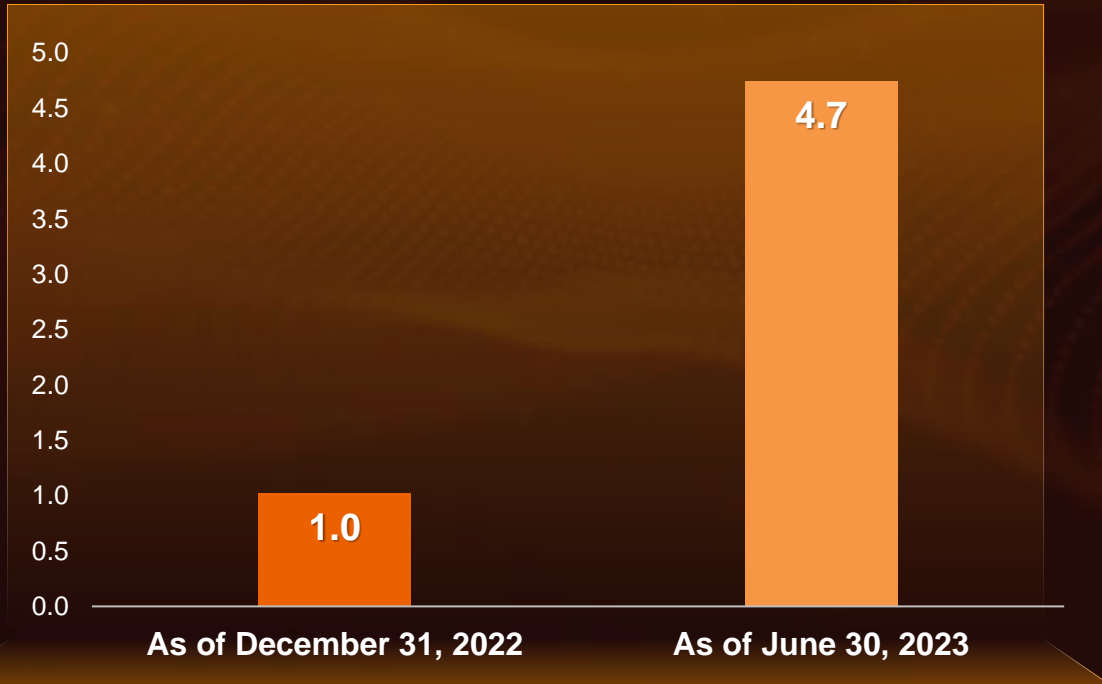
Note: The first half of the fiscal year 2023 ended on June 30, 2023

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

Cash in Hand

USD in millions

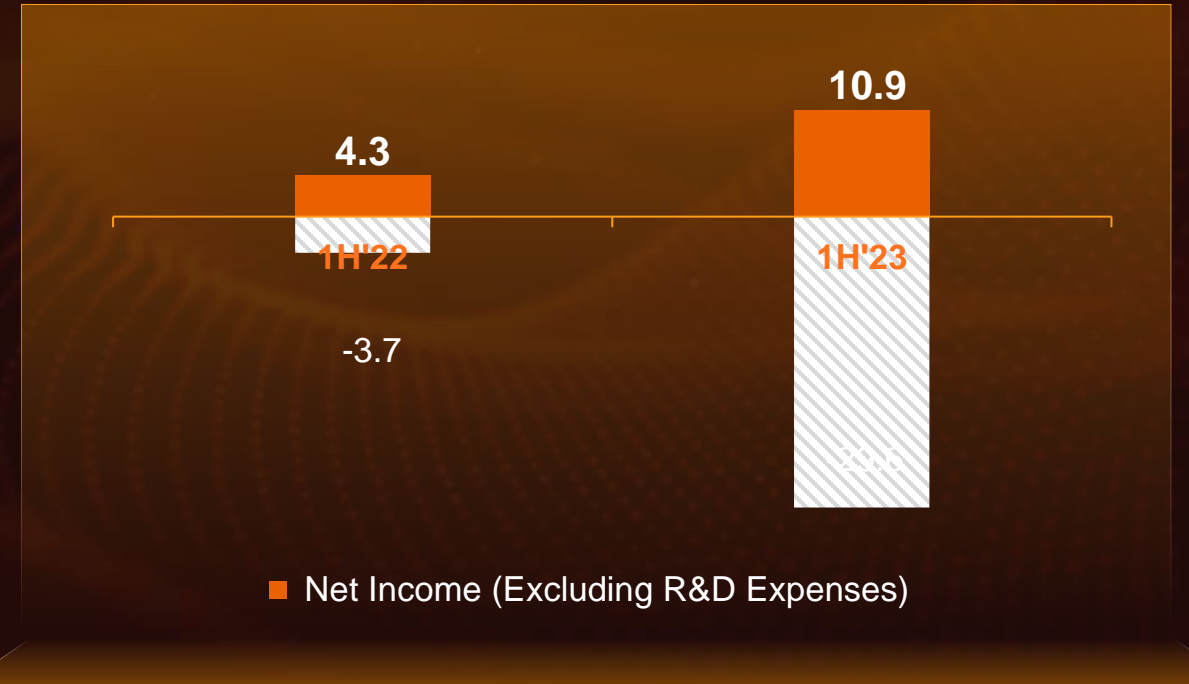
- Cash and cash equivalents more than quadrupled compared to \$1.0 million as of December 31, 2022, primarily due to the proceeds from the IPO. This highlights Xiao-I's capability to utilize the capital market for securing funds for R&D and sustaining competitiveness.



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 |
| Net revenues | 12,859,481 | 26,475,419 |
| Cost of revenues | (3,720,705) | (6,005,898) |
| Gross profit | 9,138,776 | 20,469,521 |
| 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) |
| Total operating expenses | (7,489,248) | (34,097,164) |
| Income/(Loss) from operations | 1,649,528 | (13,627,643) |
| Other loss: | | |
| Investment losses | (121,618) | (225,351) |
| Interest expense | (1,202,391) | (1,570,847) |
| Other income, net | 44,160 | 525,431 |
| Total other loss | (1,279,849) | (1,270,767) |
| Income/(Loss) before income tax expense | 369,679 | (14,898,410) |
| Income tax expense | 220,820 | (3,871,118) |
| Net income/(loss) | \$ 590,499 | \$ (18,769,528) |
| 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) |
| Other comprehensive income/(loss) | | |
| Foreign currency translation change, net of nil income taxes | 145,129 | 507,422 |
| Total other comprehensive income/(loss) | 145,129 | 507,422 |
| Total comprehensive income/(loss) | \$ 735,628 | \$ (18,262,106) |

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 | |
| Assets | | | | |
| Current assets: | | | | |
| 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 |
| Total current assets | | 48,423,420 | | 31,653,182 |
| Non-current assets: | | | | |
| 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 |
| Total non-current assets | | 12,160,724 | | 19,663,696 |
| TOTAL ASSETS | \$ | 60,584,144 | \$ | 51,316,878 |
| Commitments and Contingencies | | | | |

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 | |
| Liabilities | | | | |
| Current liabilities: | | | | |
| 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 |
| Total current liabilities | | 52,611,674 | | 37,630,978 |
| Non-current liabilities: | | | | |
| 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 |
| Total non-current liabilities | | 16,956,629 | | 13,160,842 |
| TOTAL LIABILITIES | | 69,568,303 | | 50,791,820 |
| Shareholders' deficit | | | | |
| 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) |
| XIAO-I CORPORATION shareholders' (deficit)/equity | | (5,885,936) | | 3,699,612 |
| Non-controlling interests | | (3,098,223) | | (3,174,554) |
| Total shareholders' (deficit)/equity | | (8,984,159) | | 525,058 |
| TOTAL LIABILITIES AND SHAREHOLDERS' (DEFICIT)/EQUITY | \$ | 60,584,144 | \$ | 51,316,878 |