小马智行 · pony.ai

# Pony AI Inc.

(A company controlled through weighted voting rights and incorporated in the Cayman Islands with limited liability)

**Stock Code : 2026**

# 2025 ANNUAL REPORT

# Contents



# Company Information

## EXECUTIVE DIRECTORS

Dr. Jun Peng (彭軍)
*(Chairman of the Board and Chief Executive Officer of the Company)*
Dr. Tiancheng Lou (樓天城)
*(Chief Technology Officer of the Company)*

## NON-EXECUTIVE DIRECTORS

Mr. Fei Zhang (張斐)
Mr. Takeo Hamada

## INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Jackson Peter Tai (戴國良)
Dr. Mark Qiu (邱子磊)
Ms. Asmau Ahmed

## AUDIT COMMITTEE

Mr. Jackson Peter Tai (戴國良) *(Chairman)*
Dr. Mark Qiu (邱子磊)
Ms. Asmau Ahmed

## COMPENSATION COMMITTEE

Dr. Mark Qiu (邱子磊) *(Chairman)*
Dr. Jun Peng (彭軍)
Ms. Asmau Ahmed

## NOMINATION COMMITTEE

Dr. Mark Qiu (邱子磊) *(Chairman)*
Dr. Jun Peng (彭軍)
Ms. Asmau Ahmed

## CORPORATE GOVERNANCE COMMITTEE

Dr. Mark Qiu (邱子磊) *(Chairman)*
Mr. Jackson Peter Tai (戴國良)
Ms. Asmau Ahmed

## COMPANY SECRETARY

Mr. Ng Tung Ching Raphael (吳東澄)
*(Fellow of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom)*

## AUTHORIZED REPRESENTATIVES

Dr. Jun Peng (彭軍)
Mr. Ng Tung Ching Raphael (吳東澄)

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## REGISTERED OFFICE

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Cayman Islands

## AUDITOR

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## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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PRC

## STOCK CODE

2026

## NASDAQ STOCK TICKER

PONY

## COMPANY'S WEBSITE

https://www.pony.ai

This annual report has been posted in both the English and Chinese languages on the websites of the Company at ir.pony.ai and Hong Kong Stock Exchange at www.hkexnews.hk. A printed version of this annual report is available on request from the Company and the Company's Hong Kong Share Registrar free of charge.

# Safe Harbor Statement

This annual report contains forward-looking statements. These statements are made under the "safe harbor" provisions of the U.S. Private Securities Litigation Reform Act of 1995. Statements that are not historical facts, including statements about the Company's beliefs, and expectations, such as the expected fleet size and expected city deployment, are forward-looking statements. Forward-looking statements involve inherent risks and uncertainties, and a number of factors could cause actual results to differ materially from those contained in any forward-looking statement. In some cases, forward-looking statements can be identified by words or phrases such as "may", "will", "expect", "anticipate", "target", "aim", "estimate", "intend", "plan", "believe", "potential", "continue", "is/are likely to" or other similar expressions. Further information regarding these and other risks, uncertainties or factors is included in the Company's filings with the SEC and announcements on the website of the Hong Kong Stock Exchange. The forward-looking statements included in this annual report are only made as of the Latest Practicable Date, and the Company disclaims any obligation to publicly update any forward-looking statement to reflect subsequent events or circumstances, except as required by law. All forward-looking statements should be evaluated with the understanding of their inherent uncertainty.

# Four-Year Financial Summary

## FINANCIAL HIGHLIGHTS FOR THE LAST FOUR YEARS ENDED DECEMBER 31, 2025

| | Year ended December 31, | | | |
|---|---|---|---|---|
| | **2025** | 2024 | 2023 | 2022 |
| | *(in USD thousands)* | | | |
| Total Revenues | **90,001** | 75,025 | 71,899 | 68,386 |
| Gross profit | **14,161** | 11,403 | 16,884 | 32,064 |
| Loss from operations | **(260,857)** | (285,523) | (143,240) | (170,715) |
| Net loss | **(76,758)** | (275,006) | (125,328) | (148,250) |
| **Non-GAAP financial measures** | | | | |
| Adjusted net loss (non-GAAP) | **(173,991)** | (132,335) | (113,813) | (133,554) |
| **Assets** | | | | |
| Total current assets | **1,250,639** | 834,622 | 666,346 | 643,570 |
| Total non-current assets | **562,198** | 216,199 | 80,771 | 127,944 |
| Total assets | **1,812,837** | 1,050,821 | 747,117 | 771,514 |
| **Liabilities** | | | | |
| Total current liabilities | **91,475** | 70,886 | 48,165 | 48,100 |
| Total liabilities | **103,838** | 82,110 | 51,944 | 53,602 |
| **Mezzanine equity** | | | | |
| Total mezzanine equity | **–** | – | 1,361,278 | 1,257,497 |
| **Shareholders' (deficit) equity** | | | | |
| Total shareholders' (deficit) equity | **1,708,999** | 968,711 | (666,105) | (539,585) |

*Note:* For further information on non-GAAP financial measures, see the section headed "Use of Non-GAAP Financial Measures" in this annual report.

# Key Highlights

## OPERATING AND FINANCIAL PERFORMANCE HIGHLIGHTS

### Latest Business Update

- Our Robotaxi fleet size surpassed 1,400[1] as of March 25, 2026. Following our recent expansion into Croatia, Hangzhou and Changsha in March 2026, we are on track to deploy over 3,000 Robotaxis in more than 20 cities globally by the end of 2026.

- Our Robotaxi business reached city-wide unit economics breakeven in Shenzhen in February 2026, following the same milestone achieved in Guangzhou in November 2025. In terms of scale, the number of total paid orders in Shenzhen from January to mid-February 2026[2] exceeded the aggregate number for the entire year of 2025. In addition, the daily net revenue per Gen-7 vehicle on the record peak day reached an all-time high of RMB394 in Shenzhen on March 22, 2026, with 25 orders per vehicle for the day.

### Highlights for the Year Ended December 31, 2025

- **Robotaxi services revenues** were USD16.6 million for the year ended December 31, 2025, representing an increase of 128.6% from USD7.3 million for the year ended December 31, 2024. Notably, fare-charging revenues from Robotaxi services increased by around 400% year-over-year for the year ended December 31, 2025.

- **Total revenues** were USD90.0 million for the year ended December 31, 2025, representing an increase of 20.0% from USD75.0 million for the year ended December 31, 2024.

- **Gross margin** was 15.7% for the year ended December 31, 2025, compared to 15.2% for the year ended December 31, 2024.

- **Net loss** was USD76.8 million for the year ended December 31, 2025, representing a decrease of 72.1% from USD275.0 million for the year ended December 31, 2024.

- **Non-GAAP net loss**[3] was USD174.0 million for the year ended December 31, 2025, compared to USD132.3 million for the year ended December 31, 2024.

*Notes:*

(1) As of March 25, 2026, 1,446 Robotaxi vehicles had been produced.

(2) The period refers to the time up to February 16, 2026.

(3) For the purpose of better reviewing and assessing the Company's operating performance, the Company has redefined the non-GAAP adjustment items to include "changes in fair value of trading securities" within reconciliation of U.S. GAAP and non-GAAP results. The comparative figures for the prior periods have been retrospectively restated. Non-GAAP financial measures exclude share-based compensation expenses, changes in fair value of warrants liability, and changes in fair value of trading securities, and such adjustment has no impact on income tax. For further details, please see the "Reconciliation of U.S. GAAP and Non-GAAP Results" section of this annual report.

## BUSINESS REVIEW

Our Company reached a significant milestone in 2025 as we entered a phase of rapid growth and large-scale commercialization. Revenues from our Robotaxi services increased by 128.6% year-over-year to USD16.6 million in 2025, with strong growth momentum maintained throughout the year. This upward trajectory further accelerated in the fourth quarter, during which Robotaxi services revenues increased by 159.5% to USD6.7 million. In particular, fare-charging revenues in the fourth quarter grew by over 500% year-over-year.

This strong growth was underpinned by the mass production and scaled deployment of our seventh-generation ("**Gen-7**") Robotaxi vehicles. Our Robotaxi fleet had scaled to over 1,400 vehicles as of March 25, 2026, making us one of the largest Robotaxi operators globally and further strengthening our leading position in the autonomous driving industry. We were also the first to initiate fully Level 4 ("**L4**") driverless public-facing fare-charging Robotaxi operations in designated areas of all four tier-one cities in China, namely Beijing, Shanghai, Guangzhou and Shenzhen. Our operations span a wide range of complex urban scenarios, including central business districts, airports, high-speed train stations and the University Town in Guangzhou, demonstrating our ability to operate safely and reliably during peak hours and under adverse weather conditions.

Our growing scale and operational capability were further reflected in the improving unit economics ("**UE**") of our Robotaxi business. We achieved a significant operational milestone of reaching city-wide UE breakeven in Guangzhou in November 2025, shortly after the commercial launch of Gen-7 Robotaxi vehicles in late 2025, and further reached city-wide UE breakeven in Shenzhen in February 2026. In Shenzhen, the sustained momentum accelerated and the daily net revenue per Gen-7 vehicle on the record peak day reached an all-time high of RMB394, with 25 orders per vehicle on March 22, 2026. These milestones validated the economic viability of our business model, particularly given that revenue generation in early stages of ramp-up may lag certain cost items due to operational setup, customer incentives, and other upfront expenses. They also provide a stronger foundation for further fleet expansion and broader cooperation with third-party partners under our joint deployment model.

Further supporting the next phase of growth, the Company successfully completed its dual primary listing on the Stock Exchange, raising net proceeds of more than USD800 million and bringing our cash and other investments(4) to more than USD1.5 billion as of December 31, 2025. Our listing on the Stock Exchange represented the largest initial public offering globally in the autonomous driving sector in 2025, further strengthening our capital base to support mass production, large-scale commercialization, continued innovation and expansion into new markets. This robust financial position was further supplemented by gains from our strategic equity investments in the fourth quarter of 2025, leading to a quarterly GAAP-level net profit for the period. Beyond financial returns, these investments strategically strengthened our ecosystem positioning and helped us unlock business synergies.

*Note:*

(4) Includes cash and cash equivalents, short-term investments, restricted cash and long-term debt instruments for wealth management.

## Our Technology Strengths

The Robotaxi stands as the first true application of physical AI, validated by real-world operations and user adoption. Leveraging our proprietary software technology, high-performance hardware integration, and years of rigorous development, our Robotaxi business has progressed beyond small-scale testing and is now entering a new stage of mass commercialization.

### *PonyWorld – A Path to Fully Driverless Level 4 Solutions*

Our goal is to develop a new generation of autonomous driving solutions capable of surpassing human drivers in safety and performance. To this end, we have developed *PonyWorld*, a world model methodology to train L4 autonomous driving systems. Rather than relying on the traditional method of "learning by watching" human driving data, which inherently limits the performance of the system to that of a human driver, *PonyWorld* enables the Virtual Driver to improve through large-scale training in AI-generated scenarios. *PonyWorld* consists of three key components: the ability to generate realistic scenarios and sensor data, a high-fidelity simulation system, and a comprehensive set of evaluation metrics. The generative *PonyWorld* trains our proprietary vehicle-agnostic Virtual Driver, a full-stack system featuring integrated software and hardware.

### *Scale*

Our rapid fleet expansion demonstrates the exceptional generalization capabilities of our L4-native architecture. Our fleet size has expanded from 270 as of December 31, 2024 to 1,446 as of March 25, 2026, and we are on track to reach over 3,000 Robotaxis at the end of 2026. This scale serves as a critical technical validator rather than just a production milestone. It demonstrates our ability to deploy autonomous driving solutions across diverse vehicle platforms, providing an important validation of our engineering and integration capabilities.

Simultaneously, we have scaled our operational design domain ("**ODD**") and geographic reach, reflecting the generalization ability and robustness of our autonomous mobility solutions across increasingly diverse operating environments. Our fully driverless fleet has the ability to operate 24/7, even in inclement weather, and serves the public during peak rush hours. The continued expansion of our operating areas and service scenarios reflects the maturity and robustness of our autonomous driving stack. Our overseas expansion provides a further example of such capability. In Croatia, we are operating across a large area of central Zagreb, a city where old town meets new development. Operating in the capital's urban core demonstrates our ability to handle complex, urban traffic rather than limited traffic and low-speed routes. Our ability to deploy in demanding environments further demonstrates the robustness of our technology.

### *Efficiency*

During the year, we continued to improve the cost efficiency of our Robotaxi operations. Our Gen-7 Robotaxi features full-stack hardware and software optimized for both bill of materials ("**BOM**") costs and operating costs. We also leverage our original equipment manufacturer partners' mature supply chains and after-sales networks, covering repair, maintenance, and energy replenishment, to further drive cost efficiency. These advancements position us to scale up on a positive unit economics trajectory. In addition, our operational excellence forms our competitive moat, enabling the joint deployment model. The integration of our Virtual Driver, scalable workflows, and third-party resources allows for accelerated business scaling.

***User Experience***

Our Robotaxi service has evolved from a novelty experience into a solution for high-frequency daily mobility needs, underpinned by our proprietary technology. The technology strength directly translates into a premium user experience, differentiating our Robotaxi services and supporting a balanced pricing strategy that drives improvements in UE. Rather than merely expanding coverage areas, we focus on addressing high-demand scenarios. Our Virtual Driver can navigate complex road conditions and rush-hour traffic safely and efficiently, enabling more convenient pick-up and drop-off points and 24/7 service. For instance, we deliver highly efficient driverless services in dense urban zones like Shenzhen's High-Tech Area, and during the heavy snowstorm in Beijing, we remained in service as a critical mobility option when broader market availability was limited. Furthermore, our Gen-7 Robotaxi leverages advanced interactive planning to optimize vehicle control and prevent motion sickness. Ultimately, these capabilities fulfill our users' expectations of excellence, demonstrating that our technological leadership is the core driver of our commercial success.

**Robotaxi Services**

We provide Robotaxi services to drive passengers autonomously on a ride-hailing basis in vehicles integrated with our Virtual Driver. We are the first to initiate fully L4 driverless public-facing fare-charging Robotaxi operations in designated areas of all four tier-one cities in China. Our Robotaxi services are highly accessible to users through a variety of platforms, including but not limited to our proprietary *PonyPilot* mobile app, WeChat Mini Program, Amap, WeChat Mobility Services Platform, and Alipay Mini Program.

***Accelerating Growth***

In 2025, our Robotaxi services entered a phase of rapid expansion, marked by scaling-up in revenue, Robotaxi fleet size, operational footprint and user base. Revenues from our Robotaxi services increased by 128.6% year-over-year to USD16.6 million in 2025. This upward trajectory further strengthened in the fourth quarter, during which Robotaxi services revenues increased by 159.5% to USD6.7 million. In particular, fare-charging revenues in the fourth quarter grew by over 500% year-over-year. Our Robotaxi fleet had scaled to 1,446 as of March 25, 2026. Total users approached one million in China by late March 2026, nearly tripling year-on-year.

Our Robotaxi operations in Shenzhen are seeing significant momentum, with the number of paid orders from January to mid-February 2026 already exceeded the aggregate number for the entire year of 2025. In addition, the Robotaxi business reached city-wide unit economics breakeven in Shenzhen in February 2026, following the same milestone achieved in Guangzhou in November 2025. Most recently, the daily net revenue per Gen-7 vehicle on the record peak day reached an all-time high of RMB394 on March 22, 2026, with 25 orders per vehicle for the day.

This rapid expansion was fundamentally supported by the mass production of our Gen-7 Robotaxi, which supported improvements in cost efficiency, reliability and safety redundancy, including a reduction in the BOM cost of the autonomous driving kits ("**ADK**") compared with the prior generations, thereby underpinning higher fleet density and broader commercial deployment. In parallel with scaled production, we continued to enhance operating efficiency and progress our Robotaxi unit economics. In addition, through our expanding ecosystem partnerships, we also generated revenues from sale of vehicles, Robotaxi technology licensing and other commercialization initiatives, further diversifying our revenue streams and reinforcing the scalability of our business model.

***Expansion across Domestic and Overseas Markets***

Built on the Gen-7 groundwork, we expanded our commercial operating footprint in both China and overseas market. Domestically, our commercialized operating domains across Beijing, Shanghai, Guangzhou and Shenzhen expanded to over 2,000 square kilometers. We have established clear leadership across China's tier-one cities, scaling our footprint further into high-density downtown districts. Our operations span complex urban scenarios, including central business districts, airports and high-speed train stations and the University Town in Guangzhou, and demonstrate the capability to operate safely and reliably during peak hours and inclement weather conditions. In March 2026, we expanded our commercial footprint into Hangzhou, a thriving new first-tier city, and Changsha, a vital commercial hub in Central China. This strategic expansion complements our established presence in the four tier-one cities and marks a significant milestone in unlocking vast commercial potential.

Overseas, we have established a strategic footprint across eight countries in East Asia, the Middle East, and Europe by the end of 2025. Moving into 2026, we expanded our footprint into Croatia through a strategic partnership with Uber and Verne, an affiliated company of Rimac Group, which proves our global technological generalization capability by tackling central Zagreb's complex urban traffic and old town layout from day one. In the Middle East, we launched our commercial fare-charging Robotaxi service in Doha, Qatar, jointly with Mowasalat Karwa. Furthermore, on-road testing is underway in Dubai, UAE, with regulatory approval for driverless operations anticipated by late March. In Singapore, following road testing in 2025, we officially commenced autonomous vehicle operations in March 2026, in collaboration with ComfortDelGro. Building on the robust foundation, we launched our dual-engine strategy to expand into both China and overseas market. We are expected to expand our Robotaxi operational footprint to more than 20 cities globally by the end of 2026, with nearly half of these spread across the overseas market.

***Ecosystem***

Our ecosystem continued to strengthen as we expanded collaborations across the value chain to support the continued scaling of our Robotaxi commercialization efforts. We have attracted a growing number of partners to collaborate with us to adopt the joint deployment model, funding our vehicles and sharing economic benefits from fleet operations. This will improve our capital efficiency and thereby speed up fleet expansion.

During the year, we formed a partnership with Sunlight Mobility, further broadening our downstream deployment network and supporting fleet rollout in a wider range of operating scenarios. We elevated our collaboration with OnTime Mobility in Guangzhou to scale our Robotaxi fleet and secure recurring licensing revenues. Concurrently in Beijing, our January partnership with Beijing ATBB Travel & Express Service Co., Ltd. ("**ATBB**") expands our footprint into premium business travel, successfully penetrating higher-value mobility segments.

In addition, we also achieved critical milestones across the upstream and downstream value chain. We deepened our strategic partnership with Toyota. Backed by Toyota's platform and manufacturing expertise, we are executing our joint deployment model. Gen-7 mass production has begun, and we have secured 1,000 bZ4X vehicles this year to form the backbone of our 2026 expansion. We upgraded our strategic partnership with Beijing Automotive Industry Corporation ("**BAIC**") and Guangzhou Automotive Corporation ("**GAC**"), to leverage their mature supply chain and after-sales network and jointly deploy vehicles in the overseas market. We also continued to deepen integration with Tencent's WeChat Mobility Services platform in Shenzhen and Guangzhou, enhancing service connectivity and user access through established mobility platforms. Taken together, these collaborations reinforce the integrated and scalable foundation supporting our continued commercialization efforts.

## Robotruck Services

With 80% of the tech stack shared between Robotaxi and Robotruck platforms, we continued to enhance the intelligent hub-to-hub truck freight solutions in China, positioning the Company to capture tremendous opportunities in the truck freight market. We have obtained autonomous driving public road testing permits in Beijing and Guangzhou, covering major commercially active areas (such as Yangtze River Delta, Pearl River Delta, and the Beijing-Tianjin-Hebei Region) and key transportation routes (including key cargo transportation corridors such as those between Beijing and Tianjin, Guangzhou and Shanghai, Shenzhen and Qingdao, and Qingdao and Shanghai) throughout China. At the same time, we continued to refine and verify our technology and business model across multiple commercial scenarios, including long-haul, port and container transportation, thereby further reinforcing our readiness for future large-scale commercialization.

Our Robotruck business marked a significant breakthrough in 2025. During the year, the Robotruck network has established a comprehensive footprint across strategic logistics hubs in China. Our fleet delivers consistent and robust performance across diverse environments, ranging from dynamic high-speed expressways to highly specialized applications, such as dedicated lines and ports. Further reinforcing this progress, we officially launched our fourth-generation ("**Gen-4**") Robotruck, delivering substantial cost optimization through a 70% cost reduction in ADK BOM costs compared to the previous generation. The Gen-4 Robotruck is designed with fully automotive-grade components and optimized software-hardware integration, and supports a transition from internal combustion engine vehicles to electric vehicles. In addition, we deployed fully driverless Robotrucks at Jiangmen Port in Guangdong and tested "1+N" driverless platooning, where one lead truck is with safety operator followed by several driverless trucks, in extreme weather conditions in Northwest China. With this proven technology, we are able to deploy robotrucks in more ports and mining haulage scenarios. Going forward, we will accelerate the scale-up of our Robotruck business, with mass production and initial fleet deployment expected in 2026. We will continue to prioritize the expansion into high-value, high-utilization scenarios.

## Licensing and Applications

Leveraging our extensive vehicle engineering and integration experience, we provide intelligent driving solutions for peripheral of vehicles to empower such vehicles to achieve higher levels of driving automation. We offer a complete suite of intelligent driving solutions to leading vehicle companies, spanning software licensing, hardware and data analytics tools. In addition, we also provide certain value-added technological services, such as vehicle integration services, and software development and licensing services, primarily to sensor and hardware component suppliers, helping them better adapt their products and solutions to autonomous driving use cases. Furthermore, we also offer vehicle-to-everything products and services to enhance road safety, and improve transportation efficiency and experience.

Our licensing and applications business also recorded solid progress in 2025. Deliveries of autonomous domain controllers increased significantly year-over-year, reaching approximately six times the level of 2024. During the year, we further expanded the application scenarios into a wider range of customers, including those in low-speed robot delivery, robot sweepers, logistics and humanoid robotics. We are also actively exploring opportunities in the robotics field. The continued expansion of customer demand and broadening application scenarios is expected to provide sustained support for the growth of the business.

## RECENT DEVELOPMENTS AFTER THE REPORTING PERIOD

### UE Breakeven

Following the achievement of city-wide UE breakeven in Guangzhou in the fourth quarter of 2025, the Company achieved UE breakeven in Shenzhen in February 2026, representing the second tier-one city in China where the Company has validated the economic viability of its Gen-7 Robotaxi operations.

### Mass Production

In February 2026, the first mass-produced Gen-7 bZ4X Robotaxi, developed in collaboration with Toyota Motor China and GAC Toyota, a joint venture between GAC and Toyota Motor Corporation, rolled off the production line.

### Domestic Expansion

In March 2026, the Company expanded its commercial footprint into Hangzhou, a thriving new first-tier city, and Changsha, a vital commercial hub in Central China, extending its domestic presence beyond the four existing tier-one cities.

### International Expansion

In March 2026, the Company commenced Robotaxi operations in Singapore, following the initiation of road testing in late 2025, marking the official public debut of its Robotaxi services in the region. In the same month, the Company extended its business footprint to Croatia through a collaboration with Uber and Verne, affiliated company of Rimac Group, enhancing its presence in Europe.

### Strategic Partnerships

In January 2026, the Company entered into a partnership with ATBB, a mobility services provider specializing in premium business travel and airport transfer services, to jointly deploy a Robotaxi fleet. The partnership is expected to commence in Beijing, initially connecting passengers to Beijing Daxing International Airport.

In March 2026, the Company upgraded its strategic partnership with OnTime Mobility, a leading ride-hailing and Robotaxi operations platform in China, to jointly build a Robotaxi fleet and expand geographic coverage in the Greater Bay Area. The Company will generate recurring revenue through technology licensing of its Virtual Driver autonomous driving technology.

### Launch of *PonyWorld* 2.0

In April 2026, the Company launched *PonyWorld* 2.0, the latest upgrade to its proprietary world model and a major advancement in the core training system behind the company's autonomous driving stack. The new world model upgrade enables AI to diagnose its own weaknesses, guide targeted data collection, and support the next phase of large-scale L4 commercialization.

## BUSINESS OUTLOOK

Looking ahead to 2026, we will continue to advance the development and commercial application of our autonomous mobility technologies, with scaling remaining at the center of our strategy. Our priorities are to accelerate fleet expansion, broaden our footprint into new markets, and deepen our moats in technological innovation and operational execution. These efforts will lay a solid foundation for continued growth in both fleet size and revenue over the next few years. Specifically, we are targeting a fleet size of more than 3,000 and expanding our global footprint into more than 20 cities by the end of 2026, with nearly half of these spread across the overseas market. To achieve these goals, we will employ a dual-engine strategy, together with the joint deployment model, to accelerate our top-line growth momentum in both domestic and overseas markets.

In parallel, we will continue to invest in research and development, improve the adaptability of our technology across different regions and platforms, and optimize our cost structure and business model. In addition to our Robotaxi business, we also believe our Robotruck business and licensing and applications business offer substantial growth potential. Collectively, these efforts will support the continued scaling and commercialization of our business and strengthen our long-term growth trajectory.

# Management Discussion and Analysis

| | For the Year Ended December 31, | |
|---|---|---|
| | 2024 | 2025 |
| | *(in USD thousands)* | |
| **Total revenues** | 75,025 | **90,001** |
| Cost of revenues | (63,622) | **(75,840)** |
| **Gross profit** | 11,403 | **14,161** |
| **Operating expenses:** | | |
| Research and development expenses | (240,179) | **(217,419)** |
| Selling, general and administrative expenses | (56,747) | **(57,599)** |
| **Total operating expenses** | (296,926) | **(275,018)** |
| **Loss from operations** | (285,523) | **(260,857)** |
| Investment income | 20,378 | **42,985** |
| Changes in fair value of warrants liability | 5,617 | **–** |
| Changes in fair value of trading securities | (21,285) | **128,031** |
| Other income, net | 5,808 | **13,083** |
| **Loss before income tax** | (275,005) | **(76,758)** |
| Income tax expenses | (1) | **–** |
| **Net loss** | (275,006) | **(76,758)** |

## REVENUES

Our total revenues were USD90.0 million in 2025, representing an increase of 20.0% from USD75.0 million in 2024. The increase was mainly driven by strong growth in Robotaxi services and licensing and applications revenues. The following table sets forth a breakdown of our revenues by business line in absolute amounts and as percentages of our total revenues in 2025 and 2024, respectively:

| | For the Year Ended December 31, | | | |
|---|---|---|---|---|
| | 2024 | | **2025** | |
| | USD | % | **USD** | **%** |
| | *(in thousands, except percentages)* | | | |
| **Revenues** | | | | |
| Robotaxi services | 7,266 | 9.7 | **16,607** | **18.5** |
| Robotruck services | 40,365 | 53.8 | **40,601** | **45.1** |
| Licensing and applications | 27,394 | 36.5 | **32,793** | **36.4** |
| **Total** | 75,025 | 100.0 | **90,001** | **100.0** |

*Robotaxi services revenues* were USD16.6 million in 2025, representing an increase of 128.6% from USD7.3 million in 2024. Specifically, fare-charging revenues grew by close to 400%, primarily driven by growing user demand in tier-one cities, our ongoing optimizations to fleet operations, as well as robust order growth since our Gen-7 fleet launch.

*Robotruck services revenues were* USD40.6 million in 2025, representing an increase of 0.6% from USD40.4 million in 2024. Our deepened collaboration with Sinotrans continued to enhance fleet operations of Robotruck services.

*Licensing and applications revenues* were USD32.8 million in 2025, representing an increase of 19.7% from USD27.4 million in 2024. The growth was mainly driven by growing demand for our autonomous domain controller ("**ADC**"), primarily from robot-delivery clients.

## COST OF REVENUES

*Cost of revenues* was USD75.8 million in 2025, representing an increase of 19.2% from USD63.6 million in 2024.

## GROSS PROFIT AND GROSS MARGIN

*Gross profit* was USD14.2 million in 2025, representing an increase of 24.2% from USD11.4 million in 2024.

*Gross margin* expanded from 15.2% for the year ended December 31, 2024 to 15.7% for the year ended December 31, 2025. The improvement was mainly driven by an optimized revenue mix, with a higher contribution from Robotaxi services, which carry a relatively higher margin.

## OPERATING EXPENSES

*Operating expenses* were USD275.0 million in 2025, representing a decrease of 7.4% from USD296.9 million in 2024. The decrease was primarily associated with the share-based compensation expenses recognized related to the US IPO in the fourth quarter of 2024. Non-GAAP operating expenses(5) were USD244.2 million in 2025, representing an increase of 43.7% from USD169.9 million in 2024.

*Research and development expenses* were USD217.4 million in 2025, representing a decrease of 9.5% from USD240.2 million in 2024. Non-GAAP research and development expenses(5) were USD196.3 million in 2025, representing an increase of 42.5% from USD137.8 million in 2024. The increase primarily reflected the expansion of our R&D personnel to enhance our capacity for large-scale deployment and Gen-7 vehicle development expenses. We plan to maintain our strategic investments in AI technology and talent, aiming to further enhance our technological capabilities, optimize BOM costs, and steadily advance our intelligent driving solutions to better serve our users.

*Selling, general and administrative expenses* were USD57.6 million in 2025, representing an increase of 1.5% from USD56.7 million in 2024. Non-GAAP selling, general and administrative expenses(5) were USD47.9 million in 2025, representing an increase of 49.1% from USD32.1 million in 2024. The increase was primarily driven by higher personnel expenses incurred to support the accelerated deployment of large-scale commercial operations and increased professional service fees.

## LOSS FROM OPERATIONS

As a result of the foregoing, *loss from operations* was USD260.9 million for the year ended December 31, 2025, compared to USD285.5 million for the year ended December 31, 2024. Non-GAAP loss from operations(5) was USD230.1 million for the year ended December 31, 2025, compared to USD158.5 million for the year ended December 31, 2024, primarily driven by higher operating expenses incurred to support our ongoing business expansion and enhance our R&D capabilities.

## CHANGES IN FAIR VALUE OF TRADING SECURITIES

*Changes in fair value of trading securities* resulted in a gain of USD128.0 million for the year ended December 31, 2025, compared to a loss of USD21.3 million for the year ended December 31, 2024.

*Notes:*

(5) Non-GAAP financial measures exclude share-based compensation expenses, changes in fair value of warrants liability, and changes in fair value of trading securities, and such adjustment has no impact on income tax. For further details, please see the section headed "Reconciliation of Non-GAAP Measures to the Most Directly Comparable U.S. GAAP Measures" of this annual report.

## NET LOSS

*Net loss* was USD76.8 million for the year ended December 31, 2025, representing a decrease of 72.1% from USD275.0 million for the year ended December 31, 2024, primarily attributable to an increase in fair value of trading securities. Non-GAAP net loss[(5)] was USD174.0 million for the year ended December 31, 2025, representing an increase of 31.5% from USD132.3 million for the year ended December 31, 2024, primarily driven by higher operating expenses incurred to support our ongoing business expansion and enhance our R&D capabilities. We are making front-loaded investment to drive our Robotaxi commercialization at a quicker pace and enhance our R&D capabilities.

## BASIC AND DILUTED NET LOSS PER ORDINARY SHARE

*Basic and diluted net loss per ordinary share* was both USD0.35 for the year ended December 31, 2025, compared to USD2.40 for the year ended December 31, 2024. Non-GAAP basic and diluted net loss[(5)] per ordinary share was both USD0.47 for the year ended December 31, 2025, compared to USD1.15 for the year ended December 31, 2024.

## LIQUIDITY AND SOURCE OF FUNDING AND BORROWING

In 2025, the Group has financed its operations primarily through our existing cash and capital resources. The Group had cash and cash equivalents, short-term investments, restricted cash and long-term debt instruments for wealth management of USD1,514.8 million and USD825.1 million as of December 31, 2025 and 2024, respectively.

The net cash used in operating activities was USD165.0 million in 2025, compared with USD110.8 million in 2024.

## MATERIAL ACQUISITIONS AND DISPOSALS

The Group did not have any material acquisitions or disposals of subsidiaries, consolidated affiliated subsidiaries, associated companies or joint ventures during the year ended December 31, 2025.

*Notes:*

(5) Non-GAAP financial measures exclude share-based compensation expenses, changes in fair value of warrants liability, and changes in fair value of trading securities, and such adjustment has no impact on income tax. For further details, please see the section headed "Reconciliation of Non-GAAP Measures to the Most Directly Comparable U.S. GAAP Measures" of this annual report.

## SIGNIFICANT INVESTMENT

The Company, through a partnership, indirectly subscribed approximately 0.4% equity interest in Moore Threads Technology Co., Ltd., a company which is engaged in graphics processing unit ("**GPU**") computing technology and service and the shares of which are listed on the Shanghai Stock Exchange (stock code: 688795.SH) (the "**Investee**"). As of December 31, 2025, details of the investment in the Investee are as follows:

| Number of shares held as at December 31, 2025 | Percentage of shareholding as at December 31, 2025 | Unrealised fair value gain recognised in other comprehensive income for the year ended December 31, 2025 *USD'000* | Realised fair value gain recognised in other comprehensive income for the year ended December 31, 2025 *USD'000* | Dividends received for the year ended December 31, 2025 *USD'000* | Cost of investment *USD'000* | Fair value as at December 31, 2025 *USD'000* | Approximate percentage of the Group's total assets as at December 31, 2025 |
|---|---|---|---|---|---|---|---|
| 1,864,663 | 0.4% | – | – | – | 1,939 | 138,807 | 7.7% |

The Company believes that the GPUs are one of the most important components for technology companies. Such investment in the Investee made by the Company is expected to bring about financial return.

Save as disclosed above, during the Reporting Period, the Group did not have any significant investments (including any investment in an investee company with a value of 5% or more of the Company's total assets as of December 31, 2025).

The Company has formulated prudent investment strategy of diversifying risks and generating steady returns on the premise of ensuring the safety of funds. The Company has ensured and will ensure that there remains sufficient working capital for its business needs, operating activities, research and development and capital expenditures after making the significant investments. The primary objectives are to preserve capital, maintain liquidity, optimize returns within acceptable risk parameters, and ultimately enhance shareholder value. The investment decisions were and will be made on a case-by-case basis and after due and careful consideration of a number of factors, such as the duration of the investment and the expected returns.

To mitigate the risk of losses in its investments, the Company continuously monitors market changes to enable prompt action. This includes regularly tracking price movements of the investment portfolio and monitoring news sources for events that could impact their value. By investing in actively traded assets with high liquidity, the Company can respond effectively to market changes and realise its investments. The actual investment timeframe depends on numerous factors, among others, price volatility and also the Company's cash position.

Investments are primarily financed by internal resources accumulated from the Group's business operations or internal capital. The management of the Group conducts initial assessment and analysis of all potential investments, evaluating expected benefits against risks while considering multiple factors including cash requirements, market conditions, economic developments, investment costs, duration, and potential returns. All investment decisions are approved in accordance with the Articles of Associations and the relevant requirements of the Listing Rules and the Nasdaq listing rules. The management of the Group regularly reports to the Directors on investment status and performance, including total investment returns, ensuring continuous oversight and alignment with the Group's risk tolerance and strategic objectives.

## PLEDGE OF ASSETS

As at December 31, 2025, none of our assets were pledged.

## FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSET

The Group did not have detailed future plans for material investments or capital assets as at December 31, 2025.

## GEARING RATIO

As at December 31, 2025, the Company's gearing ratio, calculated as total liabilities divided by total assets was 5.7%, compared with 7.8% as at December 31, 2024.

## INTEREST RATE RISK

Our exposure to interest rate risk primarily relates to the interest income generated by excess cash, which is mostly held in interest-bearing bank deposits. We have not used any derivative financial instruments to manage our interest risk exposure. Interest-earning instruments carry a degree of interest rate risk. We have not been exposed, nor do we anticipate being exposed, to material risks due to changes in interest rates. However, our future interest income may be lower than expected due to changes in market interest rates.

## FOREIGN EXCHANGE RISK

The functional currency of our foreign subsidiaries is the local currency or U.S. dollar depending on the nature of the subsidiaries' activities.

Foreign currency transactions recognized in the consolidated statement of operations are converted to the functional currency by applying the exchange rate prevailing on the date of the transaction. Our results of operations and cash flows are subject to fluctuations due to changes in foreign currency exchange rates. To date, foreign currency transaction gains and losses have not been material to our consolidated financial statements, and we have not engaged in any foreign currency hedging strategies as of December 31, 2025. As our international operations grow, we will continue to reassess our approach to manage our risk relating to fluctuations in currency rates.

## INFLATION RISK

We do not believe that inflation has had a material effect on our business, financial condition or results of operations, other than its impact on the general economy. Nonetheless, if our costs were to become subject to inflationary pressures, we may not be able to fully offset such higher costs through price increases. Our inability or failure to do so could harm our business, financial condition and results of operations.

## CONTINGENT LIABILITIES

The Company had no material contingent liabilities as at December 31, 2025.

## CAPITAL COMMITMENT AND CAPITAL EXPENDITURE

The Company had no capital commitment as of December 31, 2025.

The Company's capital expenditure for the year 2026 is expected to be financed by its existing cash resources, including the proceeds from the Global Offering and prior financing activities.

## EMPLOYEES AND REMUNERATION

As at December 31, 2025, the Company had a total of 1,669 employees. For details of the remuneration of employees and the share schemes of the Company, please refer to Note 13 to the consolidated financial statements.

As required by PRC laws and regulations, we participate in various employee social security schemes organized by municipal and provincial government, including pension, maternity insurance, unemployment insurance, work-related injury insurance, medical insurance and housing provident fund. We are required under PRC laws and regulations to make contributions to employee social security schemes at specified percentages of the salaries, bonuses and certain allowances of our employees, up to a maximum amount specified by the local government from time to time. We also purchase commercial health and accidental insurance for our employees. During the year ended December 31, 2025, there was no forfeiture of contributions under the employee defined contribution plan of the Group, and there were no forfeited contributions had been used by the Group to reduce the existing level of contributions.

Bonuses are generally discretionary and based in part on employee performance and in part on the overall performance of the Group's business. The Company has granted and plans to continue to grant share-based incentive awards to its employees in the future to incentivize their contributions to its growth and development.

We regularly provide training programs to our employees of different departments. Such training programs include technical and engineering trainings as well as general career development. To attract top talents and cultivate a culture of collaboration, we also invested in mentorship programs that are open to employees of all levels.

The Board is pleased to present this Directors' report together with the consolidated financial statements of the Group for the year ended December 31, 2025.

## DIRECTORS

The Directors who held office during the the period from January 1, 2025 to the Latest Practicable Date are:

### Executive Directors

Dr. Jun Peng (彭軍) *(Chairman of the Board)*
Dr. Tiancheng Lou (樓天城)

### Non-executive Directors

Mr. Fei Zhang (張斐)
Mr. Takeo Hamada

### Independent non-executive Directors

Mr. Jackson Peter Tai (戴國良)
Dr. Mark Qiu (邱子磊)
Ms. Asmau Ahmed

Biographical details of the Directors are set out in the section headed "Directors and Senior Management" of this annual report.

## GENERAL INFORMATION

The Company was incorporated under the laws of the Cayman Islands on November 4, 2016 as an exempted company with limited liability. The Company's ADSs, each of which represents one Class A Ordinary Share, were listed on Nasdaq under the symbol of "PONY" on November 29, 2024. The Company's Class A Ordinary Shares were listed on the Main Board of the Hong Kong Stock Exchange under the stock code "2026" and stock short name "PONY-W".

## PRINCIPAL ACTIVITIES

The Group is a global leader in achieving large-scale mass production and commercialization of autonomous driving technology. Substantially all of the Group's operating assets are located in the PRC and majority of the Company's revenue and operating profits are derived from the PRC during the Reporting Period. Analysis of the principal activities and segment analysis based on geographical locations of the Group during the year ended December 31, 2025 is set out in Note 1 to the consolidated financial statements.

## BUSINESS REVIEW

The discussions in the section headed "Business Review and Outlook" of this annual report regarding, among others, a fair review of the Company's business and an indication of likely future development of the Company's business as required by Schedule 5 to the Companies Ordinance, form part of this Directors' report.

## PRINCIPAL RISKS AND UNCERTAINTIES

Our business involves certain risks as set out in the section headed "Risk Factors" in the Prospectus and the annual report on Form 20-F for the year ended December 31, 2025 filed with the SEC. The following list is a summary of certain principal risks and uncertainties the Group faces, some of which are beyond the Company's control.

### Risks Related to Our Business and Industry

- Autonomous driving is an emerging and rapidly evolving technology and involves significant risks and uncertainties.

- Our limited operating history makes it difficult to predict future prospects, as our past financial results are not indicative of future trends while we are still in the early stage of commercializing our technologies and diversifying our customer base.

- If we are no longer able to benefit from our business cooperation with Sinotrans and other related parties, our business may be adversely affected.

- Since markets for autonomous driving technology are still in early stages, if they do not grow as expected or our technology fails to gain acceptance, our business, prospects, operating results, and financial condition could be materially harmed.

- The autonomous driving industry is highly competitive, and if we cannot compete effectively with both established competitors and new entrants, our business, financial condition, and results of operations may be materially and adversely affected.

- The logistics and ride-hailing industries are highly competitive, facing competition from both established players and new entrants. If we are not able to compete effectively with others, our business, financial condition and results of operations may be materially and adversely affected.

- We face risks associated with autonomous driving technology and may not be able to develop solutions on schedule, or at all, or develop partnerships with other companies and we may experience significant delays in the design, commercialization and launch of new solutions.

- Any flaws or misuse of autonomous driving technologies, whether actual or perceived, intended or inadvertent, committed by us or by other third parties, could have a material adverse effect on our reputation, business, financial condition, results of operations and prospects.

- We may not be able to successfully implement our go-to market strategies on a timely basis, or at all. If we are unable to manage our growth effectively or commercialize our strategic plans at scale, our business may be materially and adversely affected.

- The operation of vehicles equipped with our autonomous driving technology is different from non-autonomous vehicles, and may be unfamiliar to users.

### Risks Related to Doing Business in China

- The enforcement of PRC laws and regulations is evolving and subject to change, and changes in policies, laws and regulations in China, could materially and adversely affect us.

- U.S. persons purchasing our Class A ordinary shares in the Global Offering may be required to file notifications with the Treasury under the U.S. government's new China-focused Outbound Investment Program, and we could be negatively impacted by possible changes to this program; these developments to the program may adversely affect our business, financial condition, results of operations, and the value of our Class A ordinary shares and ADSs.

- Tensions in international trade and investment and rising political tensions, particularly between the United States and China, may adversely impact our business, financial condition, and results of operations.

- We are subject to U.S. export controls that could restrict our ability to transfer certain products and technologies, and increasingly restrictive controls toward China's artificial intelligence industry could limit our ability to obtain advanced semiconductors and other technology needed for product development.

- Changes in China's economic, political and social conditions as well as government policies could have a material adverse effect on our business and prospect.

- The approval, filing or other requirements of the CSRC or other PRC regulatory authorities may be required under PRC law in connection with our future issuance of securities overseas, and we cannot predict whether or for how long we will be able to obtain such approval or complete such filing.

- You may experience difficulties in effecting service of legal process, enforcing foreign judgments or bringing actions in China against us or our management named in the annual report based on foreign laws.

### Risks Related to Our Former VIE Structure

- If the PRC regulatory authority determines that the prior contractual arrangements constituting part of the former VIE structure did not comply with PRC regulations, or if these regulations change or are interpreted differently in the future, the ADSs and Class A ordinary shares may decline in value or become worthless if we are deemed to be unable to assert our contractual control rights over the assets of the former VIEs during the period when the former VIE structure existed.

- All the agreements under our contractual arrangements were governed by PRC law and provided for the resolution of disputes through arbitration in China. Accordingly, these contracts would be interpreted in accordance with PRC law, and any disputes would be resolved in accordance with PRC legal procedures.

- Our prior contractual arrangements in relation to the former VIEs may be subject to scrutiny by the PRC tax authorities and they may determine that we or the former VIEs owe additional taxes, which could negatively affect our financial condition and the value of your investment.

### Risks Related to Our Ordinary Shares and ADSs

- The trading price of our Class A Ordinary Shares and the ADSs has been and may continue to be volatile, which could result in substantial losses to investors.

- If securities or industry analysts do not publish research or reports about our business, or if they adversely change their recommendations regarding our Class A Ordinary Shares and the ADSs, the market price for our Class A Ordinary Shares and the ADSs and trading volume could decline.

- Our dual-class share structure with different voting rights will limit your ability to influence corporate matters and could discourage others from pursuing any change of control transactions that holders of our Class A Ordinary Shares and ADSs may view as beneficial.

## KEY RELATIONSHIP WITH STAKEHOLDERS

The Group recognizes that various stakeholders including employees, customers, suppliers and others are key to the Group's success. The Group strives to achieve corporate sustainability through engaging, collaborating, and cultivating strong relationships with them. An account of the Company's key relationships with its employees, customers and suppliers and others that have a significant impact on the Company is set out in the environmental, social and governance report of the Company (the "**ESG Report**").

## ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to fulfilling social responsibility, promoting employee benefits and development, protecting the environment and giving back to community and achieving sustainable growth. Details of such are set out in the ESG Report, which will be presented in a separate report and published on the websites of the Company at ir.pony.ai and Hong Kong Stock Exchange at www.hkexnews.hk on the same date of this annual report.

## COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

As far as the Board is aware, the Group has complied with the relevant laws and regulations that have a significant impact on the operations of the Group during the Reporting Period in all material respects.

## CONNECTED TRANSACTIONS AND RELATED PARTY TRANSACTIONS

During the Reporting Period, save as disclosed in this annual report, no related party transaction disclosed in Note 15 to the consolidated financial statements or any other transaction falls under the definition of "connected transaction" or "continuing connected transaction" in Chapter 14A of the Listing Rules for which disclosure is required. During the Reporting Period, the Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules with respect to the connected transactions and continuing connected transactions.

## Partially-Exempt Continuing Connected Transactions

### *Transportation Services Framework Agreement*

Qingdao Cyantron is a non-wholly owned subsidiary of the Company. As of the Latest Practicable Date, Sinotrans held 49.0% of the equity interests of Cyantron Logistics, which is a subsidiary of the Company. Sinotrans is therefore a substantial shareholder of Cyantron Logistics, and therefore a connected person at the subsidiary level of the Company. The following transaction of the Group with Sinotrans constituted continuing connected transactions of the Company during the Reporting Period.

On March 16, 2025, Qingdao Cyantron entered into a transportation services framework agreement with Sinotrans (and supplemented by a supplemental agreement dated August 22, 2025), pursuant to which we agreed to offer transportation services (the "**Transportation Services**") to Sinotrans to fulfill its freight orders across China for a term of three years from March 16, 2025 to March 15, 2028, which may be renewed as the parties may mutually agree (the "**Transportation Services Framework Agreement**").

The annual cap (from March 16, 2025 to December 31, 2025) of the transaction fees contemplated under the Transportation Service is USD25 million. From March 16, 2025 to December 31, 2025, the actual amount of the transaction fees contemplated under the Transportation Service was approximately USD24.5 million.

For details of the Transportation Services Framework Agreement, please refer to the section headed "Connected Transactions" in the Prospectus.

Given that (i) the Board has approved the Transportation Services Framework Agreement and the transactions contemplated thereunder and (ii) all the independent non-executive Directors have confirmed that the terms of the Transportation Services Framework Agreement are fair and reasonable, on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole, the transactions contemplated thereunder are subject to the reporting, annual review and announcement requirements, but exempt from independent Shareholders' approval requirement pursuant to Rule 14A.101 of the Listing Rules. The Directors also confirmed that the Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules in respect of the Transportation Services Framework Agreement.

From March 16, 2025 to December 31, 2025, the Company has followed the pricing policies and guidelines for the Transportation Services Framework Agreement disclosed in the Prospectus when determining the price and terms of such transactions conducted. The Directors are of the view that the Company's internal control procedures are adequate and effective to ensure that transactions are so conducted.

### *Confirmation from independent non-executive Directors*

The Company's independent non-executive Directors have reviewed the continuing connected transactions outlined above and confirmed that such continuing connected transactions had been entered into (i) in the ordinary and usual course of business of the Group, (ii) on normal commercial terms or better, and (iii) according to the agreement governing the transaction on terms that were fair and reasonable and in the interests of the Shareholders as a whole.

***Confirmation from the Company's independent auditor***

The auditor of the Company has performed the work in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "*Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*" and with reference to Practice Note 740 (Revised) "*Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules*" issued by the Hong Kong Institute of Certified Public Accountants.

The auditor of the Company has confirmed in a letter to the Board that, with respect to the aforesaid continuing connected transactions entered into in the Reporting Period:

(i) nothing has come to their attention that causes the auditor to believe that the continuing connected transactions have not been approved by the Board;

(ii) nothing has come to their attention that causes the auditor to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group for transactions involving the provision of goods or services by the Group;

(iii) nothing has come to their attention that causes the auditor to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and

(iv) nothing has come to the attention of the auditors that causes them to believe that the transactions have exceed the annual cap as set by the Company.

## WEIGHTED VOTING RIGHTS

The Company has a WVR Structure. Under the current structure, the Company's share capital comprises Class A Ordinary Shares and Class B Ordinary Shares; each Class A Ordinary Share entitles the holder to exercise one vote, and each Class B Ordinary Share currently entitles the holder to exercise ten votes, on any resolution tabled at the Company's general meetings, except for resolutions with respect to the Reserved Matters, in relation to which each Share is entitled to one vote. The WVR structure enables the WVR Beneficiaries to exercise voting control over the Company notwithstanding that the WVR Beneficiaries do not hold a majority economic interest in the share capital of the Company. This will enable the Company to benefit from the continuing vision and leadership of the WVR Beneficiaries who will control the Company with a view to its long-term prospects and strategy.

Investors are advised to be aware of the potential risks of investing in companies with a WVR structure, in particular that the interests of the WVR Beneficiaries may not necessarily always be aligned with those of the Shareholders as a whole, and that the WVR Beneficiaries will be in a position to exert significant influence over the affairs of the Company and the outcome of Shareholders' resolutions. Investors should make the decision to invest in the Company only after due and careful consideration.

As of the Latest Practicable Date, the WVR Beneficiaries are Dr. Peng and Dr. Lou. The table below sets out the number of shares and voting rights controlled by the WVR Beneficiaries as at the Latest Practicable Date:

| WVR Beneficiary | Class of Shares | Number of Shares | Percentage of voting rights (other than with respect to Reserved Matters) |
|---|---|---|---|
| Dr. Peng[(1)] | Class B Ordinary Shares | 60,000,000 | 51.58% |
| Dr. Lou[(2)] | Class A Ordinary Shares | 191,025 | 0.02% |
| | Class B Ordinary Shares | 21,088,770 | 18.13% |

*Notes:*

(1) Dr. Peng is deemed to be interested (i) 43,988,000 Class B Ordinary Shares held beneficially by Dr. Peng; and (ii) 16,012,000 Class B Ordinary Shares held under each of the Alicia Peng Irrevocable Trust, Selena Peng Irrevocable Trust and the Voting Trust, all of which are controlled by Dr. Peng.

(2) Dr. Lou held (i) 80,197 Class A Ordinary Shares; (ii) 110,828 Class A Ordinary Shares through IWAY LLC, a company wholly owned by Dr. Lou; (iii) 19,068,770 Class B Ordinary Shares through IWAY LLC; and (iv) 2,020,000 Class B Ordinary Shares held by South Dakota Trust Company LLC as the trustee of Amber Luna Lou Irrevocable Trust controlled by Dr. Lou.

Class B Ordinary Shares may be converted into Class A Ordinary Shares on a one to one basis. Assuming the conversion of all the issued Class B Ordinary Shares into Class A Ordinary Shares, the Company will issue 81,088,770 Class A Ordinary Shares, representing approximately 23.00% of the total number of issued Class A Ordinary Shares as of the Latest Practicable Date.

The weighted voting rights attached to our Class B Ordinary Shares will cease when the WVR Beneficiaries cease to have beneficial ownership of any of our Class B Ordinary Shares, in accordance with Rule 8A.22 of the Listing Rules. This may occur: (i) upon the occurrence of any of the circumstances set out in Rule 8A.17 of the Listing Rule, in particular where the WVR Beneficiaries are: (1) deceased; (2) no longer a member of our Board; (3) deemed by the Stock Exchange to be incapacitated for the purpose of performing his duties as a director; or (4) deemed by the Stock Exchange to no longer meet the requirements of a director set out in the Listing Rules; (ii) when the holders of Class B Ordinary Shares have transferred to another person the beneficial ownership of, or economic interest in, the Class B Ordinary Shares or the control over the voting rights attached to them, other than in the circumstances permitted by Rule 8A.18 of the Listing Rule; (iii) where a vehicle holding Class B Ordinary Shares on behalf of a WVR Beneficiary no longer complies with Rule 8A.18(2) of the Listing Rule; or (iv) when all of the Class B Ordinary Shares have been converted to Class A Ordinary Shares.

## MAJOR CUSTOMERS AND MAJOR SUPPLIERS

During the year ended December 31, 2025, our largest customer and five largest customers in the aggregate accounted for 32.9% and 65.2% of our total revenue, respectively. During the year ended December 31, 2025, our largest supplier and five largest suppliers in the aggregate accounted for 9.3% and 27.9% of our total purchases, respectively.

During the year ended December 31, 2025, none of our Directors, their close associates or any of our shareholders (who or which to the knowledge of the Directors owned more than 5% of our issued share capital) had any interest in any of our five largest customers or suppliers.

## PRE-EMPTIVE RIGHTS

There is no provision regarding pre-emptive rights in the Articles of Association or the laws of the Cayman Islands, being the jurisdiction in which the Company is incorporated, under which would oblige the Company to offer new shares on a pro-rata basis to existing Shareholders.

## TAX RELIEF AND EXEMPTION OF HOLDERS OF LISTED SECURITIES

The Directors are not aware of any tax relief and exemption available to the Shareholder by reason of their holding of the Shares.

## SUBSIDIARIES

Particulars of the Company's material subsidiaries are set out in Note 1 to the consolidated financial statements.

## PROPERTY, PLANT AND EQUIPMENT

Details of property, plant and equipment of the Group during the year ended December 31, 2025 are set out in Note 7 to the consolidated financial statements.

None of the Company's properties are held for development and/or sale or for investment purposes, where any of the applicable percentage ratios as defined under Rule 14.04(9) of the Listing Rules does not exceed 5%.

## SHARE CAPITAL AND SHARES ISSUED

Details of movements in the share capital of the Company during the year ended December 31, 2025 are set out in consolidated statement of changes in shareholders' (deficit) equity.

## SUFFICIENCY OF PUBLIC FLOAT

During the period from the Listing Date to the Latest Practicable Date, based on the information publicly available to the Company and within the knowledge of the Directors, the Directors confirmed that the Company has maintained a sufficient public float throughout the Relevant Period and as of the Latest Practicable Date as required under the Listing Rules.

## DONATION

During the year ended December 31, 2025, the Group made no charitable donations.

## DEBENTURES

No debentures were issued by the Group during the year ended December 31, 2025.

## EQUITY-LINKED AGREEMENTS

Save as disclosed in this annual report, no equity-linked agreement was entered into by the Group, or existed during the year ended December 31, 2025.

## FINAL DIVIDEND

The Board did not recommend the distribution of a final dividend for the year ended December 31, 2025.

There is no arrangement under which a Shareholder has waived or agreed to waive any dividends.

## PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association and subject to the applicable laws and regulations, every Director shall be indemnified out of the assets of the Company from and against all actions, proceedings, costs, charges, losses, damages and expenses that they or any of them shall or may incur or sustain by reason of any act done or omitted in or about the execution of their duty in their respective offices or trusts.

Such permitted indemnity provision has been in force for the year ended December 31, 2025. The Company has taken out liability insurance to provide appropriate coverage for the Directors.

## RESERVES

Details of the movements in the reserves of the Group during the year ended December 31, 2025 are set out in the consolidated statement of changes in shareholders' (deficit) equity. As at December 31, 2025, the Company had no reserves available for distribution under the provisions of the Companies Act (As Revised) of the Cayman Islands.

## FINANCIAL SUMMARY

A summary of the results and of the assets, liabilities and equity of the Group for the last four financial years, as extracted from the audited financial information and financial statements, is set out on page 5 of this annual report.

## LOANS AND BORROWINGS

As of December 31, 2025, the Group did not have any loans, overdrafts and borrowings from bank and other financial institutions (2024: nil).

## DIRECTORS' SERVICE CONTRACTS

Each of our Directors has entered into a director agreement with our Company on October 23, 2025. The term of appointment shall be for an initial term of three years or until the third annual general meeting of our Company after the Listing Date (whichever is earlier). Either party may terminate the agreement by giving not less than 30 days' written notice.

There was no service contract entered into/appointment letter signed by the Company and any Directors to be re-elected in the forthcoming annual general meeting which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

## DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in this annual report, none of the Directors or any entity connected with the Directors had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party subsisting during or at the end of the year ended December 31, 2025.

## EMOLUMENTS OF DIRECTORS, THE FIVE HIGHEST PAID INDIVIDUALS AND SENIOR MANAGEMENT

Details of the remuneration of the Directors and those of the five highest paid individuals as well as senior management of the Group for the year ended December 31, 2025 are set out in Notes 21 and 22 to the consolidated financial statements of the Group in this annual report.

The remuneration of the Directors and senior management is paid in the form of basic salaries, annual performance-based bonus, housing fund, allowances and benefits in kind, employer's contributions to a retirement benefit scheme and share-based compensation. Details of the remuneration of the senior management of the Company (excluding Executive Directors) by band during the Reporting Period is shown in the following table:

| Remuneration Band | Number of individuals |
|---|---|
| Nil – HKD20,000,000 | 1 |
| HKD20,000,001 – HKD30,000,000 | 3 |
| HKD30,000,001 – HKD40,000,000 | 1 |
| **Total** | **5** |

The remuneration is determined and recommended based on each Director's and senior management personnel's qualification, position and seniority, having regard to the Group's operating results, individual performance of the Directors and senior management and comparable market practices. As for the independent non-executive Directors, their remuneration is determined by the Board upon recommendation from the Compensation Committee to ensure that they are adequately compensated for their efforts and time dedicated to the Company's affairs.

The Company has adopted the 2016 Share Plan, details of which are set out in the section headed "2016 Share Plan" in this annual report. Further, on April 2, 2026, the Company convened the extraordinary general meeting and further adopted the 2026 Share Scheme. For details, see the circular published by the Company dated February 5, 2026 and the poll results announcement of the Company dated April 2, 2026.

During the year ended December 31, 2025, none of the Directors waived his/her emoluments nor agreed to waive his/her emoluments, and no emoluments, retirement benefits, loans, quasi-loans, other dealings and consideration provided to or received by third parties for making available the services of a person as director or in any other capacity which director were paid by the Group to any of the Directors or five highest paid individuals as inducement to join or upon joining the Group, or as compensation for loss of office. There has not been any payments made or benefits provided in respect of the termination of the services of directors, nor has there been any consideration provided to or receivable by any third party for making available the services of a person as a Director in the year ended December 31, 2025.

## CONTRACTS WITH CONTROLLING SHAREHOLDER

No contract of significance or contract of significance for the provision of services has been entered into among the Company or any of its subsidiaries and the Controlling Shareholders or any of their subsidiaries during the year ended December 31, 2025.

## MANAGEMENT CONTRACTS

Save as disclosed in this annual report, no contract concerning the management and administration of the whole or any substantial part of any business of the Company was entered into or existed during the year ended December 31, 2025.

## AUDITOR

The consolidated financial statements of the Group for the year ended December 31, 2025 have been audited by Deloitte Touche Tohmatsu who will retire, and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting. As of the Latest Practicable Date, there was no change in the Company's auditor in any of the preceding three years.

## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this annual report, at no time during the Reporting Period was the Company or any of its subsidiaries, fellow subsidiaries or its holdings companies a party to any arrangement to enable any Director to acquire benefits by means of the acquisition of shares in, or debenture of the Company or any other body corporate; and none of the Directors, or any of their spouse or children under the age of 18, had any right to subscribe for equity or debt securities of the Company or any other body corporate, or had exercised any such right.

## DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the Reporting Period, none of the Directors had interests in any business apart from the Group's business, which competes or is likely to compete, either directly or indirectly, with the business of the Group which would require disclosure pursuant to the Listing Rules.

## CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

In respect of the year ended December 31, 2025, the Company does not have any disclosure obligations under Rules 13.20 to 13.22 of the Listing Rules.

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND/OR SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATIONS

As of December 31, 2025, the interests and/or short positions (as applicable) of our Directors and chief executives in the Shares, underlying Shares and debentures of our Company, within the meaning of Part XV of the SFO, which were required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions (as applicable) which he/she is taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein, or which were required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, were as follows:

### Interest in Shares and Underlying Shares of the Company

| Name | Nature of Interest | Number and class of Shares[(1)] | Approximate percentage of shareholding in respective class of Shares[(2)] |
|---|---|---|---|
| Dr. Peng[(3)] | Beneficial owner | 43,988,000 Class B Ordinary Shares | 54.25% |
| | Founder of a trust | 2,022,000 Class B Ordinary Shares | 2.49% |
| | Trustee | 13,990,000 Class B Ordinary Shares | 17.25% |
| Dr. Lou[(4)] | Beneficial owner | 434,364 Class A Ordinary Shares | 0.12% |
| | Interest in controlled corporation | 110,828 Class A Ordinary Shares | 0.03% |
| | | 19,068,770 Class B Ordinary Shares | 23.52% |
| | Founder of a trust | 2,020,000 Class B Ordinary Shares | 2.49% |
| Mr. Fei Zhang[(5)] | Interest in controlled corporations | 1,031,880 Class A Ordinary Shares | 0.29% |
| Mr. Jackson Peter Tai | Beneficial owner | 7,525 Class A Ordinary Shares | 0.00% |
| Dr. Mark Qiu | Beneficial owner | 7,525 Class A Ordinary Shares | 0.00% |
| Ms. Asmau Ahmed | Beneficial owner | 7,525 Class A Ordinary Shares | 0.00% |

*Notes:*

(1) All interests stated are long positions.

(2) The calculation is based on the total number of 352,452,783 Class A Ordinary Shares and 81,088,770 Class B Ordinary Shares in issue as of December 31, 2025.

(3) As of December 31, 2025, Dr. Peng is deemed to be interested (i) 43,988,000 Class B Ordinary Shares held beneficially by Dr. Peng; and (ii) 16,012,000 Class B Ordinary Shares held under each of the Alicia Peng Irrevocable Trust, Selena Peng Irrevocable Trust and the Voting Trust, all of which are controlled by Dr. Peng.

(4) As of December 31, 2025, Dr. Lou held (i) 80,197 Class A Ordinary Shares; (ii) 110,828 Class A Ordinary Shares through IWAY LLC, a company wholly owned by Dr. Lou; (iii) 19,068,770 Class B Ordinary Shares through IWAY LLC; and (iv) 2,020,000 Class B Ordinary Shares held by South Dakota Trust Company LLC as the trustee of Amber Luna Lou Irrevocable Trust controlled by Dr. Lou. Further, Dr. Lou is entitled to receive up to 354,167 Class A Ordinary Shares pursuant to the restricted share units awards granted to him, subject to the conditions (including vesting conditions) of these restricted share units.

(5) Mr. Fei Zhang is deemed to be interested in 882,116 Class A Ordinary Shares and 149,764 Class A Ordinary Shares held by Neumann Capital and Cassini Partners, L.P., respectively, as he has the discretionary power in investment decision making. As such, Mr. Zhang is deemed to be interested in the Class A Ordinary Shares held by Neumann Capital and Cassini Partners, L.P. under the SFO.

Save as disclosed above, as of December 31, 2025, so far as was known to any Director or the chief executive of the Company, none of the Directors nor the chief executives of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (a) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (b) were required, pursuant to the Model Code, to be notified to the Company and the Hong Kong Stock Exchange.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS AND/OR SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As of December 31, 2025, so far as was known to the Directors and chief executive of the Company, the following persons (other than the Directors and chief executives whose interests have been disclosed in this annual report), had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

| Name of substantial shareholder | Capacity/ Nature of Interest | Number of Shares | Approximate percentage of shareholding in respective class of Shares[(2)] |
|---|---|---|---|
| ***Class A Ordinary Shares*** | | | |
| Toyota Motor Corporation | Beneficial owner | 42,453,831(L) | 12.05% |
| HSG Venture VI Holdco, Ltd.[(3)] | Beneficial owner | 19,024,198(L) | 5.40% |
| HongShan Capital Venture Fund VI, L.P.[(3)] | Interest in controlled corporation | 19,024,198(L) | 5.40% |
| HSG Venture VI Management, L.P.[(3)] | Interest in controlled corporation | 19,024,198(L) | 5.40% |
| HSG Holding Limited[(3)] | Interest in controlled corporations | 22,615,083(L) | 6.42% |
| SNP China Enterprises Limited[(3)] | Interest in controlled corporations | 22,615,083(L) | 6.42% |
| Neil Nanpeng Shen[(3)] | Interest in controlled corporations | 22,615,083(L) | 6.42% |
| Ontario Teachers' Pension Plan Board[(4)] | Interest in controlled corporations | 21,641,766(L) | 6.14% |
| FMR LLC | Interest in controlled corporations | 18,921,497(L) | 5.37% |
| The Goldman Sachs Group, Inc. | Interest in controlled corporations | 18,652,029(L) | 5.29% |
| | | 8,144,439(S) | 2.31% |
| Morgan Stanley | Interest in controlled corporations | 18,063,550(L) | 5.13% |
| | | 789,730(S) | 0.22% |

*Notes:*

(1) The letter "L" stands for long position and the letter "S" stands for short position.

(2) The calculation is based on the total number of 352,452,783 Class A Ordinary Shares and 81,088,770 Class B Ordinary Shares in issue as of December 31, 2025.

(3) HSG Venture VI Holdco, Ltd. is wholly owned by HongShan Capital Venture Fund VI, L.P. The general partner of HongShan Capital Venture Fund VI, L.P. is HSG Venture VI Management, L.P., whose general partner is HSG Holding Limited. The sole shareholder of HSG Venture VII Holdco, Ltd. is HongShan Capital Venture Fund VII, L.P., whose general partner is HSG Venture VII Management, L.P. The general partner of HSG Venture VII Management, L.P. is HSG Holding Limited. HSG Holding Limited is wholly owned by SNP China Enterprises Limited, which is in turn wholly owned by Mr. Neil Nanpeng Shen. As such, each of Mr. Neil Nanpeng Shen, SNP China Enterprises Limited and HSG Holding Limited is interested in the Class A Ordinary Shares held by HSG Venture VI Holdco, Ltd., HongShan Capital Venture Fund VI, L.P., HSG Venture VI Management, L.P., HSG Venture VII Holdco, Ltd., HongShan Capital Venture Fund VII, L.P. and HSG Venture VII Management, L.P. under the SFO.

(4) 2774719 Ontario Limited is wholly-owned by Ontario Teachers' Pension Plan Board. As such, Ontario Teachers' Pension Plan Board is interested in the 21,641,766 Class A Ordinary Shares held by 2774719 Ontario Limited.

Save as disclosed above, as of December 31, 2025, the Directors were not aware of any other person had any interest or short position in the Shares or underlying Shares which would fall to be recorded in the registry required to be kept by the Company pursuant to Section 336 of the SFO.

## 2016 SHARE PLAN

The Company adopted the 2016 Share Plan on December 3, 2016. The 2016 Share Plan does not involve any further grant of awards by the Company after the Listing. The following is a summary of the principal terms of the 2016 Share Plan.

***Purpose.*** The purpose of the 2016 Share Plan is to enable the Company to grant equity awards to selected participants as incentives or rewards for their contribution to the Group, in particular, (i) to motivate them to optimize their performance and efficiency for the benefit of the Group; (ii) to attract and retain them whose contributions are or will be beneficial to the Group; and (iii) to encourage them to enhance cooperation and communication amongst team members for the growth of the Group.

***Eligible Participants.*** Only employees, outside directors and consultants shall be eligible for the grant of non-statutory options, restricted share units or the direct award or sale of shares. Only employees shall be eligible for the grant of option that qualifies as an incentive stock option as described in the U.S. Internal Revenue Code of 1986, section 422(b) ("**ISO(s)**").

***Form of Awards.*** The 2016 Share Plan permits the direct award or sale of shares and the grant of options to purchase shares or restricted share units.

***Maximum Number of Shares.*** The maximum number of ordinary shares that may be issued pursuant to equity awards granted under the 2016 Share Plan is 58,427,257 (representing 13.48% of the issued shares (excluding treasury shares) as of the Latest Practicable Date), subject to certain adjustments pursuant to the terms of the 2016 Share Plan. Under the 2016 Share Plan, there is no specific limit on the maximum number of ordinary shares which may be entitled to a single eligible participant. The 2016 Share Plan has no service provider sublimit under Chapter 17 of the Listing Rules.

***Options***

*Exercise price.* The entire purchase price or exercise price of shares issued under the 2016 Share Plan shall be payable in cash or cash equivalents at the time when such shares are purchased, except as otherwise provided. The exercise price of an option shall not be less than 100% of the fair market value of a share on the date of grant but in no event less than the par value per share. There is no additional amount payable on application or acceptance of the share options.

*Vesting Schedule.* Share options generally have a 10-year contractual term and vest over a four-year period starting from the date specified in each agreement. The share options will vest in accordance with the vesting schedules set out in the respective share award agreements with vesting period ranging from 2 to 5 years.

*Rights attached to Options.* Each grant of an option under the 2016 Share Plan shall be evidenced by a share option agreement between the optionee and our company. The option shall be subject to all applicable terms and conditions of the 2016 Share Plan and may be subject to any other terms and conditions that are not inconsistent with the 2016 Share Plan and that the board of directors deems appropriate for inclusion in a share option agreement.

***Restricted Share Unit Award***

*General.* Under the 2016 Share Plan, each award of restricted share unit award shall be evidenced by a restricted share unit award agreement between the grantee and the Company. No cash consideration is payable on application or acceptance of the awards.

*Restrictions on RSUs.* Each restricted share unit award may or may not be subject to vesting, as determined by the Board in its sole discretion. Vesting shall occur, in full or in installments, upon satisfaction of the conditions specified in the restricted share unit award agreement. The holders of restricted share unit awards shall have no voting rights.

*Settlement of RSUs.* Settlement of any vested restricted share unit award maybe made in the form of (a) shares, (b) cash or (c) any combination of both, as determined by the Board in its sole discretion. The actual number of restricted share units eligible for settlement may be larger or smaller than the number included in the original restricted share unit award, based on predetermined performance factors.

***Amendment, Suspension or Termination.*** The Plan shall terminate automatically 10 years after the later of (i) the date when the Board adopted the 2016 Share Plan or (ii) the date when the Board approved the most recent increase in the number of Shares reserved under section 4 of the 2016 Share Plan that was also approved by the Shareholders. As the shareholders of the Company approved the increase in the number of Shares reserved under section 4 of the 2016 Share Plan in March 2020, as at December 31, 2025, the remaining life of the 2016 Share Plan is approximately 5 year.

***Outstanding awards granted.*** Since Listing Date, we have not made and will not make any new grants of awards under the 2016 Share Plan. As such, no award was available for grant at the beginning of the Relevant Period, and no award remained available for grant under the 2016 Share Plan as of December 31, 2025. As of the Latest Practicable Date, 6,219,475 Shares underlying the awards are available for issue under the 2016 Share Plan, representing approximately 1.4% of the issued Shares as of the Latest Practicable Date.

As of December 31, 2025 and the Latest Practicable Date, the number of underlying Shares pursuant to the outstanding options granted under the 2016 Share Plan amounted to 1,621,005 Class A Ordinary Shares and 1,316,188 Class A Ordinary Shares, representing approximately 0.5% and 0.3% of the issued Shares as of the Latest Practicable Date.

As of December 31, 2025 and the Latest Practicable Date, the number of underlying Shares pursuant to the outstanding restricted share units granted under the 2016 Share Plan amounted to 8,159,605 Class A Ordinary Shares and 5,813,056 Class A Ordinary Shares, representing approximately 2.3% and 1.3% of the issued Shares as of the Latest Practicable Date.

Details of the movements of share options under the 2016 Share Plan during the Relevant Period are as follows:

| | | | | | | Number of Class A Ordinary Shares underlying the relevant options | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Category and name of grantee | Date of grant | Expiry date | Exercise price per Class A Ordinary Share underlying the options | Vesting period | Outstanding options as of the Listing Date | Granted during the Relevant Period | Exercised during the Relevant Period(3) | Cancelled during the Relevant Period | Lapsed during the Relevant Period | Outstanding as of December 31, 2025 |
| Employee participants (other than Directors and chief executive) | November 30, 2016 to April 22, 2025 | November 30, 2026 to April 22, 2035 | USD0.0005 to USD5.6 | 2 to 4 years | 1,807,171 | – | 186,166 | – | – | 1,621,005 |
| **Total** | | | | | **1,807,171** | **-** | **186,166** | **-** | **-** | **1,621,005** |

*Notes:*

(1) In respect of the exercise period of the share options under the 2016 Share Plan, the exercise period of the share options granted shall commence from the date on which the relevant share options become vested and ended on the expiry date, subject to the terms of the relevant 2016 Share Plan and the share option award agreement signed by the grantee. No options shall generally be exercised after ten years from the date of grant.

(2) During the Relevant Period, no grant was made under the 2016 Share Plan which requires review by the Compensation Committee, and no grant was made to (i) any Directors, chief executive or substantial Shareholders of the Company or their respective associates; (ii) any participant with options and awards in excess of the 1% individual limit under Rule 17.03D of the Listing Rules; nor (iii) any related entity participant or service provider. Closing price of Shares immediately before the date on which the share options were granted and the fair value of share options at the date of grant are not applicable as no share option was granted during the Relevant Period.

(3) The exercised share options were funded by ADSs underlying Class A Ordinary Shares already issued and registered in the name of the Depositary during the Relevant Period. The weighted average closing price of the ADSs quoted on the Nasdaq immediately before the date(s) on which the share options were exercised was USD14.75. The exercise price per Share of 110,000 options exercised is USD0.0005; 6,000 options exercised is USD0.293; 14,100 options exercised is USD0.63;35,000 options exercised is USD0.82; 7,300 options exercised is USD1.65; and 13,766 options exercised is USD3.28.

Details of the movements of restricted share units under the 2016 Share Plan during the Relevant Period are as follows:

| Category and name of grantee | Date of grant | Vesting period | Number of Class A Ordinary Shares underlying the relevant awards<br>Outstanding awards as of the Listing Date | Granted during the Relevant Period | Vested during the Relevant Period[(2)] | Cancelled during the Relevant Period[(3)] | Lapsed during the Relevant Period | Outstanding as of December 31, 2025 |
|---|---|---|---|---|---|---|---|---|
| **Director(s) and chief executive(s)** | | | | | | | | |
| Dr. Tiancheng Lou | December 4, 2024 | 4 years | 500,000 | – | 145,833 | – | – | 354,167 |
| Mr. Jackson Peter Tai | December 4, 2024 | 1 year | 7,525 | – | 7,525 | – | – | – |
| Dr. Mark Qiu | December 4, 2024 | 1 year | 7,525 | – | 7,525 | – | – | – |
| Ms. Asmau Ahmed | December 4, 2024 | 1 year | 7,525 | – | 7,525 | – | – | – |
| **Subtotal** | | | **522,575** | **–** | **168,408** | **–** | **–** | **354,167** |
| **Other employee participants** | May 28, 2021 to September 22, 2025 | 2 to 5 years | 8,949,078 | – | 1,207,058 | 16,582 | – | 7,805,438 |
| **Total** | | | **9,471,653** | **–** | **1,295,466** | **16,582** | **–** | **8,159,605** |

*Notes:*

(1) During the Relevant Period, no grant was made under the 2016 Share Plan which requires review by the Compensation Committee, and no grant was made to (i) any other Directors, chief executive or substantial Shareholders of the Company or their respective associates; (ii) any participant with options and awards in excess of the 1% individual limit under Rule 17.03D of the Listing Rules; nor (iii) any related entity participant or service provider. Closing price of Shares immediately before the date on which the restricted share units were granted and the fair value of restricted share units at the date of grant are not applicable as no restricted share units was granted during the Relevant Period.

(2) The vested restricted share units were funded by ADSs underlying Class A Ordinary Shares already issued and registered in the name of the Depositary during the Relevant Period (save and except for 65,636 restricted share units granted to Dr. Tiancheng Lou were vested and settled in cash). The weighted average closing price of the ADSs quoted on the Nasdaq immediately before the date(s) on which the restricted share units were vested was USD15.28. There is no purchase price attached to the restricted share units vested during the Relevant Period.

(3) There is no purchase price attached to the restricted share units cancelled during the Relevant Period.

The number of Shares that may be issued in respect of options and awards granted under all schemes of the Company during the year ended December 31, 2025 divided by the weighted average number of Class A Ordinary Shares in issue during the year ended December 31, 2025 is 0.02.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold, or redeemed any of the Company's securities listed on the Hong Kong Stock Exchange and Nasdaq (including sale of treasury shares) during the Relevant Period.

As of December 31, 2025, the Company did not have any treasury shares.

## DISCLOSURE OF CHANGES IN DIRECTORS' INFORMATION PURSUANT TO LISTING RULE 13.51B(1)

During the Relevant Period and up to the Latest Practicable Date, there has been no change to the information of the Directors which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

## USE OF PROCEEDS FROM THE GLOBAL OFFERING

On November 6, 2025, 352,452,783 shares of the Class A Ordinary Shares were listed on the Main Board of the Hong Kong Stock Exchange, including 48,249,000 newly issued Class A Ordinary Share with issue price of HKD139.00 per share. The net proceeds from the Global Offering amounted to approximately HK$6,454.36 million.

For the Relevant Period, the Company had not utilized the net proceeds from the Global Offering. The Company intends to use such net proceeds in the same manner, allocations and proportions as stated in the Prospectus. The below table sets out the proposed applications of the net proceeds:

| | Percentage of the total net proceeds raised from the Listing Approximate *(%)* | Planned use of proceeds as stated in the Prospectus Approximate *(HK$ million)* | Unutilized net proceeds as at the Listing Date Approximate *(HK$ million)* | Actual use of proceeds during Relevant Period Approximate *(HK$ million)* | Net proceeds unutilized as at December 31, 2025 Approximate *(HK$ million)* | Expected timeframe for utilizing the remaining unutilized net proceeds |
|---|---|---|---|---|---|---|
| **For execution of our go-to market strategies** | 50% | 3,227.2 | 3,227.2 | – | 3,227.2 | Over the course of the next five years |
| – strategically scale up our business operations in existing markets and selectively expand in new markets | 30% | 1,936.4 | 1,936.4 | – | 1,936.4 | |
| – develop our fleet management system to optimize and improve our operations and maintenance | 10% | 645.4 | 645.4 | – | 645.4 | |
| – sales and marketing activities | 10% | 645.4 | 645.4 | – | 645.4 | |
| **For continued investments in research and development of our Level 4 autonomous driving technology and solutions** | 40% | 2,581.8 | 2,581.8 | – | 2,581.8 | Over the course of the next five years |
| – develop and upgrade our Virtual Driver technology | 15% | 968.2 | 968.2 | – | 968.2 | |
| – develop the next generation of Level 4 autonomous vehicles, including robotaxis and robotrucks, and related components as well as value added technology solutions and services | 20% | 1,290.9 | 1,290.9 | – | 1,290.9 | |
| – retain, expand and strengthen our research and development team | 5% | 322.7 | 322.7 | – | 322.7 | |
| **For working capital needs and other general corporate purposes** | 10% | 645.4 | 645.4 | – | 645.4 | Over the course of the next five years |
| **Total** | **100%** | **6,454.4** | **6,454.4** | **-** | **6,454.4** | |

To the extent that the net proceeds are not immediately applied to the above purposes and to the extent permitted by the relevant law and regulations, the Company will only deposit those net proceeds into short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the Securities and Futures Ordinance or applicable laws and regulations in other jurisdictions). The expected timeline for using the unutilized net proceeds is based on the best estimation of the business market situations made by the Board. It might be subject to changes based on the market conditions.

## MATERIAL LITIGATION

The Company was not involved in any material litigation or arbitration during the year ended December 31, 2025 which could have a material and adverse effect on our financial condition or results of operations. The Directors are also not aware of any material litigation or claims that are pending or threatened against the Company since the Listing Date and up to the Latest Practicable Date which could have a material and adverse effect on our financial condition or results of operations.

## CORPORATE GOVERNANCE

The Company's corporate governance practices are based on the principles and code provisions set forth in the Corporate Governance Code contained in Appendix C1 to the Listing Rules. Details about the corporate governance practices adopted by the Company are set out in the "Corporate Governance Report" contained in this annual report.

## EVENTS AFTER THE REPORTING PERIOD

On March 31, 2026, the Company transferred all convertible bonds of a South Korean public listed company to the issuer itself for an aggregate consideration of KRW15.7 billion (equivalent to USD10.9 million), comprising principal of KRW15.3 billion (USD10.5 million) and accrued interest expense of KRW0.4 billion (USD0.4 million).

On April 2, 2026, the shareholders of Company approved the adoption of the 2026 Share Scheme. The scheme limit of the 2026 Share Scheme is 43,354,155 Class A Ordinary Shares, being 10% of the total number of shares in issue as of the adoption date. On the same date, the shareholders of the Company approved the grant of 2,000,000 RSUs in total to Dr. Jun Peng and Dr, Tiancheng Lou. For details of the adoption of the 2026 Share Scheme and the grants to the Directors, please refer to the announcement of the Company dated January 23, 2026, the circular dated February 5, 2026 and the poll results announcement of the Company dated April 2,2026.

On April 14, 2026, the Company resolved to grant (i) a total of 6,988,299 RSUs under the 2026 Share Scheme to 514 employees of the Group, three independent non-executive Directors and a service provider, and (ii) 15,000 options under the 2026 Share Scheme to an employee of the Group. For details, please refer to the announcement of the Company dated April 15, 2026.

Save as disclosed above, there was no other significant event that might affect the Group after December 31, 2025 and up to the Latest Practicable Date.

## APPROVAL OF ANNUAL REPORT

The annual report and the audited consolidated results of the Group for the year ended December 31, 2025 were approved and authorized for issue by the Board on April 22, 2026.

By order of the Board
**Dr. Jun Peng**
*Chairman of the Board and*
*Chief Executive Officer*

Hong Kong
April 22, 2026

# Directors and Senior Management

The biographical details of the Directors and senior management of the Company as of the Latest Practicable Date are set out as follows:

## DIRECTORS

### Executive Directors

**Dr. Jun Peng (彭軍)**, aged 51, is our executive Director, Chairman of the Board, Chief Executive Officer and the member of both the compensation committee and nomination committee of the Company. Dr. Peng is responsible for overall strategic planning, business development, operations and management of the Group. Dr. Peng has been appointed as our Director since November 2016.

Prior to co-founding the Group, Dr. Peng served as the Chief Architect at Baidu (a company listed on both the Stock Exchange and Nasdaq, Nasdaq: BIDU, HKEX: 9888) from November 2011 to November 2016, in charge of the research and development of Baidu's autonomous driving unit. Prior to that, Dr. Peng worked as a software engineer at Alphabet Inc. (a company listed on the Nasdaq, Nasdaq: GOOGL, GOOG) from August 2005 to November 2011, during which he received the highest internal honor, the Google Founder's Award. Dr. Peng has also served as non-executive director of PonyLink Co., Ltd. (a company listed on the Korea Exchange, KOSDAQ: 064800) since March 2024.

Dr. Peng obtained a bachelor's degree in civil engineering from Tsinghua University (清華大學) in the PRC in July 1996, and a doctorate degree in civil and environmental engineering from Stanford University in the United States in January 2003.

**Dr. Tiancheng Lou (樓天城)**, aged 40, is our executive Director and Chief Technology Officer. Dr. Lou is responsible for overall research and development, and management of product and technology initiatives of the Group. Dr. Lou has been appointed as our Director since March 2017.

Prior to co-founding the Group, Dr. Lou worked at Baidu (a company listed on both the Stock Exchange and Nasdaq, Nasdaq: BIDU, HKEX: 9888) from April 2016. Prior to that, Dr. Lou worked at Quora as a software engineer from January 2016. Dr. Lou served as an engineer at Alphabet Inc. (a company listed on the Nasdaq, Nasdaq: GOOGL, GOOG) from October 2012 to January 2016 and joined their autonomous driving unit. Dr. Lou is widely recognized as a top computer programmer, having been a 16-year medalist in the TopCoder competitions and a two-time champion of the global programming competition Google Code Jam.

Dr. Lou obtained a bachelor's degree in computer science in the PRC in July 2008 and a doctorate degree in computer science in computer science from Tsinghua University (清華大學) in June 2012.

## Non-executive Directors

**Mr. Fei Zhang (張斐)**, aged 53, is our non-executive Director, and is responsible for providing professional advice to the Board. Mr. Zhang has been appointed as our Director since December 2017.

Mr. Zhang has over 20 years of venture capital experience, with a focus in the areas of AI/cloud computing, social/digital media and entertainment, and electric vehicle/autonomous driving. He was a partner at Ceyuan Ventures (策源創投) in Beijing from 2004 to 2007, where he initiated and led several investments. Since January 2011, Mr. Zhang was a partner at 5Y Capital (五源資本) (formerly known as Morningside Venture Capital). Around 2016, he founded and has been a fund manager and the Responsible Officer of Neumann Advisory Hong Kong Limited, a SFC Type 9 licensed corporation. Mr. Zhang has been serving as a director of Kuaishou Technology (a company listed on the Stock Exchange, HKEX: 1024) since February 2014 and re-designated as a non-executive director since November 2020, where he is primarily responsible for participating in the formulation of business plans and strategic and major decisions.

Mr. Zhang received his bachelor's degree in engineering in automation and control from Shanghai Jiao Tong University (上海交通大學) in Shanghai, the PRC, in July 1994 and his MBA from the China Europe International Business School (中歐國際工商學院) in Shanghai, the PRC, in May 1999.

**Mr. Takeo Hamada**, aged 58, is our non-executive Director, and is responsible for providing professional advice to the Board. Mr. Hamada has been appointed as our Director since October 2023.

Mr. Hamada joined Toyota Motor Corporation (a company listed on the New York Stock Exchange, NYSE: TM ("TMC")) in April 1991. Mr. Hamada was dispatched to Toyota Motor North America, Inc from January 2012 to January 2015, where he was responsible for electrical and electronic engineering development. Upon his return in January 2015, Mr. Hamada joined the IVI system development division, where he was promoted to general manager in April 2016. Mr. Hamada later served as the general manager of the connected management division from January 2021 to January 2022. He then joined Toyota Motor (China) Investment Co., Ltd. in January 2022 and has been serving as the executive vice president since then. Mr. Hamada currently also serves as the project manager of TMC.

Mr. Hamada obtained a bachelor's degree in engineering from Kobe University in Japan in March 1991.

## Independent Non-executive Directors

**Mr. Jackson Peter Tai (戴國良)**, aged 75, is our independent non-executive Director, the chairman of the audit committee and a member of the corporate governance committee of the Company. He is responsible for providing independent opinion and judgment to the Board. Mr. Tai has been appointed as our Director since November 2024.

Mr. Tai has been serving as the independent non-executive director of WuXi Biologics (Cayman) Inc. (藥明生物技術有限公司) (a company listed on the Stock Exchange, HKEX: 2269) since May 2023, the director of SEED Therapeutics, Inc. since June 2023 and the director of Novita Pharmaceuticals, Inc. since January 2023. He previously served as director of Mastercard Inc (a company listed on the New York Stock Exchange, NYSE: MA) from September 2008 to May 2023, Eli Lilly and Company (a company listed on the New York Stock Exchange, NYSE: LLY) from November 2013 to May 2023 and HSBC Holdings plc (a company listed on the London Stock Exchange, Stock Exchange and New York Stock Exchange, LDN: HSBA, HKEX: 0005, NYSE: HSBC) from September 2016 to April 2023. Prior to that, Mr. Tai held various key positions in DBS Group Holdings Limited and DBS Bank Limited from 1999 to December 2007, including vice chairman, chief executive officer, chief operating officer, president and chief financial officer. Prior to that, Mr. Tai worked for 25 years in the investment banking division of J.P. Morgan & Co. Incorporated.

Mr. Tai obtained a bachelor of science degree in management from Rensselaer Polytechnic Institute in the United States in June 1972 and a master's degree in business administration from Harvard University in the United States in June 1974.

**Ms. Asmau Ahmed**, aged 47, is our independent non-executive Director and a member of the audit committee, compensation committee, nomination committee and corporate governance committee of the Company, respectively. She is responsible for providing independent opinion and judgment to the Board. Ms. Ahmed has been appointed as our Director since November 2024.

Ms. Ahmed currently serves as a director at QuinStreet, Inc. (a company listed on the Nasdaq, Nasdaq: QNST) since July 2021. Prior to that, Ms. Ahmed served as a director, product management at Google LLC, a subsidiary of Alphabet Inc. (a company listed on the Nasdaq, Nasdaq: GOOGL, GOOG) from 2021 to April 2024, served at Bank of America (a company listed on the New York Stock Exchange, NYSE: BAC) from September 2018 to July 2021, and served as a senior director, customer program at Capital One (a company listed on the New York Stock Exchange, NYSE: COF) from September 2016 to March 2018. Ms. Ahmed founded Plum Perfect (which was launched in 2014) and was the chief executive officer of Plum Perfect prior to joining Capital One. Earlier in her career, Ms. Ahmed served at and was later promoted as a manager of Deloitte from July 2005 to September 2012. She has also been a member of the board of advisors of the Yale Entrepreneurial Society.

Ms. Ahmed obtained a bachelor's degree in engineering from the University of Virginia in the United States in May 2000 and a master's degree in business administration from Columbia Business School in the United States in May 2006.

**Dr. Mark Qiu (邱子磊)**, aged 62, is our independent non-executive Director, the chairman of the compensation committee, nomination committee and corporate governance committee and a member of the audit committee of the Company. He is responsible for providing independent opinion and judgment to the Board. Dr. Qiu has been appointed as our Director since November 2024.

Dr. Qiu founded China Renaissance Capital Investment (崇德投資), an alternative investment manager and promoter of private equity investment funds focused on Chinese and China-related businesses in 2005 and is its chief executive officer and founding managing partner. During the usual course of business of China Renaissance Capital Investment for its equity investment, Dr. Qiu gained the financial management expertise through review of the financial statements of potential target companies which are listed companies. Prior to that, Dr. Qiu joined CNOOC Limited (中國海洋石油總公司), a company principally engaged in the exploration, development and production of oil and gas and the shares of which are listed on the Stock Exchange and the Shanghai Stock Exchange (HKEX: 0883, SSE: 600938) from 2001 to March 2005, and served as the chief financial officer and senior vice president. From 2011 to May 2022, Dr. Qiu also served as an independent director at Best Inc., a logistics company the shares of which are listed on the New York Stock Exchange (NYSE: BEST).

In addition to the aforementioned roles, Dr. Qiu was also the chairman of the audit committee of Best Inc., through which he has gained the financial management expertise required under Rule 3.10(2) of the Listing Rules. During Dr. Qiu's term as the chairman of the audit committee of Best Inc., Dr. Qiu was extensively involved in:

(i) Best Inc.'s financial management, including participating in periodic financial reviews, annual financial audits and reporting; and

(ii) working closely with Best Inc. in the review of their financial statements, public documents disclosures, and other related financial documents published on the New York Stock Exchange, including reviewing the company's financial and accounting policies and practices, reviewing the queries raised by the auditor to the management about accounting record, financial accounts and management's response.

Dr. Qiu obtained a doctorate degree in decision science from the University of Texas at Arlington in the United States in December 1990, and a master's degree in business administration from the Massachusetts Institute of Technology in the United States in June 1998.

## SENIOR MANAGEMENT

**Dr. Jun Peng (彭軍)**, aged 51, is our Chairman of the Board and Chief Executive Officer. For details of his biography, please refer to the paragraph headed "Directors — Executive Directors" in this section.

**Dr. Tiancheng Lou (樓天城)**, aged 40, is our executive Director and Chief Technology Officer. For details of his biography, please refer to the paragraph headed "Directors — Executive Directors" in this section.

**Dr. Haojun Wang (王皓俊)**, aged 49, is our Chief Financial Officer, and is responsible for corporate financing transactions, financial planning and management matters and human resources of the Group. Dr. Wang joined the Group in December 2016.

Prior to joining the Group, Dr. Wang served as an architect at Baidu (a company listed on both the Stock Exchange and Nasdaq, Nasdaq: BIDU, HKEX: 9888) from March 2014. Prior to that, Dr. Wang served as a software developer at IBM (a company listed on the New York Stock Exchange, NYSE: IBM) from December 2008. Earlier in his career, he worked at Shanghai Online since August 1998. Dr. Wang has also served as outside director of PonyLink Co., Ltd. (a company listed on the Korea Exchange, KOSDAQ: 064800) since March 2024.

Dr. Wang obtained a bachelor's degree in information and control engineering from Shanghai Jiao Tong University (上海交通大學) in the PRC in July 1998 and a doctorate degree in computer science from the University of Southern California in the United States in May 2009.

**Mr. Ning Zhang (張寧)**, aged 40, is our vice president, the head of autonomous driving system and the head of the Beijing office. He joined the Group in November 2017 and has been serving as vice president since then. Mr. Zhang is responsible for the management of the Beijing office and autonomous driving system.

Prior to joining the Group, Mr. Zhang served as an engineer at Google Canada Corp, a subsidiary of Alphabet Inc. (a company listed on the Nasdaq, Nasdaq: GOOGL, GOOG) from February 2015 to November 2017. Mr. Zhang studied under the tutelage of Academician Yao Qizhi, the only Turing Award winner in China, and was a member of the first Yao Class of Tsinghua University.

Mr. Zhang obtained a bachelor's degree in computer science and technology from Tsinghua University (清華大學) in the PRC in July 2008 and a master's degree in computer science from the University of Waterloo in Canada in June 2014.

**Dr. Luyi Mo (莫璐怡)**, aged 37, is our vice president and head of the Guangzhou and Shenzhen offices. Dr. Mo joined the Group in August 2018 as a vice president. Dr. Mo is responsible for management of our Guangzhou and Shenzhen offices as well as our robotaxi service and operation.

Prior to joining the Group, Dr. Mo worked as a senior software engineer at NetEase (a company listed on the Nasdaq and Stock Exchange, Nasdaq: NTES, HKEX: 9999) from December 2015 to August 2018, specializing in game engine development.

Dr. Mo obtained a bachelor's degree in information and computing science from Zhejiang University (浙江大學) in the PRC in June 2011 and a doctorate degree in computer science from the University of Hong Kong in November 2016. During her university time, Dr. Mo received world champion at the 35th Annual ACM International Collegiate Programming Contest World Finals in 2011, making her the first female world champion from China since 1977.

# Corporate Governance Report

## 2025 CORPORATE GOVERNANCE REPORT

The board (the "**Board**") of directors (the "**Directors**") of the Company is pleased to report to the shareholders of the Company (the "**Shareholders**") on the corporate governance of the Company for the period from the Listing Date to December 31, 2025 (the "**Relevant Period**").

## CORPORATE GOVERNANCE CULTURE

The Company is dedicated to providing safe, advanced, and reliable full-stack autonomous driving technology, aiming to fundamentally transform future transportation and ultimately realize the vision of "Autonomous Mobility Everywhere." Driven by such vision, the Company adheres to the principal of "Safety First" and adopts a technology-driven and application-oriented approach to deploy autonomous driving technologies globally. We continue to enhance our R&D capabilities and have achieved large-scale commercialization of autonomous mobility.

The Company believes that a healthy corporate culture is vital for the long-term success and sustainability of the Company's business. It is the Board's role to foster a corporate governance culture to ensure that the Company's vision, values and business strategies are aligned to it. All Directors are committed to act with integrity, lead by example, and promote the desired culture. Such culture should instill and continually reinforce across the organization values of acting lawfully, ethically and responsibly. The Board is committed to maintaining and developing robust corporate governance practices that are intended to ensure:

- satisfactory and sustainable returns to Shareholders;
- that the interests of those who deal with the Company are safeguarded;
- that overall business risk is understood and managed appropriately;
- the delivery of high-quality products and services meeting the satisfaction of customers; and
- that high standards of ethics are maintained.

During the Relevant Period, the Board is satisfied with the progress of implementation of our desired corporate culture to daily operations. For more details about the corporate governance culture, please also refer to the Environmental, Social and Governance Report which will be presented in a separate report and published on the websites of the Company's investor relations at ir.pony.ai and the Hong Kong Stock Exchange at www.hkexnews.hk.

## CORPORATE GOVERNANCE PRACTICES

The Board is committed to achieving high corporate governance standards.

The Board believes that high corporate governance standards are essential in providing a framework for the Group to safeguard the interests of Shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company has adopted the principles and code provisions of the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 to the Listing Rules as the basis of the Company's corporate governance practices.

During the Relevant Period, the Company has complied with all the applicable code provisions as set out in the CG Code, except as disclosed in this Corporate Governance Report.

## DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a policy concerning Directors' trading in the Company's securities (the "**Trading Policy**") on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules.

Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Trading Policy throughout the Relevant Period.

The Trading Policy is also applicable to the securities transactions by employees who, because of such office or employment, are likely to possess inside information in relation to the Company or its securities. No incident of non-compliance of the Trading Policy by the employees was noted by the Company during the Relevant Period.

## BOARD OF DIRECTORS

The Company is headed by an effective Board which assumes responsibility for its leadership and control and be collectively responsible for promoting the Company's success by directing and supervising the Company's affairs. Directors take decisions objectively in the best interests of the Company.

The Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business and regularly reviews the contribution required from a Director to perform his responsibilities to the Company and whether the Director is spending sufficient time performing them that are commensurate with their role and the Board responsibilities. The Board includes a balanced composition of executive Directors and non-executive Directors (including independent non-executive Directors) so that there is a strong independent element on the Board, which can effectively exercise independent judgement.

## Board Composition

The Board currently comprises seven Directors, consisting of two Executive Directors, two Non-executive Directors, and three Independent Non-executive Directors. During the Relevant Period and up to the Latest Practicable Date, the composition of the Board is as follows:

***Executive Directors***

Dr. Jun Peng (彭軍) *(Chairman of the Board)*
Dr. Tiancheng Lou (樓天城)

***Non-executive Directors***
Mr. Fei Zhang (張斐)
Mr. Takeo Hamada

***Independent Non-executive Directors***
Mr. Jackson Peter Tai (戴國良)
Dr. Mark Qiu (邱子磊)
Ms. Asmau Ahmed

The biographical information of the Directors is set out in the section headed "Biographies of Directors and Senior Management" of this annual report. There is no relationships (including financial, business, family or other material/relevant relationship(s)) between the Board members.

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules on April 10, 2025, and (ii) understands his or her obligations as a director of a Listed issuer under the Listing Rules.

## Board Meetings and Committee Meetings

Regular Board meetings should be held at least four times a year involving active participation, either in person or through electronic means of communication, of a majority of Directors.

As the Company was listed on the Main Board of the Hong Kong Stock Exchange on November 6, 2025, the Company did not convene any Nomination Committee meeting, Compensation Committee meeting, Corporate Governance Committee meeting or general meetings during the Relevant Period. The Company held seven Board meetings, 12 Audit Committee meetings, one Nomination Committee meeting, one Compensation Committee meeting, one Corporate Governance Committee meeting and one extraordinary general meeting for the period from January 1, 2025 to the Latest Practicable Date.

The attendance record of each Director at the Board meetings, the Board Committee meetings and the general meetings of the Company held for the period from January 1, 2025 to the Latest Practicable Date is set out in the table below:

| | Attendance/Number of Meetings | | | | | |
|---|---|---|---|---|---|---|
| Name of Director | Board | Audit Committee | Compensation Committee | Nomination Committee | Corporate Governance Committee | General Meeting |
| **Executive Directors** | | | | | | |
| Dr. Jun Peng | 7/7 | N/A | 1/1 | 1/1 | N/A | 1/1 |
| Dr. Tiancheng Lou | 7/7 | N/A | N/A | N/A | N/A | 1/1 |
| **Non-executive Directors** | | | | | | |
| Mr. Fei Zhang | 7/7 | N/A | N/A | N/A | N/A | 1/1 |
| Mr. Takeo Hamada | 7/7 | N/A | N/A | N/A | N/A | 1/1 |
| **Independent Non-executive Directors** | | | | | | |
| Mr. Jackson Peter Tai | 7/7 | 12/12 | N/A | N/A | 1/1 | 1/1 |
| Dr. Mark Qiu | 7/7 | 12/12 | 1/1 | 1/1 | 1/1 | 1/1 |
| Ms. Asmau Ahmed | 7/7 | 12/12 | 1/1 | 1/1 | 1/1 | 1/1 |

Apart from regular Board meetings, the Chairman also held a meeting with the Independent Non-executive Directors without the presence of other Directors for the period from January 1, 2025 to the Latest Practicable Date.

## Responsibilities, Accountabilities and Contributions of the Board and Management

The Board should assume responsibility for leadership and control of the Company; and is collectively responsible for directing and supervising the Company's affairs.

The Board directly, and indirectly through its committees, leads and provides direction to management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

All Directors, including Non-executive Directors and Independent Non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. The Independent Non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgement on corporate actions and operations.

All Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and coordinating the daily operation and management of the Company are delegated to the management.

The Company has arranged appropriate insurance coverage on Directors' and officers' liabilities in respect of any legal actions taken against Directors and senior management arising out of corporate activities.

## Chairman and Chief Executive Officer

Pursuant to code provision C.2.1 of the CG Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the responsibilities between the chairperson and the chief executive officer should be segregated and should not be performed by the same individual. The Company does not have a separate Chairman of the Board and Chief Executive Officer and Dr. Peng currently performs these two roles.

The Board believes that, in view of Dr. Peng's experience, personal profile and his roles in the Company as mentioned above, Dr. Peng is the Director best suited to identify strategic opportunities and focus on the Board due to his extensive understanding of our business as our Chief Executive Officer. The Board also believes that the combined roles of both chairperson and chief executive officer can promote the effective execution of strategic initiatives and facilitate the flow of information between management and the Board. The Board will continue to review and consider splitting the roles of Chairman of the Board and the Chief Executive Officer of the Company if and when it is appropriate taking into account the circumstances of the Group as a whole.

## Independent Non-executive Directors

During the Relevant Period, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three Independent Non-executive Directors representing more than one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each of the Independent Non-executive Directors in respect of his/her independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company is of the view that/considers all Independent Non-executive Directors are independent.

### Mechanisms for the Board to Obtain Independent Views and Opinions

The Company has established mechanism for the Board to obtain independent views and opinions during the Relevant Period, which allows the Board effectively exercises independent judgment to better safeguard Shareholders' interests.

During the Relevant Period, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three Independent Non-executive Directors representing more than one-third of the Board. The Board, Board committees or individual Directors may seek such external independent professional advice, views and input as considered necessary in addition to those from the independent Directors, to fulfil their responsibilities and in exercising independent judgement when making decisions in furtherance of their Directors' duties at the Company's expense according to such policy. The implementation and effectiveness of the mechanism to ensure that independent views and inputs are available to the Board are reviewed annually. The Board ensures the appointment of at least three independent non-executive Directors and at least one-third of its members being independent non-executive Directors. Further, independent non-executive Directors will be appointed to Board committees as required under the Listing Rules and as far as practicable to ensure independent views and input are available. The Nomination Committee strictly adheres to the independence assessment criteria as set out in the Listing Rules with regard to the nomination and appointment of independent non-executive Directors, and is mandated to assess annually the independence of independent non-executive Directors to ensure that they can continually exercise independent judgement.

The Board is of the view that during the Relevant Period, the Board has implemented effective mechanism to ensure independent views and input are available to the Board. The Board will review the implementation and effectiveness of the aforementioned mechanism annually.

### Appointment and Re-election of Directors

All Directors are appointed for a specific term of three years, subject to renewal after the expiry of the then current term. Each of our Directors has entered into a director agreement with our Company. Either party may terminate the agreement by giving not less than 30 days' written notice.

All the Directors are subject to retirement by rotation and re-election at the annual general meetings, and every Director shall be subject to retirement by rotation at least once every three years. The retiring Directors shall be eligible for re-election. The Company's Articles of Association also provides that all Directors appointed to fill a casual vacancy or as addition to the Board shall hold office until the first annual general meeting after appointment.

### Continuous Professional Development of Directors

All Directors are provided with regular updates on the Company's performance and financial position to enable the Board as a whole and each Director to discharge their duties. Meanwhile, the Company collates and sends information to the Directors on the updates of the Listing Rules and regulations to help and ensure that the Directors are kept informed of the latest changes in the legal and regulatory environment and their duties. The Nomination Committee will also review and monitor the trainings and continuous professional development of the Directors and senior management from time to time.

During the year ended December 31, 2025, the Company organized training sessions conducted by the Company's legal advisers for all the Directors. The training sessions covered a wide range of relevant topics including directors' duties and responsibilities, corporate governance under the Hong Kong Listing Rules, and regulatory framework of the SEC. In addition, relevant reading materials including legal and regulatory updates have been provided to the Directors on a monthly basis for their reference and studying.

During the year ended December 31, 2025, the key methods of attaining continuous professional development by each of the Directors are recognized as follows:

| Director | Attended training session | Reading materials |
|---|---|---|
| Dr. Jun Peng | ✓ | ✓ |
| Dr. Tiancheng Lou | ✓ | ✓ |
| Mr. Fei Zhang | ✓ | ✓ |
| Mr. Takeo Hamada | ✓ | ✓ |
| Mr. Jackson Peter Tai | ✓ | ✓ |
| Dr. Mark Qiu | ✓ | ✓ |
| Ms. Asmau Ahmed | ✓ | ✓ |

## BOARD COMMITTEES

The Board has established four committees, namely, the Audit Committee, Compensation Committee, Nomination Committee and Corporate Governance Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with specific written terms of reference which deal clearly with their authority and duties. The terms of reference of the Board committees are posted on the Company's website and the Stock Exchange's website.

### Audit Committee

The Audit Committee consists of three members, namely Mr. Jackson Peter Tai, Dr. Mark Qiu and Ms. Asmau Ahmed, all of whom are independent non-executive Directors. Mr. Jackson Peter Tai is the chairman of the Audit Committee.

The terms of reference of the Audit Committee are of no less exacting terms than those set out in the CG Code. The main duties of the Audit Committee are among other things, to monitor the integrity of our financial statements and our compliance with legal and regulatory requirements as they relate to our financial statements and accounting matters, review the adequacy of our internal control over financial reporting, and review all related party transactions and make recommendations to the Board on the appointment, reappointment and removal of the external auditor.

The Audit Committee held 12 meetings, in respect of the period from January 1, 2025 to the Latest Practicable Date, to review, discuss and consider, among others, the following matters:

- the unaudited financial results for the fourth quarter of 2024 and each of the first, second and third quarters of 2025 and the relevant quarterly results announcements;
- the unaudited financial results for the fourth quarter of 2025 and the annual results of 2025 and the relevant results announcements;
- the Form 20-F of the Company for the years ended December 31, 2024 and 2025;
- the review of external auditors on the Company's consolidated quarterly financial information for the fourth quarter of 2024 and each of the first, second and third quarters of 2025;
- the review of external auditors on the Company's consolidated quarterly financial information for the fourth quarter of 2025 and the year 2025;
- recommendations to the Board on the appointment or re-appointment of the external auditor;
- external auditor's remuneration in respect of audit services and non-audit services;
- monitoring of the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;
- the effectiveness and adequacy of the financial control, risk management and internal control systems of the Group;
- the implementation of the internal audit and risk management, and the experience and qualifications of the senior members of the independent auditor's team; and
- the performance of the Audit Committee and assessment of the adequacy of the terms of reference of the Audit Committee.

The Audit Committee also met the external auditors at least once without the presence of the Executive Directors during the period from January 1, 2025 to the Latest Practicable Date.

### Compensation Committee

The Compensation Committee consists of three members, namely one executive Director, Dr. Jun Peng and two independent non-executive Directors, Dr. Mark Qiu and Ms. Asmau Ahmed. Dr. Mark Qiu is the chairman of the Compensation Committee.

The terms of reference of the Compensation Committee are of no less exacting terms than those set out in the CG Code. The primary functions of the Compensation Committee include reviewing and making recommendations to the Board on the remuneration packages of individual Executive Directors and senior management, the remuneration policy and structure for all Directors and senior management; and establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration.

The Compensation Committee held one meeting during the period from January 1, 2025 to the Latest Practicable Date to review, discuss and consider, among others, the following matters:

- the remuneration policies and framework of the Directors and senior management of the Company;
- recommendations to the Board on the remuneration packages of the Directors and senior management of the Company;
- the implementation and status of the 2016 Share Plan and the 2026 Share Scheme;
- the grant of RSUs to Dr. Peng and Dr. Lou under the 2026 Share Scheme; and
- the performance of the Compensation Committee and assessment of the adequacy of the terms of reference of the Compensation Committee.

The Company's remuneration policy is to ensure that the remuneration offered to employees, including Directors and senior management, is based on skill, knowledge, responsibilities and involvement in the Company's affairs. The remuneration packages of Executive Directors and senior management are also determined with reference to the Company's performance and profitability, the prevailing market conditions and the performance or contribution of each Executive Director. The remuneration for the Executive Directors and senior management comprises annual performance-based bonus, housing fund, allowances and benefits in kind, employer's contributions to a retirement benefit scheme and share-based compensation. Non-executive Directors do not receive compensation from the Company. The remuneration policy for Independent Non-executive Directors is to ensure that they are adequately compensated for their efforts and time dedicated to the Company's affairs, including their participation in Board committees. The remuneration for the Independent Non-executive Directors mainly comprises Director's fee and share-based compensation which is determined with reference to their duties and responsibilities and market practices. Individual Directors and senior management have not been involved in deciding their own remuneration.

### Nomination Committee

The Nomination Committee consists of three members, namely one executive Director, Dr. Jun Peng, and two independent non-executive Directors, Dr. Mark Qiu, and Ms. Asmau Ahmed. Dr. Mark Qiu is the chairman of the Nomination Committee.

The terms of reference of the Nomination Committee are of no less exacting terms than those set out in the CG Code. The principal duties of the Nomination Committee include reviewing the Board composition, developing and formulating relevant procedures for the nomination and appointment of Directors, making recommendations to the Board on the appointment and succession planning of Directors, reviewing the Board Diversity Policy and the Director Nomination Policy and assessing the independence of Independent Non-executive Directors.

The Nomination Committee held one meeting for the period from January 1, 2025 to the Latest Practicable Date to review, discuss and consider, among others, the following matters:

- the structure, size and composition (including skills, knowledge, experience, and diversity) of the Board, and considered the existing Board is appropriately structured;
- assessment of each director's time commitment and contribution to the board, as well as the director's ability to discharge his or her responsibilities effectively;
- the implementation of the Board Diversity Policy and the Director Nomination Policy, director compensation policy during the Relevant Period;
- recommendations to the Board on the re-election of the retiring Directors by rotation at the 2026 AGM;
- the independence of the candidates of independent non-executive Directors and considered all of them to be independent, taking into account of the independence guidelines set out in Rule 3.13 of the Listing Rules; and
- the performance of the Nomination Committee and assessment of the adequacy of the terms of reference of the Nomination Committee.

### Corporate Governance Committee

The Corporate Governance Committee comprises three members, namely Mr. Jackson Peter Tai, Dr. Mark Qiu and Ms. Asmau Ahmed, all of whom are independent non-executive Directors. Dr. Mark Qiu is the chairman of the Corporate Governance Committee.

The terms of reference of the Corporate Governance Committee are of no less exacting terms than those set out in the CG Codes and is in compliance with Rule 8A.30 of the Listing Rules. The principal duties of the Corporate Governance Committee include ensuring that the Company is operated and managed for the benefit of all Shareholders and to ensuring the Company's compliance with the Listing Rules and safeguards relating to the weighted voting right structures of the Company.

The Corporate Governance Committee held one meeting during the period from January 1, 2025 to the Latest Practicable Date to review, discuss and consider, among others, the following matters:

- recommendations on the frequency and structure of Board meetings and monitoring the functioning of the committees of the Board;
- the Company's policies and practices on compliance with legal and regulatory requirements;
- the Company's ESG-related policies and implementation, effectiveness and governance thereof, and the ESG report;

- the Company's compliance with the CG Code and the deviations from code provision C.2.1 of the CG Code, the Company's disclosure in the corporate governance report and the Company's disclosure for compliance with Chapter 8A of the Listing Rules;
- the training and continuous professional development of Directors and senior management of the Company;
- the code of conduct and compliance manual applicable to Directors and employees of the Company;
- recommendation to the Board as to the appointment and terms of engagement of the compliance adviser of the Company;
- the management of conflicts of interests between the Company, a subsidiary of the Company and/or Shareholders (considered as a group) on the one hand and the WVR Beneficiaries on the other;
- all risks related to the WVR Structure, including connected transactions between the Group/Shareholders on the one hand and the WVR Beneficiaries on the other;
- the written confirmation provided by each of the WVR Beneficiaries that he has been a member of the Board throughout the Reporting Period and no matters under Rule 8A.17 of the Listing Rules have occurred during the Reporting Period; and he has complied with Rules 8A.14, 8A.15, 8A.18 and 8A.24 of the Listing Rules throughout the Reporting Period;
- seeking to ensure effective and on-going communication between the Company and its Shareholders, particularly with regards to the requirements of Rule 8A.35 of the Listing Rules;
- the performance of the Corporate Governance Committee and assessment of the adequacy of the terms of reference of the Corporate Governance Committee; and
- the work of the Corporate Governance Committee covering all areas of its charter.

In particular, the Corporate Governance Committee has confirmed to the Board that it is of the view that the Company has adopted sufficient corporate governance measures to manage the potential conflict of interest between the Group and the WVR Beneficiaries in order to ensure that the operations and management of the Company are in the interests of the Shareholders as a whole. These measures include the Corporate Governance Committee ensuring that (i) any connected transactions are disclosed and dealt with in accordance with the requirements of the Listing Rules, (ii) any Directors who have a conflict of interest abstained from voting on the relevant board resolution, and (iii) the compliance adviser is consulted on any matters related to transactions involving the WVR Beneficiaries or a potential conflict of interest between the Group and the WVR Beneficiaries. The Corporate Governance Committee recommended the Board to continue the implementation of these measures and to periodically review their efficacy towards these objectives. Having reviewed the remuneration and terms of engagement of the compliance adviser, the Corporate Governance Committee confirmed to the Board that it was not aware of any factors that would require it to consider either the removal of the current compliance adviser or the appointment of a new compliance adviser. As a result, the Corporate Governance Committee recommended that the Board retain the services of the compliance adviser of the Company.

The Corporate Governance Committee has confirmed that (i) the WVR Beneficiaries have been members of the Board throughout the Relevant Period, (ii) no matters under Rule 8A.17 of the Listing Rules have occurred during the Relevant Period, (iii) the WVR Beneficiaries have complied with Rules 8A.14, 8A.15, 8A.18 and 8A.24 of the Listing Rules throughout the Relevant Period, and (iv) there was no significant subsequent event after December 31, 2025 up to the Latest Practicable Date to be disclosed under Rule 8A.32 of the Listing Rules.

### Board Diversity Policy

The Company is committed to promoting the culture of diversity and has strived to promote diversity to the extent practicable by taking into consideration a number of factors in its corporate governance structure.

The Company has adopted a board diversity policy (the "**Board Diversity Policy**") which sets out the objective and approach to achieve and maintain diversity of the Board in order to enhance the effectiveness of the Board. Pursuant to the board diversity policy, the Company seeks to achieve board diversity through the consideration of a number of factors, including but not limited to professional experience, skills, knowledge, gender, age, nationality, cultural and education background, ethnicity and length of service. The Directors have a balanced mix of knowledge and skills, including knowledge and experience in the areas of technology. They obtained degrees in various areas including engineering, computer science, decision science and management. The Board Diversity Policy is well implemented as evidenced by the fact that there are Directors ranging from 40 years old to 75 years old and the Board comprises one female Director and six male Directors.

In terms of gender diversity of the Board, the Company targets to maintain at least the current level of female representation in its Board (i.e. one member of female Director) and will continue to seek opportunities to increase the proportion of female members of the Board over time as and when suitable candidates are identified. The Board will review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives. In addition, the Company will continue to ensure that there is gender diversity when recruiting staff at mid to senior management level so that there will be a pipeline of female senior management and potential successors to the Board in due course. The Group will also continue to emphasize training of female talent and provide long-term development opportunities for female staff.

The Nomination Committee is responsible for ensuring the diversity of Board members, and will review the Board Diversity Policy at least on annual basis, develop and review measurable objectives for implementing the policy, and monitor the progress on achieving these measurable objectives to ensure its continued effectiveness. As of the Latest Practicable Date, The Nomination Committee has reviewed the diversity policy and considers that, appropriate balance has been stricken among the Board members in terms of genders, ages, skills, experience and perspectives, and that the current composition of the Board has achieved the objectives set in the Board Diversity Policy.

### Gender Diversity

The Company values gender diversity across all levels of the Group. The following table sets out the gender ratio in the workforce of the Group, including the Board and senior management as at December 31, 2025:

| | **Female** | **Male** |
|---|---|---|
| **Board** | 14.3% | 85.7% |
| **Senior Management** | 16.7% | 83.3% |
| **Employees (excluding senior management)** | 24.6% | 75.4% |
| **Overall workforce** | 25.6% | 75.4% |

The Company is aiming to achieve a more balanced gender ratio in the workforce and will continue to ensure that recruitment and selection practices at all levels are appropriately structured so that a diverse range of candidates are considered and gender diversity across the workforce is maintained.

Details on the gender ratio of the Group together with relevant data can be found on pages 75 and 76 of our Environmental, Social and Governance Report.

### Director Nomination Policy

The Board has delegated its responsibilities and authority for selection and appointment of Directors to the Nomination Committee of the Company.

The Company has adopted a Director Nomination Policy which sets out the selection criteria and nomination process and the Board succession planning considerations in relation to nomination and appointment of Directors of the Company and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and the continuity of the Board and appropriate leadership at Board level.

The nomination procedure set out in the Director Nomination Policy is as follows:

The Nomination Committee and/or the Board may select candidates for directorship from various channels, including but not limited to internal promotion, re-designation, referral by other member of the management and external recruitment agents.

The Nomination Committee and/or the Board should, upon receipt of the proposal on appointment of new Director and the biographical information (or relevant details) of the candidate, conduct adequate due diligence in respect of such candidate and evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.

The Nomination Committee should then recommend to the Board to appoint the appropriate candidate for directorship, as applicable.

For any person that is nominated by a Shareholder for election as a Director at the general meeting of the Company, the Nomination Committee and/or the Board should evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.

The Director Nomination Policy sets out the criteria for assessing the suitability and the potential contribution to the Board of a proposed candidate, including but not limited to the following:

- Reputation and integrity;
- educational background, professional qualifications and work experience (including part-time jobs);
- whether or not they have the necessary skills and experience;

- whether or not they are able to spend sufficient time and energy to handle the Company's affairs;
- whether or not they will promote the diversity of the Board in all aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and term of office; and
- whether or not the candidates for independent directors meet the requirements under the Listing Rules, the Exchange Act and the listing rules of the Nasdaq.

During the Relevant Period and up to the Latest Practicable Date, there was no change in the composition of the Board. The Nomination Committee will review the Director Nomination Policy, as appropriate, to ensure its effectiveness.

## RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems.

The Audit Committee assists the Board in leading the management and overseeing their design, implementation and monitoring of the risk management and internal control systems.

The management is responsible for the overall implementation of risk management and internal control plans and policies determined by the Board and managing the risks in connection with all of the Company's business operations. The management identifies, assesses and takes measures against any significant risks that the Company is facing, and reviews the risk assessment report on a regular basis and reports to the Audit Committee and the Board on a regular basis.

The Company has developed and adopted various risk management procedures and guidelines with defined authority for implementation by key business processes and office functions, including R&D management, supply chain, production and warehouse, fleet operation and safety, sales and marketing, infra security, financial reporting, human resources and information technology.

The Company's risk management and internal control systems have been developed with the following principles, features and processes:

## Organization Principles

Under the supervision and guidance of the Board and with reference to the COSO (the Committee of Sponsoring Organizations of the Treadway Commission) model, the Company has adopted a risk management and internal control structure, referred to as the "Three Lines of Defense" model, to ensure the effectiveness of its risk management and internal control system.

### *First Line of Defense – Operation and Management*

The first line of defense is mainly formed by the business departments of the Company, which are responsible for designing and implementing measures to prevent or control risks in daily business operation.

### *Second Line of Defense – Risk Management Functions*

The second line of defense mainly consists of, among others, the finance department, legal department, information security department and production safety department of the Company. This line is responsible for supporting business departments in establishing and improving their risks management and internal control systems, and formulating policies related to finance, compliance and litigation, information security and production safety of the Company.

### *Third Line of Defense – Internal Audit Function*

The third line of defense is comprised of the internal audit department, which is responsible for monitoring risk management and internal control systems of the Company and assessing their effectiveness through internal audit and investigations.

## Risk Management Process

- ***Risk Identification:*** The Company focuses on four risks dimensions, namely, strategy, operations, compliance and finance. Through methods such as interviews with department heads and senior management and review of historical records, the Company further identifies major risk categories and key risk factors among such dimensions.

- ***Risk Assessment:*** Department heads and senior management conduct quantitative and qualitative assessments on such risk factors from the perspectives of severity of impacts and likelihood of occurrence, and prioritize management of relevant risks based on such assessment results.

- ***Risk Control:*** The risk management functions of the Company assist the business departments to prevent or control risks identified in formulating policies and/or devising mitigating measures. The internal audit department formulates specialized internal audit plans based on the results of risk assessment and the Audit Committee's review, and accordingly conducts audits and investigations.

- ***Risk Management Reporting:*** The results of risk management are reported to management and the Audit Committee on a regular basis, and recommendations for optimization are communicated to relevant business departments, which will then improve and implement corresponding risk control measures based on the assessment results. The internal audit department continues to track changes in key risk factors and the implementation status of risk control measures to drive optimization of the risk management process.

The management has confirmed to the Board and the Audit Committee on the effectiveness of the risk management and internal control systems for the Relevant Period.

The Board, as supported by the Audit Committee as well as the management report, conducted an annual review of the risk management and internal control systems, including the financial, operational and compliance controls, for the Relevant Period, and considered that such systems are effective and adequate. The annual review also covered the financial reporting and internal audit function and staff qualifications, experiences and relevant resources.

The Company has in place the Whistleblower Policy and system for employees of the Company and those who deal with the Company to raise concerns, in confidence and anonymity, with the internal audit department about possible improprieties in any matters related to the Company. The Whistleblower Policy is available on the website of the Company.

The Company has also in place the Anti-Corruption Policy to safeguard against corruption and bribery within the Company. The Company continues to carry out anti-corruption and anti-bribery activities to cultivate a culture of integrity, and actively organizes anti-corruption training and inspections to ensure the effectiveness of anti-corruption and anti-bribery.

During the Relevant Period, the Company held a number of anti-corruption trainings and briefings to all employees. There were no non-compliance cases in relation to bribery and corruption during the Relevant Period.

The Company has developed its disclosure policy which provides a general guide to the Company's Directors, senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries. Control procedures have been implemented to ensure that unauthorized access and use of inside information are strictly prohibited.

## DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements for the year ended December 31, 2025 with the support of the accounting and finance team. The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the external auditors of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report of this annual report.

## AUDITORS' REMUNERATION

The remuneration paid and payable to the external auditors of the Company in respect of audit services and non-audit services for the year ended December 31, 2025 is set out below:

| **Service Category** | **Fees Paid/Payable** *in USD thousands* |
|---|---|
| Audit Services | 1,959 |
| Non-audit Services | |
| – Tax Fees | 42 |
| **Total** | **2,001** |

## COMPANY SECRETARY

Mr. Ng (吳東澄), was appointed as our company secretary in April 2025. Mr. Ng is a seasoned professional with over 15 years of extensive experience in the legal and company secretarial domains, specializing in corporate governance and compliance. He currently serves as the assistant vice president of Computershare Hong Kong Investor Services Limited.

Mr. Ng holds a master's degree in Chinese business law from the Chinese University of Hong Kong and a master's degree in professional accounting and corporate governance from The City University of Hong Kong. He earned his bachelor's degree in law from Manchester Metropolitan University. Mr. Ng is a fellow of both The Hong Kong Chartered Governance Institute (the "**HKCGI**") and The Chartered Governance Institute in the United Kingdom. He also possesses the practitioner's endorsement from HKCGI.

All Directors have access to the advice and services of the company secretary on corporate governance and board practices and matters. Dr. Haojun Wang, chief financial officer of the Company, has been designated as the primary contact person at the Company who would work and communicate with Mr. Ng on the Company's corporate governance and secretarial and administrative matters.

For the year ended December 31, 2025, Mr. Ng has undertaken not less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

Mr. Tian Gao (高天) resigned as a joint company secretary of the Company with effect from April 16, 2026. Upon the resignation of Mr. Tian Gao, Mr. Ng, who meets the requirements of a company secretary under Rule 3.28 of the Listing Rules, remains in office and acts as the sole company secretary of the Company.

## SHAREHOLDERS' RIGHTS

### Convening an Extraordinary General Meeting and Putting Forward Proposals at General Meetings

Pursuant to the Articles of Association, extraordinary general meetings may be convened by the Chairman or a majority of the Board. Extraordinary general meetings shall also be convened on the requisition of one or more shareholder(s) holding not less than one-tenth of all votes (on a one vote per share basis) attaching to all issued and outstanding shares of the Company that as at the date of deposit of the requisition carry the right of voting at general meetings, and such shareholder(s) may also add resolutions to the agenda of any general meeting of the Company. Any such requisition shall express the object of the meeting proposed to be called and shall be deposited at the registered office of the Company.

If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) themselves may convene the general meeting in the same manner.

There is no provision allowing the Shareholders to move new resolutions at general meetings under the Cayman Islands Companies Laws or the Articles of Association. Shareholders who wish to move a resolution may request the Company to convene a general meeting following the procedures set out in the preceding paragraph.

With respect to the Shareholders' right in proposing persons for election as Directors, please refer to the procedures available on the Company's investor relations website at https://ir.pony.ai/governance/documents-charters.

### Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board, Shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

### Contact Details

Shareholders may send their enquiries or requests as mentioned above to the following:

Address: 1301 Pearl Development Building, 1 Mingzhu 1st Street, Hengli Town, Nansha District, Guangzhou, PRC (For the attention of the Board of Directors)
Email: pony@christensencomms.com

For the avoidance of doubt, Shareholders must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

## COMMUNICATION WITH SHAREHOLDERS AND INVESTORS/INVESTOR RELATIONS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company is endeavouring to maintain an on-going dialogue with Shareholders and in particular, through annual general meetings and other general meetings. At the annual general meeting, Directors (or their delegates as appropriate) are available to meet Shareholders and answer their enquiries.

To safeguard Shareholder interests and rights, separate resolution should be proposed for each substantially separate issue at general meetings, including the election of individual Director. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each general meeting.

### Shareholders' Communication Policy

The Company has in place a shareholders' communication policy ("**Shareholders' Communication Policy**"). The policy aims at promoting effective communication with Shareholders and other stakeholders, encouraging Shareholders to engage actively with the Company and enabling Shareholders to exercise their rights as Shareholders effectively. The Board reviewed the implementation and effectiveness of the Shareholders' Communication Policy and the results were satisfactory.

The Company has established a number of channels for maintaining an on-going dialogue with its Shareholders as follows:

***(a) Corporate Communication***

"Corporate Communication" as defined under the Listing Rules refers to any document issued or to be issued by the Company for the information or action of holders of any of its securities or the investing public, including but not limited to the following documents of the Company: (a) the directors' report, annual accounts together with a copy of the auditor's report and, where applicable, its summary financial report; (b) the interim report and, where applicable, its summary interim report; (c) a notice of meeting; (d) a listing document; (e) a circular; and (f) a proxy form. The Corporate Communication of the Company will be published on the Stock Exchange's website (www.hkex.com.hk) in a timely manner as required by the Listing Rules.

The Company has adopted the electronic dissemination of Corporate Communications, both the English and Chinese versions of all future Corporate Communications will be available on the website. Corporate Communication will be provided to the Shareholders and non-registered holders of the Company's securities in both English and Chinese versions or where permitted, in a single language, in a timely manner as required by the Listing Rules. To facilitate timely and effective communication, shareholders are advised to provide (amongst other things) their contact details, in particular their email address, to the Hong Kong share registrar of the Company, Computershare Hong Kong Investor Services Limited. Shareholders are encouraged to access Corporate Communications electronically via electronic means and may change their choice of language (either English and/or Chinese) or means of receipt of the Corporate Communications (in hard copy or through electronic means).

### (b) Announcements and Other Documents pursuant to the Listing Rules

The Company shall publish announcements (on inside information, corporate actions and transactions etc.) and other documents (e.g. Memorandum and Articles of Association) on the Stock Exchange's website in a timely manner in accordance with the Listing Rules.

### (c) Corporate Website

Any information or documents of the Company posted on the Stock Exchange's website will also be published on the Company's website (https://www.pony.ai/). To support environmental preservation, we encourage Shareholders to browse Corporate Communication through our website.

### (d) Shareholders' Meetings

The annual general meeting and other general meetings of the Company are primary forum for communication between the Company and its Shareholders. The Company shall provide Shareholders with relevant information on the resolutions(s) proposed at a general meeting in a timely manner in accordance with the Listing Rules. The information provided shall be reasonably necessary to enable Shareholders to make an informed decision on the proposed resolution(s). Shareholders are encouraged to participate in general meetings or to appoint proxies to attend and vote at the meetings for and on their behalf if they are unable to attend the meetings. Where appropriate or required, the Chairman of the Board and other Board members, the chairmen of board committees or their delegates, and the external auditors should attend general meetings of the Company to answer Shareholders' questions (if any). The Company shall ensure that Shareholders are given sufficient advance notice of general meetings and provide sufficient information to enable Shareholders to familiarize themselves with the detailed procedure for conducting a poll, and should arrange to address questions from Shareholders in the general meetings.

### (e) Shareholders' Enquiries

*Enquiries about Shareholdings*

Holders of Shares which are registered on the Company's Hong Kong share register should direct their enquiries about their shareholdings to the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, by accessing its online feedback website www.computershare.com/hk/en/online_feedback or calling its hotline at +852 2862 8555, or going in person to its public counter at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

*Enquiries about Corporate Governance or Other Matters to be put to the Board and the Company*

The Company will not normally deal with verbal or anonymous enquiries unless it is any report of or concerns raised about any possible improprieties in any matter related to the Company. The Shareholders may send written enquiries to the Company, for the attention of the Board of Directors by mail to 1301 Pearl Development Building, 1 Mingzhu 1st Street, Hengli Town, Nansha District, Guangzhou, PRC.

*Note:* The Shareholders' information may be disclosed as required by law.

## AMENDMENTS TO CONSTITUTIONAL DOCUMENTS

During the Relevant Period, the Company has not made any changes to its Articles of Association.

In connection with the Listing, the Company undertook to the Stock Exchange to put forth resolutions to our shareholders at the Class A Meeting, the Class B Meeting and the EGM of the Company to be convened within six months of the consummation of the Listing to consider and approve the amendments to the Memorandum and Articles of Association, to comply with the Listing Rules. Details of the amendments are set out in the circular dated February 5, 2026 to the Shareholders. On April 2, 2026, such amendments were approved at the Class A Meeting, the Class B Meeting and the EGM of the Company, respectively.

An up-to-date version of the Company's Articles of Association is also available on the Company's website and the Stock Exchange's website.

## DIVIDEND POLICY

The Company may declare dividends subject to relevant laws of the Cayman Islands and the Articles of Association, but no dividend may be declared in excess of the amount recommended by the Board. The Articles of Association provide that no dividend or other distribution shall be paid except out of the realized or unrealized profits of the Company, out of the share premium account of the Company or as otherwise permitted by relevant laws of the Cayman Islands.

As a holding company incorporated under the laws of the Cayman Islands, the financial position of accumulated deficit does not prohibit the Company from declaring and paying dividends to its shareholders. Dividends may still be declared and paid out of the share premium account notwithstanding the profitability, provided that the Articles of Association do not prohibit such payment and the Company is able to pay its debts as they fall due in the ordinary course of business immediately after such payment. The declaration of dividends is subject to the discretion of the Board, and the form, frequency and amount will depend upon the Company's future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that the Board may deem relevant.

Depending on the financial conditions of the Company and its subsidiaries and the conditions and factors set out above, the Board may recommend and/or declare the following dividends: (a) final dividends; (b) interim dividends; (c) special dividend; and (d) any distribution of net profits that the Board may deem appropriate.

## USE OF NON-GAAP FINANCIAL MEASURES

We use adjusted net loss, a non-GAAP financial measure, in evaluating our operating results and for financial and operational decision-making purposes. We believe that adjusted net loss (non-GAAP) helps identify underlying trends in our business, provides useful information about our results of operations, and enhances the overall understanding of our past performance and future prospects.

Adjusted net loss (non-GAAP) should not be considered in isolation or construed as an alternative to loss from operations, net loss or any other measure of performance or as an indicator of our operating performance. Adjusted net loss (non-GAAP) presented here may not be comparable to similarly titled measures presented by other companies. Other companies may calculate similarly titled measures differently, limiting their usefulness as comparative measures to our data. We encourage investors and others to review our financial information in its entirety and not rely on a single financial measure.

Adjusted net loss (non-GAAP) represents net loss excluding non-cash share-based compensation and changes in fair value of warrants liability.

## RECONCILIATION OF U.S. GAAP AND NON-GAAP RESULTS

*(All amounts in thousands, except for share and per share data)*

| | For the Year Ended December 31, | |
|---|---|---|
| | 2024 USD | **2025 USD** |
| Research and development expenses | (240,179) | **(217,419)** |
| Share-based compensation expenses | 102,383 | **21,115** |
| **Non-GAAP research and development expenses** | (137,796) | **(196,304)** |
| Selling, general and administrative expenses | (56,747) | **(57,599)** |
| Share-based compensation expenses | 24,620 | **9,683** |
| **Non-GAAP selling, general and administrative expenses** | (32,127) | **(47,916)** |
| Operating expenses | (296,926) | **(275,018)** |
| Share-based compensation expenses | 127,003 | **30,798** |
| **Non-GAAP operating expenses** | (169,923) | **(244,220)** |
| Loss from operations | (285,523) | **(260,857)** |
| Share-based compensation expenses | 127,003 | **30,798** |
| **Non-GAAP loss from operations** | (158,520) | **(230,059)** |
| Net loss | (275,006) | **(76,758)** |
| Share-based compensation expenses | 127,003 | **30,798** |
| Changes in fair value of warrants liability | (5,617) | **–** |
| Changes in fair value of trading securities | 21,285 | **(128,031)** |
| **Non-GAAP net loss[1]** | (132,335) | **(173,991)** |
| Net loss attributable to Pony AI Inc. | (274,121) | **(133,969)** |
| Share-based compensation expenses | 127,003 | **30,798** |
| Changes in fair value of warrants liability | (5,617) | **–** |
| Changes in fair value of trading securities | 21,285 | **(75,613)** |
| **Non-GAAP net loss attributable to Pony AI Inc.** | (131,450) | **(178,784)** |

| | For the Year Ended December 31, | |
|---|---|---|
| | 2024 *USD* | **2025** ***USD*** |
| Weighted average number of ordinary shares outstanding used in computing net loss per ordinary share, basic and diluted | 114,318,765 | **379,914,317** |
| Non-GAAP net loss per ordinary share, basic and diluted | (1.15) | **(0.47)** |
| **Net cash used in operating activities** | (110,758) | **(164,955)** |
| Capital expenditures | (11,397) | **(43,875)** |
| **Free cash flows[2] (Non-GAAP)** | (122,155) | **(208,830)** |

*Notes:*

1 Such adjustments have no impact on income tax for the years ended December 31, 2024 and 2025, as no deferred tax has been recognized in respect of the temporary differences arising from these Non-GAAP adjustments.

2 Free Cash Flows are a non-GAAP measure, commonly defined as cash flows from operating activities as presented in the statement of cash flows, less capital expenditures. However, in the context of the Company, operating cash flows are a cash out (i.e., a cash outflow). Free Cash Flows represent the total of operating cash outflows plus capital expenditures. This metric reflects the Company's important cash outflows, as it combines the funds required to maintain operations and invest in growth.

# Independent Auditor's Report

To the Shareholders of Pony AI Inc.
*(incorporated in the Cayman Islands with limited liability)*

## OPINION

We have audited the consolidated financial statements of Pony AI Inc. (the "Company") and its subsidiaries (collectively referred to as "the Group") set out on pages 77 to 156, which comprise the consolidated balance sheet of the Group as at December 31, 2025 and the consolidated statement of operations and comprehensive loss, the consolidated statement of changes in shareholders' equity and the consolidated statement of cash flows of the Group for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

## BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), as applicable to audits of the financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Key audit matter | How our audit addressed the key audit matter |
| --- | --- |
| **Research and development ("R&D") Expenses**<br>As described in note 2(n) to the financial statements, the R&D costs are expensed as incurred, and consist primarily of:<br><br>(i) personnel costs representing salaries, benefits, share-based compensation, and bonuses for the R&D personnel;<br><br>(ii) direct input of materials and supplies expenses in relation to the R&D; and<br><br>(iii) certain other expenses, such as office rental expenses, bandwidth and data center expenditures, utilities, depreciation of equipment and other expenses incurred for the R&D.<br><br>The R&D expenses for the year ended December 31, 2025 was US$217.4 million.We identified the R&D expenses as a key audit matter because the audit of the R&D expenses required significant audit effort in performing audit procedures to address the risk of misstatement related to the R&D expenses. | Our audit procedures related to addressing this key audit matter comprised of the following control testing and substantive procedures, among others:<br><br>• We tested the Company's design and implementation of internal controls around the R&D expenses and the operating effectiveness of the relevant controls identified.<br><br>• We performed substantive testing procedures over the R&D expenses, including:<br><br>  • We developed an independent expectation of payroll expenses based on headcount, and salary and bonus information and compared to payroll expenses recorded by management and tested the classification of payroll expenses to R&D expenses on a sample basis, which included matching the samples to their respective departments and employment contracts and based on their charged monthly working hours.<br><br>  • We tested the share-based compensation expenses of share awards granted to the R&D employees and the depreciation and amortization calculations of the R&D related assets.<br><br>  • We tested other R&D expenses on a sample basis, which included tracing relevant information to the underlying contracts, purchase orders, invoices received and assessed the nature of such expenses for appropriate R&D classification. |

## OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with U.S. GAAP and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor’s report is TO Kim Lai, Ricky (practising certificate number: P07430).

**Deloitte Touche Tohmatsu**
Certified Public Accountants
Hong Kong
April 22, 2026

# Consolidated Balance Sheet

For the year ended December 31, 2025

(All amounts in USD thousands, except share, per share and per ADS data)

| | Note | As of December 31, 2024 | 2025 |
|---|---|---|---|
| **Assets** | | | |
| **Current assets:** | | | |
| Cash and cash equivalents | | 535,976 | **293,489** |
| Restricted cash, current | | 21 | **1,936** |
| Short-term investments (including short-term investments measured at fair value of $209,035 and $872,158 as of December 31, 2024 and 2025, respectively) | *6* | 209,035 | **872,158** |
| Accounts receivable, net | *19* | 28,555 | **23,644** |
| Amounts due from related parties, current | *15* | 8,322 | **11,338** |
| Prepaid expenses and other current assets | | 52,713 | **48,074** |
| **Total current assets** | | 834,622 | **1,250,639** |
| **Non-current assets:** | | | |
| Restricted cash, non-current | | 175 | **288** |
| Property, equipment and software, net | *7* | 17,241 | **60,467** |
| Operating lease right-of-use assets | *9* | 13,342 | **14,811** |
| Long-term investments (including long-term investments measured at fair value of $93,449 and $129,876 as of December 31, 2024 and 2025, respectively) | *5,6* | 130,799 | **454,942** |
| Prepayment for long-term investments | *20* | 52,823 | **25,000** |
| Other non-current assets | | 1,819 | **6,690** |
| **Total non-current assets** | | 216,199 | **562,198** |
| **Total assets** | | 1,050,821 | **1,812,837** |
| **Liabilities and Shareholders' Equity** | | | |
| **Current liabilities:** | | | |
| Accounts payable and other current liabilities | *8* | 66,548 | **85,261** |
| Operating lease liabilities, current | *9* | 3,438 | **4,792** |
| Amounts due to related parties, current | *15* | 900 | **1,422** |
| **Total current liabilities** | | 70,886 | **91,475** |
| Operating lease liabilities, non-current | *9* | 9,835 | **10,375** |
| Other non-current liabilities | | 1,389 | **1,988** |
| **Total liabilities** | | 82,110 | **103,838** |

# Consolidated Balance Sheet

For the year ended December 31, 2025

(All amounts in USD thousands, except share, per share and per ADS data)

| | | As of December 31, | |
|---|---|---|---|
| | *Note* | 2024 | **2025** |
| **Pony AI Inc. shareholders' equity:** | | | |
| Class A ordinary shares ($0.0005 par value, 498,911,230 shares and 498,911,230 shares authorized as of December 31, 2024 and 2025, respectively; 269,203,783 shares and 352,452,783 shares issued and outstanding as of December 31, 2024 and 2025, respectively) | *11* | 140 | **182** |
| Class B ordinary shares ($0.0005 par value, 81,088,770 shares and 81,088,770 shares authorized, issued and outstanding as of December 31, 2024 and 2025, respectively) | *11* | 35 | **35** |
| Additional paid-in capital | | 2,228,444 | **3,078,559** |
| Special reserve | | 220 | **355** |
| Accumulated deficit | | (1,287,851) | **(1,421,955)** |
| Accumulated other comprehensive income (loss) | | 10,134 | **(4,899)** |
| **Total Pony AI Inc. shareholders' equity** | | 951,122 | **1,652,277** |
| Non-controlling interests | | 17,589 | **56,722** |
| **Total shareholders' equity** | | 968,711 | **1,708,999** |
| **Total liabilities and shareholders' equity** | | 1,050,821 | **1,812,837** |
| **Commitments and contingencies** *(See note 10)* | | | |

The accompanying notes are an integral part of these consolidated financial statements.

# Consolidated Statement of Operations and Comprehensive Loss

For the year ended December 31, 2025

(All amounts in USD thousands, except, per share and per ADS data)

| | Note | Year ended December 31 | | |
|---|---|---|---|---|
| | | 2023 | 2024 | **2025** |
| **Revenues** | | | | |
| Service revenues (including revenues from related parties of $23,103, $30,826 and $30,811 for the years ended December 31, 2023, 2024 and 2025, respectively) | *2(l)* | 64,546 | 67,415 | **56,714** |
| Product revenues | *2(l)* | 7,353 | 7,610 | **33,287** |
| **Total Revenues** | | 71,899 | 75,025 | **90,001** |
| Cost of revenues | | (55,015) | (63,622) | **(75,840)** |
| **Gross profit** | | 16,884 | 11,403 | **14,161** |
| **Operating expenses:** | | | | |
| Research and development expenses | | (122,707) | (240,179) | **(217,419)** |
| Selling, general and administrative expenses | | (37,417) | (56,747) | **(57,599)** |
| **Total operating expenses** | | (160,124) | (296,926) | **(275,018)** |
| **Loss from operations** | | (143,240) | (285,523) | **(260,857)** |
| Investment income | | 19,389 | 20,378 | **42,985** |
| Changes in fair value of warrants liability | *6* | (3,030) | 5,617 | **–** |
| Changes in fair value of trading securities | *6* | (4,727) | (21,285) | **128,031** |
| Other income, net | | 6,154 | 5,808 | **13,083** |
| **Loss before income tax** | | (125,454) | (275,005) | **(76,758)** |
| Income tax benefits (expenses) | *14* | 126 | (1) | **–** |
| **Net loss** | | (125,328) | (275,006) | **(76,758)** |
| Net (loss) income attributable to non-controlling interests | | (516) | (885) | **57,211** |
| **Net loss attributable to Pony AI Inc.** | | (124,812) | (274,121) | **(133,969)** |
| Weighted average number of shares outstanding used in computing net loss per share, basic and diluted | *16* | 89,100,415 | 114,318,765 | **379,914,317** |
| Net loss per ordinary share and per ADS, basic and diluted | *16* | (1.40) | (2.40) | **(0.35)** |

## Consolidated Statement of Operations and Comprehensive Loss

For the year ended December 31, 2025

(All amounts in USD thousands, except, per share and per ADS data)

| | | Year ended December 31 | | |
|---|---|---|---|---|
| | *Note* | 2023 | 2024 | **2025** |
| **Net loss** | | (125,328) | (275,006) | **(76,758)** |
| Foreign currency translation adjustments | | (3,841) | (2,952) | **3,933** |
| Unrealized gain (loss) on available-for-sale investments, net of tax of $243, $(282) and $(27), for the years ended December 31, 2023, 2024 and 2025, respectively | | 8,089 | 16,089 | **(30,609)** |
| **Total other comprehensive income (loss)** | | 4,248 | 13,137 | **(26,676)** |
| **Total comprehensive loss** | | (121,080) | (261,869) | **(103,434)** |
| Less: Comprehensive (loss) income attributable to non-controlling interest | | (757) | 6,444 | **45,568** |
| **Total comprehensive loss attributable to Pony AI Inc.** | | (120,323) | (268,313) | **(149,002)** |
| **Share-based compensation expenses included in:** | | | | |
| Research and development expenses | *13* | 1,832 | 102,383 | **21,115** |
| Selling, general and administrative expenses | *13* | 1,926 | 24,620 | **9,683** |

The accompanying notes are an integral part of these consolidated financial statements.

# Consolidated Statement of Changes in Shareholders' (Deficit) Equity

For the year ended December 31, 2025

(All amounts in USD thousands, except share, per share and per ADS data)

| | *Note* | Ordinary Shares | | Additional Paid-in Capital | Special Reserve | Accumulated Other Comprehensive (Loss) Income | Accumulated Deficit | PONY AI INC. Shareholders' (Deficit) Equity | Non-Controlling Interests | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Shares | Amount | | | | | | | |
| **Balances as of January 1, 2023** | | 91,797,532 | 44 | 63,200 | 91 | (163) | (614,659) | (551,487) | 11,902 | (539,585) |
| Issuance of Class A ordinary shares upon vesting of restricted stock units ("RSUs") | | 37,500 | – | – | – | – | – | – | – | – |
| Deemed distribution from repurchase of Series A convertible redeemable preferred shares | *12* | – | – | (4,646) | – | – | – | (4,646) | – | (4,646) |
| Repurchase of ordinary shares *(note a)* | | (85,873) | – | (994) | – | – | – | (994) | – | (994) |
| Settlement of RSUs and share options | *13* | – | – | (3,054) | – | – | – | (3,054) | – | (3,054) |
| Share-based compensation | *13* | – | 1 | 3,253 | – | – | – | 3,254 | – | 3,254 |
| Other comprehensive income (loss) | | – | – | – | – | 4,489 | – | 4,489 | (241) | 4,248 |
| Provision of special reserve *(note b)* | | – | – | – | 57 | – | (57) | – | – | – |
| Net loss | | – | – | – | – | – | (124,812) | (124,812) | (516) | (125,328) |
| **Balances as of December 31, 2023** | | 91,749,159 | 45 | 57,759 | 148 | 4,326 | (739,528) | (677,250) | 11,145 | (666,105) |
| Issuance of Class A ordinary shares upon the completion of the initial public offering ("IPO"), net of issuance cost | *11* | 21,461,410 | 10 | 256,656 | – | – | – | 256,666 | – | 256,666 |
| Issuance of Class A ordinary shares in the concurrent private placements ("CPP"), net of issuance cost | *11* | 11,672,186 | 6 | 151,732 | – | – | – | 151,738 | – | 151,738 |
| Conversion of preferred shares to Class A ordinary shares upon the completion of the IPO | *11* | 225,409,798 | 113 | 1,695,191 | – | – | – | 1,695,304 | – | 1,695,304 |
| Accretion of convertible redeemable preferred shares | *12* | – | – | (59,896) | – | – | (12,658) | (72,554) | – | (72,554) |
| Modification of convertible redeemable preferred shares | *12* | – | – | – | – | – | (261,472) | (261,472) | – | (261,472) |
| Share-based compensation | *13* | – | 1 | 127,002 | – | – | – | 127,003 | – | 127,003 |
| Other comprehensive income | | – | – | – | – | 5,808 | – | 5,808 | 7,329 | 13,137 |
| Provision of special reserve *(note b)* | | – | – | – | 72 | – | (72) | – | – | – |
| Net loss | | – | – | – | – | – | (274,121) | (274,121) | (885) | (275,006) |
| **Balances as of December 31, 2024** | | 350,292,553 | 175 | 2,228,444 | 220 | 10,134 | (1,287,851) | 951,122 | 17,589 | 968,711 |
| Issuance of Class A ordinary shares upon the completion of the dual primary listing in the Stock Exchange of Hong Kong Limited ("Dual Primary Listing"), net of issuance cost | *11* | **48,249,000** | **24** | **829,327** | **-** | **-** | **-** | **829,351** | **-** | **829,351** |
| Issuance of Class A ordinary shares upon exercising of share options and vesting of RSUs | | **35,000,000** | **18** | **2,628** | **-** | **-** | **-** | **2,646** | **-** | **2,646** |
| Repurchase/Settlement of RSUs | *13* | **-** | **-** | **(12,638)** | **-** | **-** | **-** | **(12,638)** | **-** | **(12,638)** |
| Share-based compensation | *13* | **-** | **-** | **30,798** | **-** | **-** | **-** | **30,798** | **-** | **30,798** |
| Other comprehensive loss | | **-** | **-** | **-** | **-** | **(15,033)** | **-** | **(15,033)** | **(11,643)** | **(26,676)** |
| Provision of special reserve *(note b)* | | **-** | **-** | **-** | **135** | **-** | **(135)** | **-** | **-** | **-** |
| Dividends distribution to a non-controlling shareholder *(note c)* | | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **(6,435)** | **(6,435)** |
| Net (loss) income | | **-** | **-** | **-** | **-** | **-** | **(133,969)** | **(133,969)** | **57,211** | **(76,758)** |
| **Balances as of December 31, 2025** | | **433,541,553** | **217** | **3,078,559** | **355** | **(4,899)** | **(1,421,955)** | **1,652,277** | **56,722** | **1,708,999** |

Note a: On May 31, 2023, the Group repurchased 85,873 ordinary shares in aggregate, from two shareholders at total consideration of $994. Such shares were cancelled immediately upon repurchase.

Note b: The Group is required by law to appropriate a special reserve within equity, namely "Safety Production Fund" which is calculated based on 1% of freight transportation revenues.

Note c: During the year ended December 31,2025, Yancheng Poplar LLP, a non-wholly-owned subsidiary of the Group, distributed profits resulting from investment gains arising from the disposal of equity investments to a non-controlling shareholder.

The accompanying notes are an integral part of these consolidated financial statements.

# Consolidated Statement of Cash Flows

For the year ended December 31, 2025

(All amounts in USD thousands, except share, per share and per ADS data)

| | Note | Year ended December 31 2023 | 2024 | 2025 |
|---|---|---|---|---|
| **Cash flows from operating activities:** | | | | |
| Net loss | | (125,328) | (275,006) | **(76,758)** |
| Adjustments to reconcile net loss to net cash used in operating activities: | | | | |
| Depreciation and amortization | *7* | 14,342 | 8,361 | **6,220** |
| Share-based compensation | *13* | 3,254 | 127,003 | **30,798** |
| Losses (gains) from disposal of property and equipment | | 1,124 | (36) | **16** |
| Realized gains from investments | | (2,993) | (5,697) | **(20,313)** |
| Deferred income tax | | (120) | – | **–** |
| Changes in fair value of warrants liability | *6* | 3,030 | (5,617) | **–** |
| Changes in fair value of trading securities | | 4,727 | 21,285 | **(128,031)** |
| Unrealized foreign exchange losses (gains) | | 681 | 550 | **(3,750)** |
| Non-cash lease expenses | *9* | 5,515 | 6,238 | **6,456** |
| Changes in operating assets and liabilities: | | | | |
| Accounts receivable | | (16,367) | 2,016 | **4,014** |
| Amounts due from related parties | *15* | 5,625 | (2,672) | **(3,016)** |
| Prepaid expenses and other current assets | | (5,027) | (9,857) | **11,068** |
| Other non-current assets | | 302 | 3,739 | **(1,793)** |
| Accounts payable and other current liabilities | | (1,149) | 23,220 | **14,162** |
| Right-of-use assets | | (3,424) | (11,377) | **(6,249)** |
| Operating lease liabilities, current and non-current | | 345 | 7,206 | **1,739** |
| Other non-current liabilities | | 42 | (114) | **482** |
| **Net cash used in operating activities** | | (115,421) | (110,758) | **(164,955)** |
| **Cash flows from investing activities:** | | | | |
| Purchases of property, equipment and software | | (5,091) | (11,397) | **(43,875)** |
| Purchases of short-term investments | | (66,088) | (513,596) | **(816,653)** |
| Proceeds from the sales and maturities of short-term investments | | 172,214 | 488,643 | **336,874** |
| Prepayment for long-term investments | | – | (52,823) | **–** |
| Purchases of long-term investments | | (15,000) | (113,842) | **(414,302)** |
| Proceeds from the sales and maturities of long-term investments | | 49,590 | 21,696 | **48,772** |
| Loans to third parties | | – | – | **(13,512)** |
| Proceeds from repayment of loans to third parties | | – | – | **13,532** |
| Proceeds from disposal of property and equipment | | 869 | 52 | **4** |
| **Net cash provided by (used in) investing activities** | | 136,494 | (181,267) | **(889,160)** |

(All amounts in USD thousands, except share, per share and per ADS data)

| | Note | Year ended December 31 2023 | 2024 | 2025 |
|---|---|---|---|---|
| **Cash flows from financing activities:** | | | | |
| Net proceeds from issuance of Series D convertible redeemable preferred shares | | 104,006 | – | **–** |
| Proceeds from issuance of Class A ordinary shares upon the completion of the IPO and the CPP, net of issuance cost of $9,442 | *11* | – | 408,404 | **–** |
| Proceeds from issuance of Class A ordinary shares upon the completion of Dual Primary Listing, net of issuance cost of $7,973 | *11* | – | – | **829,351** |
| Payments for finance lease liabilities | | (1,061) | (1,015) | **(971)** |
| Proceeds from discounting notes receivable | | – | – | **2,795** |
| Payments for loans in connection to warrant issuance | | (3,829) | – | **–** |
| Repurchase/Settlement of RSUs | | (3,558) | – | **(12,638)** |
| Proceeds from exercise of share options | | – | – | **2,626** |
| Dividends distribution to a non-controlling shareholder | | – | – | **(6,435)** |
| Payment for the repurchase of ordinary shares | | (994) | – | **–** |
| Payment for the repurchase of Series A convertible redeemable preferred shares | | (4,800) | – | **–** |
| Proceeds from shares sold on behalf of employees | | – | – | **105** |
| **Net cash provided by financing activities** | | 89,764 | 407,389 | **814,833** |
| Effect of exchange rate changes on cash and cash equivalents | | (3,150) | (5,397) | **(1,177)** |
| Increase (decrease) in cash and cash equivalents | | 107,687 | 109,967 | **(240,459)** |
| **Cash, cash equivalents and restricted cash at beginning of year** | | 318,518 | 426,205 | **536,172** |
| **Cash, cash equivalents and restricted cash at end of year** | | 426,205 | 536,172 | **295,713** |
| Cash and cash equivalents | | 425,960 | 535,976 | **293,489** |
| Restricted cash | | 245 | 196 | **2,224** |
| **Cash, cash equivalents and restricted cash at end of year** | | 426,205 | 536,172 | **295,713** |
| Supplemental disclosure of cash flow information | | | | |
| – Cash paid for income tax | | 434 | 1 | **–** |
| Non-cash investing and financing activities | | | | |
| – Payable for purchase of property and equipment, and not paid yet | | 212 | 148 | **11,819** |
| – Accounts receivable settled in shares | | 10,000 | – | **–** |

The accompanying notes are an integral part of these consolidated financial statements.

(All amounts in USD thousands, except share per share and per ADS data or otherwise noted)

## 1. OPERATIONS AND PRINCIPAL ACTIVITIES

### (a) Description of Business

Pony AI Inc. (the "Company") was incorporated under the laws of the Cayman Islands on November 4, 2016. The Company, its subsidiaries, and the consolidated variable interest entities (the "VIEs" as defined in note 1(b)) and the VIEs' subsidiaries (collectively, the "Group") is an artificial intelligence technology company that principally engaged in the operation and development of autonomous vehicles. The Group conducts its operation mainly in the Chinese mainland and the United States of America ("U.S.") through subsidiaries and the consolidated VIEs and the VIEs' subsidiaries.

In November 2024, the Company completed its listing on the National Association of Securities Dealers Automated Quotations ("Nasdaq"). In November 2025, the Company completed its Dual Primary Listing in the Stock Exchange of Hong Kong Limited. Refer to note 11 Ordinary Shares.

As of December 31, 2025, the Group conducted its business operations across more than 20 subsidiaries. The Company's major subsidiaries are set out below.

| Name of Entity | Later of Date of Incorporation/ Consolidation | Place of Establishment/ Incorporation | Registered capital | Legal Ownership % | Principal activities | Notes |
|---|---|---|---|---|---|---|
| Pony.ai, Inc. | November 15, 2016 | Delaware, U.S. | $41.0 million | 100 | Research, Development and operation of autonomous driving passenger mobility service | (a) |
| Hong Kong Pony AI Limited | December 13, 2016 | Hongkong, PRC | Nil | 100 | Holding platform company | (a) |
| Beijing (ZX) Pony AI Technology Co., Ltd. ("Beijing ZX") | December 19, 2016 | Beijing, PRC | RMB130.0 million | 100 | Research, development and operation of autonomous driving passenger mobility service | (a) (c) |
| Beijing (HX) Pony AI Technology Co., Ltd. ("Beijing HX") | April 1, 2017 | Beijing, PRC | $140.0 million | 100 | Research, development and operation of autonomous freight and shareholding platform | (a) (c) |
| Guangzhou (ZX) Pony AI Technology Co., Ltd. ("Guangzhou ZX") | October 25, 2017 | Guangdong, PRC | RMB100.0 million | 100 | Research, development and operation of autonomous Driving passenger mobility service | (a) (c) |
| Guangzhou (HX) Pony AI Technology Co., Ltd. ("Guangzhou HX") | January 12, 2018 | Guangdong, PRC | $348.0 million | 100 | Research, development and operation of autonomous driving Passenger mobility service | (a) (c) |
| Beijing (YX) Pony AI Technology Co., Ltd. ("Beijing YX") | June 19, 2019 | Beijing, PRC | $400.0 million | 100 | Research, development and operation of autonomous Driving passenger mobility service | (a) (c) |
| Shanghai (YX) Pony AI Technology Co., Ltd. ("Shanghai YX") | May 29, 2020 | Shanghai, PRC | RMB600.0 million | 100 | Research, development and operation of autonomous driving Passenger mobility service | (a) (c) |

(All amounts in USD thousands, except share per share and per ADS data or otherwise noted)

## 1. OPERATIONS AND PRINCIPAL ACTIVITIES (continued)

### (a) Description of Business (continued)

| Name of Entity | Later of Date of Incorporation/ Consolidation | Place of Establishment/ Incorporation | Registered capital | Legal Ownership % | Principal activities | Notes |
|---|---|---|---|---|---|---|
| Guangzhou (YX) Pony AI Technology Co., Ltd. | June 24, 2020 | Guangdong, PRC | RMB30.0 million | 100 | Research, development and operation of autonomous driving passenger mobility service | (a) (c) |
| Beijing (RX) Pony AI Technology Co., Ltd. | December 14, 2020 | Beijing, PRC | RMB500.0 million | 100 | Research, development and operation of autonomous driving passenger mobility service | (a) (c) |
| Guangzhou Pony Intelligent Logistics Technology Co., Ltd | January 19, 2021 | Guangdong, PRC | RMB100.0 million | 100 | Testing and operation of robotrucks | (a) (c) |
| Shenzhen (YX) Pony AI Technology Co., Ltd. ("Shenzhen YX") | April 8, 2021 | Shenzhen, PRC | $51.0 million | 100 | Research, development and operation of autonomous driving passenger mobility service | (a) (c) |
| Cyantron Logistics Technology Co., Ltd. ("Cyantron Logistics") | February 17, 2022 | Guangdong, PRC | RMB100.0 million | 51 | Holding platform company | (a) (b) (c) |
| Shanghai (ZX) Pony AI Technology Development Co., Ltd. | March 3, 2022 | Shanghai, PRC | $100.0 million | 100 | Research, development and commercialization of autonomous driving technology | (a) (c) |
| Qingdao Cyantron Logistics Technology Co., Ltd. | March 14, 2022 | Shandong, PRC | RMB90.0 million | 51 | Autonomous driving freight operation | (a) (b) (c) |

*Notes:*

(a) None of the subsidiaries had issued any debt securities at the end of the year.

(b) These non-wholly owned subsidiaries are limited liability companies established in the PRC.

(c) These subsidiaries are wholly foreign owned enterprises and limited liability companies established in the PRC.

## 1. OPERATIONS AND PRINCIPAL ACTIVITIES (continued)

### (b) Consolidated VIEs in the Chinese mainland

Applicable Chinese mainland laws and regulations prohibit or restrict entities with direct foreign ownership from engaging in certain businesses activities in the Chinese mainland. The Company established a series of contractual arrangements with Beijing ZX and Guangzhou ZX (the "VIEs") and their shareholders ("Nominee Stockholders") primarily for business development purposes where the Company's business is currently not subject to any foreign ownership restrictions under the applicable Chinese mainland laws and regulations, it may expand its business operations into areas that are subject to foreign ownership restrictions through the existing VIEs and other VIEs to be established if necessary.

Historically and as of December 31, 2023, the Company, through Beijing HX and Guangzhou HX (the "WFOEs"), entered into the following contractual arrangements with the VIEs, and the Nominee Stockholders that enabled the Company to (1) have power to direct the activities that most significantly affect the economic performance of the VIEs, and (2) bear the risks and enjoy the rewards normally associated with ownership of the VIEs. Accordingly, the WFOEs are considered the primary beneficiaries of the VIEs, and the financial results of operations, assets and liabilities of the VIEs and their subsidiaries were included in the consolidated financial statements.

In February 2024, the Company completed a series of transactions to restructure its organization and business operations (the "Reorganization"). Specifically, Beijing HX, Guangzhou HX, Beijing YX, the VIEs and Nominee Stockholders of the VIEs entered into a series of agreements (the "VIE Reorganization Agreements"), pursuant to which, Guangzhou HX and Beijing YX acquired 100% net assets of the VIEs, from the Nominee Stockholders, at a consideration of nil, which is a transaction under common control. Upon completion of the Reorganization, the Company's operations in Chinese mainland are conducted exclusively through its subsidiaries and the Company began to consolidate all the Group's entities through its direct legal ownership.

The financial information of the consolidated VIEs and the VIE's subsidiaries as of December 31, 2024 and 2025 is not included as it has become inapplicable following the completion of the Reorganization.

Prior to the Reorganization in February 2024, the WFOEs were considered the primary beneficiaries of the VIEs, and the financial results of operations of the VIEs and their subsidiaries were included in the Company's consolidated financial statements for the year ended December 31, 2024. From January 1, 2024 to the completion date of Reorganization in February 2024, the VIEs were engaged in research and development activities without any revenue generated, and the related results of operations and cash flows of the VIEs were not material.

## 1. OPERATIONS AND PRINCIPAL ACTIVITIES (continued)

### (c) Liquidity

The Group incurred net loss of $125.3 million, $275.0 million and $76.8 million for the years ended December 31, 2023, 2024 and 2025, respectively. Net cash used in operating activities was $115.4 million, $110.8 million and $165.0 million for the years ended December 31, 2023, 2024 and 2025, respectively. Accumulated deficit was $1,287.9 million and $1,422.0 million as of December 31, 2024 and 2025, respectively. The Group assesses its liquidity by its ability to generate cash from operating activities based on future commercialization of autonomous driving technology and attract investors' investments. Historically, the Group has relied principally on non-operational sources of financing from investors to fund its operations and business development. The Group's ability to continue as a going concern is dependent on management's ability to successfully execute its business plan, which includes increasing revenues while controlling operating expenses, as well as, generating operational cash flows and continuing to gain support from outside sources of financing. As of December 31, 2024 and 2025, the Group had $536.0 million and $293.5 million of cash and cash equivalents, $209.0 million and $872.2 million of short-term investments, respectively. Based on the above considerations, the Group believes the cash and cash equivalents and short-term investments are sufficient to meet the cash requirements to fund planned operations and other commitments for at least the next twelve months from the issuance of the consolidated financial statements. The Company's consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and liquidation of liabilities in the normal course of business.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of presentation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Significant accounting policies followed by the Group in the preparation of its accompanying consolidated financial statements are summarized below.

### (b) Principles of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries.

All transactions and balances among the Company and its subsidiaries have been eliminated upon consolidation.

### (c) Use of estimates

The preparation of the consolidated financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of income and expense during the reporting period. These management estimates include the fair value of share-based awards, fair value of debt investments in investees' preferred shares and convertible bonds, fair value of trading securities, fair value of warrants liability, valuation allowance for deferred tax assets, allowance for doubtful accounts, useful lives of property and equipment, the discount rate for lease, the determination of the stand-alone selling price ("SSP"), impairment of long-lived assets, investment in equity investees and investment securities, and accretion of preferred shares. These estimates are based on information available as of the date of the consolidated financial statements, therefore, actual results could differ from those estimates.

### (d) Cash and cash equivalents

The Group considers all highly liquid investments with an original maturity of three months or less that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value to be cash equivalents. Cash and cash equivalents are recorded at cost, which approximates the fair value.

### (e) Restricted cash

Cash and cash equivalents that are restricted as to withdrawal or for use or pledged as security are reported separately as restricted cash. The Group's restricted cash mainly represents security deposits held in designated bank accounts for office lease contracts in the U.S. and for issuance of letter of guarantee.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (f) Investments in marketable debt securities

Investments in marketable debt securities are recorded as investments under short-term investments and long-term investments on the consolidated balance sheet based on their remaining contractual maturities. Investments in marketable debt securities consist of asset-backed securities, commercial paper, corporate bonds, treasury bill, sovereign government securities, U.S. treasury securities, Yankee bonds as well as wealth management products. The Group determines the appropriate classification of investments at the time of purchase and re-evaluates such determination at each consolidated balance sheet date. Marketable debt securities are classified as available-for-sale as they do not meet the criteria of held-to-maturity or trading securities, and are carried at fair value on the consolidated balance sheet with unrealized gains and losses recorded in accumulated other comprehensive income (loss). Realized gains or losses on the sale of these securities are recognized under investment income on the consolidated statement of operations and comprehensive loss.

The Group evaluates each individual investment periodically for impairment. For investments where the Group does not intend to sell, the Group evaluates whether a decline in fair value is due to deterioration in credit risk. Credit-related impairment losses, not to exceed the amount that fair value is less than the amortized cost basis, are recognized through an allowance for credit losses on the consolidated balance sheet with corresponding adjustment on the consolidated statement of operations and comprehensive loss. Subsequent increases in fair value due to credit improvement are recognized through reversal of the credit losses and corresponding reduction in the allowance for credit losses. Any decline in fair value that is non-credit related is recorded in accumulated other comprehensive income (loss) as a component of shareholders' (deficit) equity. As of December 31, 2024 and 2025, there were no investments held by the Group that had been in continuous unrealized loss position.

### (g) Short-term investments

Short-term investments are mainly comprised of investments in marketable debt securities, equity investment with readily determinable fair values and term deposits and certificate of deposits.

For investments in investees' shares with readily determinable fair values, the fair value was determined using directly observable inputs in the market place. Whenever events or changes in circumstances indicate that the carrying value may no longer be observable, the fair value of aforementioned short-term investments was determined using models with significant unobservable inputs, primarily the management projection of discounted future cash flow and the discount rate. Investments with readily determinable fair values are carried at fair value, with unrealized holding gains and losses recognized in earnings. For periods prior to 2025, such changes were recorded in other income, net. The Company has retrospectively adjusted the presentation to report these amounts as changes in fair value of trading securities in the consolidated statement of operations and comprehensive loss for all periods presented, including for the years ended December 31, 2024 and 2025.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (h) Long-term investments

Long-term investments are mainly comprised of investments in marketable debt securities, debt investments in investees' preferred shares, equity investment without readily determinable fair values, equity method investments, term deposits and certificate of deposits and convertible bonds.

For investments in investees' shares and convertible bonds which are determined to be debt securities, the Group accounts for them as available-for-sale investments when they are not classified as either trading or held-to-maturity investments. Available-for-sale investments are reported at fair value, with unrealized gains and losses recorded in accumulated other comprehensive income (loss) as a component of shareholders' (deficit) equity.

For investments in common stock or in-substance common stock issued by privately-held companies on which the Group does not have significant influence, as these equity security investments do not have readily determinable fair value, the Group measures these equity security investments at cost, less impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer (referred to as the measurement alternative). All gains and losses on these equity securities without readily determinable fair value, realized and unrealized, are recognized in other income, net.

For investments in common stock or in-substance common stock of investee company, over which the Group can exercise significant influence, but does not have a controlling interest, the Group accounted for the investments using the equity method. Under the equity method, the Group initially records its investments at cost and subsequently recognizes the Group's proportionate share of each equity investee's net income or loss into the consolidated statement of operations and comprehensive loss accordingly. The Group reviews its equity method investments for impairment whenever an event or circumstance indicates that an other-than-temporary impairment has occurred. In evaluating potential impairment of its equity method investments, the Group considers available quantitative and qualitative evidence. An impairment charge is recorded when the carrying amount of the investment exceeds its fair value and this condition is determined to be other-than-temporary.

(All amounts in USD thousands, except share per share and per ADS data or otherwise noted)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (i) Accounts receivable and allowance for doubtful accounts

Accounts receivable are recorded at the invoiced amount, net of allowance for doubtful accounts. The allowance for doubtful accounts is based on the Group's assessment of the collectability of accounts.

The Group evaluates its accounts receivable for expected credit losses on a regular basis in accordance with ASU No. 2016-13 (Topic 326). The Group regularly reviews the adequacy of the allowance by considering factors, such as historical experience, credit quality, the age of the accounts receivable balances, and current economic conditions that may affect a customer's ability to pay. The Group's exposure to credit losses may increase if its customers are adversely affected by changes, such as economic pressures or uncertainty associated with local or global economic recessions, or other customer-specific factors.

Accounts receivable deemed uncollectible are charged against the allowance for doubtful accounts when identified. As of December 31, 2024 and 2025, the allowance for doubtful accounts provided was not material.

### (j) Property, equipment and software, net

Property, equipment and software, net is stated at cost less accumulated depreciation, amortization and impairment, if any. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets. The estimated useful lives are as follows:

| Category | Estimated Useful Lives |
|---|---|
| Computer and equipment | 3 – 4 years |
| Vehicle and equipment | 3 – 10 years |
| Leasehold improvements | Shorter of lease term or estimated useful life of the asset |
| Software | 3 years |
| Furniture and fixtures | 5 years |
| Operating lease right-of-use assets | 2-10 years |
| Finance lease right-of-use assets | 2-8 years |

Direct costs that are related to the construction of property, equipment and software and incurred in connection with bringing the assets to their intended use are capitalized as construction in progress. Construction in progress is transferred to specific property, equipment and software items and the depreciation of these assets commences when the assets are ready for their intended use. As of December 31, 2024 and 2025, construction in progress in the amount of $597 and $22,846, respectively, was primarily relating to the construction of leasehold improvements and assembly of autonomous vehicles.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (k) Impairment of long-lived assets

Long-lived assets are evaluated for impairment whenever events or changes in circumstances (such as a significant adverse change to market conditions that will impact the future use of the assets) indicate that the carrying value of an asset may not be fully recoverable or that the useful life is shorter than the Group had originally estimated. When these events occur, the Group evaluates the impairment for the long-lived assets by comparing the carrying value of the assets to an estimate of future undiscounted cash flows expected to be generated from the use of the assets and their eventual disposition. If the sum of the expected future undiscounted cash flows is less than the carrying value of the assets, the Group recognizes an impairment loss based on the excess of the carrying value of the assets over the fair value of the assets.

### (l) Revenue recognition

The Group adopted ASC Topic 606, "Revenue from Contracts with Customers" (ASC 606) for all years presented. According to ASC 606, revenues are recognized when control of the promised goods or services is transferred to the customers, in an amount that reflects the consideration the Group expects to be entitled to in exchange for those goods or services. Revenues are recorded net of discounts, return allowances, and value-added taxes and surcharges.

The Group determines revenue recognition through the following steps:

- identification of the contract, or contracts, with a customer;
- identification of the performance obligations in the contract;
- determination of the transaction price, including the constraint on variable consideration;
- allocation of the transaction price to the performance obligations in the contract; and
- recognition of revenue when, or as, the Group satisfies a performance obligation.

(All amounts in USD thousands, except share per share and per ADS data or otherwise noted)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (l) Revenue recognition (continued)

Revenues disaggregated by nature for the years ended December 31, 2023, 2024 and 2025 consist of the following:

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | **2025** |
| Engineering solution services | 40,634 | 27,984 | **16,515** |
| Virtual driver operation and other related services | 23,912 | 39,431 | **40,199** |
| **Service revenues** | 64,546 | 67,415 | **56,714** |
| **Sales of products** | 7,353 | 7,610 | **33,287** |
| **Total** | 71,899 | 75,025 | **90,001** |

Revenues disaggregated by timing of revenue recognition for the years ended December 31, 2023, 2024 and 2025 consist of the following:

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | **2025** |
| A point in time | 46,600 | 31,551 | **44,794** |
| Overtime | 25,299 | 43,474 | **45,207** |
| **Total** | 71,899 | 75,025 | **90,001** |

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (l) Revenue recognition (continued)

The following is a description of the accounting policy for the principal revenues by nature of the Group.

#### i) *Engineering solution services*

The Group derives revenues from providing integrated solutions in relation to autonomous driving to original equipment manufacturers and other industry participants. The Group's engineering solution contracts with customers often include obligations to transfer multiple products and services to a customer. In contracts with multiple deliverables, the Group identifies each performance obligation and evaluates whether the promised goods or services are distinct within the context of the contract at contract inception. Promised goods or services that are not distinct at contract inception are consolidated. The transaction price is generally in the form of a fixed fee at contract inception, and excludes taxes assessed by a governmental authority that are both imposed on and concurrent with a specific revenue-producing transaction, that are collected by the Group from a customer.

The Group allocates the transaction price to each distinct performance obligation based on the estimated SSP for each performance obligation. Judgment is required to determine the SSP for each distinct performance obligation. In instances where the SSP is not directly observable, such as when the Group does not sell the products or services separately, the Group estimates the SSP of each performance obligation based on an adjusted market assessment approach.

Revenues from engineering solution primarily consist of integrated retrofitting services, preparation assistance services for the autonomous driving test, road-testing services and development services. For the integrated retrofitting services, the Group may provide products as inputs to deliver the combined output of autonomous services as specified by customers. The revenues from integrated retrofitting services, the preparation assistance services for the autonomous driving test, road-testing services and software development services are recognized when control of the services is transferred to customers, which generally occurs when the Group delivers the services and the substantive customer acceptance is received ("point in time").

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (l) Revenue recognition (continued)

#### *ii) Virtual driver operation and other related services*

The Group's virtual driver operation and other related services revenues are primarily generated from the operation of the robotaxi services, robotruck logistics services and software licensing.

For robotaxi services, the Group is obliged to provide ride-hailing services, with agreed upon destination, to riders as a principal through its robotaxis. The customers are individual passengers. The Group charges service fees calculated by trip mileage. There is only one performance obligation identified for each contract, the taxi service. The robotaxi service revenues are recognized over time as the Group provides the taxi services. For the contracts with customers where promotional discounts are provided to riders, the discounts are netted against revenues. The associated cost of revenues incurred primarily comprised of fuel costs, depreciation of robotaxis, labor costs and other costs directly attributable to providing the robotaxi services.

For robotruck logistics services, the Group is obliged to provide freight transportation services, with agreed upon destination, to the customers as a principal through its robotruck fleets. The customers are corporate entities and the Group charges fixed service fees determined by mileage and by tonnage. There is only one performance obligation identified for each contract, the freight transportation services. The Group recognizes revenues over time as it performs services in the contract because the customers receive the benefit of the services as goods are transported from one location to another. If the Group were unable to complete delivery to the destination, another entity would not need to re-perform the transportation services already performed. As control transfers over time, revenues are recognized based on the extent of progress towards completion of the performance obligation. The selection of the method to measure progress towards completion requires judgment and is based on the nature of the products or services to be provided. Management estimates the progress based on mileage completed to total mileage to be transported. It normally takes only one to three days for the Group to complete the performance obligation. The associated cost of revenues incurred primarily comprised of fuel costs, tolls, insurance costs, depreciation of property and equipment, labor costs and other costs directly attributable to providing the robotruck logistics services.

Software licensing revenues are generally recognized over time as the functionality of the software is expected to substantively change, and the Group is obligated to update the software to latest version of the software during the service period.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (l) Revenue recognition (continued)

#### iii) Sales of products

The Group sells autonomous driving related products directly to customers. Revenues from the sales of products are recognized when control of the goods is transferred to customers, which generally occurs when the products are delivered and accepted by the customers.

*Contract balances*

Contract assets relate to the Group's right to consideration for performance obligations satisfied but not billed and consist of unbilled receivables and costs in excess of billings. Contract liabilities relate to customer payments received in advance of satisfaction of performance obligations under the contract which is presented in accounts payable and other current liabilities. Contract balances are classified as assets or liabilities on a contract-by-contract basis at the end of each reporting period. There are no contract assets as of December 31, 2025. Revenues recognized for the years ended December 31, 2023, 2024 and 2025 from performance obligations related to prior years were not material.

*Practical expedients*

The Group has used the following practical expedients as allowed under ASC 606:

(i) The transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied has not been disclosed, as substantially all of the Group's contracts have a duration of one year or less.

(ii) Payment terms and conditions vary by contract type, although terms generally include a requirement of prepayment or payment within one year or less. In instances where the timing of revenue recognition differs from the timing of invoicing, the Group has determined that its contracts generally do not include a significant financing component.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (m) Cost of revenues

Cost of revenues consists of expenses relating to salaries and benefits of supporting engineers and other direct supporting personnel, materials and supplies, depreciation of fixed assets, and other costs incurred to directly support the fulfillment of the revenue contracts, such as rental expenses, bandwidth and data center expenditures.

### (n) Research and development expenses ("R&D expenses")

R&D expenses consist primarily of (i) personnel costs representing salaries, benefits, share-based compensation, and bonuses for R&D personnel; (ii) direct input of materials and supplies expenses in relation to R&D; and (iii) certain other expenses, such as office rental expenses, bandwidth and data center expenditures, utilities, depreciation of equipment and other expenses incurred in R&D.

The Group follows the provisions of ASC 985, *Accounting for the Costs of Computer Software to Be Sold, Leased, or Otherwise Marketed*, which requires that software development costs incurred in conjunction with development be charged to R&D expenses until technological feasibility is established. The technological feasibility is established upon completion of a working model. The costs incurred by the Group between technological feasibility and general release to the public have been insignificant. Accordingly, all R&D costs have been expensed as incurred.

### (o) Selling, general and administrative expenses

Selling, general and administrative expenses consist primarily of (i) personnel costs representing salaries, benefits, share-based compensation, and bonuses for the general and administrative personnel; (ii) professional services expenses; and (iii) certain operating expenses, such as office rental expenses, utilities and other expenses necessary to support the Group's business.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (p) Leases

In accordance with ASC Topic 842, Leases ("ASC 842"), the Group uses the modified retrospective transition approach through a cumulative-effect adjustment in the period of adoption rather than retrospectively adjusting prior periods. The Group classified its leases as operating or finance leases in accordance with the recognition criteria in ASC 842-20-25.

The Group recorded the leases of office spaces and warehouses as operating leases in different cities in the Chinese mainland and other overseas regions. The Group begins recognizing rent expenses when the lessor makes the underlying assets available to the Group. The Group's leases have remaining lease terms of up to eight years, some of which include options to extend the leases for an additional period which has to be agreed with the lessors based on mutual negotiation. After considering the factors that create an economic incentive, the Group did not include renewal option periods in the lease term for which it is not reasonably certain to exercise. For short-term leases with lease term less than one year, the Group records operating lease expenses on the consolidated statement of operations and comprehensive loss on a straight-line basis over the lease term and records variable lease payments as incurred.

The Group recorded the leases of logistics vehicles and containers as finance leases as the lease terms cover majority of the remaining economic life of the underlying assets. The Group determines whether an arrangement constitutes a lease and records lease liabilities and right-of-use assets on the consolidated balance sheet at the lease commencement. The Group measures its lease liabilities based on the present value of the total lease payments not yet paid discounted based on the more readily determinable of the rate implicit in the lease or its incremental borrowing rate, which is the estimated rate the Group would be required to pay for a collateralized borrowing equal to the total lease payments over the term of the lease. The Group estimates its incremental borrowing rate based on an analysis of publicly traded debt securities of companies with credit and financial profiles similar to its own. The Group measures right-of-use assets based on the corresponding lease liabilities adjusted for payments made to the lessor at or before the commencement date, and initial direct costs it incurs under the lease.

### (q) Share-based compensation

Share-based awards granted are measured at fair value on grant date and share-based compensation expenses are recognized (a) for the awards granted with only service condition, using the straight-line attribution method, net of actual forfeitures as they occur, over the vesting period; (b) for the awards granted with service condition and performance condition, the share-based compensation expenses are recorded when the performance condition is considered probable using the graded vesting method. Where the occurrence of IPO is a performance condition, cumulative share-based compensation expenses for the awards that have satisfied the service condition should be recorded upon the occurrence of an IPO. The IPO was completed in November 2024 and the share awards for which the service condition had been met became vested. The remaining share awards will be vested as the service conditions are met.

The Group selected the Black-Scholes option-pricing model as the method for determining the estimated fair value for share options. The Black-Scholes option-pricing model requires the use of highly subjective and complex assumptions, which determine the fair value of share-based awards, including the share option's expected term, the price volatility of the underlying stock, risk-free interest rate and expected dividend yield.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (r) Employee defined contribution plan

***Chinese mainland Contribution Plan***

Full-time employees of the Group in the Chinese mainland participate in a government-mandated multiemployer defined contribution plan pursuant to which certain pension benefits, medical care, unemployment insurance, employee housing fund, and other welfare benefits are provided to employees. Chinese labor regulations require that the Group makes contributions to the government for these benefits based on certain percentages of the employees' salaries. The Group has no legal obligation for the benefits beyond the contributions. Total amounts for such employee benefits, which were expensed as incurred, were $13.2 million, $14.6 million and $17.5 million for the years ended December 31, 2023, 2024 and 2025, respectively.

### (s) Income taxes

Income taxes are accounted for under the asset and liability method. Current income taxes are provided on the basis of net income for financial reporting purposes, adjusted for income and expense items which are not assessable or deductible for income tax purposes, in accordance with the regulations of the relevant tax jurisdictions. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance is recorded for deferred tax assets if it is more likely than not that some portion, or all, of the deferred tax assets will not be realized.

The Group recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. As of December 31, 2024 and 2025, the Group did not have any significant unrecognized uncertain tax positions.

The Group recognizes interest and penalties related to income tax matters as a component of income tax expenses.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (t) Chinese mainland Value-added tax ("VAT")

The Group's subsidiaries, the consolidated VIEs and the VIEs' subsidiaries incorporated in Chinese mainland are subject to statutory VAT rate of 6% and 9% for services rendered and 13% for goods sold.

### (u) Fair value measurements

Fair value accounting is applied for all assets and liabilities and non-financial assets and liabilities that are recognized or disclosed at fair value in the consolidated financial statements on a recurring basis (at least annually). Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The authoritative guidance establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 – Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group has the ability to access at the measurement date.

- Level 2 – Inputs are other-than-quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data.

- Level 3 – Inputs are unobservable inputs for the asset or liability.

Accounting guidance also describes three main approaches to measuring the fair value of assets and liabilities: (1) market approach; (2) income approach and (3) cost approach. The market approach uses prices and other relevant information generated from market transactions involving identical or comparable assets or liabilities. The income approach uses valuation techniques to convert future amounts to a single present value amount. The measurement is based on the value indicated by current market expectations about those future amounts. The cost approach is based on the amount that would currently be required to replace an asset.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (u) Fair value measurements (continued)

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest-level input that is significant to the fair value measurement in its entirety. The fair values of the Group's investments are based upon prices provided by an independent source. The Group has reviewed these prices for reasonableness and has not adjusted any prices received from the independent provider. Securities reported at fair value utilizing Level 1 inputs represent assets whose fair value is determined based upon observable unadjusted quoted market prices for identical assets in active markets. Level 2 securities represent assets whose fair value is determined using observable market information, such as previous day trade prices, quotes from less active markets, or quoted prices of securities with similar characteristics. There were no transfers between Level 1, Level 2 and Level 3 investments during the years ended December 31, 2023, 2024 and 2025. The carrying amounts of accounts receivable, amounts due from related parties, current and accounts payable and amounts due to related parties, current approximates the fair value because of their short-term nature.

### (v) Foreign currency

The Group's reporting currency and functional currency is the U.S. dollar. The Group determines its functional currencies based on the criteria of Accounting Standards Codification (ASC) 830, Foreign Currency Matters. The functional currency of the Company's subsidiaries in the United States and Hong Kong, China is the U.S. dollar. The functional currencies of its subsidiaries, the VIEs, and the VIEs' subsidiaries in Chinese mainland are the Renminbi ("RMB"). The Group uses the monthly average exchange rate for the year and the exchange rate at the consolidated balance sheet date to translate the operating results and financial position, respectively. Equity accounts are translated at historical exchange rates. Translation differences are recorded in accumulated other comprehensive income (loss), as a component of shareholders' (deficit) equity.

Transactions denominated in foreign currencies are remeasured into the functional currency at the exchange rates prevailing on the transaction dates. Financial assets and liabilities denominated in foreign currencies are remeasured into the functional currency at the exchange rates prevailing at the consolidated balance sheet date. The Group reflects net foreign exchange transaction gains and losses resulting from the conversion of the foreign currencies to functional currency included in other income, net.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (w) Comprehensive income (loss)

Comprehensive income (loss) is defined as the changes in equity of the Company during a period from transactions and other events and circumstances excluding transactions resulting from investments from shareholders and distributions to shareholders. Comprehensive income (loss) for the periods presented includes net loss, change in foreign currency translation adjustments and unrealized gain (loss) on available-for-sale investments.

### (x) Non-controlling interests

The consolidated financial statements include entities in which the Company has a controlling financial interest. Earnings or losses attributable to minority shareholders of the consolidated affiliated companies are classified separately as "non-controlling interests" in the consolidated statement of operations and comprehensive loss.

### (y) Net loss per share

Net loss per share is computed in accordance with ASC 260, "Earnings per Share". The two-class method is used for computing earnings per share in the event the Group has net income available for distribution. Under the two-class method, net income is allocated between ordinary shares and other participating securities based on their participating rights. Class A ordinary shares and Class B ordinary shares have the same rights in dividend. Therefore, basic and diluted loss per share is the same for both classes of ordinary shares. The Group's Preferred Shares are considered as participating securities because they are entitled to receive dividends or distributions on an as if converted basis if the Group has net income available for distribution under certain circumstances. Net losses are not allocated to other participating securities as they are not obligated to share the losses based on their contractual terms.

Basic net loss per share is computed by dividing net loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year. Diluted net loss per share is calculated by dividing net loss attributable to ordinary shareholders, as adjusted for the effect of dilutive ordinary equivalent shares, if any, by the weighted average number of ordinary and dilutive ordinary equivalent shares outstanding during the year. Ordinary equivalent shares consist of ordinary shares issuable upon the conversion of the Preferred Shares using as-if-converted method and ordinary shares issuable upon the exercise and settlement of share options and RSUs using the treasury stock method. Ordinary equivalent shares are not included in the denominator of the diluted net loss per share calculation when inclusion of such share would be anti-dilutive.

(All amounts in USD thousands, except share per share and per ADS data or otherwise noted)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (z) Segment reporting

Based on the criteria established by ASC 280, operating segments are defined as components of an enterprise (business activity from which it earns revenues and incurs expenses) for which discrete financial information is available and regularly reviewed by the chief operating decision maker ("CODM") in deciding how to allocate resources and in assessing performance. The Group's CODM has been identified as its Chief Executive Officer, who reviews consolidated results when making decisions about resource allocation and performance evaluation of the Group as a whole and does not distinguish between markets or segments. Therefore, the Group has only one reportable segment. Accordingly, the CODM uses the consolidated net loss to measure segment profit or loss, allocate resources, and assess performance. The CODM is regularly provided with the consolidated expenses as noted on the face of the consolidated statement of operations and comprehensive loss and uses net loss to monitor budget versus actual results when making decisions about the allocation of operating and capital resources.

The assets of the Group are held in the Chinese mainland and other overseas regions. The long-lived assets as of December 31, 2024 and 2025, are as follows:

| | As of December 31, | |
|---|---|---|
| | 2024 | **2025** |
| Chinese mainland | 28,633 | **73,142** |
| Other overseas regions | 1,950 | **2,136** |
| **Total** | 30,583 | **75,278** |

For the years ended December 31, 2023, 2024 and 2025, the Group's total revenues by geographic area of operating entities are as follows:

| | Year ended December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | **2025** |
| Chinese mainland | 71,578 | 74,421 | **87,564** |
| Other overseas regions | 321 | 604 | **2,437** |
| **Total** | 71,899 | 75,025 | **90,001** |

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (aa) Recently issued accounting pronouncements

***New accounting standards which have been adopted***

In December 2023, the Financial Accounting Standards Board ("FASB") issued ASU No. 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, which aims to improve the transparency of income tax disclosures by requiring consistent categories and greater disaggregation of information in the rate reconciliation and income taxes paid disaggregated by jurisdiction. For public business entities, the amendments are effective for fiscal years beginning after December 15, 2024 and interim periods within those fiscal years. Early adoption is permitted. The Company prospectively adopted ASU 2023-09 on January 1, 2025. Refer to note 14 Taxation.

***Recent accounting pronouncements not yet adopted***

In November 2024, the FASB issued ASU 2024-03, *Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures* (Subtopic 220-40): Disaggregation of Income Statement Expenses. This update requires that at each interim and annual reporting period public entities disclose (1) the amounts of purchases of inventory, employee compensation, depreciation, amortization, and depletion) in commonly presented expense captions; (2) certain amounts that are already required to be disclosed under current GAAP in the same disclosure as the other disaggregation requirements; (3) a qualitative description of the amounts remaining in relevant expense captions that are not separately disaggregated quantitatively; and (4) the total amount of selling expenses and, in annual reporting periods, the definition of selling expenses. In January 2025, the FASB issued ASU 2024-03, Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures (Subtopic 220-40): Clarifying the Effective Date. For public business entities, this update is effective for annual reporting periods beginning after December 15, 2026, and interim periods within annual reporting periods beginning after December 15, 2027. Early adoption is permitted. The Group expects the adoption of the ASU will result in additional disaggregation of expense captions within its footnote disclosures.

(All amounts in USD thousands, except share per share and per ADS data or otherwise noted)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (aa) Recently issued accounting pronouncements (continued)

***Recent accounting pronouncements not yet adopted*** (continued)

In July 2025, the FASB issued ASU 2025-05, *Measurement of Credit Losses for Accounts Receivable and Contract Assets*. This standard introduces a practical expedient that companies can choose to apply when determining allowances for credit losses. Specifically, it permits companies to assume that the current conditions as of the balance sheet remain unchanged throughout the remaining life of the asset. The amendment is effective for annual reporting periods beginning after December 15, 2025, and requires prospective application. The Group is currently in the process of evaluating the impact of adoption of the ASU on the consolidated financial statements.

In December 2025, the FASB issued ASU 2025-10, *Government Grants* (Topic 832): Accounting for Government Grants Received by Business Entities ("ASU 2025-10"), to improve generally accepted accounting principles by establishing authoritative guidance on the accounting for government grants received by business entities. The amendments establish the accounting for a government grant received by a business entity, including guidance for (1) a grant related to an asset and (2) a grant related to income. The guidance is effective for fiscal years beginning after December 15, 2028, with early adoption permitted, and it can be applied using one of the following approaches: (1) a modified prospective approach; (2) a modified retrospective approach and (3) a retrospective approach to all government grants. The Company is currently in the process of evaluating the disclosure impact of adoption of the ASU on the consolidated financial statements.

### (ab) Auditors' remuneration

A breakdown of the remuneration by categories for the years ended December 31, 2024 and 2025 is set out below:

| | Year ended December 31, | |
|---|---|---|
| | 2024 | **2025** |
| Audit fees and audit-related fees[1] | 1,530 | **1,959** |
| Tax fees[2] | 39 | **42** |
| Total | 1,569 | **2,001** |

*Notes:*

(1) Audit fees means the aggregate fees billed for professional services rendered by principal auditors for the audit of the Group's annual financial statements. Audit-related fees are fees billed by the auditor for assurance and related services that are reasonably related to the performance of the audit and review of the Group's financial statements.

(2) Tax fees mean the aggregate fees billed in each of the fiscal years for professional services rendered by our principal auditors for tax compliance and tax advices.

## 3. CONCENTRATIONS AND RISKS

### (a) Concentration of customers and suppliers

Two customers represented 31.3% and 25.0%, respectively, of the total revenues for the year ended December 31, 2023. One customer represented 29.8% of the total revenues for the year ended December 31, 2024. Three customers represented 32.9%, 13.5% and 12.9%, respectively, of the total revenues for the year ended December 31, 2025. There are no suppliers from whom purchases individually represent greater than 10% of the total purchases of the Group for the years ended December 31, 2023, 2024 and 2025. Two customers accounted for 17.9% and 11.3%, respectively, of the total accounts receivable as of December 31, 2024. One customer accounted for 13.6% of the total accounts receivable as of December 31, 2025.

### (b) Concentration of credit risk

Financial instruments that potentially subject the Group to concentrations of credit risk consist primarily of cash and cash equivalents, short-term investments and accounts receivable. The Group invests its excess cash in low-risk, high credit quality and highly liquid securities, and places its cash and cash equivalents and short-term investments in the financial institutions which the management believes are of high credit quality. Securities of any given issuer valued at cost at the time of purchase should not exceed 5% of the market value of the portfolio or $1.0 million, whichever is greater. For purposes of this diversification restriction, securities of a parent company, subsidiaries, and entities acquired or merged will be combined. Credit risk arises from cash and cash equivalents, short-term investments, as well as credit exposures to customers, including outstanding receivables. The carrying amount of these financial assets represents the maximum amount of loss due to credit risk. Accounts receivable are typically unsecured and are derived from revenues earned directly from customers. The risk with respect to accounts receivable is mitigated by credit evaluations the Group performs on its customers and its ongoing monitoring processes of outstanding balances.

### (c) Currency convertibility risk

The Chinese mainland government imposes controls on the convertibility of RMB into foreign currencies. The Group's cash and cash equivalents and short-term investments denominated in RMB that are subject to such government controls amounted to $126.6 million and $247.6 million as of December 31, 2024 and 2025, respectively. The value of RMB is subject to changes in the central government policies and to international economic and political developments affecting supply and demand in the Chinese mainland foreign exchange trading system market. In the Chinese mainland, certain foreign exchange transactions are required by law to be transacted only by authorized financial institutions at exchange rates set by the People's Bank of China (the "PBOC"). Remittances in currencies other than RMB by the Group in the Chinese mainland must be processed through the PBOC or other Chinese foreign exchange regulatory bodies which require certain supporting documentation in order to process the remittance.

(All amounts in USD thousands, except share per share and per ADS data or otherwise noted)

## 3. CONCENTRATIONS AND RISKS (continued)

### (d) Foreign currency exchange rate risk

Since June 2010, the RMB has fluctuated against the US$, at times significantly and unpredictably. The depreciation of the RMB against the US$ was approximately 2% and 1% for the years ended December 31, 2023 and 2024, respectively. The appreciation of the RMB against the US$ was approximately 2% for the year ended December 31, 2025. It is difficult to predict how market forces or the Chinese mainland or U.S. government policy may impact the exchange rate between the RMB and the US$ in the future.

## 4. INVESTMENTS IN MARKETABLE DEBT SECURITIES

Investments in marketable debt securities are recorded as short-term investments and long-term investments on the consolidated balance sheet. The following is a summary of the Group's investments in marketable debt securities as of December 31, 2024 and 2025:

| | As of December 31, 2024 | | | |
|---|---|---|---|---|
| | Amortized Cost | Gross Unrealized Gain | Gross Unrealized Loss | Estimated Fair Value |
| Asset backed securities | 6,400 | 4 | – | 6,404 |
| Commercial paper | 7,592 | 1 | – | 7,593 |
| Corporate bonds | 87,591 | – | (163) | 87,428 |
| Treasury bill | 5,925 | 3 | – | 5,928 |
| U.S. treasury securities | 8,039 | – | (44) | 7,995 |
| Yankee bonds | 5,601 | – | (12) | 5,589 |
| Wealth management products | 87,603 | 344 | – | 87,947 |
| **Total** | 208,751 | 352 | (219) | 208,884 |

(All amounts in USD thousands, except share per share and per ADS data or otherwise noted)

## 4. INVESTMENTS IN MARKETABLE DEBT SECURITIES (continued)

| | As of December 31, 2025 | | | |
|---|---|---|---|---|
| | Amortized Cost | Gross Unrealized Gain | Gross Unrealized Loss | Estimated Fair Value |
| Asset backed securities | **55,050** | **64** | **–** | **55,114** |
| Corporate bonds | **213,104** | **283** | **–** | **213,387** |
| Treasury bill | **33,759** | **18** | **–** | **33,777** |
| U.S. treasury securities | **34,209** | **85** | **–** | **34,294** |
| Yankee bonds | **7,000** | **6** | **–** | **7,006** |
| Wealth management products | **52,679** | **–** | **(129)** | **52,550** |
| Sovereign government security | **2,435** | **27** | **–** | **2,462** |
| Total | **398,236** | **483** | **(129)** | **398,590** |

## 5. LONG-TERM INVESTMENTS

Long-term investments are mainly comprised of investments in marketable debt securities, debt investments in investees' preferred shares, equity investment without readily determinable fair values, equity method investments, term deposits and certificate of deposits and convertible bonds. The following is a summary of long-term investments:

| | Year ended December 31, | |
|---|---|---|
| | 2024 | 2025 |
| Term deposits and certificate of deposits *(note 6)* | 21,517 | **227,932** |
| Investments in marketable debt securities *(note 6)* | 58,373 | **118,979** |
| Equity method investment *(note 5b)* | 15,368 | **68,204** |
| Equity investment without readily determinable fair values *(note 5d)* | 465 | **28,930** |
| Debt investments in investees' preferred shares *(note 5a and note 6)* | 35,076 | **–** |
| Convertible bonds *(note 5c and note 6)* | – | **10,897** |
| **Total** | 130,799 | **454,942** |

## 5. LONG-TERM INVESTMENTS (continued)

### (a) Debt investments in investees' preferred shares

As of December 31, 2024, the Group's debt investments in investees' redeemable preferred shares, with initial costs of $34.0 million, primarily comprised two investments in two entities: (i) a company engaged in graphics processing unit ("GPU") R&D, and (ii) a hail-riding service provider.

***Investment in the GPU R&D company***

The investment in the GPU R&D company was initially classified as a long-term available-for-sale investments, measured at fair value through other comprehensive income. For the year ended December 31,2024, a fair value increase of $35.1 million was recognized in other comprehensive income. In January 2025, the Company disposed of a portion of the investment for cash proceeds of $16.7 million, which was based on the fair value of the investment on the disposal date.

Upon the investee's IPO in December 2025, the redeemable preferred shares were converted into ordinary shares, and all associated preferential rights lapsed. As a result, the investment was reclassified from long-term investments to short-term investments in equity securities with readily determinable fair values subject to a 12-month lock-up and thus restricted stocks in nature. For the year ended December 31,2025, a total fair value gain of $136.9 million was recognized in "changes in fair value of trading securities" of which $16.9 million represented the reclassification of cumulative gains previously recognized in other comprehensive income, transferred to profit or loss on the investee's IPO date. As of December 31, 2025, the investment was carried at $138.8 million and reported within short-term investments.

Due to the 12-month lock-up restriction, the fair value of the investment was determined using the quoted market price of the underlying ordinary shares, adjusted for a discount for lack of marketability ("DLOM") of 11%. This fair value measurement is classified within Level 3 of the fair value hierarchy.

***Investment in the ride-hailing service company***

Regarding the investment in the company of ride-hailing service provider, upon the investee's IPO in July 2024, due to the Company's change in holding intent to trading purpose, and the elimination of preferential rights along with the conversion of preferred shares into ordinary shares, the investment was reclassified from long-term investments to short-term investments as equity securities with readily determinable fair values. For the year ended December 31, 2024, a fair value decrease of $17.2 million was recorded in changes in fair value of trading securities, with the investment carried at $19.7 million as of December 31, 2024. For the year ended December 31, 2025, a fair value decrease of $6.7 million was recorded in changes in fair value of trading securities, with the investment carried at $12.9 million as of December 31, 2025 and reported within short-term investments. The Company measured the fair value of the investment in ordinary shares using the market approach based on the quoted stock price of the investee and has classified it as Level 1 measurement.

## 5. LONG-TERM INVESTMENTS (continued)

### (a) Debt investments in investees' preferred shares (continued)

For the years ended December 31, 2023, 2024, and 2025, $4.8 million, $24.7 million and nil unrealized gains were recorded in other comprehensive income, respectively.

Prior to their reclassification from long-term investments to short-term investments, these available-for-sale debt investments are carried at fair value. The Group uses backsolve method with significant unobservable inputs to measure the fair value of the investments (Level 3), which primarily include the recent transaction price of the underlying private company's securities and DLOM.

As of December 31, 2024 and 2025, no impairment indicator was identified associated with the available-for-sale debt investments.

### (b) Equity method investment

In May and September 2024, the Group paid $1.6 million and $2.6 million in cash, respectively, to a joint venture as initial investment in its common shares, to subscribe 50% equity rights of the investee. In September 2025, the Group has completed the final payment to the investee for an amount of $52.5 million to advance the future mass production and large-scale deployment of fully driverless vehicles. Since the Group can exercise significant influence over the joint venture, and does not have a controlling interest, this investment is accounted for using the equity method.

In November 2024, the Group, as a limited partner, paid $11.2 million in cash to a fund as initial investment, to subscribe 99.9% equity rights of the fund for future investment in automation driving industry. Since the Group can exercise significant influence over the fund, in which all partners have veto rights, and the Group does not have a controlling interest, this investment is accounted for using the equity method.

### (c) Convertible bonds

In February 2025, the Group entered into an agreement with a South Korean public listed company, to subscribe its convertible bonds. The total subscription consideration was KRW15.3 billion (equivalent to $10.5 million). The convertible bonds have a maturity date of January 13, 2028. The Group has the unilateral right to request early redemption of the convertible bonds every six months after holding them for one year, with an applicable compound interest rate of 3%. Additionally, the convertible bonds grant the Group the right to convert them into a specified number of common shares at any time from one year after issuance until the maturity date of January 13, 2028, based on the conversion rate specified in the agreement.

The convertible bonds are classified as available-for-sale debt securities, as they do not meet the criteria for held-to-maturity or trading securities. They are carried at fair value on the consolidated balance sheet, with unrealized gains and losses recorded in accumulated other comprehensive income. For the year ended December 31, 2025, the Company recorded an unrealized gain of $0.3 million in accumulated other comprehensive income based on its fair value.

(All amounts in USD thousands, except share per share and per ADS data or otherwise noted)

## 5. LONG-TERM INVESTMENTS (continued)

### (d) Equity investment without readily determinable fair values

In May 2025, the Company made a $27.9 million investment in a private new energy vehicle company, acquiring a 0.5577% equity interest. Given that the Company does not have significant influence and the equity investment does not have a readily determinable fair value, the Group elects measurement alternative to the fair value measurement for the equity security without readily determinable fair values, under which the investment is measured at cost, less impairment, plus or minus observable price changes of an identical or similar investment of the same issuer with the fair value change recorded in the consolidated statement of operations and comprehensive loss.

The following table summarizes the activities related to fair value of the debt investments in investees' preferred shares and convertible bonds, which are recorded as available-for-sale investments:

| | Year ended December 31, | |
|---|---|---|
| | 2024 | **2025** |
| Fair value of available-for-sale debt investments at the beginning of the year (Level 3) | 49,307 | **35,076** |
| Additions – initial investment | – | **10,486** |
| Reclass to short-term investments *(note 5a)* | (38,738) | **(18,800)** |
| Change in fair value | 24,736 | **318** |
| Disposal of available-for-sale debt investment | – | **(16,693)** |
| Foreign currency translation adjustment | (229) | **510** |
| Fair value of available-for-sale debt investments at the end of the year (Level 3) | 35,076 | **10,897** |

(All amounts in USD thousands, except share per share and per ADS data or otherwise noted)

## 6. FAIR VALUE MEASUREMENTS

### Fair value measurements or disclosed on a recurring basis

The fair value measurements of assets and liabilities that are measured or disclosed at fair value on a recurring basis as of December 31, 2024 and 2025, are as follows:

| | As of December 31, 2024 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| **Category** | | | | |
| **Cash equivalents:** | | | | |
| Commercial paper | – | 4,488 | – | 4,488 |
| **Subtotal** | – | 4,488 | – | 4,488 |
| **Short-term investments:** | | | | |
| Asset backed securities | – | 330 | – | 330 |
| Commercial paper | – | 7,593 | – | 7,593 |
| Corporate bonds | – | 49,773 | – | 49,773 |
| Treasury bill | – | 5,928 | – | 5,928 |
| U.S. treasury securities | 1,948 | – | – | 1,948 |
| Yankee bonds | – | 2,009 | – | 2,009 |
| Wealth management products | – | 82,930 | – | 82,930 |
| **Marketable debt securities** *(note 4)* | 1,948 | 148,563 | – | 150,511 |
| Equity investment with readily determinable fair values *(note b and note 5a)* | 23,988 | – | – | 23,988 |
| **Equity securities** | 23,988 | – | – | 23,988 |
| **Term deposits and certificate of deposits** *(note a)* | – | 34,536 | – | 34,536 |
| **Subtotal** | 25,936 | 183,099 | – | 209,035 |

(All amounts in USD thousands, except share per share and per ADS data or otherwise noted)

## 6. FAIR VALUE MEASUREMENTS (continued)

### Fair value measurements or disclosed on a recurring basis (continued)

| | As of December 31, 2024 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| **Long-term investments:** | | | | |
| Asset backed securities | – | 6,074 | – | 6,074 |
| Corporate bonds | – | 37,655 | – | 37,655 |
| U.S. treasury securities | 6,047 | – | – | 6,047 |
| Yankee bonds | – | 3,580 | – | 3,580 |
| Wealth management products | – | 5,017 | – | 5,017 |
| **Marketable debt securities** *(note 4)* | 6,047 | 52,326 | – | 58,373 |
| **Debt investments in investees' preferred shares** *(note 5a)* | – | – | 35,076 | 35,076 |
| **Term deposits and certificate of deposits** *(note a and note 5)* | – | 21,517 | – | 21,517 |
| **Subtotal** | 6,047 | 73,843 | 35,076 | 114,966 |
| **Total assets in fair value** | 31,983 | 261,430 | 35,076 | 328,489 |

(All amounts in USD thousands, except share per share and per ADS data or otherwise noted)

## 6. FAIR VALUE MEASUREMENTS (continued)

### Fair value measurements on a recurring basis

| | As of December 31, 2025 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| **Category** | | | | |
| **Cash equivalents:** | | | | |
| Commercial paper | – | 3,990 | – | 3,990 |
| Treasury bill | – | 6,973 | – | 6,973 |
| Money market fund | – | 183,856 | – | 183,856 |
| **Subtotal** | – | 194,819 | – | 194,819 |
| **Short-term investments:** | | | | |
| Asset backed securities | – | 5,352 | – | 5,352 |
| Corporate bonds | – | 172,595 | – | 172,595 |
| Treasury bill | – | 33,777 | – | 33,777 |
| U.S. treasury securities | 13,345 | – | – | 13,345 |
| Yankee bonds | – | 7,006 | – | 7,006 |
| Wealth management products | – | 47,536 | – | 47,536 |
| **Marketable debt securities** *(note 4)* | 13,345 | 266,266 | – | 279,611 |
| Equity investment with readily determinable fair values *(note b and note 5a)* | 15,748 | – | – | 15,748 |
| Restricted stocks *(note b and note 5a)* | – | – | 138,807 | 138,807 |
| **Equity securities** | 15,748 | – | 138,807 | 154,555 |
| **Term deposits and certificate of deposits** *(note a)* | – | 437,992 | – | 437,992 |
| **Subtotal** | 29,093 | 704,258 | 138,807 | 872,158 |

(All amounts in USD thousands, except share per share and per ADS data or otherwise noted)

## 6. FAIR VALUE MEASUREMENTS (continued)

### Fair value measurements on a recurring basis (continued)

| | As of December 31, 2025 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| **Long-term investments:** | | | | |
| Asset backed securities | – | 49,762 | – | 49,762 |
| Corporate bonds | – | 40,792 | – | 40,792 |
| U.S. treasury securities | 20,949 | – | – | 20,949 |
| Sovereign government security | 2,462 | – | – | 2,462 |
| Wealth management products | – | 5,014 | – | 5,014 |
| **Marketable debt securities** *(note 4)* | 23,411 | 95,568 | – | 118,979 |
| **Convertible bonds** *(note 5c)* | – | – | 10,897 | 10,897 |
| **Term deposits and certificate of deposits** *(note a and note 5)* | – | 227,932 | – | 227,932 |
| **Subtotal** | 23,411 | 323,500 | 10,897 | 357,808 |
| **Total assets in fair value** | 52,504 | 1,222,577 | 149,704 | 1,424,785 |

Note a: Term deposits and certificate of deposits are deposits of fixed interest rate with original maturities between three months and one year, and above one year, which are recorded in short-term investments and long-term investments based on the maturities.

Note b: For the investment in common shares without restriction, its fair value is based on the quoted stock price of its investees in the active market and classified as Level 1 measurement. For the investment in common shares with restriction, i.e subject to lock-up periods, its fair value is based on the quoted stock price of its investee in the active market adjusted for a DLOM, and classified as Level 3 measurement.

As of December 31, 2024, the balance of the investments was $24.0 million, consisting of $4.3 million in one new equity investment and $19.7 million reclassified from long-term investments (note 5a). The decrease of $21.3 million in fair value was recorded in changes in fair value of trading securities.

As of December 31, 2025, the balance of the investments was $154.6 million, consisting of $2.9 million, and $12.9 million equity investments in the same two listed companies as of December 31, 2024 and restricted stocks of $138.8 million reclassified from long-term investments (note 5a). The increase of $128.0 million in fair value was recorded in changes in fair value of trading securities.

## 6. FAIR VALUE MEASUREMENTS (continued)

### Fair value measurements on a recurring basis (continued)

The following table summarizes the activities related to fair value of warrants liability:

| | Year ended December 31, | |
|---|---|---|
| | 2024 | **2025** |
| Balance at the beginning of the year | 5,617 | – |
| Issuance of warrants | – | – |
| Change in fair value | (5,617) | – |
| Exercise of the warrants | – | – |
| Balance at the end of the year | – | – |

The Group uses option-pricing model with significant unobservable inputs to measure the fair value of the warrants liability (Level 3), which primarily include the fair value of the series D preferred shares as well as assumptions regarding a number of complex and subjective variables, including the expected volatility of fair value of shares, risk-free interest rates and expected dividends.

### Fair value measurements on a non-recurring basis

The Group measures property, equipment and software, operating and finance lease right-of-use assets, operating and finance lease liabilities, at fair value on a non-recurring basis only if they were determined to be impaired. For equity investment without readily determinable fair values for which the Group elected to use the measurement alternative, the equity investment is measured at fair value on a non-recurring basis when there is an orderly transaction for identical or similar investments of the same issuer.

(All amounts in USD thousands, except share per share and per ADS data or otherwise noted)

## 7. PROPERTY, EQUIPMENT AND SOFTWARE, NET

Property, equipment and software as of December 31, 2024 and 2025, consist of the following:

| | As of December 31, | |
|---|---|---|
| | 2024 | 2025 |
| Computer and equipment | 37,032 | **45,435** |
| Vehicle and equipment | 24,577 | **37,111** |
| Leasehold improvements | 4,728 | **8,712** |
| Software | 2,527 | **2,659** |
| Furniture and fixtures | 541 | **582** |
| Finance lease right-of-use assets | 5,201 | **2,465** |
| **Total property, equipment and software** | 74,606 | **96,964** |
| Less: accumulated depreciation and amortization | (57,962) | **(59,343)** |
| Construction in progress | 597 | **22,846** |
| **Property, equipment and software, net** | 17,241 | **60,467** |

Total depreciation and amortization expenses for the year ended December 31, 2025 were $7.1 million ($0.9 million relates to amortization of property and equipment acquired under finance leases), including $1.3 million in cost of revenues, $5.1 million in R&D expenses, and $0.7 million in selling, general and administrative expenses, respectively, on the consolidated statement of operations and comprehensive loss.

Total depreciation and amortization expenses for the year ended December 31, 2024 were $9.8 million ($1.4 million relates to amortization of property and equipment acquired under finance leases), including $1.8 million in cost of revenues, $7.4 million in R&D expenses, and $0.6 million in selling, general and administrative expenses, respectively, on the consolidated statement of operations and comprehensive loss. Total depreciation and amortization expenses for the year ended December 31, 2023 were $15.5 million ($1.2 million relates to amortization of property and equipment acquired under finance leases), including $2.0 million in cost of revenues, $12.5 million in R&D expenses, and $1.0 million in selling, general and administrative expenses, respectively, on the consolidated statement of operations and comprehensive loss.

(All amounts in USD thousands, except share per share and per ADS data or otherwise noted)

## 8. ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES

Accounts payable and other current liabilities as of December 31, 2024 and 2025 consist of the following:

| | As of December 31, | |
|---|---|---|
| | 2024 | **2025** |
| Payroll and related expenses | 23,741 | **30,581** |
| Accounts payable | 15,128 | **17,258** |
| Accrued expenses for goods or services | 10,537 | **12,642** |
| Notes payables | – | **13,182** |
| Advance from long-term investments disposal *(note 5a)* | 8,347 | **–** |
| Contract liabilities | 3,229 | **1,916** |
| Tax payables | 1,812 | **7,398** |
| Finance lease liabilities *(note 9)* | 532 | **529** |
| Amounts reimbursable to employees | 761 | **338** |
| Welfare payable | 281 | **346** |
| Others | 2,180 | **1,071** |
| **Total** | 66,548 | **85,261** |

Aging analysis of accounts payable based on the invoice date is as follows:

| | As of December 31, | |
|---|---|---|
| | 2024 | **2025** |
| Within 1 year | 15,099 | **16,524** |
| More than 1 year | 29 | **734** |
| **Total** | 15,128 | **17,258** |

## 9. LEASE

The Group leases office spaces and warehouses in several cities in the Chinese mainland and other overseas regions under operating leases, and logistics vehicles and containers in the Chinese mainland under finance leases. The Group determines if an arrangement is a lease at inception, and when lease agreements contain lease and non-lease components, the Group accounts for as separate components. The allocation of the consideration between the lease and the non-lease components is based on the relative stand-alone prices of lease components included in the lease contracts. As of December 31, 2025, the Group did not have additional operating leases or finance leases that have not yet commenced.

Total operating lease expenses for the years ended December 31, 2023, 2024 and 2025 were $4.3 million, $4.8 million and $5.6 million, respectively, which were recorded in cost of revenues, R&D expenses, and selling, general and administrative expenses on the consolidated statement of operations and comprehensive loss. Short-term lease cost for the years ended December 31, 2023, 2024 and 2025 was $1.5 million, $1.4 million and $1.8 million, respectively.

Property and equipment acquired under finance leases was $1.8 million and $1.4 million as of December 31, 2024 and 2025, recorded in "Property, equipment and software, net", and corresponding current and non-current finance lease liabilities were $0.5 million and $1.2 million, as of December 31, 2024, respectively, and $0.5 million and $0.8 million, as of December 31, 2025, respectively, recorded in "Accounts payable and other current liabilities" and "Other non-current liabilities".

Total amortization expenses for the finance lease right-of-use assets and the interest expenses on the finance lease liabilities were $1.2 million and $0.1 million for the year ended December 31, 2023, were $1.4 million and $0.1 million for the year ended December 31, 2024, and were $0.9 million and $0.1 million for the year ended December 31, 2025, respectively. Amortization expenses and interest expenses were included in cost of revenues and other income, net on the consolidated statement of operations and comprehensive loss, respectively.

(All amounts in USD thousands, except share per share and per ADS data or otherwise noted)

## 9. LEASE (continued)

| | As of December 31, | |
|---|---|---|
| | 2024 | **2025** |
| Operating leases | | |
| Right-of-use assets | 13,342 | **14,811** |
| Lease liabilities, current | 3,438 | **4,792** |
| Lease liabilities, non-current | 9,835 | **10,375** |
| Finance leases | | |
| Right-of-use assets | 1,794 | **1,408** |
| Lease liabilities, current *(note 8)* | 532 | **529** |
| Lease liabilities, non-current | 1,156 | **805** |

| | For the year ended December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | **2025** |
| Cash paid for amounts included in the measurement of lease liabilities: | | | |
| Operating cash used in operating leases | 4,178 | 4,603 | **5,128** |
| Operating cash used in finance leases | 77 | 111 | **75** |
| Financing cash used in finance leases | 1,061 | 1,015 | **971** |
| Non-cash right-of-use assets in exchange for new lease liabilities: | | | |
| Operating leases | 3,424 | 11,377 | **6,249** |
| Finance leases | 1,183 | 618 | **421** |
| Weighted average remaining lease term | | | |
| Operating leases | 1.5 | 4.5 | **4.1** |
| Finance leases | 3.2 | 3.9 | **3.1** |
| Weighted average discount rate | | | |
| Operating leases | 4.6% | 5.1% | **4.6%** |
| Finance leases | 5.9% | 5.0% | **4.9%** |

Maturity analysis of the annual undiscounted cash flows for operating lease and finance lease liabilities as of December 31, 2025 is as follows:

| | Year ending December 31, |
|---|---|
| 2026 | 5,931 |
| 2027 | 4,707 |
| 2028 | 3,292 |
| 2029 | 2,918 |
| 2030 | 296 |
| 2031 and thereafter | 760 |
| Less: imputed interest | (1,403) |
| **Total** | 16,501 |

(All amounts in USD thousands, except share per share and per ADS data or otherwise noted)

## 10. COMMITMENTS AND CONTINGENCIES

### Legal proceedings

From time to time, the Group may become involved in litigation, claims, and proceedings. The Group evaluates the status of each legal matter and assesses the potential financial exposure. If the potential loss from any legal proceedings or litigation is considered probable and the amount can be reasonably estimated, the Group accrues a liability for the estimated loss. Significant judgment is required to determine the probability of a loss and whether the amount of the loss is reasonably estimated. As of December 31, 2024 and 2025, based on the information currently available, the Group believes that the loss contingencies that may arise as a result of currently pending legal proceedings are not reasonably possible to have a material adverse effect on the Group's business, results of operations, financial condition, and cash flows.

## 11. ORDINARY SHARES

The Company was incorporated on November 4, 2016 with an authorized share capital of 388,594,477 ordinary shares at the par value of $0.0005 each. A summary of the Class A and Class B ordinary shares as of December 31, 2024 and 2025, is as follows:

| | As of December 31, | |
|---|---|---|
| | 2024 | **2025** |
| **Class A Ordinary Shares** | | |
| Shares authorized | 498,911,230 | **498,911,230** |
| Par value | $0.0005 | **$0.0005** |
| **Shares issued and outstanding** | 269,203,783 | **352,452,783** |
| **Class B Ordinary Shares** | | |
| Shares authorized | 81,088,770 | **81,088,770** |
| Par value | $0.0005 | **$0.0005** |
| **Shares issued and outstanding** | 81,088,770 | **81,088,770** |

The holders of Class A ordinary shares and Class B ordinary shares shall, at all times, vote together as one class on all matters submitted to a vote. The holder of each Class A ordinary share shall have the right to one vote with respect to such Class A ordinary share, and the holder of each Class B ordinary share shall have the right to 10 votes with respect to such Class B ordinary share.

Each Class B ordinary share is convertible into one Class A ordinary share at any time by the holder thereof. In no event shall Class A ordinary shares be convertible into Class B ordinary shares. With respect to any Class B ordinary share upon (a) the death of the stockholder (or its ultimate controlling beneficial owner that is a natural person or any beneficial owner that is a principal) of such Class B ordinary share; (b) any sale, transfer, assignment, or disposition of such Class B ordinary share by a stockholder (or its affiliate) to any person who is not an affiliate of such stockholder; (c) a change of ultimate beneficial ownership of such Class B ordinary share to any person who is not an affiliate of the registered stockholder of such Class B ordinary share; or (d) termination of employment of any principal who is the ultimate beneficial owner holding such Class B ordinary share with the Group, such Class B ordinary share shall be automatically and immediately converted into one Class A ordinary share.

## 11. ORDINARY SHARES (continued)

In November 2024, the Group completed its IPO on the National Association of Securities Dealers Automated Quotation ("Nasdaq"). In the offering, 20,000,000 American Depository Shares ("ADSs"), representing 20,000,000 Class A ordinary shares, were issued and sold to the public at a price of $13.00 per ADS. In addition, the Group issued and sold an additional 1,461,410 ADSs, upon the underwriters' exercise of their option to purchase additional ADSs, representing 1,461,410 Class A ordinary shares. The Group received total net proceeds of approximately $256.7 million after deducting relevant offering expenses.

Meanwhile, immediately prior to the completion of the IPO, the Group sold and issued 11,672,186 Class A ordinary shares in the CPP to certain investors based on the IPO price of $13.00 per ADS. The Group received a total of approximately $151.7 million of net proceeds after deducting relevant offering expenses.

In addition, upon the completion of the IPO, all of the 202,699,487 Preferred Shares held by the Group's preferred shareholders were converted into 225,409,798 Class A ordinary shares with conversion ratio of 1:1 for Series A, Series B, Series B+, Series B2 and Series C, with conversion ratio of 1:1.4439 for Series C+, and with conversion ratio of 1:2.3377 for Series D, which resulted in a decrease of $1,695.3 million in Mezzanine equity and an increase of $0.1 million and an increase of $1,695.2 million recorded in paid – in capital of Class A ordinary shares and additional paid-in capital, respectively.

In November 2025, the Group completed its Dual Primary Listing and issued 48,249,000 Class A ordinary shares at a price of HK$139.0 per share. The Group received total net proceeds of approximately HK$6,509.7 million (equivalent to $829.4 million) from this offering after deducting relevant offering expenses.

(All amounts in USD thousands, except share per share and per ADS data or otherwise noted)

## 12. CONVERTIBLE REDEEMABLE PREFERRED SHARES

The following table summarizes the movement of Preferred Shares issued by the Company:

| | Date of Issuance | Total Number of Shares Outstanding | Original Issue Price per Share | Accretion of Preferred Shares (1) | Modification of Preferred Shares (2) | Conversion Price of Preferred Shares | Conversion of Preferred Shares (3) | Carrying Amount as of December 31, 2024 and 2025 |
|---|---|---|---|---|---|---|---|---|
| Series A | 2017/3/3 | 34,362,468 | 0.4323 | 693 | – | 0.4323 | (15,357) | – |
| Series B | 2017/12/28 | 44,758,365 | 1.7319 | 4,180 | – | 1.7319 | (81,020) | – |
| Series B+ | 2018/6/27, 2019/11/22 | 27,428,047 | 3.6673 | 5,423 | – | 3.6673 | (112,558) | – |
| Series B2 | 2019/4/11 | 10,478,885 | 6.5196 | 3,684 | – | 6.5196 | (71,822) | – |
| Series C | 2020/3/13, 2021/6/22 | 57,896,414 | 9.4220 | 29,412 | – | 9.4220 | (588,499) | – |
| Series C+ | 2020/11/16, 2021/1/13 | 16,161,021 | 15.4687 | 13,479 | 119,430 | 10.7134 | (382,793) | – |
| Series D | 2022/2/23, 2022/3/4, 2022/12/29, 2023/8/3, 2023/8/15, 2023/11/15 | 11,614,287 | 25.0446 | 15,683 | 142,042 | 10.7134 | (443,255) | – |
| **Total** | | **202,699,487** | | **72,554** | **261,472** | | **(1,695,304)** | **–** |

(1) Refer to note 12 convertible redeemable Preferred Shares – *Accounting of Preferred Shares.*

(2) Refer to note 12 convertible redeemable Preferred Shares – *Modification of Preferred Shares*

(3) Upon the completion of IPO in 2024, all the Preferred Shares converted into ordinary shares of the Company. Refer to note 11.

The key terms of the Preferred Shares are as follows:

### Conversion right

The Preferred Shares are convertible at any time, at the option of the holders, into Class A ordinary shares at the applicable conversion ratio by dividing the original issuance price by the conversion price, as adjusted. Each share of Preferred Shares automatically converts into Class A ordinary share upon the earlier of (i) the closing of a QIPO or (ii) the date specified by written consent or agreement of a majority of the holders of each series of Preferred Shares. A QIPO means a firm commitment underwritten public offering of the ordinary shares of the Group in the U.S. (or another jurisdiction) pursuant to an effective registration statement under the U.S. Securities Act of 1933, as amended, that values the Group at $4.0 billion or more and that results in gross proceeds to the Group of at least $200.0 million, based on the amendment of Memorandum and Articles of Association of the Group in September 2024.

## 12. CONVERTIBLE REDEEMABLE PREFERRED SHARES (continued)

### Redemption right

Based on the amendment of Memorandum and Articles of Association of the Company in September 2024, all Preferred Shares were redeemable at any time and from time to time on or after the earlier date of the occurrence of (i) a QIPO has occurred prior to December 28, 2027; (ii) the unilateral termination of either the chief executive officer or the chief technology officer of his employment before December 28, 2024 and occurrence of a QIPO; or (iii) breaches by the Company that have not been cured, upon receipt of a written request from any holder of the then-outstanding Preferred Shares, the Company shall redeem all, or part, of the outstanding Preferred Shares.

The redemption price of Series A Preferred Shares shall be one hundred percent (100%) of the issue price of Series A Preferred Shares plus interest calculated at a five percent (5%) compound interest rate. The redemption price of Series B, B+, B2, C, C+, D Preferred Shares shall be one hundred percent (100%) of the issue price of Preferred Shares plus interest calculated at an eight percent (8%) simple interest rate.

### Voting rights

The holders of the Preferred Shares are entitled to vote on all matters and are entitled to the number of votes equal to the number of Class A ordinary shares into which each share of the Preferred Shares is then convertible.

### Dividend rights

Each holder of the Preferred Shares is entitled to receive noncumulative dividends at a simple rate of 8% of the Preferred Shares issue price per annum when, as, and if declared by the Board, prior and in preference to any dividend on the ordinary shares. Any remaining dividends shall be paid to the holders of the Preferred Shares and the ordinary shares on an as-converted basis. To date, the Board has not declared any such dividends.

### Liquidation rights

In the event of any liquidation, dissolution, or winding-up of the Group, whether voluntary or involuntary, all assets and funds of the Group shall be distributed to the shareholders in the following manner and order:

Each holder of the Preferred Shares shall be entitled to receive, prior and in preference to any distribution to the holders of any previous Preferred Shares and ordinary shares, the amount equal to the greater of (i) an amount equal to 150% of the Preferred Shares issue price, plus all declared but unpaid dividends or (ii) the pro rata share of all the liquidation proceeds calculated based on an as-converted basis as if all of the Preferred Shares converted into ordinary shares immediately prior to such liquidation. After distributing in full the liquidation preference amount to all the holders of the Preferred Shares, the remaining funds, if any, shall be distributed to the holders of the ordinary shares.

## 12. CONVERTIBLE REDEEMABLE PREFERRED SHARES (continued)

### Accounting of Preferred Shares

The Group classified the Preferred Shares in the mezzanine equity on the consolidated balance sheet as they are contingently redeemable at the options of the holders. Each issuance of the Preferred Shares is recorded at the respective fair value at the date of issuance net of issuance costs. The issuance costs for Series A, Series B, Series B+, Series B2, Series C, Series C+ and Series D Preferred Shares were $0.2 million, $0.4 million, $0.4 million, $0.2 million, $2.0 million, $0.1 million and $0.5 million, respectively.

The Group determined that there was no beneficial conversion feature attributable to the Preferred Shares because the initial effective conversion prices of these Preferred Shares were higher than the fair value of the Group's ordinary shares determined by the Group taking into account of independent valuations.

The Group records accretion on the Preferred Shares to the redemption value from the date that it becomes probable that the instrument will become redeemable to the earliest redemption dates. The accretion calculates using the effective interest method, is recorded against retained earnings, or in the absence of retained earnings, by charging against additional paid-in capital. Once additional paid-in capital has been exhausted, additional charges are recorded by increasing the accumulated deficit. Before 2024, redemption is not considered probable.

#### *Modification of Preferred Shares*

In September 2024, the Group held an Extraordinary General Meeting to approve the eighth amended and restated Memorandum and Articles of Association, through which the Group modified terms of the outstanding Preferred Shares as follow:

- revising the minimum QIPO valuation from $8.5 billion to $4.0 billion, and minimum QIPO gross proceeds from $425.0 million to $200.0 million;
- extending the QIPO date provided in the terms on Preferred Shares redemption rights from prior to December 28, 2024 to prior to December 28, 2027;
- revising initial conversion price of Series C+ and Series D Preferred Shares from the Series C+'s and Series D's issuance price to $10.7134 per share, which impacted all shareholders in both series.

The Group evaluated the nature of modification by applying the fair value approach, and concluded that the impact of the modification on the existing Series A, Series B, Series B+, Series B2 and Series C Preferred Shares, respectively, was not significant quantitatively, and therefore should be accounted for as modification, rather than extinguishment. As the modification resulted in decreases in the fair value of existing Series A, Series B, Series B+, Series B2 and Series C Preferred Shares, the changes in fair value were not recognized. The Group further concluded that the impact of the modification on the existing Series C+ and Series D Preferred Shares, respectively, was significant both qualitatively and quantitatively, and should be accounted for as extinguishment of the Preferred Shares – i.e., a redemption of the existing instruments and issuance of "new" instruments. The difference of $261.5 million between the fair value of the modified Series C+ and Series D Preferred Shares (new instruments) and the carrying value of the existing Series C+ and Series D Preferred Shares (old instruments) was recognized as a deemed dividend, within accumulated deficit. Because the modifications involved the entire class of shareholders for Series C+ and Series D, respectively, the Group concluded the incremental fair value is a dividend (a pro rata distribution).

## 12. CONVERTIBLE REDEEMABLE PREFERRED SHARES (continued)

### Accounting of Preferred Shares (continued)

***Series D Warrants***

The freestanding warrants to purchase the Preferred Shares at a future date were determined to be freestanding instruments that were accounted for as liabilities. At initial recognition, the Group recorded the warrants liability on the consolidated balance sheet at their estimated fair value and changes in estimated fair values were included in the changes in fair value of warrants liability on the consolidated statement of operations and comprehensive loss. The warrants liability is subject to remeasurement at each reporting period and the Group adjusted the carrying value of the warrants liability to fair value at the end of each reporting period utilizing an option-pricing model, with changes in estimated fair value of warrants liability disclosed on the consolidated statement of operations and comprehensive loss.

In March 2022, the Group also entered into share and warrant purchase agreements with an investment fund, under which the investment fund shall have the right to purchase 998,219 Series D Preferred Shares at Series D's issuance price of $25.0446 per share, with an aggregate exercise price of $25.0 million. The warrant is classified as a liability and recorded at fair value with changes in fair value recorded on the consolidated statement of operations and comprehensive loss. The proceeds are first allocated to the warrant based on its fair value, with residual being allocated to the carrying amounts of Series D Preferred Shares. The warrant was expired on March 4, 2024 and the balance is nil as of December 31, 2024.

## 13. SHARE-BASED COMPENSATION

### (a) Description of the share incentive plan

Share-based awards include share options related to Class A ordinary shares granted to employees, RSUs for Class A ordinary shares granted to employees, and restricted stock awards ("RSAs") for Class B ordinary shares granted to two founders, under the share incentive plan since the inception of the Company.

In November 2016, the Company adopted the Pony AI Inc. 2016 Share Plan (the "2016 Plan") pursuant to which the Board may grant share-based awards as an incentive. After several share splits and amendments, the number of ordinary shares reserved for issuance under the 2016 Plan has been updated to 58,427,257 ordinary shares since January 2020.

Share options generally have a 10-year contractual term and vest over a four-year period starting from the date specified in each agreement. The share options will vest in accordance with the vesting schedules set out in the respective share award agreements with vesting period ranging from 2 to 5 years. In addition to the above service condition, certain share options and RSUs also include performance vesting condition which is contingent on the completion of an IPO or a sale event.

## 13. SHARE-BASED COMPENSATION (continued)

### (a) Description of the share incentive plan (continued)

In April 2023, based on the share buyback plan (the "Buyback Plan") approved on March 24, 2022, the Company agreed to buy back from certain eligible employees all or a portion of their RSUs and share options, including 232,608 RSUs and 75,275 share options, respectively, at a per share purchase price of $11.6 (or for the share options, a settlement price at $11.6 minus exercise price as applicable, collectively the "Repurchase/Settlement Price"). For awards vested before the settlement date, the Company paid $3.1 million in cash to settle the vested awards and recorded a reduction to additional paid-in capital of $3.1 million. For certain awards with performance vesting condition which is contingent on the completion of an IPO or a sale event, such awards were considered not probable of vesting as of the settlement date, accordingly, the entire settlement price paid was charged to compensation expenses amounted to $0.5 million, which is included in R&D expenses and selling, general and administrative expenses on the consolidated statement of operations and comprehensive loss.

In March 2023 and 2024, the Company and certain optionees reached an agreement to exchange their share options with RSUs, at the fixed fair value basis of these share options on the exchange date. As a result, 3,028,913 RSUs and 2,195,928 RSUs were newly granted for the exchange of 3,104,234 and 2,223,175 share options, respectively. As the terms and the fair value of the awards are identical before and after the exchange, there is no impact on the consolidated financial statements.

For the year ended December 31, 2025, a total of 918,320 RSUs were withheld by the Company as a result of net share settlements to satisfy certain employees' income tax obligations. The Company paid $12.6 million (equal to the fair value of these RSUs on the settlement dates) to settle the employees' tax obligations related to the RSUs withheld, which is charged directly to the additional paid-in capital. These net share settlements had the effect of share repurchases by the Company as they reduced the number of shares that would have otherwise been issued as a result of the vesting.

(All amounts in USD thousands, except share per share and per ADS data or otherwise noted)

## 13. SHARE-BASED COMPENSATION (continued)

### (b) Share option activities

A summary of the Company's share option activities for the year ended December 31, 2025 is as follows:

| | Number of Share Options | Weighted Average Exercise Price | Weighted Average Remaining Life (in Years) | Aggregate Intrinsic Value |
|---|---|---|---|---|
| **Outstanding as of December 31, 2024** | 8,773,669 | 0.53 | 3.33 | 121,224 |
| Granted | 100,915 | 5.60 | – | – |
| Exercised | (7,236,779) | 0.43 | – | – |
| Forfeited or expired | (16,800) | 1.76 | – | – |
| **Outstanding as of December 31, 2025** | **1,621,005** | **1.31** | **3.76** | **21,379** |
| **Exercisable as of December 31, 2025** | **1,520,092** | **1.03** | **3.39** | **20,481** |

The weighted average grant date fair value of share options vested for the years ended December 31, 2023, 2024 and 2025, was $4.9, $1.7 and $1.8, respectively. The total grant date fair value of the share options vested for the years ended December 31, 2023, 2024 and 2025, was $0.3 million, $13.7 million and $5.0 million, respectively.

Cash received from share option exercises under the Plan for the years ended December 31, 2023, 2024 and 2025, was $nil, $nil and $2.63 million, respectively.

(All amounts in USD thousands, except share per share and per ADS data or otherwise noted)

## 13. SHARE-BASED COMPENSATION (continued)

### (c) RSUs

A summary of the Company's unvested RSUs for the year ended December 31, 2025 is as follows:

| | Number of RSUs | Weighted Average Grant Date Fair Value |
|---|---|---|
| **Unvested as of December 31, 2024** | 7,168,226 | 13.38 |
| Granted | 4,534,646 | 9.48 |
| Vested | (3,002,479) | 13.39 |
| Forfeited | (541,496) | 10.92 |
| **Unvested as of December 31, 2025** | **8,158,897** | **11.37** |

As of December 31, 2024 and 2025, the weighted average remaining contractual life of outstanding RSUs were 5.15 years and 8.89 years, respectively. As of December 31, 2024 and 2025, there were 25,339,599 RSUs and 708 RSUs that have been vested but not settled, respectively.

### (d) Valuation

The Company estimates the fair value of the share options on the grant date using the Black-Scholes option-pricing model. The Black-Scholes option-pricing model requires estimates of highly subjective assumptions, which greatly affect the fair value of each share option.

The assumptions used to estimate the fair value of the share options with modifications during the year ended December 31, 2023, are as follows:

| | **Year ended December 31,** 2023 |
|---|---|
| **Share Option Value Assumptions** | |
| Expected term (in years) | 0.75 – 1.00 |
| Expected volatility | 55.92% – 56.26% |
| Risk-free interest rate | 3.60% – 3.97% |
| Expected dividend yield | 0.00% |

## 13. SHARE-BASED COMPENSATION (continued)

### (d) Valuation (continued)

***Expected Term*** – The expected term represents the period that the share-based awards are expected to be outstanding.

***Expected Volatility*** – Before the Company's IPO, the expected volatility is based on the historical and implied volatility of similar companies whose share or share option prices are publicly available after considering the industry, stage of life cycle, size, market capitalization, and financial leverage of the other companies. Since the Company's IPO in November 2024, the expected volatility is based on the historical volatility of market price of the Company's public traded shares.

***Risk-Free Interest Rate*** – The risk-free interest rate used is the constant maturity U.S. Treasury rate corresponding to the applicable time to liquidity.

***Expected Dividend Yield*** – The expected dividend assumption is based on the Company's current expectations about its anticipated dividend policy after considering the Company's dividend-paying capacity, its history of paying dividends, and the amount of its prior dividends.

For the years ended December 31, 2023, 2024 and 2025, the share-based compensation expenses were $3.8 million, $127.0 million and $30.8 million, respectively, of which $1.9 million, $102.4 million and $21.1 million, respectively, were included in R&D expenses and $1.9 million, $24.6 million and $9.7 million, respectively, were included in selling, general and administrative expenses on the consolidated statement of operations and comprehensive loss. Of such amounts, $0.3 million, $0.1 million and nil for the years ended December 31, 2023, 2024 and 2025, respectively, relate to granted RSAs.

As of December 31, 2025, the unrecognized share-based compensation expenses related to outstanding unvested non-performance share options and RSUs for employees that are expected to vest were approximately nil and $67.9 million, respectively. The unrecognized share-based compensation expenses are expected to be recognized over a weighted-average period of approximately nil and 3.07 years for share options and RSUs, respectively.

As of December 31, 2025, the unrecognized share-based compensation expenses related to the granted RSAs were nil.

There were no share options granted to non-employees during the years ended December 31, 2023, 2024 and 2025.

(All amounts in USD thousands, except share per share and per ADS data or otherwise noted)

## 14. TAXATION

The Group is registered in the Cayman Islands and mainly operates in two taxable jurisdictions, the Chinese mainland and the U.S. The Group's loss before income tax for the years ended December 31, 2023, 2024 and 2025, is as follows:

| | Year ended December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | **2025** |
| Loss from the Chinese mainland operations | (81,953) | (170,259) | **(18,221)** |
| Loss from non-Chinese mainland operations | (43,501) | (104,746) | **(58,537)** |
| **Loss before income tax** | (125,454) | (275,005) | **(76,758)** |
| Income tax benefits applicable to the Chinese mainland operations | 124 | 1 | **1** |
| Income tax benefits (expenses) applicable to non-Chinese mainland operations | 2 | (2) | **(1)** |
| **Total income tax benefits (expenses)** | 126 | (1) | **–** |

### Cayman Island Tax

Under the current tax laws of the Cayman Islands, the Group is not subject to tax on its income or capital gains. In addition, payments of dividends and capital in respect of its shares are not subject to taxation and no withholding will be required in the Cayman Islands on the payment of any dividend or capital to any holder of its shares, nor will gains derived from the disposal of its shares be subject to the Cayman Islands income or corporation tax.

### U.S. Corporate Income Tax

The Group's subsidiary incorporated in the U.S. is subject to income tax in the U.S. at the rate of 21% for the years ended December 31, 2023, 2024 and 2025.

### Hong Kong Tax

Under the current Hong Kong Inland Revenue Ordinance, from the year of assessment 2018/2019 onwards, the subsidiary in Hong Kong are subject to profit tax at the rate of 8.25% on assessable profits up to HK$2.0 million; and 16.5% on any part of assessable profits over HK$2.0 million. The payments of dividends by the Group to its shareholders are not subject to any Hong Kong withholding tax.

## 14. TAXATION (continued)

### Chinese mainland Corporate Income Tax ("CIT")

The Group's subsidiaries, the VIEs and the VIEs' subsidiaries, which are entities incorporated in the Chinese mainland (the "Chinese mainland entities") are subject to the Chinese mainland Enterprise Income Tax on the taxable income in accordance with the relevant Chinese mainland income tax laws, which have adopted a unified income tax rate of 25%, except for High and New Technology Enterprises ("HNTE"), which are subject to a 15% tax rate. Based on issued and effective relevant Chinese mainland income tax regulation in 2023, for Small Low-profit Enterprises, the portion of less than RMB3.0 million of the annual taxable income, will be included in the actual taxable income at 25%, based on which the enterprise income tax payable will be calculated at the reduced tax rate of 20% for the years ended December 31, 2023, 2024 and 2025.

Under preferential tax treatment, HNTEs can enjoy an income tax rate of 15%, but need to re-apply every three years. During this three-year period, an HNTE must conduct a qualification self-review each year to ensure it meets the HNTE criteria and is eligible for the 15% preferential tax rate for that year. If an HNTE fails to meet the criteria for qualification as an HNTE in any year, the enterprise cannot enjoy the 15% preferential tax rate in that year, and must instead use the regular 25% Chinese mainland CIT rate.

- Shanghai YX was qualified as HNTE in 2023, and is entitled to a preferential income tax rate of 15% for 2023, 2024 and 2025.

- Guangzhou ZX was qualified as HNTE in 2024, and is entitled to a preferential income tax rate of 15% for 2024, 2025 and 2026.

- Guangzhou HX renewed HNTE in 2023, and is entitled to a preferential income tax rate of 15% for 2023, 2024 and 2025.

- Beijing HX, Beijing ZX and Jiangsu Rye Data Technology Co., Ltd. ("Jiangsu RD") renewed HNTE in 2024, and is entitled to a preferential income tax rate at 15% for 2024, 2025 and 2026.

- Beijing YX and Shenzhen YX renewed HNTE in 2025, and is entitled to a preferential income tax rate at 15% for 2025, 2026 and 2027.

(All amounts in USD thousands, except share per share and per ADS data or otherwise noted)

## 14. TAXATION (continued)

### Composition of Income Tax Expenses

For the years ended December 31, 2023, 2024 and 2025, the Group's income tax expenses are as follows:

| | Year ended December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | **2025** |
| Deferred tax benefits applicable to the Chinese mainland operations | 120 | – | **–** |
| Deferred tax benefits applicable to non-Chinese mainland operations | – | – | **–** |
| Total deferred tax benefits | 120 | – | **–** |
| Current income tax benefits applicable to the Chinese mainland operations | 4 | 1 | **1** |
| Current income tax benefits (expenses) applicable to non-Chinese mainland operations | 2 | (2) | **(1)** |
| Total current income tax benefits (expenses) | 6 | (1) | **–** |
| Total income tax benefits (expenses) | 126 | (1) | **–** |

### Reconciliation of the statutory tax rate to the effective tax rate

The following table sets forth reconciliation between the Chinese mainland CIT rate and the effective tax rate:

| | Year ended December 31, | |
|---|---|---|
| | 2023 | 2024 |
| Chinese mainland CIT rate | 25.0% | 25.0% |
| Effect on tax holiday and preferential tax treatment | (3.8)% | (5.5)% |
| Effect of R&D super-deduction | 12.9% | 5.8% |
| Other permanent adjustments | (0.5)% | (5.1)% |
| Change in valuation allowance | (32.2)% | (19.2)% |
| Tax rate difference from Chinese mainland CIT rate in other jurisdictions | (1.3)% | (1.0)% |
| **Effective tax rate for the Group** | 0.1% | 0.0% |

(All amounts in USD thousands, except share per share and per ADS data or otherwise noted)

## 14. TAXATION (continued)

### Reconciliation of the statutory tax rate to the effective tax rate (continued)

| | Year ended December 31, 2025 | |
|---|---|---|
| Income before provision for income tax | **(76,758)** | |
| Chinese mainland CIT rate | **(19,190)** | **25.0%** |
| Other jurisdictions' tax effects | | |
| United States | | |
| Statutory tax rate difference between United States and Chinese mainland | **1,962** | **(2.6)%** |
| State and local income taxes, net of federal income tax effect | **(2,573)** | **3.4%** |
| Changes in valuation allowances | **67,141** | **(87.5)%** |
| Tax credits | **(17,885)** | **23.3%** |
| Share-based compensation | **(43,545)** | **56.7%** |
| Other | **1,235** | **(1.6)%** |
| Hongkong | | |
| Statutory tax rate difference between Hongkong and Chinese mainland | **801** | **(1.0)%** |
| Effect on tax holiday and preferential tax treatment | **777** | **(1.0)%** |
| Changes in valuation allowances | **777** | **(1.0)%** |
| All others | | |
| Statutory tax rate difference between foreign countries and Chinese mainland | **(130)** | **0.2%** |
| Changes in valuation allowances | **309** | **(0.4)%** |
| Changes in valuation allowances | **20,860** | **(27.2)%** |
| Non-taxable or non-deductible items | | |
| Share-based compensation | **3,430** | **(4.5)%** |
| Other | **69** | **(0.1)%** |
| Changes in unrecognized tax benefits | **5,930** | **(7.7)%** |
| Other adjustments | | |
| Effect of R&D super-deduction | **(21,586)** | **28.1%** |
| Effect on tax holiday and preferential tax treatment | **1,618** | **(2.1)%** |
| **Effective tax rate for the Group** | **–** | **0.0%** |

The combined effects of the income tax exemption and reduction available to the Group are as follows:

| | Year ended December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | **2025** |
| Tax holiday effect | 4,772 | 15,182 | 2,395 |
| Net loss per share effect-basic and diluted | 0.05 | 0.13 | 0.01 |

(All amounts in USD thousands, except share per share and per ADS data or otherwise noted)

## 14. TAXATION (continued)

### Deferred tax assets and liabilities

The tax effects of significant items comprising the Group's deferred taxes as of December 31, 2024 and 2025, are as follows:

| | As of December 31, | |
|---|---|---|
| | 2024 | 2025 |
| Deferred tax assets: | | |
| Net operating loss carryforwards | 137,800 | **193,794** |
| R&D business tax credits | 19,102 | **43,918** |
| Share-based compensation | 11,108 | **4,247** |
| Depreciation of property, equipment and software | 551 | **278** |
| Deferred R&D expenses | 10,532 | **56,999** |
| Other current liabilities and other current assets | 1,577 | **1,800** |
| Lease liabilities | 356 | **158** |
| Impairment loss | – | **1,962** |
| **Total deferred tax assets** | 181,026 | **303,156** |
| Deferred tax liabilities: | | |
| Prepaid expenses | (229) | **(189)** |
| Right-of-use assets | (328) | **(143)** |
| Change in fair value of investments | – | **(18,344)** |
| **Total deferred tax liabilities** | (557) | **(18,676)** |
| **Valuation allowance** | (180,469) | **(284,480)** |
| **Deferred tax assets, net** | – | **–** |

Deferred tax assets recognized for those tax credits are presented net of unrecognized tax benefits. Deferred tax liabilities were nil and nil as of December 31, 2024 and 2025, respectively.

ASC Topic 740 Income Taxes requires that the tax benefits of net operating losses ("NOLs"), temporary differences, and credit carryforwards be recorded as an asset to the extent that management assesses that the asset is more likely than not realizable. Realization of the future tax benefits is dependent on the Group's ability to generate sufficient taxable income within the carryforward period. The Group considered all positive and negative evidence on whether the Group would have future taxable income sufficient to realize the benefits of its deferred tax assets.

(All amounts in USD thousands, except share per share and per ADS data or otherwise noted)

## 14. TAXATION (continued)

### Deferred tax assets and liabilities (continued)

The Group determined the valuation allowance on an entity-by-entity basis. As of December 31, 2024 and 2025, $180.5 million and $284.5 million of valuation allowances were provided primarily related to R&D business tax credits, deferred R&D expenses and NOLs, respectively. Based on the available objectively verifiable positive and negative evidence, the Group determined that it is more likely than not that these net deferred tax assets will not be realized in the future.

NOLs and tax credit carryforwards as of December 31, 2025, are as follows:

| | As of December 31, 2025 | |
|---|---|---|
| | **Amount** | **Expiration Years** |
| NOLs, the Chinese mainland | **1,056,143** | **2026-2035** |
| Tax credits, U.S. federal | **29,375** | **2039-2045** |
| Tax credits, U.S. state | **26,198** | **No expiration date** |

Utilization of NOLs and tax credits in U.S. may be subject to a substantial annual limitation due to the ownership change limitations provided by the Internal Revenue Code of 1986, as amended, and similar state provisions. The annual limitation may result in the expiration of NOLs and tax credits before utilization.

(All amounts in USD thousands, except share per share and per ADS data or otherwise noted)

## 14. TAXATION (continued)

### Unrecognized tax benefits

No liabilities related to uncertain tax positions are recorded in the consolidated financial statements. A reconciliation of the beginning and ending amounts of unrecognized tax benefits is as follows:

| | Year ended December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | **2025** |
| Balance at the beginning of the year | 4,587 | 5,096 | **5,725** |
| Additions based on tax positions related to the current year | 668 | 544 | **6,180** |
| Additions based on tax positions related to the prior year | – | 220 | **–** |
| Reductions for tax positions of prior years | (159) | (135) | **(250)** |
| **Balance at the end of the year** | 5,096 | 5,725 | **11,655** |

Included in the balances of unrecognized tax benefits as of December 31, 2023, 2024 and 2025, are $5.1 million, $5.7 million and $11.7 million, respectively, of tax benefits that, if recognized, would result in adjustments to other tax accounts, primarily federal and California deferred tax assets. No income tax benefits would be realized due to the Group's valuation allowance position. The Group did not identify significant unrecognized tax benefits for other areas for the years ended December 31, 2023, 2024 and 2025. The Group did not recognize any expenses for interest and penalties related to uncertain tax positions for the years ended December 31, 2023, 2024 and 2025, due to their immaterial impact on the respective consolidated financial statements. The Group does not expect its unrecognized tax benefits balance to change materially over the next 12 months.

In accordance with the Chinese mainland Tax Administration Law on the Levying and Collection of Taxes, the Chinese mainland tax authorities generally have up to five years to claw back underpaid tax plus penalties and interest for the Chinese mainland entities' tax filings. In the case of tax evasion, which is not clearly defined in the law, there is no limitation on the tax years open for investigation.

The Group's U.S. subsidiary files income tax returns in the U.S. federal and various states. The Group's U.S. subsidiary's federal and state income tax returns are generally subject to tax examinations for the tax years ended December 31, 2020, through December 31, 2025 for Federal and December 31, 2018 through December 31, 2025 for states. There are currently no pending income tax examinations.

The Group may also be subject to the examination of the tax filings in other jurisdictions, which are not material to the consolidated financial statements. There were no ongoing examinations by tax authorities as of December 31, 2023, 2024 and 2025.

## 14. TAXATION (continued)

### Chinese mainland Withholding income tax on dividends

The CIT Law also imposes a withholding income tax of 10% on dividends distributed by a foreign invested entity ("FIE") to its immediate holding company outside of Chinese mainland, if such immediate holding company is considered as a non-resident enterprise without any establishment or place within Chinese mainland or if the received dividends have no connection with the establishment or place of such immediate holding company within Chinese mainland, unless such immediate holding company's jurisdiction of incorporation has a tax treaty with Chinese mainland that provides for a different withholding arrangement. Such withholding income tax was exempted under the Previous CIT Law. The Cayman Islands, where the Group incorporated, does not have such tax treaty with China. According to the arrangement between Chinese mainland and Hong Kong Special Administrative Region on the Avoidance of Double Taxation and Prevention of Fiscal Evasion in August 2006, dividends paid by a FIE in Chinese mainland to its immediate holding company in Hong Kong will be subject to withholding tax at a rate that may be lowered to 5% (if the foreign investor owns directly at least 25% of the shares of the FIE). The State Administration of Taxation ("SAT") further promulgated Circular 601 on October 27, 2009, which provides that tax treaty benefits will be denied to "conduit" or shell companies without business substance and that a beneficial ownership analysis will be used based on a "substance-over-form" principle to determine whether or not to grant the tax treaty benefits.

To the extent that the subsidiaries and the VIEs and the VIEs' subsidiaries of the Group have undistributed earnings, the Group will accrue appropriate expected tax associated with repatriation of such undistributed earnings. As of December 31, 2024 and 2025, the Group did not record any withholding tax on the retained earnings of its subsidiaries and the VIEs in the Chinese mainland as they were still in accumulated deficit position.

(All amounts in USD thousands, except share per share and per ADS data or otherwise noted)

## 15. RELATED-PARTY BALANCES AND TRANSACTIONS

### (a) Related parties

| Name of related parties | Relationship with the Group |
|---|---|
| Toyota Motor Corporation ("TMC") | Shareholder of the Group |
| Sinotrans Limited ("Sinotrans") | Non-controlling shareholder of Cyantron Logistics |
| Zhuifeng Intelligent Technology (Guangzhou) Co., Ltd ("Zhuifeng Intelligent") | Equity method investee |

### (b) The Group had the following balances and transactions with major related parties:

| | As of December 31, | |
|---|---|---|
| | 2024 | **2025** |
| **Amounts due from related parties** | | |
| TMC (trade nature) | 5 | **7** |
| Sinotrans (trade nature) | 8,317 | **10,153** |
| Zhuifeng Intelligent (trade nature) | – | **1,178** |
| **Total** | 8,322 | **11,338** |

An aging analysis based on revenue dates for the trade nature amounts due from related parties is as follows:

| | As of December 31, | |
|---|---|---|
| | 2024 | **2025** |
| **Amounts due from related parties** | | |
| Within 3 months | 8,214 | **9,676** |
| Between 3 months and 6 months | 108 | **1,662** |
| **Total** | 8,322 | **11,338** |

| | As of December 31, | |
|---|---|---|
| | 2024 | **2025** |
| **Amounts due to related parties** | | |
| Sinotrans (trade nature) | 900 | **1,422** |
| **Total** | 900 | **1,422** |

(All amounts in USD thousands, except share per share and per ADS data or otherwise noted)

## 15. RELATED-PARTY BALANCES AND TRANSACTIONS (continued)

### (b) The Group had the following balances and transactions with major related parties: (continued)

An aging analysis for the trade nature amounts due to related parties is as follows:

| | As of December 31, | |
|---|---|---|
| | 2024 | 2025 |
| **Amounts due to related parties** | | |
| within 1 year | 900 | **1,422** |
| **Total** | 900 | **1,422** |

| | Year ended December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| **Revenues** | | | |
| TMC | 612 | 107 | **75** |
| Sinotrans | 22,491 | 30,719 | **29,625** |
| Zhuifeng Intelligent | – | – | **1,111** |
| **Total** | 23,103 | 30,826 | **30,811** |

| | As of December 31, | |
|---|---|---|
| | 2024 | 2025 |
| **Operating and finance lease** | | |
| *Operating lease liabilities* | | |
| Sinotrans | 73 | **39** |
| *Finance lease liabilities* | | |
| Sinotrans | 1,688 | **1,334** |

| | Year ended December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| **Operating and finance lease** | | | |
| *Cost:* | | | |
| Sinotrans | 1,191 | 1,433 | **839** |
| *Selling, general and administrative expenses:* | | | |
| Sinotrans | 37 | 37 | **37** |
| *Interest expense:* | | | |
| Sinotrans | 107 | 111 | **75** |

(All amounts in USD thousands, except share per share and per ADS data or otherwise noted)

## 16. NET LOSS PER SHARE

Basic and diluted net loss per share have been calculated in accordance with ASC 260 for the years ended December 31, 2023, 2024 and 2025. The following table sets forth the computation of basic and diluted net loss per share:

| | Year ended December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | **2025** |
| **Numerator:** | | | |
| Net loss attributable to ordinary shareholders | (124,812) | (274,121) | **(133,969)** |
| **Denominator:** | | | |
| Weighted average number of ordinary shares outstanding, basic and diluted | 89,100,415 | 114,318,765 | **379,914,317** |
| **Net loss per share and per ADS, basic and diluted** | (1.40) | (2.40) | **(0.35)** |

Basic and diluted loss per ordinary share and per ADS is computed using the weighted average number of ordinary shares outstanding during the year. Both Class A and Class B ordinary shares are included in the calculation of the weighted average number of ordinary shares outstanding, basic and diluted.

The following ordinary share equivalents were excluded from the computation of diluted net loss per share to eliminate any anti-dilutive effect:

| | Year ended December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | **2025** |
| Preferred shares | 198,629,097 | 184,928,573 | **–** |
| Share options | 703,470 | 526,711 | **4,866,897** |
| RSUs | 3,788,705 | 23,820,031 | **13,215,528** |
| RSAs | 2,767,115 | 106,395 | **–** |
| Warrants | 17,974 | – | **–** |
| **Total** | 205,906,361 | 209,381,710 | **18,082,425** |

## 17. RESTRICTED NET ASSETS

Relevant Chinese mainland laws and regulations permit the Chinese mainland companies to pay dividends only out of their retained earnings, if any, as determined in accordance with the Chinese mainland accounting standards and regulations. Additionally, the Company's Chinese mainland subsidiaries can only distribute dividends upon approval of the shareholders after they have met the Chinese mainland requirements for appropriation to the general reserve fund and the statutory surplus fund respectively. The general reserve fund and the statutory surplus fund require that annual appropriations of 10% of net after-tax income should be set aside prior to payment of any dividends. As a result of these and other restrictions under the Chinese mainland laws and regulations, the Chinese mainland subsidiaries are restricted in their ability to transfer a portion of their net assets to the Company either in the form of dividends, loans or advances, which restricted portion amounted to approximately $918.9 million as of December 31, 2025. Even though the Company currently does not require any such dividends, loans or advances from the Chinese mainland subsidiaries for working capital and other funding purposes, the Company may in the future require additional cash resources from its Chinese mainland subsidiaries due to changes in business conditions, to fund future acquisitions and developments, or merely declare and pay dividends to or distributions to the Company's shareholders. Furthermore, cash transfers from the Company's Chinese mainland subsidiaries to their parent companies outside of Chinese mainland are subject to the Chinese mainland government control of currency conversion. Shortages in availability of foreign currency may restrict the ability of the Chinese mainland subsidiaries to remit sufficient foreign currency to pay dividends or other payments to the Company, or otherwise satisfy its foreign currency denominated obligations.

## 18. PARENT COMPANY ONLY CONDENSED FINANCIAL INFORMATION

The Company performed a test on the restricted net assets of its consolidated subsidiaries and the VIEs in accordance with Securities and Exchange Commission Regulation S-X Rule 4-08 (e) (3), "General Notes to Financial Statements" and concluded that it was applicable for the Company to disclose the financial information for the Company only.

The subsidiaries did not pay any dividend to the Company for the years presented. Certain information and footnote disclosures generally included in the financial statements prepared in accordance with U.S. GAAP have been condensed and omitted. The Company did not have significant capital and other commitments or guarantees as of December 31, 2025.

The Company's accounting policies are the same as the Group's accounting policies with the exception of the accounting for the investments in subsidiaries and the consolidated VIEs.

For the parent company only condensed financial information, the Company records its investments in subsidiaries and the consolidated VIEs under the equity method of accounting as prescribed in ASC 323. Such investments are presented in the condensed balance sheets as "Accumulated deficit in its subsidiaries, the VIEs and the VIEs' subsidiaries" and shares in the subsidiaries and the consolidated VIEs' financial results are presented as "Equity in loss of its subsidiaries, the VIEs and the VIEs' subsidiaries" in the condensed statements of operation and comprehensive loss. The parent company only condensed financial information should be read in conjunction with the Group' consolidated financial statements.

## 18. PARENT COMPANY ONLY CONDENSED FINANCIAL INFORMATION (continued)

**PONY AI INC.**
**CONDENSED BALANCE SHEET**
**(All amounts in USD thousands, except share and per share data)**

| | As of December 31, | |
|---|---|---|
| | 2024 | 2025 |
| **Assets** | | |
| **Current assets:** | | |
| Cash and cash equivalents | 446,873 | **205,457** |
| Short-term investments | 73,925 | **637,160** |
| Receivables from subsidiaries | 1,027,644 | **1,294,764** |
| Prepaid expenses and other current assets | 1,840 | **5,515** |
| **Total current assets** | 1,550,282 | **2,142,896** |
| **Non-current assets:** | | |
| Long-term investments | 58,373 | **330,667** |
| Prepayment for long-term investments | 25,000 | **25,000** |
| **Total non-current assets** | 83,373 | **355,667** |
| **Total assets** | 1,633,655 | **2,498,563** |
| **Liabilities and Shareholders' Equity** | | |
| **Current liabilities:** | | |
| Amounts due to subsidiaries | 12,984 | **26,001** |
| Accrued expenses and other current liabilities | 5,628 | **4,506** |
| **Total current liabilities** | 18,612 | **30,507** |
| **Non-current liabilities:** | | |
| Other non-current liabilities | – | **458** |
| Accumulated deficit in its subsidiaries | 663,921 | **815,321** |
| **Total non-current liabilities** | 663,921 | **815,779** |
| **Total liabilities** | 682,533 | **846,286** |
| **Pony AI Inc. shareholders' equity:** | | |
| Class A ordinary shares ($0.0005 par value, 498,911,230 shares and 498,911,230 shares authorized as of December 31, 2024 and 2025, respectively; 269,203,783 shares and 352,452,783 issued and outstanding as of December 31, 2024 and 2025, respectively) | 140 | **182** |
| Class B ordinary shares ($0.0005 par value, 81,088,770 shares and 81,088,770 shares authorized, issued and outstanding as of December 31, 2024 and 2025, respectively) | 35 | **35** |
| Additional paid-in capital | 2,228,444 | **3,078,559** |
| Special reserve | 220 | **355** |
| Accumulated deficit | (1,287,851) | **(1,421,955)** |
| Accumulated other comprehensive income (loss) | 10,134 | **(4,899)** |
| **Total Pony AI Inc. shareholders' equity** | 951,122 | **1,652,277** |
| **Total liabilities and shareholders' equity** | 1,633,655 | **2,498,563** |

## 18. PARENT COMPANY ONLY CONDENSED FINANCIAL INFORMATION (continued)

**PONY AI INC.**
**CONDENSED STATEMENTS OF OPERATION AND COMPREHENSIVE LOSS**
**(All amounts in USD thousands, except share and per share data)**

| | Year ended December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | **2025** |
| **Operating expenses:** | | | |
| Research and development expenses | – | (200) | **–** |
| Selling, general and administrative expenses | (8,137) | (10,201) | **(24,486)** |
| **Total operating expenses** | (8,137) | (10,401) | **(24,486)** |
| **Loss from operations** | (8,137) | (10,401) | **(24,486)** |
| Investment income | 11,820 | 15,799 | **23,982** |
| Changes in fair value of warrants liability | (3,030) | 5,617 | **–** |
| Equity in loss of its subsidiaries, the VIEs and the VIEs' subsidiaries | (125,267) | (285,176) | **(135,417)** |
| Other (expenses) income, net | (198) | 40 | **1,952** |
| **Loss before income tax** | (124,812) | (274,121) | **(133,969)** |
| **Net loss** | (124,812) | (274,121) | **(133,969)** |
| **Other comprehensive income (loss):** | | | |
| Foreign currency translation adjustments | (2,861) | (2,703) | **3,355** |
| Unrealized gain (loss) on available-for-sale financial assets, net of tax of nil | 7,350 | 8,511 | **(18,388)** |
| **Total other comprehensive income (loss)** | 4,489 | (5,808) | **(15,033)** |
| **Total comprehensive loss** | (120,323) | (268,313) | **(149,002)** |

## 18. PARENT COMPANY ONLY CONDENSED FINANCIAL INFORMATION (continued)

**PONY AI INC.**
**CONDENSED STATEMENTS OF CASH FLOWS**
**(All amounts in USD thousands, except share and per share data)**

| | Year ended December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | **2025** |
| **Cash flows from operating activities:** | | | |
| Net cash (used in) provided by operating activities | (35,692) | 12,210 | **(36,539)** |
| **Cash flows from investing activities:** | | | |
| Purchases of short-term investments | (20,649) | (102,609) | **(653,498)** |
| Purchases of long-term investments | – | (65,568) | **(337,576)** |
| Prepayment for long-term investments | – | (25,000) | **–** |
| Proceeds from the sales and maturities of short-term investments | 172,214 | 101,443 | **132,616** |
| Proceeds from the sales and maturities of long-term investments | 49,590 | 1,697 | **27,891** |
| Investment in subsidiaries | – | – | **(19)** |
| Loans to third parties | – | – | **(13,512)** |
| Proceeds from repayment of loans to third parties | – | – | **13,532** |
| Loan to a subsidiary | (96,093) | (172,406) | **(193,501)** |
| Net cash provided by (used in) investing activities | 105,062 | (262,443) | **(1,024,067)** |
| **Cash flows from financing activities:** | | | |
| Net proceeds from issuance of Series D convertible redeemable preferred shares | 104,006 | – | **–** |
| Proceeds from issuance of Class A ordinary shares upon the completion of IPO and CPP, net of issuance cost of $9,442 | – | 408,404 | **–** |
| Proceeds from issuance of Class A ordinary shares upon the completion of Dual Primary Listing, net of issuance cost of $7,973 | – | – | **829,351** |
| Repurchase/Settlement of RSUs | (3,026) | – | **(12,638)** |
| Proceeds from exercise of share options | – | – | **2,626** |
| Payment for the repurchase of ordinary shares | (994) | – | **–** |
| Payment for the repurchase of Series A convertible redeemable preferred shares | (4,800) | – | **–** |
| Net cash provided by financing activities | 95,186 | 408,404 | **819,339** |
| Effect of exchange rate changes on cash and cash equivalents | – | (14) | **(149)** |
| **Net increase (decrease) in cash and cash equivalents** | 164,556 | 158,157 | **(241,416)** |
| Cash, cash equivalents and restricted cash at beginning of year | 124,160 | 288,716 | **446,873** |
| Cash, cash equivalents and restricted cash at end of year | 288,716 | 446,873 | **205,457** |

(All amounts in USD thousands, except share per share and per ADS data or otherwise noted)

## 19. ACCOUNTS RECEIVABLE, NET

| | As of December 31, 2024 | As of December 31, 2025 |
|---|---|---|
| Accounts receivable, gross | 29,283 | **25,792** |
| Allowance for doubtful accounts | (728) | **(2,148)** |
| **Accounts receivable, net** | 28,555 | **23,644** |

An aging analysis based on invoice dates is as follows:

| | As of December 31, 2024 | As of December 31, 2025 |
|---|---|---|
| Within 3 months | 19,206 | **12,034** |
| Between 3 months and 6 months | 847 | **4,385** |
| Between 6 months and 1 year | 2,515 | **4,245** |
| More than 1 year | 5,987 | **2,980** |
| **Total** | 28,555 | **23,644** |

The average loss rate based on aging is as follows:

| | As of December 31, 2024 | | | **As of December 31, 2025** | | |
|---|---|---|---|---|---|---|
| | Average loss rate | Gross carrying amount | Net carrying amount | **Average loss rate** | **Gross carrying amount** | **Net carrying amount** |
| Within 3 months | 1.35% | 19,468 | 19,206 | **1.00%** | **12,156** | **12,034** |
| Between 3 months and 6 months | 0.82% | 854 | 847 | **1.22%** | **4,439** | **4,385** |
| Between 6 months and 1year | 1.91% | 2,564 | 2,515 | **5.08%** | **4,472** | **4,245** |
| More than 1 year | 6.41% | 6,397 | 5,987 | **36.93%** | **4,725** | **2,980** |
| **Total** | | 29,283 | 28,555 | | **25,792** | **23,644** |

## 20. PREPAYMENT FOR LONG-TERM INVESTMENTS

As of December 31,2024, prepayment for long-term investments represents advance payments made for two equity investments amounting to $27.8 million and $25.0 million, respectively. In May 2025, one of the equity investment transactions has been completed and the related balance was recorded as long-term investments. As of December 31, 2025, the other investment transaction amounting to $25.0 million was not completed.

(All amounts in USD thousands, except share per share and per ADS data or otherwise noted)

## 21. DIRECTORS' REMUNERATION

Directors' remuneration for the years ended December 31, 2024 and 2025, disclosed pursuant to the applicable Listing Rules and Hong Kong Companies Ordinance, is as follows:

| | Year ended December 31, | |
|---|---|---|
| | 2024 | **2025** |
| Fees | 17 | **214** |
| Basic salaries, housing fund, allowances and benefits in kind | 993 | **1,030** |
| Employer's contributions to a retirement benefit scheme | 20 | **15** |
| Share-based compensation | 212 | **1,872** |
| **Total** | 1,242 | **3,131** |

The directors who received emoluments from the Group for the year ended December 31, 2024 are as follows:

| Name | Fees | Basic salaries, housing fund, allowances and benefits in kind | Employer's contributions to a retirement benefit scheme | Share-based compensation | Total |
|---|---|---|---|---|---|
| Executive directors: | | | | | |
| Dr. Jun Peng *(Note a)* | – | 549 | 10 | – | 559 |
| Dr. Tiancheng Lou *(Note b)* | – | 444 | 10 | 191 | 645 |
| Independent non-executive directors: | | | | | |
| Mr. Jackson Peter Tai *(Note i)* | 6 | – | – | 7 | 13 |
| Dr. Mark Qiu *(Note j)* | 6 | – | – | 7 | 13 |
| Ms. Asmau Ahmed *(Note k)* | 5 | – | – | 7 | 12 |
| Non-executive directors: | | | – | – | – |
| Mr. Yihong Gou *(Note c)* | – | – | – | – | – |
| Mr. Kui Zhou *(Note d)* | – | – | – | – | – |
| Mr. Fei Zhang *(Note e)* | – | – | – | – | – |
| Mr. Kevin Ken Ling Yu *(Note f)* | – | – | – | – | – |
| Mr. Willian Apollo Chen *(Note g)* | – | – | – | – | – |
| Mr. Takeo Hamada *(Note h)* | – | – | – | – | – |
| **Total** | 17 | 993 | 20 | 212 | 1,242 |

(All amounts in USD thousands, except share per share and per ADS data or otherwise noted)

## 21. DIRECTORS' REMUNERATION (continued)

The directors who received emoluments from the Group for the year ended December 31, 2025 are as follows:

| Name | Fees | Basic salaries, housing fund, allowances and benefits in kind | Employer's contributions to a retirement benefit scheme | Share-based compensation | Total |
|---|---|---|---|---|---|
| Executive directors: | | | | | |
| Dr. Jun Peng *(Note a)* | – | 490 | 4 | – | 494 |
| Dr. Tiancheng Lou *(Note b)* | – | 540 | 11 | 1,623 | 2,174 |
| Independent non-executive directors: | | | | | |
| Mr. Jackson Peter Tai *(Note i)* | 71 | – | – | 83 | 154 |
| Dr. Mark Qiu *(Note j)* | 79 | – | – | 83 | 162 |
| Ms. Asmau Ahmed *(Note k)* | 64 | – | – | 83 | 147 |
| Non-executive directors: | | | | | |
| Mr. Fei Zhang *(Note e)* | – | – | – | – | – |
| Mr. Takeo Hamada *(Note h)* | – | – | – | – | – |
| **Total** | **214** | **1,030** | **15** | **1,872** | **3,131** |

*Notes:*

a. Dr. Jun Peng founded Pony AI Inc. in 2016 and currently serves as chairman of the Board and Chief Executive Officer.

b. Dr. Tiancheng Lou co-founded Pony AI Inc. in 2016 and currently serves as a director and Chief Technology Officer.

c. Mr. Yihong Guo served as a director since March 2017 and resigned from its position as a director in October 2024.

d. Mr. Kui Zhou served as a director since March 2017 and resigned from its position as a director in October 2024.

e. Mr. Fei Zhang served as a director since December 2017.

f. Mr. Kevin Ken Ling Yu served as a director since November 2020 and resigned from its position as a director in June 2024.

g. Mr. Willian Apollo Chen served as a director since October 2023 and resigned from its position as a director in October 2024.

h. Mr. Takeo Hamada served as a director since October 2023.

i. Mr. Jackson Peter Tai served as an independent non-executive director since November 2024.

j. Dr. Mark Qiu served as an independent non-executive director since November 2024.

k. Ms. Asmau Ahmed served as an independent non-executive director since November 2024.

(All amounts in USD thousands, except share per share and per ADS data or otherwise noted)

## 21. DIRECTORS' REMUNERATION (continued)

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

The non-executive directors' emoluments shown above were for their services as directors of the Company.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the years ended December 31, 2024 and 2025.

During the years ended December 31, 2024 and 2025, certain directors were granted share options, in respect of their services to the Group under the share option scheme of the Company. Details of the share option scheme are set out in note 13 to the consolidated financial statements.

## 22. FIVE HIGHEST-PAID EMPLOYEES

The five highest paid employees of the Group during the years ended December 31, 2024 and 2025 included nil and nil directors, respectively, details of whose remuneration are set out in note 21 above. Details of the remuneration for the years ended December 31, 2024 and 2025 of the five and five highest paid employees, respectively, who are neither a director nor chief executive of the Company are as follows:

| | **Year ended December 31,** | |
|---|---|---|
| | 2024 | **2025** |
| Basic salaries, housing fund, allowances and benefits in kind | 2,068 | **6,009** |
| Share-based compensation *(Note)* | 13,568 | **10,169** |
| Employer's contributions to a retirement benefit scheme | 41 | **48** |
| **Total** | 15,677 | **16,226** |

*Note:* During the year ended December 31, 2024, the share-based compensation included the compensation expenses recognized for certain share-based awards with condition on the occurrence of an IPO or a sale event. Refer to note 13 for more details of share-based compensation during the years ended December 31, 2024 and 2025.

(All amounts in USD thousands, except share per share and per ADS data or otherwise noted)

## 22. FIVE HIGHEST-PAID EMPLOYEES (continued)

The number of highest paid employees who are not the directors of the Company whose remuneration fell within the following bands is as follows:

| | Year ended December 31, | |
|---|---|---|
| | 2024 | **2025** |
| HK$17,500,001 to HK$18,000,000 | – | **1** |
| HK$20,000,001 to HK$20,500,000 | 1 | **–** |
| HK$21,000,001 to HK$21,500,000 | 1 | **–** |
| HK$21,500,001 to HK$22,000,000 | – | **1** |
| HK$22,500,001 to HK$23,000,000 | – | **1** |
| HK$26,000,001 to HK$26,500,000 | 1 | **–** |
| HK$27,000,001 to HK$27,500,000 | 2 | **1** |
| HK$37,000,001 to HK$37,500,000 | – | **1** |
| **Total** | 5 | **5** |

During the years ended December 31, 2024 and 2025, certain non-director highest paid employees were granted share options, in respect of their services to the Group under the share option scheme of the Company. Details of the share option scheme are set out in note 13 to the consolidated financial statements.

(All amounts in USD thousands, except share per share and per ADS data or otherwise noted)

## 23. RECONCILIATION BETWEEN U.S. GAAP AND IFRS ACCOUNTING STANDARDS

The consolidated financial statements are prepared in accordance with U.S. GAAP, which differ in certain respects from IFRS Accounting Standards. The effects of material differences between the consolidated financial statements of the Group prepared under U.S. GAAP and IFRS Accounting Standards are as follows:

| | For the year ended December 31, 2024 IFRS Accounting Standards adjustments | | | | | | |
|---|---|---|---|---|---|---|---|
| | Amounts as reported under U.S. GAAP | Preferred Shares *Note i* | Lease accounting *Note ii* | Share-based compensation *Note iii* | Issuance costs in relation to the listing *Note iv* | Investments measured at fair value *Note v* | Amounts as reported under IFRS Accounting Standards |
| Research and development expenses | (240,179) | – | 284 | 25,641 | – | – | (214,254) |
| Selling, general and administrative expenses | (56,747) | – | 76 | 6,995 | (8,549) | – | (58,225) |
| **Total operating expenses** | (296,926) | – | 360 | 32,636 | (8,549) | – | (272,479) |
| Other income, net | 5,808 | – | (380) | – | – | – | 5,428 |
| Gains from fair value change of investments | – | – | – | – | – | 16,089 | 16,089 |
| Fair value changes of convertible redeemable Preferred Shares | – | (364,301) | – | – | – | – | (364,301) |
| **Loss before income tax** | (275,005) | (364,301) | (20) | 32,636 | (8,549) | 16,089 | (599,150) |
| Income tax expenses | (1) | – | – | – | – | – | (1) |
| **Net loss** | (275,006) | (364,301) | (20) | 32,636 | (8,549) | 16,089 | (599,151) |
| Net loss attributable to non-controlling interests | (885) | – | – | – | – | 7,578 | 6,693 |
| **Net loss attributable to Pony AI Inc** | (274,121) | (364,301) | (20) | 32,636 | (8,549) | 8,511 | (605,844) |
| Unrealized gain on available-for-sale investments, net of tax of $(282), for the year ended December 31, 2024 | 16,089 | – | – | – | – | (16,089) | – |
| **Total other comprehensive income (loss)** | 13,137 | – | – | – | – | (16,089) | (2,952) |
| **Total comprehensive loss** | (261,869) | (364,301) | (20) | 32,636 | (8,549) | – | (602,103) |
| **Total comprehensive loss attributable to Pony AI Inc.** | (268,313) | (364,301) | (20) | 32,636 | (8,549) | – | (608,547) |

(All amounts in USD thousands, except share per share and per ADS data or otherwise noted)

## 23. RECONCILIATION BETWEEN U.S. GAAP AND IFRS ACCOUNTING STANDARDS (continued)

| | For the year ended December 31, 2025 IFRS Accounting Standards adjustments | | | | | |
|---|---|---|---|---|---|---|
| | Amounts as reported under U.S. GAAP | Lease accounting *Note ii* | Share-based compensation *Note iii* | Issuance costs in relation to the listing *Note iv* | Investments measured at fair value *Note v* | Amounts as reported under IFRS Accounting Standards |
| Research and development expenses | (217,419) | 451 | (9,620) | – | – | (226,588) |
| Selling, general and administrative expenses | (57,599) | 55 | (4,547) | (7,086) | – | (69,177) |
| **Total operating expenses** | (275,018) | 506 | (14,167) | (7,086) | – | (295,765) |
| Other income, net | 13,083 | (712) | – | – | – | 12,371 |
| Losses from fair value change of investments | – | – | – | – | (18,566) | (18,566) |
| Investment income | 42,985 | – | – | – | (14,986) | 27,999 |
| **Loss before income tax** | (76,758) | (206) | (14,167) | (7,086) | (33,552) | (131,769) |
| Income tax expenses | – | – | – | – | – | – |
| **Net loss** | (76,758) | (206) | (14,167) | (7,086) | (33,552) | (131,769) |
| Net income (loss) attributable to non-controlling interests | 57,211 | – | – | – | (12,221) | 44,990 |
| **Net loss attributable to Pony AI Inc** | (133,969) | (206) | (14,167) | (7,086) | (21,331) | (176,759) |
| Unrealized gain on available-for-sale investments, net of tax of $(27), for the year ended December 31, 2025 | (30,609) | – | – | – | 30,609 | – |
| **Total other comprehensive (loss) income** | (26,676) | – | – | – | 30,609 | 3,933 |
| **Total comprehensive loss** | (103,434) | (206) | (14,167) | (7,086) | (2,943) | (127,836) |
| **Total comprehensive loss attributable to Pony AI Inc.** | (149,002) | (206) | (14,167) | (7,086) | (2,943) | (173,404) |

(All amounts in USD thousands, except share per share and per ADS data or otherwise noted)

## 23. RECONCILIATION BETWEEN U.S. GAAP AND IFRS ACCOUNTING STANDARDS (continued)

| | | As of December 31, 2024 IFRS Accounting Standards adjustments | | | | | |
|---|---|---|---|---|---|---|---|
| | Amounts as reported under U.S. GAAP | Preferred Shares *Note i* | Lease accounting *Note ii* | Share-based compensation *Note iii* | Issuance costs in relation to the listing *Note iv* | Investments measured at fair value *Note v* | Amounts as reported under IFRS Accounting Standards |
| Short-term investments | 209,035 | – | – | – | – | (115,120) | 93,915 |
| Financial assets at fair value through profit or loss, current | – | – | – | – | – | 115,120 | 115,120 |
| Operating lease right-of-use assets | 13,342 | – | (193) | – | – | – | 13,149 |
| Long-term investments | 130,799 | – | – | – | – | (93,914) | 36,885 |
| Financial assets at fair value through profit or loss, non-current | – | – | – | – | – | 93,914 | 93,914 |
| **Total assets** | 1,050,821 | – | (193) | – | – | – | 1,050,628 |
| **Total liabilities** | 82,110 | – | – | – | – | – | 82,110 |
| Additional paid-in capital | 2,228,444 | 2,103,795 | – | (44,146) | 8,549 | – | 4,296,642 |
| Accumulated deficit | (1,287,851) | (2,103,795) | (193) | 44,146 | (8,549) | 30,243 | (3,325,999) |
| Accumulated other comprehensive income (loss) | 10,134 | – | – | – | – | (30,243) | (20,109) |
| **Total Pony AI Inc. shareholders' equity** | 951,122 | – | (193) | – | – | – | 950,929 |
| **Total shareholders' equity** | 968,711 | – | (193) | – | – | – | 968,518 |

(All amounts in USD thousands, except share per share and per ADS data or otherwise noted)

## 23. RECONCILIATION BETWEEN U.S. GAAP AND IFRS ACCOUNTING STANDARDS (continued)

| | As of December 31, 2025 IFRS Accounting Standards adjustments | | | | | |
|---|---|---|---|---|---|---|
| | Amounts as reported under U.S. GAAP | Lease accounting *Note ii* | Share-based compensation *Note iii* | Issuance costs in relation to the listing *Note iv* | Investments measured at fair value *Note v* | Amounts as reported under IFRS Accounting Standards |
| Short-term investments | 872,158 | – | – | – | (279,611) | 592,547 |
| Financial assets at fair value through profit or loss, current | – | – | – | – | 279,611 | 279,611 |
| Operating lease right-of-use assets | 14,811 | (399) | – | – | – | 14,412 |
| Long-term investments | 454,942 | – | – | – | (161,749) | 293,193 |
| Financial assets at fair value through profit or loss, non-current | – | – | – | – | 158,806 | 158,806 |
| **Total assets** | 1,812,837 | (399) | – | – | (2,943) | 1,809,495 |
| **Total liabilities** | 103,838 | – | – | – | – | 103,838 |
| Additional paid-in capital | 3,078,559 | – | (29,979) | 15,635 | – | 3,064,215 |
| Accumulated deficit | (1,421,955) | (399) | 29,979 | (15,635) | (3,309) | (1,411,319) |
| Accumulated other comprehensive (loss) income | (4,899) | – | – | – | 366 | (4,533) |
| **Total Pony AI Inc. shareholders' equity** | 1,652,277 | (399) | – | – | (2,943) | 1,648,935 |
| **Total shareholders' equity** | 1,708,999 | (399) | – | – | (2,943) | 1,705,657 |

## 23. RECONCILIATION BETWEEN U.S. GAAP AND IFRS ACCOUNTING STANDARDS (continued)

*Notes:*

**(i) Preferred Shares**

Under U.S. GAAP, the Group classified the Preferred Shares as mezzanine equity in the consolidated balance sheet because they were redeemable at the holders' option upon the occurrence of certain deemed liquidation events and certain events outside of the Group's control. The Preferred Shares are recorded initially at fair value, net of issuance costs. The Group records accretion on the Preferred Shares to the redemption value from the date that it becomes probable that the instrument will become redeemable to the earliest redemption dates.

Under IFRS Accounting Standards, certain redemption triggering events of the Preferred Shares are outside of the Group's control. In addition, the holders of the Preferred Shares are entitled to convert the Preferred Shares into a variable number of the Company's ordinary shares upon occurrence of certain events. Accordingly, the Preferred Shares are regarded as a hybrid instruments consisting of a host debt instrument and a conversion option as a derivative. The Group designated the entire Preferred Shares as financial liabilities at fair value through profit or loss such that the Preferred Shares are initially recognized at fair value, while subsequently changes in the fair value are recognized in profit or loss. The issuance costs are recorded in profit or loss.

**(ii) Lease accounting**

Under U.S. GAAP, the amortization of the right-of-use assets and interest expense related to the lease liabilities are recorded together as lease expenses to produce a straight-line recognition effect in profit or loss.

Under IFRS Accounting Standards, the amortization of the right-of-use assets is on a straight-line basis while the interest expenses related to the lease liabilities are measured at amortized cost.

**(iii) Share-based compensation**

***(1) Accounting for forfeitures of share-based awards***

Under U.S. GAAP, companies make an entity-wide accounting policy election to account for award forfeitures as they occur or by estimating expected forfeitures as compensation cost is recognized, and the Group has chosen to account for forfeitures when they occur. Under IFRS Accounting Standards, a similar policy election will not be allowed, and forfeitures must be estimated.

***(2) Attribution – share-based awards with graded-vesting features***

For the share-based awards granted to employees with service condition only, the share-based compensation expenses were recognized over the vesting period using straight-line method under U.S. GAAP. While under IFRS Accounting Standards, the graded vesting method must be applied.

***(3) Share-based awards with performance targets met after the service period***

Under U.S. GAAP, a performance target that may be met after the requisite service period is complete, such as the fulfilment of a qualified successful IPO, is a performance vesting condition. The fair value of the award should not incorporate the probability of a performance condition vesting, but rather should be recognized only if the performance condition is probable of being achieved. The cumulative share-based compensation expenses for the share options that have satisfied the service condition were recorded in November 2024. Under IFRS Accounting Standards, a performance target that may be met after the requisite service period is a non-vesting condition and is reflected in the measurement of the grant date fair value of an award, and share-based compensation expenses for the share options were recognized during the requisite service period based on the service conditions. Thus, share-based compensation expenses were recorded earlier under IFRS Accounting Standards than under U.S. GAAP.

***(4) Modification accounting on share-based awards***

For the share-based awards which vesting is improbable but becomes probable, under U.S. GAAP, compensation cost is recognized on the basis of the modified award's fair-value – based measure as of the modification date. While under IFRS Accounting Standards, compensation cost is recognized on the basis of the grant-date fair value of the original award plus the incremental value of the modified award on the modification date.

## 23. RECONCILIATION BETWEEN U.S. GAAP AND IFRS ACCOUNTING STANDARDS (continued)

**(iv) Issuance costs in relation to the listing**

Under U.S. GAAP, specific incremental issuance costs directly attributable to a proposed or actual offering of securities may be deferred and charged against the gross proceeds of the offering, shown in equity as a deduction from the proceeds.

Under IFRS Accounting Standards, such issuance costs apply different criteria for capitalization when the listing involves both existing shares and a concurrent issuance of new shares of the Company in the capital market, and were allocated proportionately between the existing and new shares. As a result, the Group recorded issuance costs associated with the listing of existing shares in the profit or loss.

**(v) Investments measured at fair value**

Under U.S. GAAP, for investments in investee's shares and convertible bonds which are determined to be debt securities, the Group accounts for them as available-for-sale investments when they are not classified as either trading or held-to-maturity investments. Available-for-sale investments are reported at fair value, with unrealized gains and losses, net of taxes recorded in accumulated other comprehensive (loss) income. Realized gains or losses on the sales of these securities are recognized on the consolidated statement of operations and comprehensive loss. Equity security without readily determinable fair values are measured at cost, less impairment, plus or minus observable price changes of an identical or similar investment of the same issuer with the fair value change recorded in the consolidated statement of operations and comprehensive loss.

Under IFRS Accounting Standards, the aforementioned investments are classified as financial assets at fair value through profit or loss and measured at fair value. Fair value changes of these long-term investments are recognized in profit or loss.

## 24. SUBSEQUENT EVENTS

On March 31, 2026, the Company disposed of all convertible bonds investments for an aggregate consideration of KRW15.7 billion (equivalent to $10.9 million), comprising principal of KRW15.3 billion ($10.5 million) and accrued interest expenses of KRW0.4 billion ($0.4 million).

The Company adopted a new employee equity incentive scheme (the "**2026 Share Scheme**") on April 2, 2026. The maximum number of ordinary shares that may be issued under the 2026 Share Scheme is 43,354,155, which is subject to certain adjustments pursuant to the terms of the 2026 Share Scheme. The Company granted 8,988,299 RSUs to its directors, employees and one service provider, and 15,000 options to one employee under the 2026 Share Scheme. These share awards carry a 10-year contractual term and vest over a period of one to four years starting from the date specified in each agreement.

# Definitions

In this annual report, the following expressions have the meanings set out below unless the context requires otherwise.

| | |
|---|---|
| "2016 Share Plan" | the share-based awards scheme adopted by the Company on December 3, 2016 and amended in 2019 and 2020 |
| "2026 Share Scheme" | the 2026 share scheme adopted by the Company on April 2, 2026 |
| "ADSs" | American Depositary Shares, each representing one Class A Ordinary Share |
| "affiliate(s)" | with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person |
| "Articles of Association" or "Articles" | the tenth amended and restated articles of association of the Company adopted by a special resolution of the shareholders of the Company on April 2, 2026 |
| "Audit Committee" | the audit committee of the Board |
| "Beijing (HX) Pony" | Beijing (HX) Pony AI Technology Co., Ltd. (北京小馬慧行科技有限公司), a limited liability company established in the PRC on April 1, 2017 and our wholly-owned subsidiary |
| "Board" or "our Board" | the board of Directors |
| "Chief Executive Officer" | chief executive officer of our Company |
| "Chief Financial Officer" | chief financial officer of our Company |
| "Chief Technology Officer" | chief technology officer of our Company |
| "China", "Mainland China" or "PRC" | the People's Republic of China which, for the purpose of this annual report and for geographical reference only, excluding Hong Kong, Macao Special Administrative Region of the People's Republic of China, and Taiwan Region |
| "Class A Ordinary Shares" | Class A ordinary shares of the share capital of the Company with a par value of US$0.0005 each, conferring a holder of a Class A ordinary share (1) vote per share on all matters subject to the vote at general meetings of the Company |
| "Class B Ordinary Shares" | Class B ordinary shares of the share capital of the Company with a par value of US$0.0005 each, conferring weighted voting rights in the Company such that a holder of a Class B ordinary share is entitled to (10) votes per share on all matters subject to the vote at general meetings of the Company, subject to the requirements under Rule 8A.24 of the Listing Rules that the Reserved Matters shall be voted on a (1) vote per share basis |

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| "Companies Ordinance" | the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time |
| "Company", "our Company", or "the Company" | Pony AI Inc. (Stock Code: 2026, Nasdaq Symbol: PONY), an exempted company with limited liability incorporated under the laws of the Cayman Islands on November 4, 2016 |
| "Compensation Committee" | the compensation committee of the Board |
| "connected person(s)" | has the meaning ascribed thereto under the Listing Rules |
| "connected transaction(s)" | has the meaning ascribed thereto under the Listing Rules |
| "Controlling Shareholder" | has the meaning ascribed to it under the Listing Rules |
| "Corporate Governance Code" | The Corporate Governance Code set out in Appendix C1 of the Listing Rules |
| "Corporate Governance Committee" | the corporate governance committee of the Board |
| "Cyantron Logistics" | Cyantron Logistics Technology Co., Ltd. (青騅物流科技有限公司), is a limited liability company established in the PRC on February 17, 2022 and is held by Beijing (HX) Pony as to 51.0% and Sinotrans as to 49.0% |
| "Depositary" | Deutsche Bank Trust Company Americas, the Depositary of the ADSs |
| "Director(s)" | the director(s) of our Company |
| "Dr. Lou" | Dr. Tiancheng Lou (樓天城), an executive Director and the Chief Technology Officer of our Company |
| "Dr. Peng" | Dr. Jun Peng (彭軍), the chairman of the Board, an executive Director and the Chief Executive Officer of our Company |
| "ESG Report" | has the meaning ascribed to it in the section headed "Key Relationship With Stakeholders" in this annual report |
| "former VIEs" | Beijing (ZX) Pony.AI Technology Co., Ltd. and Guangzhou (ZX) Pony.AI Technology Co., Ltd. and their subsidiaries |
| "GAAP" | generally accepted accounting principles |
| "Global Offering" | the Hong Kong Public Offering and the International Offering as defined in the Prospectus |
| "Group", "we", "us" or "our" | our Company and its subsidiaries, or any one of them as the context may require, and where the context requires, the businesses operated by our Company and/or its subsidiaries and their predecessors (if any) |

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| "HK$" | Hong Kong dollars, the lawful currency of Hong Kong |
| "Hong Kong" | the Hong Kong Special Administrative Region of the People's Republic of China |
| "Latest Practicable Date" | April 17, 2026, being the latest practicable date prior to the bulk printing and publication of this annual report |
| "Listing" | the listing of the Class A Ordinary Shares on the Main Board of the Hong Kong Stock Exchange |
| "Listing Date" | November 6, 2025, Hong Kong time, the date on which the Class A Ordinary Shares were listed and on which dealings in the Class A Ordinary Shares were to be first permitted to take place on the Hong Kong Stock Exchange |
| "Listing Rules" | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time |
| "Main Board" | the stock exchange (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operates in parallel with the GEM of the Hong Kong Stock Exchange |
| "Memorandum" or "Memorandum of Association" | the tenth amended and restated memorandum of association of the Company adopted by a special resolution of the shareholders of the Company on April 2, 2026 |
| "Model Code" | the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules |
| "Nasdaq" | The Nasdaq Global Select Market |
| "Nomination Committee" | the nomination committee of the Board |
| "Prospectus" | the prospectus of the Company dated October 28, 2025 |
| "Qingdao Cyantron" | Qingdao Cyantron Logistics Technology Co., Ltd. (青島青騅物流科技有限公司), a limited liability company established in the PRC on March 14, 2022 and our non-wholly owned subsidiary |
| "Relevant Period" | the period commencing from the Listing Date to December 31, 2025 |
| "Renminbi" or "RMB" | the lawful currency of China |
| "Reporting Period" | the year ended December 31, 2025 |

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| "Reserved Matters" | those matters resolutions with respect to which each Share is entitled to one vote at general meetings of the Company pursuant to the Articles of Association, being: (i) any amendment to the Memorandum and Articles, (ii) the variation of the rights attached to any class of Shares, (iii) the appointment or removal of an independent non-executive Director, (iv) the appointment or removal of the Company's auditors, and (v) the voluntary winding-up of the Company |
| "SEC" | the U.S. Securities and Exchange Commission |
| "SFO" or "Securities and Futures Ordinance" | the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time |
| "Shareholder(s)" | holder(s) of our Share(s) |
| "Share(s)" | our Class A Ordinary Shares and Class B Ordinary Shares, par value US$0.0005 per share |
| "Sinotrans" | Sinotrans Limited (中國外運股份有限公司) and its subsidiaries. Sinotrans Limited is a joint stock limited company incorporated in the PRC, the shares of which are listed on the Hong Kong Stock Exchange (HKEX: 598) and Shanghai Stock Exchange (SSE: 601598). As of the Latest Practicable Date, Sinotrans Limited is a 49.0% shareholder of Cyantron Logistics, and as such a connected person of the Company |
| "Stock Exchange" or "Hong Kong Stock Exchange" | The Stock Exchange of Hong Kong Limited |
| "subsidiary(ies)" | has the meaning ascribed to it under the Listing Rules |
| "substantial shareholder(s)" | has the meaning ascribed to it in the Listing Rules |
| "treasury shares" | has the meaning ascribed to it under the Listing Rules |
| "U.S. GAAP" | the accounting principles generally accepted in the United States of America |
| "USD", "US$" or "U.S. dollars" | United States dollars, the lawful currency of the U.S. |
| "weighted voting right" or "WVR" | has the meaning ascribed to it in the Listing Rules |
| "WVR Beneficiary(ies)" | has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to Dr. Peng and Dr. Lou |
| "WVR Structure" | has the meaning ascribed to it in the Listing Rules |
| "%" | per cent |

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