



Full Year 2022 Earnings Presentation

April 26, 2023

Safe Harbor for Forward-Looking Statements

Except for historical information herein, this presentation includes “forward-looking statements” within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements involve known and unknown risks and uncertainties and are based on Xiao-I’s current expectations and projections about future events that Xiao-I 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 “approximates,” “assesses,” “believes,” “hopes,” “expects,” “anticipates,” “estimates,” “projects,” “intends,” “plans,” “will,” “would,” “should,” “could,” “may” or similar expressions. Xiao-I 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 Xiao-I 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 Xiao-I cautions investors that actual results may differ materially from the anticipated results and encourages investors to review factors that may affect its future results described in Xiao-I’s filings with the Securities and Exchange Commission (“SEC”), including Xiao-I’s Annual Report on Form 20-F for the year ended December 31, 2022 and subsequent SEC filings, available at the SEC’s Internet site (www.sec.gov).

Business Highlights and Recent Developments

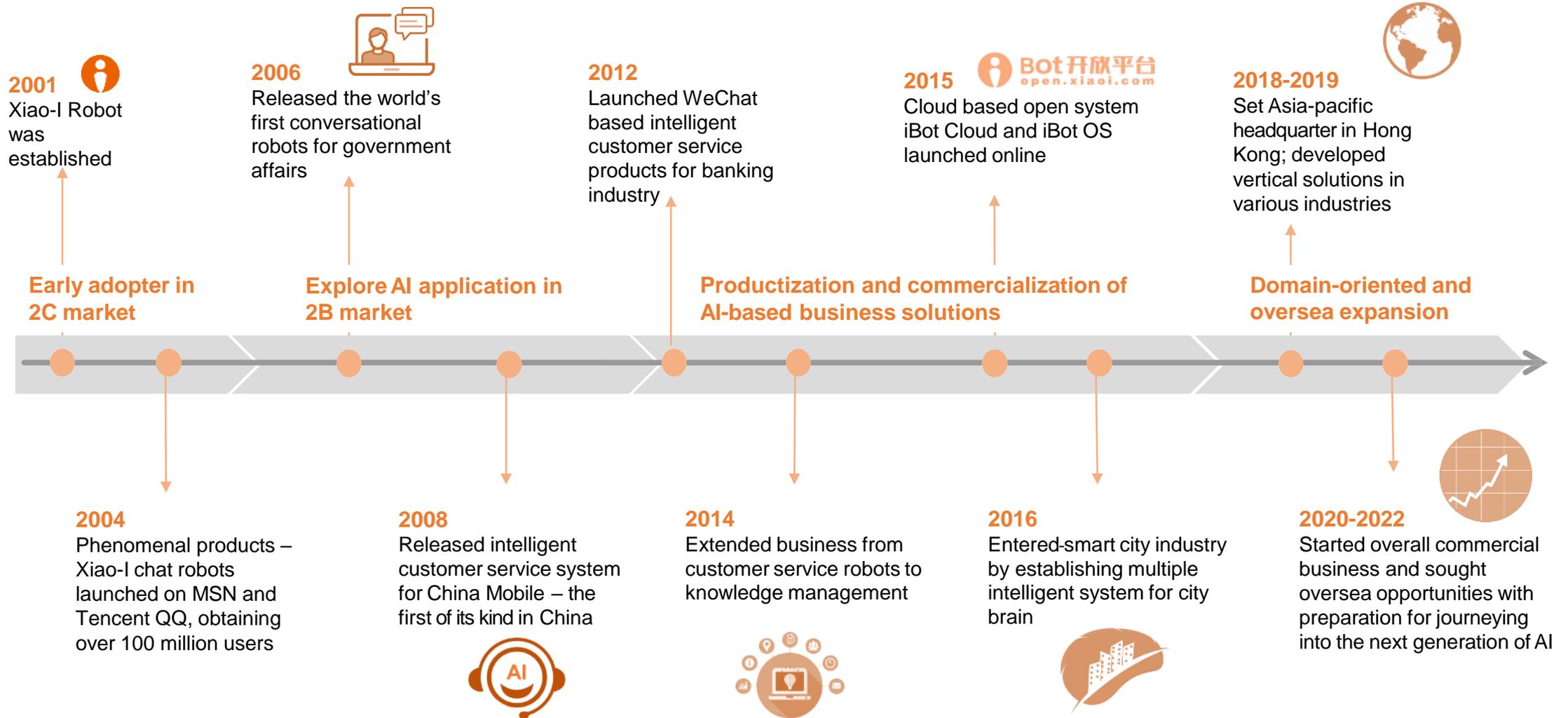
Full Year 2022 Key Statistics

- **Net revenues** hit a record high of US\$48.2 million, up 48% from US\$32.5 million a year ago.
 - ✓ Revenue from cloud platform products increased 364% to US\$25.7 million.
 - ✓ Revenue from technology development service grew 78% to US\$16.4 million.
- **Gross profit** increased 42% year over year to US\$30.8 million.

Recent Developments

- Raised US\$39 million in gross proceeds from the U.S. IPO.
- Entered a strategic partnership with Chinadatapay to drive Xiao-I's growth as a global leader in cognitive intelligence.

Xiao-I History of Innovation & Development



Diverse Product Offerings & Application

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



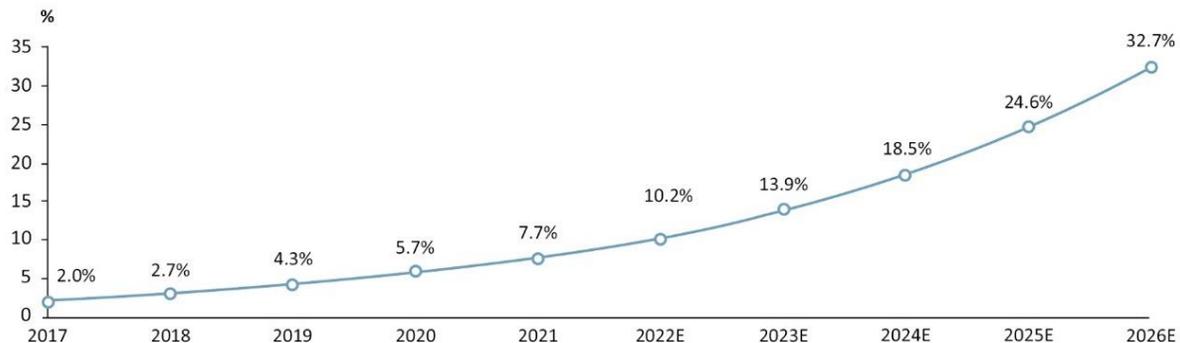
- Independently developed iBot OS operating system
- Software and hardware integrated intelligent management platform

Application

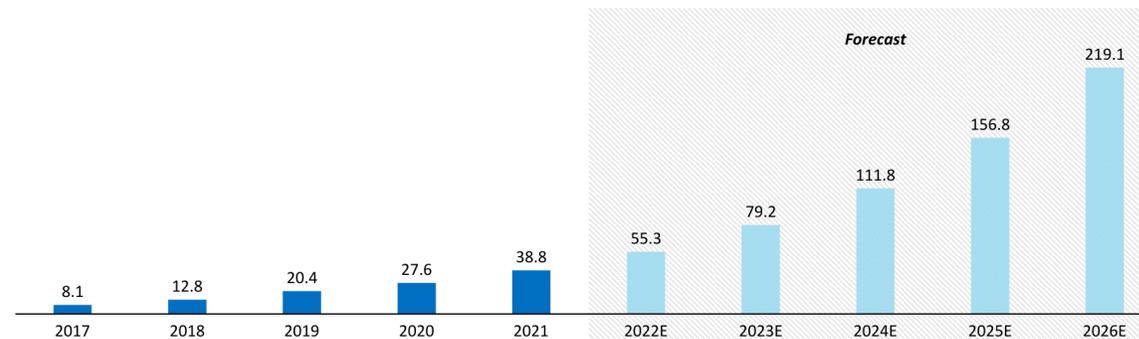
AI+ Contact Center	AI+ Finance	AI+ Urban Public Services	AI+ Construction	AI+ Metaverse	AI+ Manufacturing	AI+ Healthcare
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Strong Growth Driven by Market Tailwind

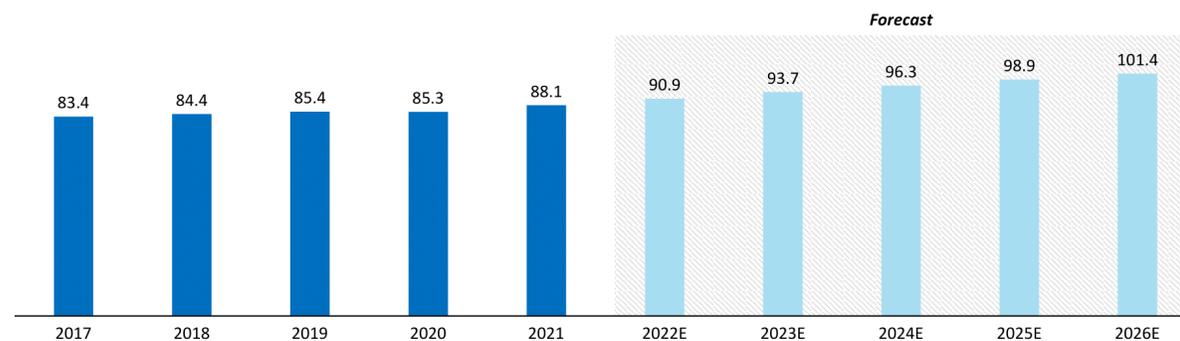
Penetration Rate of Artificial Intelligence Market (China)



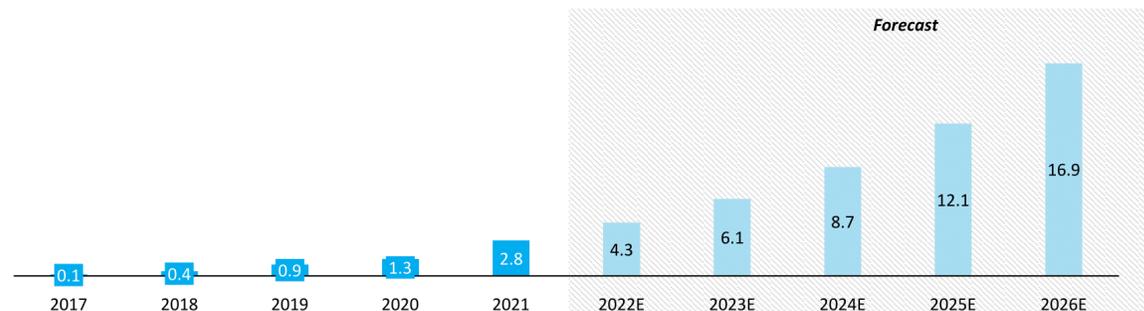
Artificial Intelligence Market (China) (USD Billion)



The Market Size of Intelligent Building in China (USD Billion)

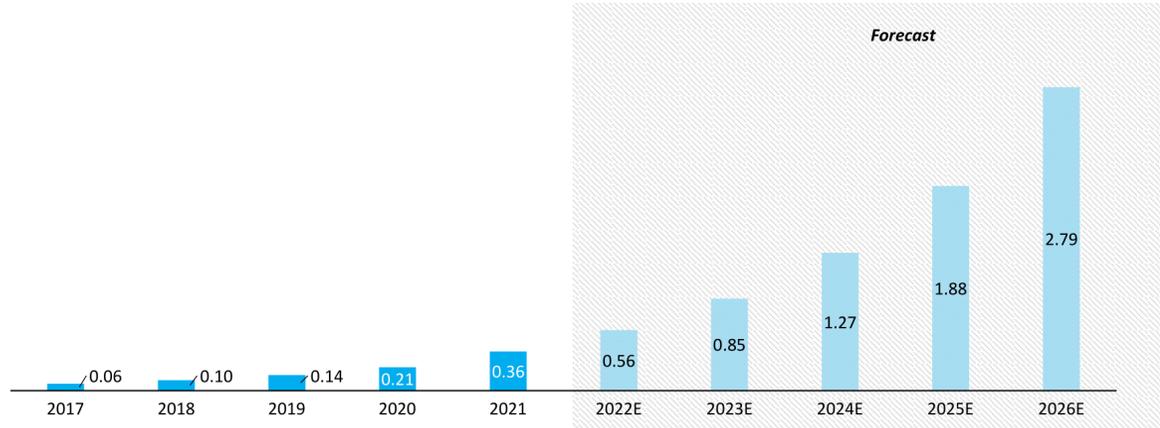


Artificial Intelligence Solution in the Manufacturing Sector (USD Billion)

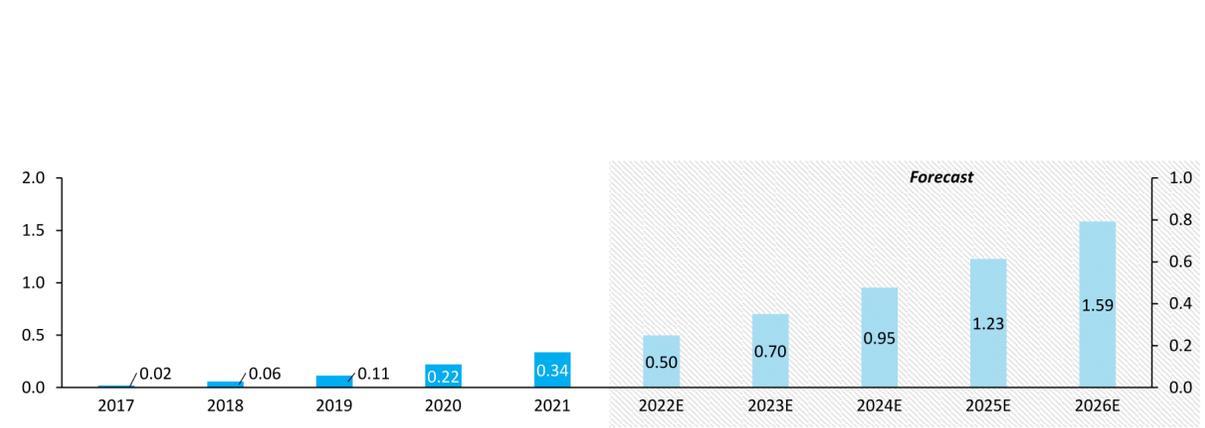


Strong Growth Driven by Market Tailwind

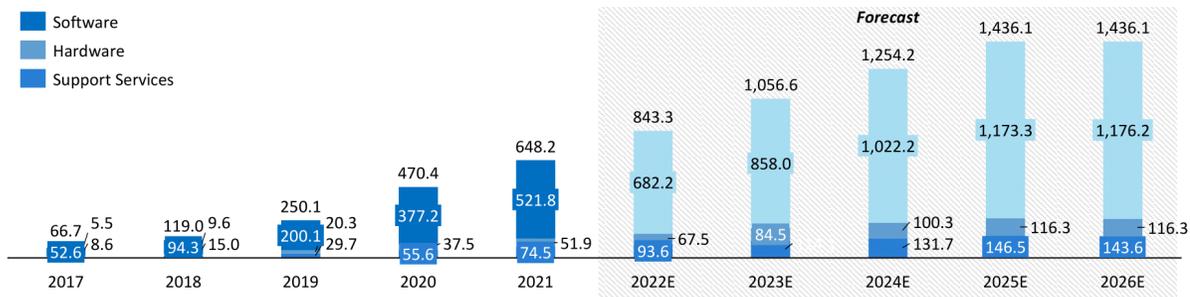
Artificial Intelligence Solution in the Healthcare Sector (USD Billion)



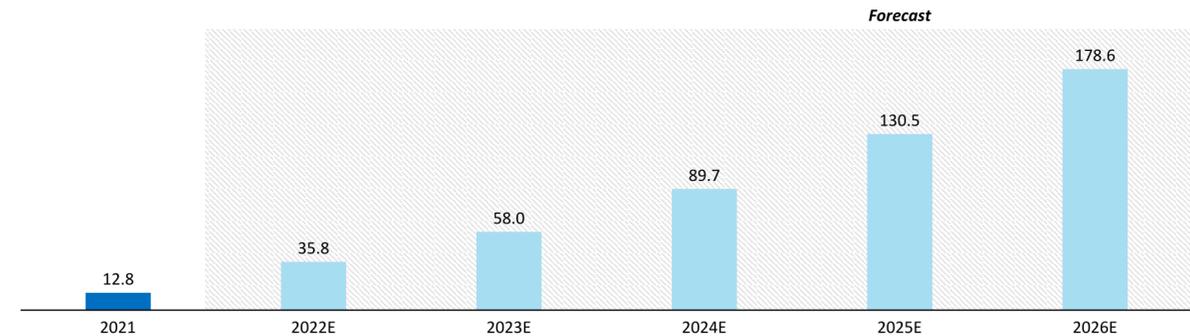
Artificial Intelligence Solution in the Financial Service Sector (USD Billion)



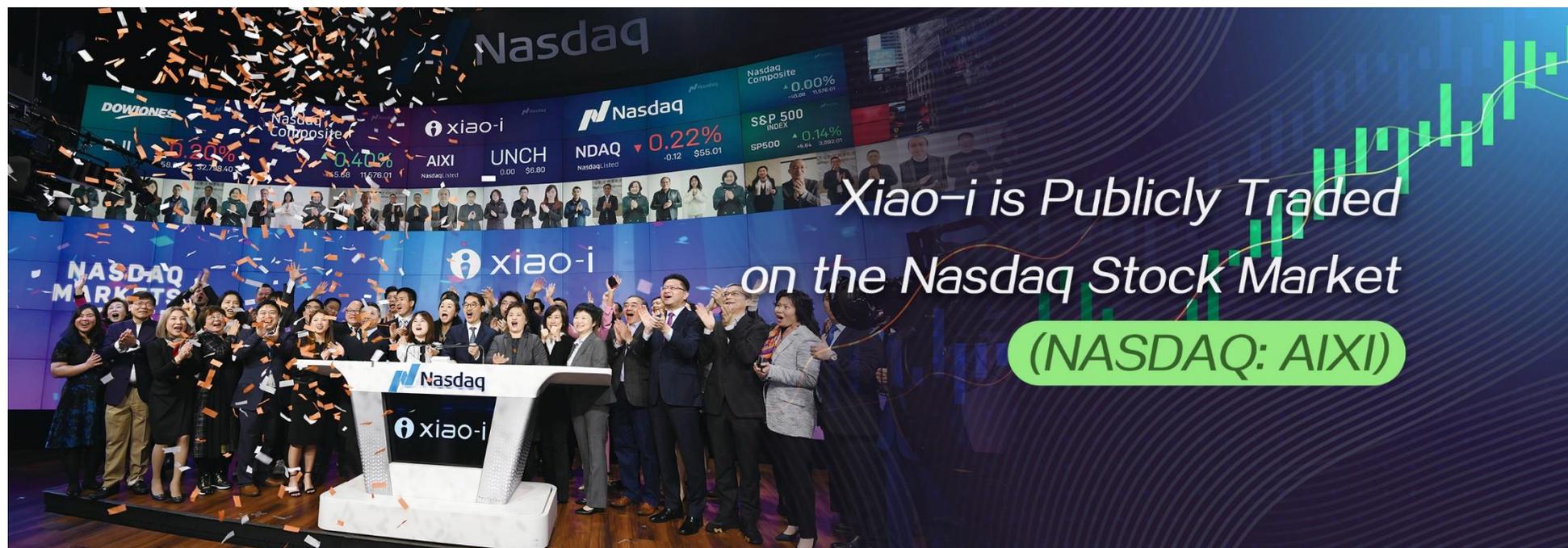
Artificial Intelligence Solution in Customer Service Sector (USD Million)



Artificial Intelligence Solution in the Construction Sector (USD Million)



Closing of Initial Public Offering



NASDAQ:
AIXI

In March 2023, Xiao-I closed its initial public offering of 5,700,000 American Depositary Shares ("ADSs") at a price of US\$6.8 per ADS for total proceeds of US\$38.76 million. Each ADS represents one third of an ordinary share of the Company. Xiao-I's ADSs are listed on the Nasdaq Global Market under the ticker symbol "AIXI".

Strategic Partnership with Chinadatapay



NASDAQ:
AIXI

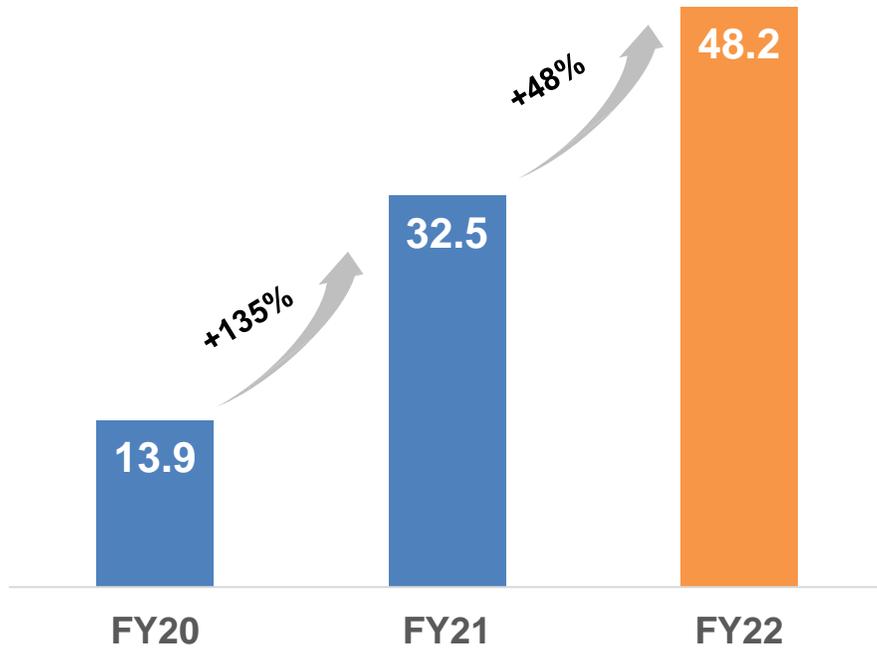
In April 2023, Xiao-I entered into a strategic partnership with Guizhou Chinadatapay Network Technology Co., Ltd. ("Chinadatapay") to fuel Xiao-I's growth as a global leader in cognitive intelligence by combining Xiao-I's cognitive intelligence capabilities and Chinadatapay's big data expertise.

Full Year 2022 Financial Highlights

Net Revenues

USD in millions

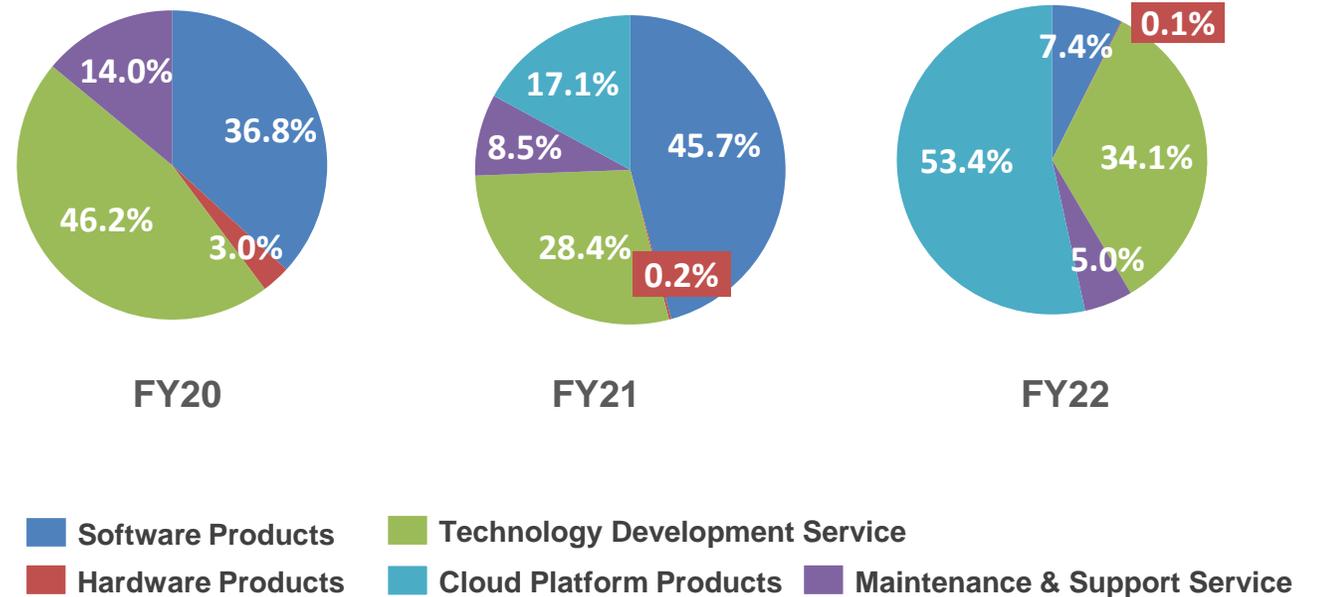
- The increased sales of SaaS model-based cloud platform products and technology development service.



Note: Fiscal year ended 12/31

Revenue Mix

- Stronger demands for cloud platform products and technology development service
- Change in subscription models. Non-financial customers increasingly preferred technology service, such as SaaS model on quarterly subscriptions, rather than one-time software purchases.

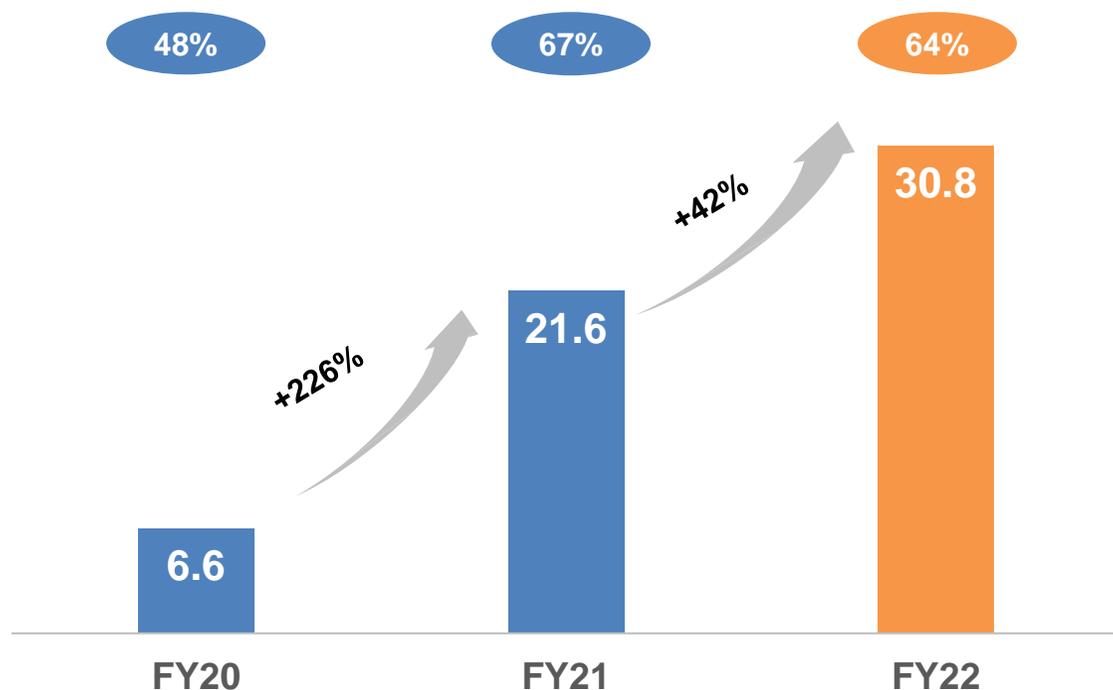


Full Year 2022 Financial Highlights

Gross Profit & Margin

USD in millions

- Expansion of product applications into certain new industries that initially had relatively lower margins before applications matured

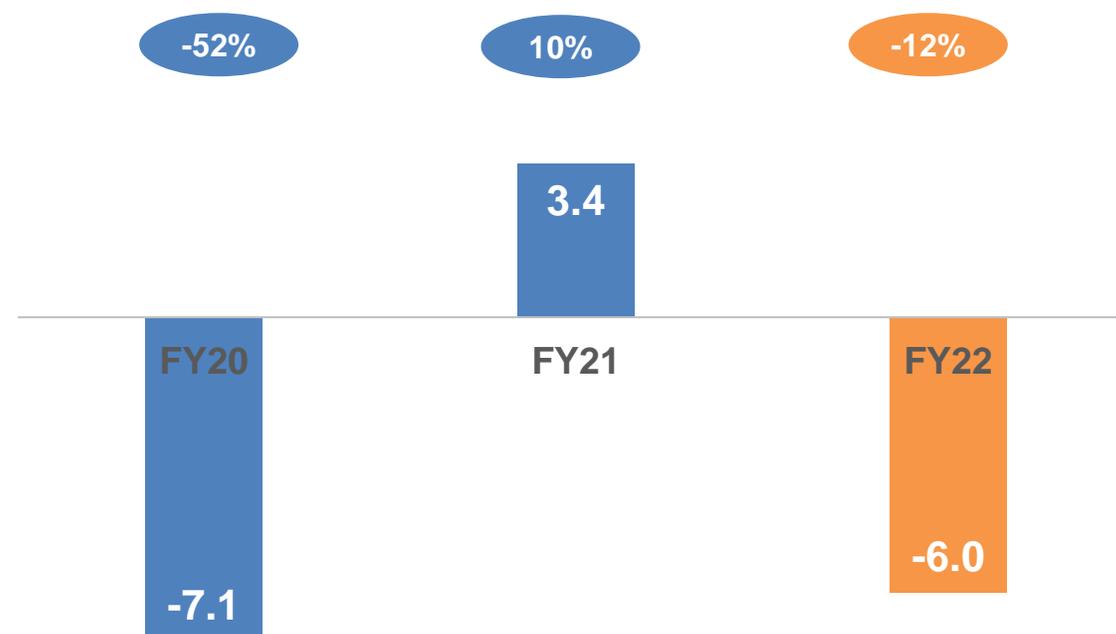


Note: Fiscal year ended 12/31

Net Income (Loss) & Margin

USD in millions

- The decrease was mainly caused by incremental R&D expenses in support of growth strategies. Excluding this expense increase, Xiao-i would be profitable and realize a substantial profit growth.





Appendix

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



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

	2021	2022
Sale of software products	\$ 14,878,256	\$ 3,547,113
Sale of hardware products	75,011	46,295
Technology development service	9,246,992	16,419,889
M&S service	2,772,795	2,429,526
Sale of cloud platform products	5,550,959	25,742,135
Net revenues (including sales to related parties of \$2,449,560, \$286,875 and nil for the years ended December 31, 2020, 2021 and 2022, respectively)	32,524,013	48,184,958
Cost of revenues	(10,885,731)	(17,379,144)
Gross profit	21,638,282	30,805,814
Operating expenses:		
Selling expenses	(4,620,113)	(3,911,818)
General and administrative expenses	(6,657,251)	(6,028,637)
Research and development expenses	(5,363,909)	(24,001,138)
Total operating expenses	(16,641,273)	(33,941,593)
Income/(Loss) from operations	4,997,009	(3,135,779)
Other loss:		
Investment losses	(156,630)	(143,181)
Interest expense	(1,866,831)	(2,440,815)
Foreign currency exchange gain/(loss)	11,252	(68,902)
Other income, net	932,557	444,018
Total other loss	(1,079,652)	(2,208,880)
Income/(Loss) before income tax expense	3,917,357	(5,344,659)
Income tax expense	(552,355)	(660,655)
Net income/(loss)	\$ 3,365,002	\$ (6,005,314)
Net loss attributable to non-controlling interests	(312,811)	(106,779)
Net income/(loss) attributable to XIAO-I CORPORATION shareholders	3,677,813	(5,898,535)
Other comprehensive income/(loss)		
Foreign currency translation change, net of nil income taxes	(117,291)	403,816
Total other comprehensive income/(loss)	(117,291)	403,816
Total comprehensive income/(loss)	\$ 3,247,711	\$ (5,601,498)

Unaudited Consolidated Balance Sheets



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

	As of December 31,	
	2021	2022
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,311,846	\$ 1,026,245
Accounts receivable, net	31,184,779	41,362,705
Amounts due from related parties	391,919	346,517
Inventories	768,762	768,216
Contract costs	1,669,519	2,012,309
Deferred offering costs	-	1,330,902
Advance to suppliers	90,350	1,115,672
Prepaid expenses and other current assets, net	388,848	460,854
Total current assets	35,806,023	48,423,420
Non-current assets:		
Property and equipment, net	207,989	219,470
Intangible assets, net	798,459	637,114
Long-term investment	335,448	2,852,492
Right of use assets	1,194,859	865,399
Deferred tax assets, net	4,906,287	3,888,574
Prepaid expenses and other, non-current assets	3,941,346	3,697,675
Total non-current assets	11,384,388	12,160,724
TOTAL ASSETS	\$ 47,190,411	\$ 60,584,144
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,	
	2021	2022
Liabilities		
Current liabilities:		
Short-term borrowings	\$ 9,117,158	\$ 18,784,459
Accounts payable	5,581,879	9,180,532
Amount due to related parties-current	1,558,642	896,431
Deferred revenue	2,953,238	2,553,808
Convertible loans	5,717,737	3,754,269
Accrued expenses and other current liabilities	10,316,432	17,006,713
Lease liabilities, current	800,658	435,462
Income tax payable	17,904	-
Total current liabilities	36,063,648	52,611,674
Non-current liabilities:		
Amount due to related parties-non current	8,905,313	8,581,743
Accrued liabilities, non-current	5,157,971	8,073,912
Lease liabilities, non-current	446,140	300,974
Total non-current liabilities	14,509,424	16,956,629
TOTAL LIABILITIES	50,573,072	69,568,303
Shareholders' deficit		
Ordinary shares (par value of \$0.00005 per share; 1,000,000,000 shares authorized as of December 31, 2021 and December 31, 2022, respectively; 22,115,592 shares issued and outstanding as of December 31, 2021 and December 31, 2022, respectively)	\$ 1,106	\$ 1,106
Additional paid-in capital	75,621,294	75,621,294
Statutory reserve	237,486	237,486
Accumulated deficit	(72,584,621)	(78,483,156)
Accumulated other comprehensive loss	(3,464,423)	(3,262,666)
XIAO-I CORPORATION shareholders' deficit	(189,158)	(5,885,936)
Non-controlling interests	(3,193,503)	(3,098,223)
Total shareholders' deficit	(3,382,661)	(8,984,159)
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT	\$ 47,190,411	\$ 60,584,144