Bairong Inc. 2025 Interim Results Presentation Transcript

Date and time: 09:00-10:30 am HKT, August 29, 2025

Venue: Online webcast

【Management】

Mr. Zhang Shaofeng, Founder, Chairman of the Board and CEO

Mr. Zheng Wei, Senior Vice President, Chief Financial Officer, and Head of BaaS Insurance Scenario

Mr. Duan Ying, Senior Vice President, and Head of MaaS and BaaS Financial Scenario

Ms. Qin Xuan (Sandy), Executive Director, and Investor Relations Director

【Transcript】

Ms. Qin Xuan (Sandy), Executive Director, and Investor Relations Director

Dear investors, analysts and media friends, hello. I'm Sandy Qin, Executive Director and Director of Investor Relations at Bairong. I would like to thank all the investors online for their attention to Bairong.

The company released its 2025 interim results yesterday, August 28, and we will report and share the company's 2025 interim operating results as well as outlook for the second half of 2025 and answer your concerns.

The presentation will be divided into three parts, our CEO will introduce the business progress and outlook followed by our CFO who will interpret the financial performance, and finally the Q&A session. Online participants can enter their questions into the question bar of the live broadcast interface, or call the following phone numbers to ask questions: 023-63623333/4008-063-263 in mainland China, +852-30183602/+800-961505 in Hong Kong, and +86-23-62737100 [internationally]; the Chinese password is 320556788 and the English password is 649518155. Management will be happy to answer your questions after the results presentation.

These results announcement contains forward-looking statements that reflect the Company's current beliefs and expectations regarding the future. These statements contain words such as "anticipate," "believe," "intend," "estimate," "expect," and words of similar meaning. All statements other than statements of historical fact contained in this meeting are forward-looking statements. These forward-looking statements reflect the views of the Company's management as of the date hereof and are not guarantees of future performance. Neither the Company, any member of the Group nor any of its relevant affiliates, nor any of their respective directors, officers, employees, consultants or representatives undertakes any obligation and expressly disclaims any obligation or undertaking to disseminate any forward-looking statements that are updated or revised.

Next, I would like to introduce the company's management team present at this results announcement meeting. They include:

Mr. Zhang Shaofeng, Founder, Chairman of the Board and CEO

Mr. Zheng Wei, Senior Vice President, Chief Financial Officer, and Head of BaaS Insurance Scenario

Mr. Duan Ying, Senior Vice President and Head of MaaS and BaaS Financial Scenario

Now, I would like to invite Mr. Zhang Shaofeng to report on the business progress in the first half of 2025.

Mr. Zhang Shaofeng, Founder, Chairman of the Board and CEO of Bairong

Distinguished shareholders, investors, analysts, and media friends, hello everyone!

Welcome to the 2025 Interim Performance Announcement of Bairong. It is a great honor to report to you on Bairong's performance progress and new progress, and to share with you our views on long-term development.

Let me briefly introduce Bairong. Our business primarily utilizes AI technology to assist thousands of B-end institutions in two main areas: First, to help them manage risks, whether it be loan risks or insurance fraud and claims risks. Second, to help them increase revenue through marketing and customer management, making customers more willing to purchase more products. By leveraging AI modeling to aid intelligent decision-making, known as Model as a Service (MaaS), we currently handle a daily average of over 300 million calls. Additionally, through generative AI and VoiceGPT to support intelligent marketing and operations, known as Business as a Service (BaaS), we have made significant progress in both technology and applications, building a first-class infrastructure. Moreover, based on AI VoiceGPT technology, we have developed AI products such as the digital human all-in-one machine, AvartarGPT, and the CybotStar AI agent platform to help B-end institutions solve practical business problems. To date, we have accumulated more than 8,000 institutional clients. Familiar names include Alibaba, Baidu, ByteDance, Meituan, Xiaomi, JD.com, ICBC, Bank of Communications, Ping An, SPDB, China Life, China Taiping, and Taikang. Some of them are major clients contributing tens of millions in revenue to Bairong.

Although the overall growth rate of household loans remains around 3%, there have been some favorable policies to stimulate consumption—such as subsidies for trade-in programs and interest rebates on personal consumption loans—and the non-performing loan (NPL) ratio has stabilized rather than continuing its sharp upward trend. Leveraging its solid business foundation and customer relationships, Bairong navigated smoothly through last year's minor downturn, achieving robust growth in the first half of 2025 and maintaining sustained profitability. MaaS revenue grew 19% year-on-year, accelerating by 8 percentage points compared to the second half of last year, with the core customer retention rate further increasing to 98%. BaaS revenue also showed impressive growth; notably, BaaS financial industry cloud revenue driven by generative AI surged 45% year-on-year. Gross margin has consistently remained at a high level of over 73%, demonstrating that our investments in AI have yielded not only a first-mover advantage but also significant scale effects. Net profit for H1 2025 exceeded RMB 200 million, with both net profit margin and adjusted net profit margin returning to double-digit levels at 12% and 16%, respectively. Bairong's renewed ability to grow both revenue and profit is inseparable from the enduring support, trust, and partnership of our shareholders, investors, and analysts. On behalf of Bairong, I extend our heartfelt gratitude to you all.

Bairong is seizing a historic opportunity as artificial intelligence unlocks immense commercial value across all industries. Foundation models and generative AI are transforming virtually every sector. The era of generative AI is here, and with it, the era of AI agents—a market estimated to be ten times larger than the foundation model market. Fortunately, We are positioned at the very core of this technological revolution. Starting late last year, we committed fully to AI, focusing on three key verticals: finance, insurance, and broad-based industries. Our business model has evolved from traditional "software selling" to "deploying digital employees." Our pricing model now emphasizes outcome-based or revenue-sharing arrangements, reducing clients' initial costs while enhancing long-term engagement. Our product strategy prioritizes "out-of-the-box" usability, seamlessly integrating autonomous agents with legacy systems to deliver true end-to-end solutions, rather than merely providing tools or interface tweaks. We launched the Baigong Agent Platform (CybotStar), fostering a thriving AI ecosystem through open platforms, shared models, and co-development initiatives, creating a synergistic "CybotStar Platform + Partners" network. Bairong's competitive moat is built on five pillars: proprietary foundation models, the agent platform, deep industry know-how, API-native capabilities, and a product evolution mechanism driven by customer usage frequency. Our AI advancements have gained broad industry recognition: as highlighted in Morgan Stanley's H1 2025 report "China-AI: The Sleeping Giant Awakes," Among China's Top 60 AI companies, Bairong is the only company from the AI application sector in the financial industry. Our goal is to enter China's Top 10 AI companies by 2028 and secure a top-three position in the finance and insurance segment.

This year, "Full Embrace of AI" remains our highest priority. Resources continue to be concentrated on generative and decision-making AI, and the cycle from lab to scaled commercialization is now moving faster than at the beginning of the year. On the R&D front, we focus on three critical areas: people, hardware, and technology. People: We have recruited the industry's top algorithm scientists and engineering experts adept at deploying models into production. We established an "AI Bootcamp," using customized courses to systematically elevate the AI proficiency of our entire workforce quarter by quarter. Hardware (Weapons): Our kilo-card GPU cluster operates smoothly; trillion-token multimodal datasets are refreshed monthly, ensuring our base model "levels up" every quarter. Technology (Ammunition): Our tech stack—spanning NLP, AutoML, privacy computing, and AI agent orchestration frameworks—is continuously refined. Voice bots now feature enhanced multilingual support, emotion recognition, and multi-agent collaboration, solidifying our position in the industry's first tier. On the business front, we pursue both depth and breadth: Depth—doubling down on finance, utilizing AI to enhance operational granularity and risk-control precision in wealth management and securities; Breadth—rapidly replicating our "model + scenario" solutions in non-financial sectors like healthcare, education, retail, and recruitment. This helps B2B clients save costs and boost efficiency, while delivering smoother B2C experiences, all underpinned by stringent privacy and data security to drive the flywheel effect: technological capability → data accumulation → commercial monetization → technological advancement. In summary, H1 2025 saw us accelerate along our strategic path: a more robust tech foundation, higher talent density, and broader scenario replication—AI has become the core engine powering Bairong's growth.

There is considerable anticipation regarding the progress of our enterprise-grade agent platform, CybotStar. Its mission is unequivocal: to empower enterprises across diverse industries to effectively utilize and benefit from sophisticated large model technology, solving real-world business challenges. CybotStar was thoughtfully designed for two primary scenarios. Internally, it serves as a powerful assistant for employees: enabling intelligent training for customer service teams, efficiently conducting customer background checks, ensuring legal and regulatory compliance, protecting consumer rights, optimizing HR workflows, and streamlining contract management—significantly boosting internal operational efficiency. Externally, it acts as a catalyst for superior customer experience: delivering automated customer service responses, intelligent marketing recommendations, timely repayment reminders, proactive customer follow-ups, personalized care services, and convenient self-service options—all enhancing customer engagement and satisfaction. Results are the ultimate validation. I am thrilled to announce that in H1 2025, CybotStar accelerated significantly on its commercialization journey: we successfully signed formal cooperation agreements with several large and medium-sized institutional clients! A particularly noteworthy achievement is our breakthrough in combining "proactive" large models (capable of independent thinking, decision-making, and action) with emotionally expressive Text-to-Speech (TTS) technology, deployed at scale. This intelligent solution has demonstrably outperformed traditional manual benchmarks in credit scenarios, showcasing AI's immense potential in handling complex interpersonal interactions.

Continuous technological innovation drives our progress. To make the platform's "brain" learn faster and smarter, we introduced the powerful GRPO reinforcement learning framework. Acting like a super-coach, GRPO now trains our proactive large models for more efficient experiential learning and self-optimization. It is also applied to automatically optimize the effectiveness of RAG (Retrieval-Augmented Generation), dramatically accelerating model iteration and enabling us to respond faster to new client demands and enhance existing applications. At the same time, we recognize that powerful computing infrastructure is fundamental. Consequently, the first phase of our company's purpose-built high-performance data center is now fully operational, planned with up to 1,500 high-end GPU cards. To maximize computational resource flexibility and efficiency, we launched a fully self-developed heterogeneous computing cluster. This system features an intelligent "orchestrator" capable of seamless integration and virtualization management for diverse GPUs, including both domestic brands and Nvidia products, regardless of size. Crucially, the cluster is deeply optimized for our platform's core model technologies—including Large Language Models (LLMs), TTS models, and multimodal models. This significant infrastructure investment lays an exceptionally solid computational foundation for the large-scale deployment of intelligent applications across more business scenarios planned for H2 2025.

In H1 2025, Bairong's AI capabilities penetrated even deeper. Leveraging our intelligent voice product (VoiceGPT) and the robust CybotStar enterprise agent platform, we embedded AI capabilities like integrated circuits into the core business processes of key high-potential sectors—telecom operators, healthcare, and large-scale retail. For flagship clients in these industries, we developed a series of innovative AI applications, such as enabling customer self-service and precise recommendations via AI assistants; delivering highly natural AI voice interactions; implementing personalized AI-driven marketing outreach; and—our specialty—deeply integrating AI with clients' core business logic to create transformative services. All of this provides customers with a comprehensive, cutting-edge AI experience. By persistently cultivating these high-value scenarios, we are further cementing our leadership position in the commercialization of AI across diverse industries.

Bairong's large model and generative AI capabilities received widespread recognition in H1 2025. The CybotStar enterprise agent platform, based on Bairong's large language model, successfully completed registration with the Cyberspace Administration of China (CAC), earning authoritative validation for its precision, security, and compliance across multiple dimensions. Following this, Bairong's self-developed large language model, BR-LLM, also completed its official registration. These dual registrations demonstrate that Bairong has fully established end-to-end AI capabilities covering large model training, intelligent agent development, and enterprise scenario deployment, meeting stringent standards for customer-facing services in content generation control and compliance management. As of now, Bairong has formed a comprehensive AI product matrix centered on the base model BR-LLM, intelligent voice interaction models, the code model BR-Coder, and digital humans, demonstrating formidable capabilities in multi-turn dialogue, content creation, automated code generation, and tool invocation. Recognized for having the largest and deepest large model application practices in the financial sector, Bairong was named to KPMG's "Dual 50" list for the second consecutive year. Furthermore, at the 2025 (7th) Innovation and Development Forum co-hosted by Deben Consulting, the Chinese Academy of Sciences' Internet Weekly, and eNet Research Institute, Bairong was honored with the "2025 AI Large Model Innovative Application Award" in the artificial intelligence field for its emotionally interactive robot. This prestigious award recognizes Bairong's outstanding achievements in AI and its significant contributions to advancing the industry and leading technological innovation. This marks the second consecutive year Bairong has received this accolade. As of mid-2025, the company holds 461 patents and software copyrights covering artificial intelligence, machine learning, privacy computing, human-computer collaboration, and multimodal technologies.

As a leading data-driven enterprise, we are committed to our social responsibilities.

Bairong continues to actively and consistently fulfill its corporate social responsibilities. We previously introduced our intelligent voice interaction all-in-one device, “Dasheng,” designed for adolescent emotional companionship. We’ve brought the mythical Monkey King into reality as a companion who listens attentively and offers comforting understanding. Powered by Bairong’s self-developed adolescent emotional companionship large model, Dasheng can answer imaginative questions like “How big is the universe?” while also detecting subtle cues of sadness or frustration in a child’s voice within 0.3 seconds, responding with genuine warmth. High-precision 3D modeling and real-time rendering bring Dasheng to life. Currently deployed in multiple primary and secondary schools across Hebei and Shenzhen, Dasheng is scheduled to reach 300 schools nationwide before this September. Additionally, Bairong’s AI digital human was showcased at the China Welfare Institute Children’s Palace. Utilizing generative AI and affective computing technologies, this digital human senses emotions in real-time, adjusts its conversational strategy accordingly, and provides professional emotional wellness services, safeguarding adolescent mental health through immersive interaction.

Beyond companionship, we strive for earlier detection. Our mental health assessment kiosk was successfully demonstrated at the psychological fair of Tsinghua University High School - Fangshan Campus. Resembling a large-format tablet device, it completes an 8-indicator assessment covering mood, stress, and social tendencies in just 90 seconds, instantly generating a comprehensive “mental wellness report.” The device’s user-friendly interface, scientific rigor, operational efficiency, and accessibility garnered high praise from Beijing’s mental health teaching researchers and leaders from the Fangshan District Education Commission.

We believe the best technology isn't meant to inspire awe, but to ensure individuals are seen, understood, and protected. While our steps might seem small, we are committed to this path until every child can grow up safely, nurtured by the light of technology.

We remain optimistic about AI’s long-term prospects, though near-term headwinds are expected to persist. 1. Insurance sector pressures: regulatory changes have rendered many legacy insurance products unsellable, while sales commissions are capped. This has kept our BaaS Insurance segment under significant pressure with limited visibility into near-term recovery. 2. Credit market constraints: the May issuance of Circular No. 9 restricted sales practices for certain credit products, leading multiple financial institutions to scale back operations in H2 2025. This has materially affected both our MaaS and BaaS Financial segments. 3. Two recent developments tightened AI voice line supply: Telecom operators have recently restricted telephone line supply to reduce complaints.Following previous Myanmar telecom fraud cases, the emphasis on anti-fraud efforts has led operators to further control line supply. These factors will weigh on our H2 performance. While BaaS Insurance may remain pressured for 12–24 months, regulators are likely to adjust credit-product availability based on economic conditions and consumer demand. Carriers may also ease restrictions as anti-fraud measures prove effective. Mid-to-long term, we are expanding Agentic AI services beyond finance and insurance. Despite near-term challenges, our conviction in AI's foundational role across industries remains unwavering.

Bairong takes a long-term view, making near-term investments with a clear focus on sustainable long-term returns. Our faith in AI and our unwavering commitment to its long-term strategic development remain steadfast. Looking ahead, we will continue to invest resolutely in the AI sector, concentrating on AI technology platform products and AI applications to revolutionize enterprise efficiency, reduce costs, and boost revenue. We will offer our extensively refined decision-making AI models, generative AI models, and the powerful CybotStar AI agent production platform to enterprises in flexible ways, empowering all industries to build their own AI platforms, agents, and application capabilities. This better fulfills our mission and vision: "Illuminating Millions of Businesses and Households, Becoming the Navigator in the AI Era." On this enduring journey, we look forward to joining forces with far-sighted long-termists to shape the future together.

The above summarizes Bairong's 2025interim performance and our future outlook. Thank you once again for joining the Bairong 2025 Interim Results Briefing.

Ms. Qin Xuan (Sandy), Executive Director, and Investor Relations Director

Thank you, Chairman Zhang Shaofeng, for your rich and extensive explanation, and now I would like to invite Mr. Zheng Wei, CFO and Senior Vice President of BaaS Insurance Scenario, to introduce the 2025 interim results and financial highlights.

Mr. Zheng Wei, Senior Vice President, Chief Financial Officer, and Head of BaaS Insurance Scenario, Bairong

Thank you to all our shareholders, investors, analysts, and media friends.

In the first half of 2025, the company has achieved solid operational performance and financial results. Our revenue reached RMB 1.612 billion, a 22% year-over-year increase from RMB 1.321 billion. Despite a challenging year, Bairong successfully achieved stable revenue growth and maintained continuous profitability, highlighting the resilience of our business model and competitive edge in the market.. Gross profit increased by 22% year-over-year to RMB 1.182 billion from RMB 0.967 billion, with a stable gross margin of 73%, primarily benefiting from the scalable AI cloud business model that further realized economies of scale. Operating profit and net profit both reached RMB 201 million, with an operating profit margin and net profit margin of 12%. Non-IFRS net profit reached RMB 254 million, with a non-IFRS net profit margin of 16%. Non-IFRS EBITDA was RMB 283 million, with a non-IFRS EBITDA profit margin of 18%. While sustaining revenue growth, we continued to optimize costs and operational efficiency, driving a steady increase in operating profit.

In the first half of 2025, our revenue achieved robust growth, mainly driven by the BaaS (Business as a Service), which increased by 23% year-over-year to RMB 1.110 billion, accounting for 69% of total revenue. Within the BaaS business, BaaS Financial Scenario revenue grew by 45% to RMB 0.857 billion, representing 77% of BaaS revenue and 53% of total revenue. The BaaS insurance business actively responded to regulatory changes, with revenue decreasing by 19% to RMB 253 million, accounting for 23% of BaaS revenue and 16% of total revenue. Our other business, MaaS (Model as a Service), saw its revenue increase by 19% to RMB 502 million, accounting for 31% of total revenue. The revenue structure demonstrates a pattern of "BaaS as the mainstay, MaaS as the stabilizer," with the deployment of generative AI markedly expanding the scale and profit potential of BaaS.

Our MaaS business aims to assist institutional clients in decision-making by providing models and assessment results, with diversified application scenarios. In the first half of 2025, key clients (those contributing more than RMB 300,000 in annual revenue) accounted for 76% of the MaaS revenue of RMB 502 million. The number of key clients reached 167, with an average revenue contribution of RMB 2.28 million per key client. The MaaS business maintained steady growth and continued to deliver sustainable cash flow.

Our BaaS business aims to enhance the efficiency of vertical industry asset operations through generative AI technology combined with large models, while also achieving scalable reuse in different sub-sectors, such as banking, insurance, wealth management, and inclusive finance.

The BaaS Financial Scenario primarily assists institutions in more efficient intelligent marketing and operations, covering specific business scenarios such as retail lending, micro and small enterprise lending, wealth management, and leasing e-commerce. The BaaS Financial Scenario charges technical service fees based on the scale of asset transactions facilitated.

In the first half of 2025, as a leader in the application of AIGC, our BaaS Financial Scenario revenue increased by 45% to RMB 0.857 billion. This reflects our rising product-market fit and growing customer penetration.

Our BaaS Insurance Scenario operates nationwide through Liming Insurance Brokerage. Our Discriminant AI provides comprehensive customer insights and precise insurance product recommendations, and through Generative AI and the offline insurance broker team, it manages high-value policies for user operations. We charge commissions based on the premiums of successful transactions. These achievements underscore our resilience in value delivery and the momentum driving our business recovery.

In the first half of 2025, our BaaS Insurance Scenario revenue was RMB 253 million. In terms of revenue structure, revenue from new policies contributed RMB 204 million, a year-over-year decrease of 20% from RMB 255 million; the renewal rate of life insurance premiums continued to exceed 90%, remaining at the forefront of the industry. Revenue from renewal policies contributed RMB 49 million, a year-over-year decrease of 12% from RMB 56 million. The total premium facilitated reached RMB 3.119 billion, a year-over-year increase of 9% from RMB 2.873 billion.

In the first half of 2025, our gross margin remained stable at 73%, primarily benefiting from the scalable AI cloud business model that further realized economies of scale.

Research and development expenses reached RMB 302 million, a 33% year-over-year increase from RMB 226 million, accounting for 17% of total revenue. The company continues to scale investments in AIGC and large language models (LLMs) to enhance product capabilities and core technology development. During the reporting period, we pioneered the mass production deployment of an active large model alongside a multi-emotion TTS synthesis model, significantly enhancing business performance and commercial value. Concurrently, the reinforcement learning framework GRPO was implemented for active model training and automated RAG performance optimization, significantly accelerating iteration efficiency and stability. On the computing infrastructure front, Phase I of our high-density computing facility commenced operations, featuring a self-developed heterogeneous compute cluster with full compatibility across all mainstream GPUs. This cluster enables virtualization and intelligent scheduling for both high- and low-end accelerator cards, while delivering deep optimization for language model, TTS model, and multimodal models—establishing a robust foundation for large-scale, multi-scenario deployments in the second half of the year.

Sales and marketing expenses amounted to RMB 0.606 billion, accounting for 38% of total revenue, same as last year.

General and administrative expenses were RMB 104 million, accounting for 9% of total revenue, with a steady decline in its proportion.

Net profit increased 41% to RMB 201 million, with a net profit margin of 12%. Non-IFRS net profit reached RMB 254 million, with a non-IFRS net profit margin of 16%.

We will continue investing in core technologies and computing power to safeguard long-term competitiveness, while sharpening our focus on marketing efficiency and management-expense discipline to drive further gains in profitability and capital returns without compromising growth.

As of 30 June 2025, our cash, cash equivalents, and similar financial assets amounted to RMB 3.730 billion, a 2% increase from last year-end's RMB 3.657 billion, mainly due to Bairong's increased efficiency in capital utilization and enhanced strategic investments and share repurchase program. The RMB 3.730 billion includes cash and cash equivalents of RMB 834 million, time deposits of RMB 1.578 billion, and current financial assets measured at fair value through profit or loss of RMB 1.315 billion.

With confidence in the long-term future and a focus on shareholder returns, the company repurchased a total of 3.27 million Class B shares from the public market in 2024, at a total cost of HKD 26 million.

As one of the few domestic AI companies that have found true application scenarios for generative AI and achieved profitability, Bairong maintained stable revenue growth and continuous profitability in the first half of 2025. Looking ahead, Bairong will increase investments in research and development and marketing, and continue to empower thousands of industries with AI. Thank you, everyone!

Ms. Qin Xuan (Sandy), Executive Director, and Investor Relations Director

Thank you management for the wonderful presentation. Now it's time for the Q&A session. We welcome everyone to ask questions. Investors and analysts who are participating via telephone, if you wish to ask a question, please press the star key followed by the number 1 on your phone. First press the star key, then press the number 1. Investors and analysts who are participating online, if you wish to ask a question, you can type it in the 'Q&A section' on the online platform. I will read it for everyone later. Please mention your company's name and yours before asking a question.

Morgan Stanley Beryl Yang: The intelligent human and Agent market is highly competitive. Since their launch, how have the company's new products AvatarGPT and CybotStar (a multi-skilled AI platform) performed in terms of client signings and order backlog? Does CybotStar primarily operate on a revenue-sharing model or a per-task fee structure? As previously mentioned by CEO Shao Feng, internal AI-generated code accounts for 25-30% of Bairong's system, with AI penetration reaching 80-90% in HR contract review and other internal scenarios. What cost savings have these internal AI applications achieved by mid-2025? Are these general-purpose AI agents being commercially deployed? Could you share more details about customer progress for new products in the first half of the year? Have quantifiable KPIs or market share targets been established? What future application scenarios do you anticipate will show greater potential?

Mr. Zhang Shaofeng, Founder, Chairman of the Board and CEO of Bairong: Beyond empowering internal departments and boosting efficiency while reducing costs, our enterprise-level AI platform Cybotstar has been implemented across multiple customer scenarios including green finance, wealth management, financial leasing, and recruitment. The team has engaged with hundreds of clients and signed formal agreements with several partners, with order volume steadily increasing. While current contracts primarily adopt a per-project fee model, the company's strategic goal is to transition to a BaaS-based revenue-sharing model based on business outcomes. As new products are till in the market exploration phase, our KPIs focus on market share growth. We're identifying promising scenarios across various sectors and need to continuously expand vertical-specific implementation capabilities.

When it comes to product development, our Agent-based system employs the "LLM×(Planning + Memory + Tools + Action)" framework. This architecture enables intelligent agents to share a unified cognitive engine and shared memory systems, eliminating disjointed workflows. The resulting seamless human-machine interactions and coordinated problem-solving processes allow for efficient handling of complex challenges through rapid collaboration.

Agent Case in Green Finance: Leveraging large models and intelligent agents, we effectively address industry pain points such as data collection challenges, slow information extraction, and fragmented analytical standards in key green finance operations including ESG scoring and carbon accounting. This enhances the accuracy of ESG reporting, improves documentation efficiency, and enables high-quality climate information disclosure. Building upon our previously developed one-stop green finance solution, we have deeply integrated large models and intelligent agents to facilitate comprehensive intelligent upgrades across Huaxia Bank's entire green finance ecosystem. This initiative effectively supports the bank's headquarters, 44 branches, and 1,008 sub-branches in conducting green finance operations, improving data accuracy, ensuring timely business coordination, and boosting inter-branch collaboration efficiency. The implementation has achieved full digitalization, standardization, and intelligent transformation of business processes, ultimately driving approximately a 30% year-on-year reduction in operational and management costs.

Agent Case in Wealth Management: Taking BaaS Wealth Management as an example, this emerging business line has restructured traditional investment advisory services through the integration of AI large models and multi-agent collaboration capabilities, successfully breaking through the service boundary limitations of conventional operations. According to reports, by embedding large models throughout the wealth management process, traditional investment advisory services can be standardized into intelligent operational procedures (SOPs). AI agents automate core processes including market analysis, investment recommendation generation, and client interaction, while algorithmic engines enable real-time dynamic updates and precise matching of customer profiles. This approach allows commercial institutions to achieve full customer coverage in wealth management, unlocking growth potential for asset management.

China Securities Wuma Hanxu: The company's first-half performance surpassing expectations. During the 2024 annual results briefing, the company reaffirmed its commitment to "steadfastly advancing AI-driven initiatives," projecting an additional R&D investment of approximately 300 million yuan in 2025. Recent interim reports reveal a 75-million-yuan year-on-year increase in R&D spending during the first half, raising its revenue share by 2 percentage points. While sales expenses remained unchanged at 100 million yuan. With these two new investments totaling over 150 million yuan in the first half, will the company accelerate or moderate its investment pace in the second half? What cost control strategies will be implemented? How do annual revenue growth trends differ across business segments?

Mr. Zheng Wei, Senior Vice President, Chief Financial Officer, and Head of BaaS Insurance Scenario, Bairong: In the first half of 2025, Bairong continued to counter external uncertainties with its own certainty, steadfastly executing its AI strategy to drive balanced growth in both quality and speed. By continuously strengthening capabilities in AI R&D, application, and commercialization, the company has achieved rapid revenue and profit growth, demonstrating robust resilience and sustainable growth momentum. Current achievements encompass not only deep optimization of existing business operations but also ongoing incubation in innovative fields.

The growth in the first half of the year stemmed from two compound effects: 1) The compound effect of "AI productization": by integrating standardized AI capability components with configurable scenario templates, we transformed previously highly customized deliverables into reusable, scalable product packages. This accelerated the transition from Proof-of-Concept (PoC) to large-scale deployment while boosting commercialization efficiency. 2) Systematic development through "AI engineering": we strengthened the entire data governance, feature engineering, model training, and deployment chain. This enhanced model iteration speed and stability, significantly reduced delivery and maintenance costs, and created sustainable economic advantages per unit. Focusing on core scenarios for financial and broad industry clients—such as intelligent risk control, smart marketing, anti-fraud systems, operations, and compliance—we continuously accumulated industry expertise and enriched our rule-based knowledge systems. This improved model interpretability and controllability, enhancing accuracy and consistency. Higher-quality data further optimized model performance, delivering better business outcomes and customer satisfaction. These improvements drove increased repurchases and cross-selling, which in turn enriched data coverage and application scenarios, ultimately creating a virtuous cycle of revenue growth and profit improvement.

Looking ahead to the second half of 2025, we will continue our efforts to achieve the double-digit revenue growth target set at the beginning of the year. We will further increase R&D investments to strengthen our competitive edge in the market and maintain our leading position. Our focus will be on enhancing growth quality and improving resilience against market cycles. It's important to note that our investments are strategically focused and dynamically calibrated. Resources will be prioritized for AI infrastructure and high-potential new businesses, with regular reviews and adjustments based on market feedback, technological advancements, and macroeconomic changes. We've also established thresholds to ensure cash flow stability for core operations. We won't blindly pursue accelerated growth or sacrifice long-term strategies for short-term gains. While expanding investments, we remain committed to "intelligence-driven efficiency enhancement" as our cost control strategy. This isn't just about cutting costs – it's about pooling resources to boost internal operational efficiency, such as continuously applying AI agents across processes. By improving management and operational efficiency, we aim to accelerate the deployment of more products and services.

We plan to continue investing. By leveraging AI as both our growth engine and competitive moat, Bairong Innovation will drive high-quality, sustainable business expansion through long-term technological investments, engineering-driven implementation capabilities, and deep industry scenario insights. This strategic approach ensures continuous delivery of measurable business value to our clients and the market.

CICC Jing Yujie: As major tech companies increasingly leverage general-purpose large models to penetrate vertical sectors, how can financial institutions maintain their model advantages in core fields like finance and insurance? What specific quantitative metrics demonstrate the competitive edge of proprietary models over solutions refined from general models, particularly regarding iteration speed, training costs, and performance metrics?

Mr. Zhang Shaofeng, Founder, Chairman of the Board and CEO of Bairong: Bairong's AI platform, the CybotStar Agent Builder powered by its large language model, obtained official registration from China's Cyberspace Administration of Information last November. The platform has been certified for accuracy, security, and compliance. This achievement was followed by the successful registration of its self-developed BR-LLM large language model in the first half of this year. These dual approvals demonstrate that Bairong has established a full-stack AI ecosystem encompassing model training, intelligent agent development, and enterprise implementation. With content generation controls meeting customer service standards and robust compliance management, the company is injecting new momentum into smart industries and consumer sectors. Currently, Bairong operates an AI product portfolio featuring core components like the BR-LLM foundation model, intelligent voice interaction system, BR-Coder code generator, and digital human avatar. The platform demonstrates exceptional capabilities across multiple domains including multi-turn Q&A, text generation, code auto-completion, and tool integration.

The company's self-developed Agent Builder platform —— CybotStar supports zero-code visual workflow orchestration. By integrating rule-based strategies to precisely regulate generated content, it effectively addresses the prevalent "hallucination" issue in large models. In real-world business scenarios, CybotStar achieves over 99% response accuracy while supporting more than 10 distribution channels, significantly enhancing the practicality and applicability of intelligent agents.

The speech recognition accuracy, semantic understanding accuracy and interrupt recognition accuracy of VoiceGPT, which is fully self-developed by us, are all above 99%. It can provide feedback within 40 milliseconds and support multiple rounds of dialogue and different language scenarios. Compared with traditional pure manual technology, it can save 90% of the cost, and compared with purchasing third-party technology, it can save 70% of the cost.

We also frequently conduct horizontal comparisons of various large models. After undergoing dedicated training, exclusive large models tailored to a specific vertical industry or particular field offer two key advantages first: their hallucinations are suppressed, and their parameter scale can be reduced. A smaller parameter scale, in turn, brings two additional benefits: faster response speeds and lower operational costs. Our computing power will be invested in two areas: first, exclusive large models, and second, the construction of the Baigong Intelligent Agent (BaiGong AI Agent) building platform itself.

Minsheng Securities Zhang Kaifeng: How will Document No.9's implementation in October affect the company? What is your perspective on this policy? If strictly enforced at 24%, would it impact BaaS services? What are the internal projections of its effects? How does the company plan to respond? Regarding the issue of limited outbound call AI lines mentioned by the CEO, what impacts has the company observed, and how will it respond?

Mr. Duan Ying, Senior Vice President of Bairong and Head of MaaS and BaaS Financial Scenario: The core objectives of the Beijing policy (Document No.9) aim to regulate commercial banks 'online lending services, strengthen risk management, and eliminate industry malpractices such as "interest rate arbitrage" and "non-transparent fee structures". These measures are designed to enhance financial service quality and efficiency, thereby promoting the sustainable development of internet lending. The policy explicitly requires that all platform service fees and credit enhancement fees be included in comprehensive financing cost calculations, ensuring that the total cost per loan remains strictly within the 24% judicial protection threshold. Beijing's policy further reinforces the prohibition of disguised interest rate hikes through "member benefits" and "value-added services" that involve forced bundling, marking concrete implementation of these regulatory measures. The implementation of the new regulations on October 1 marks a new starting point for balancing compliance and profitability in the online lending sector.

These policies primarily target institutional clients served by the company, including commercial banks, fintech companies, and consumer finance firms. As an independent third-party technology service platform, Bairong has always prioritized compliance, strictly adhering to regulatory requirements while actively restructuring its business operations. In response to the regulatory requirements outlined in Document No.9 and guidance documents issued by regulators in Beijing and other regions, we have developed tailored compliance adaptation plans based on clients 'actual needs. These solutions help optimize business structures, enhance system support, and facilitate smooth transition of operations. Currently, we are closely monitoring clients' adjustment progress, dynamically assessing industry changes, and fully supporting their continued business operations within compliance frameworks.

Impact of telemarketing restrictions and our response: First, carriers are scaling back line supply—compliant lines face stricter approval processes and higher costs, while high-frequency dialing is restricted, potentially pressuring business scale. Second, compliance risks surge, requiring real-name verification, real-time call monitoring, and driving up both technology upgrade expenses and legal costs. To address these challenges, we are: optimizing line resources by prioritizing carrier-approved number segments and establishing a line-health monitoring system with a "whitelist" mechanism; upgrading technology through deploying AI quality-control systems to refine scripts and adopting de-identification technologies to secure data, thereby achieving comprehensive compliance. Moving forward, we will continue to focus on technology-driven services, grow alongside clients under regulatory guidance, and contribute to the industry's standardized development.

Zhongtai Securities Jiang Dan: Based on the performance data of BaaS Insurance Scenario, the first half of the year remained significantly impacted by the "unified reporting and administration" policy. Will the commission rate stabilize or continue to decline? The drop in commission rates affects brokers' motivation. What measures has the company taken to address this in terms of business development and broker efficiency? Beyond expanding premium collection volume, could the company leverage its AI capabilities to enhance partnership stickiness with insurance providers?

Mr. Zheng Wei, Senior Vice President, Chief Financial Officer, and Head of BaaS Insurance Scenario, Bairong: Amid evolving economic conditions and interest rate environment, China's insurance sector is undergoing profound transformation. Regulators have implemented regulatory adjustments to address profit margin losses and fee gap issues, guiding the industry toward high-quality development through measures such as lowering predetermined interest rates and optimizing channel management.

The main points include: 1. by continuously lowering the predetermined interest rates and minimum guaranteed interest rates of insurance products, insurers can reduce cost pressures on their liability side, strengthen asset and liability management, and mitigate interest margin loss risks caused by declining market rates (as traditional life insurance products maintain high liability costs due to rigid redemption attributes); 2. through adjusting predetermined and guaranteed interest rates, insurers are compelled to return to their core protection mission, guiding insurance products to shift from savings or investment to protection, thereby enhancing underwriting capacity to better meet risk management demands in low-interest-rate environments; 3. following the implementation of "reporting and execution integration" in intermediary services, the National Financial Regulatory Administration issued the "Notice on Promoting Deepening the Reform of Personal Marketing Systems in the Life Insurance Industry" in April 2025, comprehensively deepening the "reporting and execution integration" for individual insurance and distribution channels. The impact of this Document No.13 continues to extend, with a more prolonged timeline.

These adjustments not only reflect the regulators' grasp of the current financial environment and the risk forecast of the insurance market, but also provide an important impetus for insurance companies to transform from the original "high cost, high risk" model to a more stable and long-term sustainable model.

Regarding commission rates, I personally observe a profound adjustment characterized by "initial decline followed by stabilization". While short-term rates have seen widespread significant drops, the rate reduction momentum has moderated (overall decline over 25 years, but with narrowed pace). To put it simply, I believe the insurance industry is currently in a phase of "long-term growth with temporary challenges". We remain firmly convinced of the sector's long-term value. The rigid demand driven by demographic shifts is accelerating—— the pension security gap caused by aging populations, while rising health awareness across society fuels growing protection needs—all highlighting the insurance industry's irreplaceable role in social risk management.

In the first half of 2025, BaaS Insurance Scenario’s new policy premiums and renewal premiums maintained steady growth. With new policies growing while renewal rates consistently remained above 90%, all these metrics surpassed industry benchmarks. This demonstrates our resilience and certainty in value delivery and client success, as the business shows clear momentum for stable recovery.

The BaaS Insurance Scenario has adopted a "flattened" organizational structure from its inception, with a more rational commission system design. By leveraging flexible management mechanisms, it demonstrates superior resilience during transformation processes. More crucially, through the synergistic application of generative and decision-making AI, the cloud fully harnesses AI's capabilities in precise demand forecasting models and automated operations. This enables more effective client engagement in complex protection planning and in-depth services for high-net-worth clients. Through continuous interaction, it identifies needs, delivers tailored services, enhances user experience, and cultivates value through refined customer management strategies.

The BaaS insurance scenario will further advance the collaborative application of generative AI and decision-making AI, forming systematic solutions for sales chain optimization and customer value enhancement. This will continuously drive intelligent upgrades in the insurance service ecosystem. By restructuring the insurance value chain through AI technology, it aims to achieve higher operational efficiency, lower fixed costs, more flexible cost structures, and faster product iteration and service response. This ensures that AI capabilities are truly integrated into daily operations, amplifying business effectiveness and contributing quantifiable business outcomes to the industry's high-quality development.

Guotai Haitong Securities Sun Kun: The company's MaaS business is regaining momentum and restoring double-digit growth. Is it because the macro environment is getting better, customers' ability to pay is stronger? Or the company's product market competitiveness is further strengthened? What is the market share of MaaS business now?

Mr. Duan Ying, Senior Vice President of Bairong and Head of MaaS and BaaS Financial Scenario: Driven by national policy support and recovering market demand, the company's MaaS business achieved double-digit growth in the first half of the year. Core customers contributed 16% more revenue than the same period last year, with their number increasing by 1% and average revenue per user (ARPU) rising by 14%. This indicates that ARPU growth has become a bigger contributor to core customer revenue, strengthening the company's client loyalty. Meanwhile, core customers 'share of MaaS revenue decreased from 78% last year to 76% this year, a 2 percentage point drop. Conversely, non-core customers' revenue grew 32% year-on-year, outpacing the overall MaaS business growth. This demonstrates increased client payments and higher payment amounts, along with expanding market share. The company's "land first, expand later" business model, combined with strong product competitiveness has gained market validation. Specifically, financial sectors including banking, insurance, consumer finance, fintech, and auto finance remain key drivers of MaaS revenue.

Huatai Securities Chen Yuxuan: The company has established stable profitability with ample cash reserves, yet its share buybacks in the first half of the year totaled only HK$25 million – a significant slowdown compared to the over HK$200 million spent on share buybacks during the previous two years. Will the company implement more capital market revitalization strategies in the second half, such as increased share buybacks or dividend plans? Earlier this year, management emphasized "capturing market share at all costs." How will the company balance short-term expansion with shareholder returns?

Mr. Zhang Shaofeng, Founder, Chairman of the Board and CEO of Bairong: The company's adjustment of its first-half share repurchase scale was based on a comprehensive assessment of short-term market conditions and business development pace. Prioritizing shareholder returns as a core principle, the company conducted its repurchase operations while ensuring sufficient working capital for business operations and supporting market expansion, demonstrating prudent capital management practices.

Regarding capital market strategies for the second half of the year, the company will closely monitor market developments while evaluating shareholder return initiatives—including share buybacks and dividend distributions—aligned with its financial position and growth objectives. For instance, the annual share repurchase authorization is capped at 10% of outstanding shares as of the annual general meeting date. The company maintains strong capital market support capacity. Should these plans be finalized, the company will promptly disclose them in accordance with regulatory requirements to ensure shareholders' rights to information and participation.

Regarding the balance between short-term expansion and shareholder returns, the company proposed "capturing market share regardless of cost" at the beginning of the year, with the core aim of strengthening long-term competitiveness—— The current AI service market is in a period of rapid growth. Increasing investment to seize opportunities can lay the foundation for larger-scale shareholder returns in the future. The company consistently believes that reasonable short-term market investments and long-term enhancement of shareholder value are mutually reinforcing. We will maintain dynamic equilibrium between business growth and shareholder returns to ensure the sustainability of our strategy.

We welcome your attention to our regular reports and interim announcements for specific follow-up actions.

Ms. Qin Xuan (Sandy), Executive Director, and Investor Relations Director

Due to time constraints, we have concluded our Q&A session. Thank you all for your questions and the management's responses. I would like to thank everyone again for participating in the Bairong 2025 interim results announcement meeting. If you have more questions, please visit the company's investor relations website at ir.brgroup.com or send an email to ir@brgroup.com for inquiries. Additionally, you are welcome to scan the QR code to follow our digital IR assistant "Bairongrong." Bairongrong can interact directly with you and regularly release the company's business news and updates. We look forward to meeting and conversing with you again at the next performance meeting. Thank you!