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Zacks Small-Cap Research

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Brian Lantier
312-265-9153
blantier@zacks.com

scr.zacks.com
10 S. Riverside Plaza, Chicago, IL 60606

Xiao-I Corporation-ADS (AIXI-NASDAQ)

AIXI: Announces numerous real-world AI applications. The company's financial condition remains a concern.

Based on the increased ADS count and the discount applied by the market to smaller AI companies, we are lowering our target valuation to $2.00/ADS.

Current Price (06/24/24)	$0.77
Valuation	**$2.00**

OUTLOOK

Xiao-I (NASDAQ: AIXI) is leveraging its existing relationships and signing new clients at an impressive pace. The company has announced nearly a dozen new products or relationships utilizing its AI platforms in the past two months.

Competition remains intense in the AI market and we think investors are questioning if Xiao-I has the financial capacity to remain competitive across multiple industries as private and public companies continue to invest heavily in its core markets.

We are adjusting our price target to $2.00 to reflect the higher number of ADS outstanding and the discount applied by the market to smaller AI companies like Xiao-I.

SUMMARY DATA

52-Week High	**$10.39**
52-Week Low	**$ 0.71**
One-Year Return (%)	**-86.5**
Beta	**3.79**
Average Daily Volume (sh)	**207,023**
Shares Outstanding* (mil)	**77**
Market Capitalization ($mil)	**$59**
Short Interest Ratio (days)	**N/A**
Institutional Ownership (%)	**0**
Insider Ownership (%)	**14%**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**N/A**
Earnings Per Share (%)	**N/A**
Dividend (%)	**N/A**
P/E using TTM EPS	**N/A**
P/E using 2023 Estimate	**N/A**
P/E using 2024 Estimate	**N/A**
Zacks Rank	**N/A**

*Each ADS represents 1/3 of one share

Risk Level	**High,Speculative**
Type of Stock	**Growth**
Industry	**Artificial Intelligence**

ZACKS ESTIMATES

Revenue
(in millions of $)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2022		12.9A		35.3A	48.2 A
2023		26.5A		32.7A	59.2A
2024		33.2E		38.0E	71.3E
2025		42.0E		45.5E	87.4E

*The company reports 6 month results

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2022		$0.01A		-$0.10A	-$0.09A
2023		-$0.27A		-$0.12A	-$0.37A
2024		-$0.11E		-$0.07E	-$0.18E
2025		-$0.04E		-$0.02E	-$0.06E

Zacks Projected EPS Growth Rate - Next 5 Years % **N/A**

*EPS reported as net income/ADS may not sum due to rounding.

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WHAT'S NEW

New products and applications

- Xiao-I (NASDAQ; AIXI) continues to launch new products and announce new corporate relationships at a furious rate totaling more than a dozen press releases in the past 2 months. While the details of these relationships and products remain limited at this time, we anticipate that we will learn more about the way corporations are utilizing the HUA ZANG LLM platform in their business. As the real-world applications of AI become more apparent, we anticipate that market awareness and demand for Xiao-I's solutions will continue to grow. We do think that the company runs some risk of diluting its message with investors by issuing too many press releases without details like the customer's name or the size and term of the contracts, but for the moment we think investors appreciate having a broader understanding of the ways that AI solutions from Xiao-I are being used by customers.

- Separately, the company issued a small amount of convertible debt last week which resulted in net proceeds to the company of around $2.4 million. We will review the details of this agreement below but we think investors are concerned about Xiao-I seeking a fairly expensive convertible financing just 15 months after its IPO.

- As we noted in our last update, given the company's cash burn rate the focus for investors is likely to remain centered on how much dilution will be required to get the company to cash flow positive operations. The latest convertible financing is a bit concerning because it was for such a small amount, was fairly expensive and contains many terms that can trigger default. Based on the terms of this convertible financing we do think the risk of additional dilution remains extremely high for ADS holders.

- It appears that there is a bit of segregation occurring in the AI market with valuations actually increasing for many of the Tier 1 companies over the last three months while smaller companies like Xiao-I have seen their valuations tumble. In May we indicated that if "the company seeks additional equity financing to fund operations in 2024 our target valuation would likely have to be adjusted lower." As a result of the latest financing, the discount applied to smaller AI companies by the market, and the likelihood of other financing over the balance of 2024, we are adjusting our valuation target to $2.00.

NEWS

The majority of Xiao-I's recent contract announcements have followed a similar format where the company indicates the industry in which the customer operates and simply refers to the agreement as a "major contract". The company has announced agreements like this with companies in the insurance, healthcare, engineering, automotive, financial, and telecommunications industries. The company does occasionally include which products are being used by the customer in its releases (Smart Outbound calling services seem to be particularly popular).

Without additional information regarding the contract size or the length of the contract, we believe it is difficult to value the impact of these announcements on Xiao-I's near-term financial projections. Additionally, without disclosing the customer's name it is often difficult to envision ways that the relationship can scale over time.

The lack of details disclosed in the releases has likely contributed to the stock's weakness over the past two months (down more than 30% over the past two months) as investors seem to be very focused on wanting contract details. We think it is helpful to understand the many applications of the company's AI tools but until we see contract details it is difficult to assign value to these announcements.

The company has also announced several tools that it is developing on its own to demonstrate the power of the company's large language model and ways that it may be applied. We think it makes sense to take some time to review these products because the company is investing in real products to demonstrate their potential.

In mid-May, Xiao-I announced the public beta of its Daily Invest Focus which aims to glean market insights from the public commentary of investors on Reddit forum WallStreetBets. As a tool for proving the ability of Xiao-I to analyze information and present it in a useful way, we believe that the Daily Invest Focus has been successful because it is a coherent summary of the posts on that forum. Also, we feel that the model's interpretation of the information has been fairly accurate based on the example reports we've seen. Unfortunately, we believe that the source data – posts on WallStreetBets – is just too simple, biased, and unprofessional to draw meaningful conclusions for stock market analysis. The classic computing problem of "garbage in/garbage out" is fairly evident in our review of the outputs from the model. Too many unserious, sarcastic comments on the subreddit make it difficult for the system to produce actionable results.

In the future, we anticipate that the company will expand this product to produce more analytical content (similar to the report that you are now reading) but until they address the issue of where to source high-quality market commentary or information, we feel this product will fail to gain meaningful traction.

The company has also posted to several coding repositories and programming forums what it calls **"Try On Today"** which is a tool that generates realistic images based on a photo and a variety of clothing options for a "virtual try-on". There are a number of virtual try-on tools currently in testing and we've seen many failed attempts to build something similar over the past decade but the comments regarding the Xiao-I solution from many programmers were generally positive (despite some early glitches). While retailers are pushing these tools as a way to drive further customer interaction and enhance customer retention, we feel like the greatest potential for a product could lie in areas like marketing or generating website content. We will look for additional updates on the company's commercialization efforts of this product in the second half of 2024.

The most intriguing of the new products launched by Xiao-I is the new Hearview AI-powered glasses introduced in late May. The company appears to have leveraged its extensive background in real-time speech-to-text tools developed over the years to serve various customer service clients to create a pair of glasses that will be marketed primarily to the hearing impaired. Based on early descriptions of the

glasses, they will enable the conversion of conversations into text that is displayed on glasses worn by the user. In essence, this can be considered something akin to Closed Captioning for the real world. The company claims 95% accuracy of its speech-to-text tool and a product that can work for up to 7 hours continuously or 5 days on standby. The glasses carry a fairly steep price tag of $2,000 which is significantly higher than some of the other early entrants in this market but we expect the price will fall over time as economies of scale in production are realized.

The company will be attending the National Association of the Deaf convention in Chicago next week and we hope to get some feedback from early testers and perhaps see a demonstration of the glasses at that time.

Again, for the most part, we believe that the company's efforts to bring products to the market are simply to demonstrate the power of its AI model and we think the market will begin to view Xiao-I in the same light as providers like OpenAI, Alibaba and others model developers when its customers start to develop their own applications using the company's LLM.

Convertible Note Offering:
Last week on June 17, the company completed a small convertible note offering that raised gross proceeds of roughly $3.0 million and netted the company $2.4 million after deducting $315,000 in placement agent fees and $244,000 of estimated offering costs.

The notes have an 8% original issue discount and are convertible into roughly 3 million ADSs at the conversion price of $1.00 (subject to adjustments). The notes also carry a 6% interest rate that can increase to 15% in the event of a default.

The company also offered another 1 million ADSs to the investors in the convertible notes. As a reminder, each ADS represents 1/3rd of an ordinary share so the roughly 4 million ADSs represented by this offering would be equal to roughly 1.33 million ordinary shares or about 4% of the outstanding shares of the company.

Despite raising $35.4 million via the company's IPO in March 2023, just 15 months ago, the company came back to the market and completed a fairly expensive financing with significant restrictive covenants that raised just $2.5 million. Given the significant amount of capital that will be required to compete in the AI market, this is likely to cause concern among investors. The company's "controlled" status as a result of the preferred shares issued to the CEO in December 2023, means that ADS holders will not have much say in any future financings and the risk of further dilution is very high.

Lawsuit:
Recently, an investors' rights law firm has begun publicizing that it is seeking to begin a potential class action lawsuit against Xiao-I for issuing materially misleading business information. In an attempt to gather investors to be part of this lawsuit, the law firm has been issuing a press release almost daily announcing the potential legal action. The focus of the lawsuit is a relatively small disclosure in August of 2023 related to any changes in the laws in China that could limit the company's ability to transfer funds to overseas subsidiaries.

We are not securities law experts but we recognize that the daily mention of a potential lawsuit could be negatively impacting the company's shares.

Other considerations:

The company has not yet received a NASDAQ warning letter regarding its share price but the shares have been trading below $1 for almost 20 business days. If the shares, don't recover sharply soon it is likely the company will receive a NASDAQ warning letter by mid-July.

As previously mentioned, the company's management team will be in Chicago at the National Association of the Deaf Conference to demonstrate its smart glasses for the hearing impaired next week. We think we could see a demonstration of the product that could be a small catalyst for the stock.

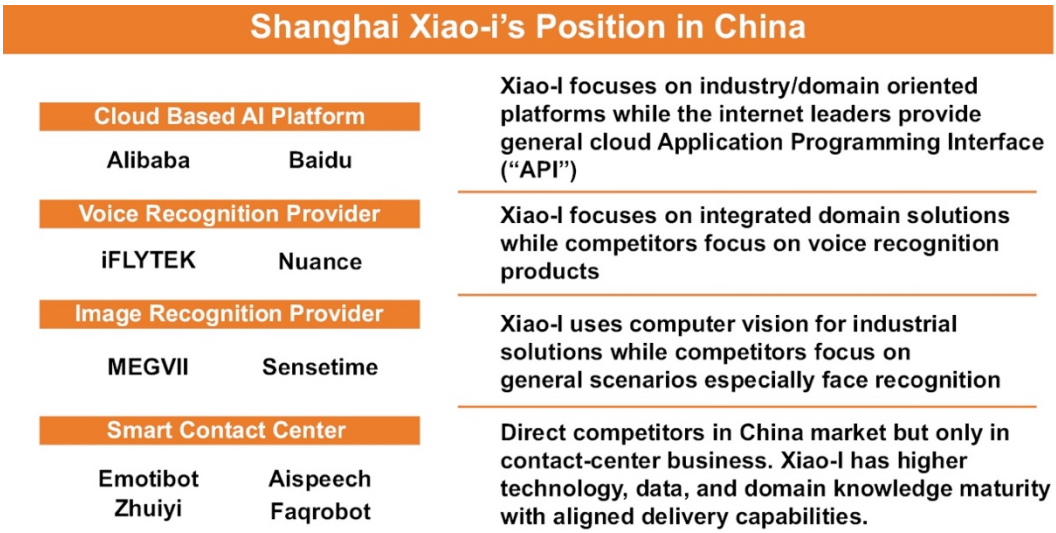
COMPANY OVERVIEW

The AI industry is evolving rapidly and we will have to consider both the new markets the company is targeting with its LLM and the legacy AI business.

The company's large language model (LLM), Hua Zang enters a very crowded market at a time when new models are being launched almost daily. Our view on the LLM market is that it is likely to be dominated by extremely large technology companies with a divide between companies based in the EU, North America, and China. This means that while there are seemingly countless LLMs ultimately, we believe that the market leaders, OpenAI, Microsoft, Meta, and Google, along with potential private AI players like Anthropic or Stability AI, will control most of this market in the US. It is also possible that large technology firms like Apple, Amazon and Salesforce will use their significant financial capacity to catch up quickly via acquisition or through internal investments. Given the important geopolitical ramifications of AI advancements, we expect there will remain a fairly sharp divide between those companies with LLM models for the Western markets versus those companies serving the Chinese markets but the theme that large technology companies will dominate should remain intact. With companies like Baidu, Tencent, Alibaba, and ByteDance investing heavily in the space we expect leadership to consolidate at the top of the Chinese technology industry. Companies like IFlytek and SenseTime have also captured significant mindshare in China and several private companies have raised large sums of capital to compete in this market. We think Xiao-I's industry focus (serving principally banks and financial services) and natural language processing experience should be a good platform for establishing itself as an LLM provider but it will likely be as an industry-focused player rather than as a broad AI leader given the huge sums of money it will take to compete with the best of breed players.

Within the company's core existing businesses – smart contact, voice recognition, image recognition and cloud-based AI, the company's competitive positioning within the industry seems fairly strong in its core industries – finance and construction.

Figure 1: Shanghai Xiao-I's Competitive Positioning



Source: Company Prospectus

In general, we would agree with the company's assessment of its competitive position but it is clear that the market leaders have significant advantages (principally, financial capacity) over Xiao-I in every market except the smart contact center market.

The AI Landscape and Outlook:
2023 was the year of AI and perhaps equally the year that the use of AI as a buzzword in corporate marketing and financial documents has soared. In the second quarter of 2023, AI-related terms were used over 7,000 times by companies in the S&P 500 on their quarterly earnings calls up more than 400% from the number of mentions in the first quarter. [1]

Anyone who has been following the equity markets for the past decade can remember past frothy moments for 3-D printing, VR/AR, and of course, blockchain/crypto technology but the hype around AI seems to have surpassed all of those previous bubbles by a wide margin. In large part, this is likely due to the promise of AI and the potential that it has to impact so many areas of corporate operations. For all of the promise of improvements to be delivered by AI down the road, it's worth noting that corporate applications have been fairly limited to date. Customer service is one of the first areas where we anticipate broad AI adoption but the models released to date have not quite matched the hype that we've seen in the markets. We will discuss the ways we see the AI market shaping up over the balance of the decade below but first, we would like to take a step back and define what we mean when we say AI.

Generative AI
Most investors have probably at least logged into ChatGPT or DALL-E to create a travel itinerary or generate a fun picture and for most people that is their impression of AI today. However, the reality is that corporations are becoming very good at leveraging Generative AI tools to speed product development, enhance customer service and potentially improve employee productivity.

Generative AI systems can "generate" new documents or images based on patterns learned from source data even if the patterns weren't in the data that was input into the original model. While the use cases are many and growing every day, the most common applications are content creation, search and discovery, summarization and chatbot enhancements.

While the initial applications of generative AI tools were in more creative fields like design, increasingly they are seen as useful tools for customer service and sales optimization across many industries.

Cognitive AI
Cognitive AI is another emerging category of AI services that effectively attempts to replicate the human thought process. By combining existing technology like natural language processing and machine learning, these systems attempt to think and reason like a human. In this context we are not referring to the broader Artificial General Intelligence, but rather systems that can reason like a human in various applications.

Examples of cognitive AI deployed today include virtual personal assistants (think Siri, Alexa, etc.), chatbots (this is Xiao-I's principal offering today) and recommendation systems (like Amazon's suggested bundles or any streaming platform's recommended media). By analyzing user inputs these systems can make connections that may be overlooked by the user.

As you can see much of the AI that is in our lives every day sits in the background of various apps that we utilize every day and has enabled the broader adoption of the apps that they power.

Traditional AI
The foundations of the cognitive AI and the generative AI models that proliferate today originate in the traditional AI models that emerged over a decade ago. These traditional AI models were built to assess very specific data and focus on a specific goal or task. Early chatbots, like the ones first developed by Xiao-I, worked with predefined rules and parameters to make decisions. These traditional AI models were not very sophisticated but they were effective uses of the technology to demonstrate the power of AI.

The AI roadmap in 2024 and beyond

While we could fill a small novel with the prospects for AI to impact our society in ways good and bad, we'd like to focus investor attention on ways that we think will be some of the first enterprise applications. The clearest applications are where novel combinations can be tried in a model to achieve a desired result. For example, in the past, a pharmaceutical company might employ hundreds of researchers to identify compounds for combinations that may treat a particular disease. These drugs can now be designed using generative AI before entering trials which offers vast potential for new discoveries, reduced time to market and lower costs. In a similar fashion, areas that require significant testing and costs to develop new products like chip design or materials will likely see huge demand for AI toolsets.

Increasingly, we also expect governments to start taking a more proactive role in addressing the potential societal impacts of AI. In many developing economies, low-cost labor is a significant advantage and provides opportunities for people to provide for themselves and their families. While the impact of one company shifting all of their customer service operations to an AI tool wouldn't be significant, imagine the impact on countries like India or the Philippines if millions of customer service jobs are eliminated. These technological advances cannot be considered in a vacuum, without considering the impact on society at large.

In the Chinese market, we think the government will have to balance the needs of its people with the desire to remain competitive with the global technology leaders. We anticipate that the wave of job replacements coming across the globe will start at relatively low-end customer service positions but will rapidly move into more traditional white-collar jobs. In the back half of the decade, it is likely that there will be a larger push to integrate advanced AI tools into robotics that will enable machines to perform many tasks that require both general intelligence and dexterity which could significantly impact manufacturing jobs and the economies that are driven by those jobs such as China's.

We believe that the bleeding edge of the AI market will focus on steps toward Artificial General Intelligence (AGI) particularly when ChatGPT 5 is released and governments will have to address the prospect of rising unemployment, increased social support needs and growing corporate profits in a rapidly changing world.

RISKS

- Customer concentration – In 2023, 52% of revenues were derived from the company's top 3 customers. A loss of any of these customers would have a material impact on the company.
- The company identified two material weaknesses in its internal controls over financial reporting (lack of sufficient accounting personnel and lack of appropriate US GAAP knowledge). The company is working to address these issues but has not announced any new hires publicly at this point.
- Investors in Xiao-I's ADSs are purchasing an equity interest in Xiao-I, the Cayman Islands holding company, not the operating entity in China. While this is fairly standard for Chinese companies, it remains a risk for investors in the ADSs.
- Competition is intensifying in the AI industry and the majority of the company's competitors have substantially greater access to financial resources.

SUMMARY

1) Xiao-I (NASDAQ: AIXI) is leveraging its existing relationships and signing new clients at an impressive pace. The company has announced nearly a dozen new products or relationships utilizing its AI platforms in the past two months.

2) Competition remains intense in the AI market and we think investors are rightfully questioning if Xiao-I has the financial capacity to remain competitive across multiple industries as private and public companies continue to invest heavily in its core markets.

3) We are adjusting our price target to $2.00 to reflect the higher number of ADS outstanding and the discount applied by the market to smaller AI companies like Xiao-I.

PROJECTED INCOME STATEMENT

Xiao-I Corporation
Income Statement

23%

	6 months 6/30/22	6 months 12/31/22	2022	6 months 6/30/23	6 months 12/31/23	2023	6 months 6/30/24	6 months 12/31/24	2024	6 months 6/30/25	6 months 12/31/25	2025
Sale of software products	1,397,996	$ 2,149,117	$ 3,547,113	$ 535,004	$ 1,031,451	$ 1,566,455	433,353	390,018	$ 823,371	351,016	315,915	$ 666,931
Sale of hardware products	18,431	27,864	46,295	30,175	45,188	75,363	27,233	25,871	53,104	24,578	23,349	$ 47,927
Technology development service	6,296,844	10,123,045	16,419,889	1,763,797	6,075,903	7,839,700	1,419,857	993,900	2,413,756	1,142,985	800,089	$ 1,943,074
M&S service	1,497,871	931,655	2,429,526	1,426,784	1,249,401	2,676,185	802,566	601,925	1,404,491	451,443	338,583	$ 790,026
Sale of cloud platform products	3,648,339	22,093,796	25,742,135	22,719,659	24,287,897	47,007,556	30,535,222	36,031,562	66,566,783	39,995,033	43,994,537	$ 83,989,570
Net revenues (including sales to related parties of $2,449,560, $286,875 and nil for the years ended December 31, 2020, 2021 and 2022, respectively)	**$ 12,859,481**	**$ 35,325,477**	**$ 48,184,958**	**$ 26,475,419**	**$ 32,689,840**	**$ 59,165,259**	**$ 33,218,230**	**$ 38,043,275**	**$ 71,261,505**	**$ 41,965,055**	**$ 45,472,472**	**$ 87,437,527**
Cost of sale of software products	170,377	717,843	888,220	368,021	466,549	834,570	303,347	273,013	576,360	245,711	221,140	466,851
Cost of sale of hardware products	12,545	12,596	25,141	26,118	25,083	51,201	23,693	22,508	46,201	21,383	20,313	41,696
Cost of technology development service	2,661,707	9,532,337	12,194,044	1,286,290	4,773,040	6,059,330	1,036,495	755,364	1,791,859	834,379	608,068	1,442,447
Cost of M&S service	339,213	916,760	1,255,973	805,948	165,469	971,417	521,668	391,251	912,919	293,438	220,079	513,517
Cost of Sale of cloud platform products	536,863	2,478,903	3,015,766	3,519,521	8,305,650	11,825,171	10,076,623	11,890,415	21,967,038	13,198,361	14,518,197	27,716,558
-												
Cost of revenues	**$ 3,720,705**	**$ 13,658,439**	**$ 17,379,144**	**$ 6,005,898**	**$ 13,735,791**	**$ 19,741,689**	**$ 11,961,826**	**$ 13,332,551**	**25,294,377**	**$ 14,593,272**	**$ 15,587,797**	**30,181,069**
Gross profit	**$ 9,138,776**	**$ 21,667,038**	**$ 30,805,814**	**$ 20,469,521**	**$ 18,954,049**	**$ 39,423,570**	**$ 21,256,404**	**$ 24,710,724**	**$ 45,967,129**	**$ 27,371,783**	**$ 29,884,675**	**$ 57,256,458**
Operating expenses:												
Selling expenses	2,094,124	1,817,694	3,911,818	2,377,409	2,173,588	4,550,997	2,304,003	2,419,203	4,723,207	2,564,356	2,692,573	5,256,929
General and administrative expenses	1,725,928	4,302,709	6,028,637	2,070,052	2,337,163	4,407,215	2,454,021	2,576,722	5,030,743	2,705,558	2,840,836	5,546,395
Research and development expenses	3,669,196	20,331,942	24,001,138	29,649,703	22,737,837	52,387,540	23,419,972	24,122,571	47,542,543	24,846,248	25,591,636	50,437,884
Total operating expenses	**$ 7,489,248**	**$ 26,452,345**	**$ 33,941,593**	**$ 34,097,164**	**$ 27,248,588**	**$ 61,345,752**	**28,177,997**	**29,118,497**	**57,296,493**	**30,116,162**	**31,125,046**	**61,241,208**
(Loss)/Income from operations	$ 1,649,528	($4,785,307)	($3,135,779)	($13,627,643)	($8,294,539)	($21,922,182)	($6,921,592)	($4,407,773)	($11,329,365)	($2,744,379)	($1,240,371)	($3,984,750)
Other income/(loss):												
Investment losses	($121,618)	($21,563)	($143,181)	($225,351)	$300,893	$75,542	$210,625	$189,563	$400,188	$132,694	$119,424	$252,118
Interest expense	(1,202,391)	(1,238,424)	(2,440,815)	(1,570,847)	(752,494)	(2,323,341)	(714,869)	(729,167)	($1,444,036)	(692,708)	(706,563)	($1,399,271)
Foreign currency exchange gain/(loss)	0	(68,902)	(68,902)	0	2,789	2,789	0	0	0	0	0	0
Other income, net	44,160	399,858	444,018	525,431	423,685	949,116	455,461	501,008	$956,469	538,583	592,441	$1,131,024
Total other income/(loss)	**($1,279,849)**	**($929,031)**	**($2,208,880)**	**($1,270,767)**	**($25,127)**	**($1,295,894)**	($48,783)	($38,597)	($87,379)	($21,431)	$5,303	($16,128)
(Loss)/Income before income tax expense	**$369,679**	**($5,714,338)**	**($5,344,659)**	**($14,898,410)**	**($8,319,666)**	**($23,218,076)**	($6,970,375)	($4,446,369)	($11,416,744)	($2,765,811)	($1,235,068)	($4,000,878)
Income tax benefit/(expense)	220,820	(881,475)	(660,655)	(3,871,118)	83,426	(3,787,692)	(1,045,556)	(666,955)	(1,712,512)	(414,872)	(185,260)	(600,132)
Net (loss)/income	$590,499	($6,595,813)	($6,005,314)	($18,769,528)	($8,236,240)	($27,005,768)	($8,015,931)	($5,113,324)	($13,129,256)	($3,180,682)	($1,420,328)	($4,601,010)
Net loss attributable to non-controlling interests	(2,674)	(104,105)	(106,779)	(173,782)	(370,179)	(543,961)	(144,287)	(92,040)	($236,327)	(57,252)	(25,566)	($82,818)
Net (loss)/income attributable to XIAO-I CORPORATION shareholders	$593,173	($6,491,708)	($5,898,535)	($18,595,746)	($7,866,061)	($26,461,807)	($7,871,645)	($5,021,285)	($12,892,929)	($3,123,430)	($1,394,762)	($4,518,192)
Foreign currency translation change, net of nil income taxes	145,129	258,687	403,816	507,422	(204,308)	303,114	0	0	$0	0	0	0
Total comprehensive (loss)/income	$735,628	($6,337,126)	($5,601,498)	($18,262,106)	($8,440,548)	($26,702,654)	($7,871,645)	($5,021,285)	($12,892,929)	($3,123,430)	($1,394,762)	($4,518,192)
(Loss)/Earnings per ordinary share attributable to XIAO-I CORPORATION shareholders												
Basic	$0.03	($0.29)	($0.27)	($0.80)	($0.33)	($1.12)	($0.33)	($0.21)	($0.53)	($0.13)	($0.06)	($0.18)
Diluted	$0.03	($0.29)	($0.27)	($0.80)	($0.33)	($1.12)	($0.33)	($0.21)	($0.53)	($0.13)	($0.06)	($0.18)
Weighted average number of ordinary shares outstanding												
Basic	22,115,592	22,115,592	22,115,592	23,308,370	23,983,636	23,646,003	24,118,923	24,360,112	24,360,112	24,847,315	25,095,788	25,095,788
Diluted	22,362,552	22,115,592	22,115,592	23,308,370	23,983,636	23,646,003						
	$ 0.01	$ (0.10)	$ (0.09)	$ (0.27)	$ (0.12)	$ (0.37)	($0.11)	($0.07)	($0.18)	($0.04)	($0.02)	($0.06)
Equivalent ADS 3 to 1 ordinary shares	67,087,656	66,346,776	66,346,776	69,925,110	71,950,908	71,950,908	72,356,769	73,080,337	73,080,337	74,541,944	75,287,363	75,287,363

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BALANCE SHEET

Xiao-I Corporation
Balance Sheet in USD
12/31/23

Assets		
Current Assets		
Cash and cash equivalents	$	1,585
Accounts Receivable (net)		28,327
Inventory		68
Contract costs		1,691
Advance to suppliers		1,150
Prepaid expenses and other current assets		5,234
Total current assets	$	38,055
Non-Current Assets		
Property & Equipment (net)	$	2,126
Intangible Assets, net		212
Long-term investment		2,650
Right of use assets		2,431
Prepaid expenses		7,000
Amount due from related parties		13,859
Total non-current assets	$	28,280
Total Assets	**$**	**66,334**
Liabilities		
Current Liabilities		
Short-term borrowings	$	26,761
Accounts payable		13,674
Due to related parties - current		705
Deferred revenue		1,654
Accrued Expenses and other current liabilities		13,938
Lease liabilities, current		930
Total current liabilities	$	57,662
Non-Current Liabilities		
Amount due to related parties, non current	$	7,905
Accured liabilities, non-current		7,759
Lease liabilities, non-current		1,474
Total Liabilities	**$**	**74,801**
Shareholder's Equity		
Oridnary shares		1
Additional Paid-in Capital		108,729
Statutory reserve		237
Accumulated deficit		(110,833)
Accumulated other comprehensive loss		(2,999)
Non-contolling interests		(3,603)
Shareholder's Equity (Deficiency)	**$**	**(8,467)**
Total Liabilities & Shareholder's Equity	**$**	**66,334**

Source: Company filing

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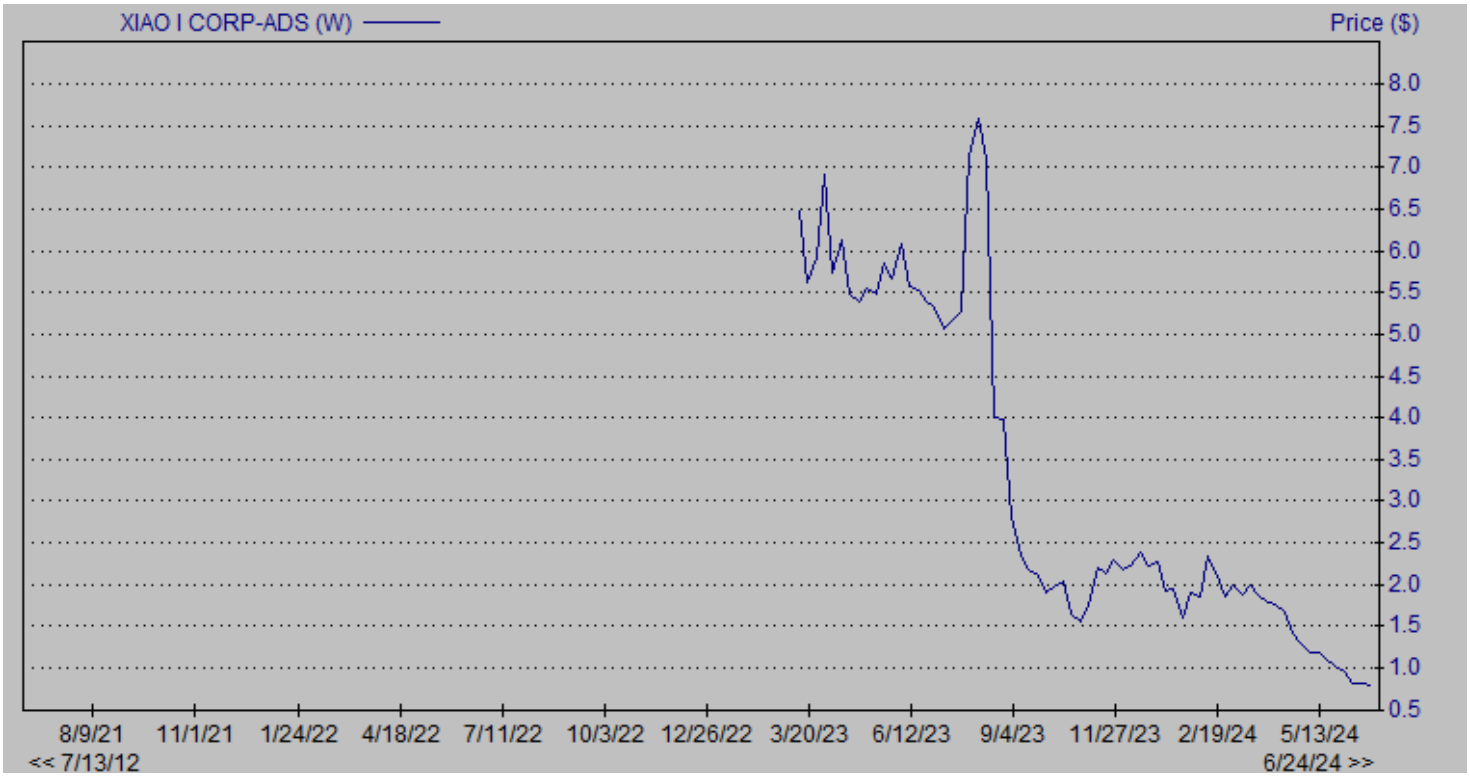
HISTORICAL STOCK PRICE



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