

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF PONY AI INC., GOLDMAN SACHS (ASIA) L.L.C., MERRILL LYNCH (ASIA PACIFIC) LIMITED, DEUTSCHE SECURITIES ASIA LIMITED AND HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED**Introduction**

We report on the historical financial information of Pony AI Inc. (the “Company”) and its subsidiaries (together, the “Group”) set out on pages I-4 to I-90, which comprises the consolidated balance sheets of the Group as at December 31, 2022, 2023 and 2024 and June 30, 2025, the balance sheets of the Company as at December 31, 2022, 2023 and 2024 and June 30, 2025 and the consolidated statements of operations and comprehensive loss, the consolidated statements of changes in shareholders’ (deficit) equity and the consolidated statements of cash flows of the Group for each of the three years ended December 31, 2024 and the six months ended June 30, 2025 (the “Track Record Period”) and notes to the consolidated financial statements, including a summary of significant accounting policies (together, the “Historical Financial Information”). The Historical Financial Information set out on pages I-4 to I-90 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated October 28, 2025 (the “Prospectus”) in connection with the initial listing of class A ordinary shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

Directors’ responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2(a) to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants’ responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 “Accountants’ Reports on Historical Financial Information in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants’ judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity’s

preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2(a) to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Group's financial position as at December 31, 2022, 2023 and 2024 and June 30, 2025, of the Company's financial position as at December 31, 2022, 2023 and 2024 and June 30, 2025 and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation set out in Note 2(a) to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Group which comprises the consolidated statements of operations and comprehensive loss, the consolidated statement of changes in shareholders' deficit and the consolidated statement of cash flows for the six months ended June 30, 2024 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Company are responsible for the preparation of the Stub Period Comparative Financial Information in accordance with the basis of preparation set out in Note 2(a) to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in Note 2(a) to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Historical Financial Statements as defined on page I-4 have been made.

Dividends

No dividend was declared or paid by the Company in respect of the Track Record Period.



Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
October 28, 2025

HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The Historical Financial Information in this report was prepared based on previously issued consolidated financial statements of the Group for each of the three years ended December 31, 2024 and management accounts of the Group for the six months ended June 30, 2025 ("Historical Financial Statements"). The Historical Financial Statements have been prepared in accordance with the accounting principles generally accepted in the United States of America ("U.S. GAAP"). The previously issued consolidated financial statements for each of the three years ended December 31, 2024 were audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB").

The Historical Financial Information is presented in U.S. dollars ("US\$") and all values are rounded to the nearest thousand ("US\$'000") except when otherwise indicated.

The following is the text of a report set out on pages I-1 to I-90, received from the Company's reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this Prospectus.

Deloitte.**德勤**

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF PONY AI INC., GOLDMAN SACHS (ASIA) L.L.C., MERRILL LYNCH (ASIA PACIFIC) LIMITED, DEUTSCHE SECURITIES ASIA LIMITED AND HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED

Introduction

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Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2(a) to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Group's financial position as at December 31, 2022, 2023 and 2024 and June 30, 2025, of the Company's financial position as at December 31, 2022, 2023 and 2024 and June 30, 2025 and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation set out in Note 2(a) to the Historical Financial Information.

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come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in Note 2(a) to the Historical Financial Information.

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Adjustments

In preparing the Historical Financial Information, no adjustments to the Historical Financial Statements as defined on page I-4 have been made.

Dividends

No dividend was declared or paid by the Company in respect of the Track Record Period.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

October 28, 2025

HISTORICAL FINANCIAL INFORMATION OF THE GROUP**Preparation of Historical Financial Information**

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The Historical Financial Information in this report was prepared based on previously issued consolidated financial statements of the Group for each of the three years ended December 31, 2024 and management accounts of the Group for the six months ended June 30, 2025 ("Historical Financial Statements"). The Historical Financial Statements have been prepared in accordance with the accounting principles generally accepted in the United States of America ("U.S. GAAP"). The previously issued consolidated financial statements for each of the three years ended December 31, 2024 were audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB").

The Historical Financial Information is presented in U.S. dollars ("US\$") and all values are rounded to the nearest thousand ("US\$'000") except when otherwise indicated.

APPENDIX I
ACCOUNTANTS' REPORT
**PONY AI INC.
CONSOLIDATED BALANCE SHEETS**

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

		As of December 31,			As of
	Note	2022	2023	2024	June 30, 2025
Assets					
Current assets:					
Cash and cash equivalents . . .		316,262	425,960	535,976	318,533
Restricted cash, current		1,806	49	21	20
Short-term investments (including short-term investments measured at fair value of \$261,643, \$163,594, \$209,035 and \$289,493 as of December 31, 2022, 2023 and 2024, and June 30, 2025, respectively)	6	261,643	163,594	209,035	289,493
Accounts receivable, net	20	25,899	31,580	28,555	27,084
Amounts due from related parties, current	15	8,306	5,650	8,322	7,443
Prepaid expenses and other current assets		29,654	39,513	52,713	59,228
Total current assets		643,570	666,346	834,622	701,801
Non-current assets:					
Restricted cash, non-current . .		450	196	175	188
Amounts due from related parties, non-current	15	2,969	—	—	—
Property, equipment and software, net	7	26,827	15,420	17,241	29,443
Operating lease right-of-use assets	9	8,138	6,419	13,342	16,338
Long-term investments (including long-term investments measured at fair value of \$80,173, \$51,240, \$93,449 and \$122,731 as of December 31, 2022, 2023 and 2024, and June 30, 2025, respectively)	5, 6	80,653	51,712	130,799	214,142
Prepayment for long-term investments	21	—	—	52,823	25,000
Other non-current assets		8,907	7,024	1,819	4,134
Total non-current assets		127,944	80,771	216,199	289,245
Total assets		771,514	747,117	1,050,821	991,046

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		As of December 31,			As of
	Note	2022	2023	2024	June 30, 2025
Liabilities, Mezzanine Equity and Shareholders (Deficit) Equity					
Current liabilities:					
Accounts payable and other current liabilities (including amounts of the consolidated VIEs without recourse to the Company of \$8,104, \$7,146, nil and nil as of December 31, 2022, 2023 and 2024, and June 30, 2025, respectively)	I(b), 8	44,042	44,299	66,548	107,804
Operating lease liabilities, current (including amounts of the consolidated VIEs without recourse to the Company of \$899, \$768, nil, and nil as of December 31, 2022, 2023 and 2024, and June 30, 2025, respectively).	I(b), 9	4,058	3,866	3,438	4,825
Amounts due to related parties, current		—	—	900	744
Total current liabilities		48,100	48,165	70,886	113,373
Operating lease liabilities, non-current (including amounts of the consolidated VIEs without recourse to the Company of \$795, \$14, nil and nil as of December 31, 2022, 2023 and 2024, and June 30, 2025, respectively).	I(b), 9	3,788	2,246	9,835	11,928
Other non-current liabilities (including amounts of the consolidated VIEs without recourse to the Company of nil, \$57, nil and nil as of December 31, 2022, 2023 and 2024, and June 30, 2025, respectively)	I(b)	1,714	1,533	1,389	1,480
Total liabilities		53,602	51,944	82,110	126,781

Commitments and contingencies (See note 10)

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

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		As of December 31,			As of
	Note	2022	2023	2024	June 30,
					2025
Mezzanine equity:					
Series A convertible					
redeemable Preferred Shares					
(\$0.0005 par value,					
34,717,760 shares,					
34,717,760 shares, nil and					
nil authorized as of					
December 31, 2022, 2023					
and 2024, and June 30,					
2025, respectively; and					
34,717,760 shares,					
34,362,468 shares, nil and					
nil issued and outstanding					
with redemption value of					
\$19,949, \$20,733, nil and					
nil as of December 31,					
2022, 2023 and 2024, and					
June 30, 2025, respectively).					
	12	14,818	14,664	—	—
Series B convertible					
redeemable Preferred Shares					
(\$0.0005 par value,					
44,758,365 shares,					
44,758,365 shares, nil and					
nil authorized, issued and					
outstanding with redemption					
value of \$108,592,					
\$114,793, nil and nil as of					
December 31, 2022, 2023					
and 2024, and June 30,					
2025, respectively)					
	12	76,840	76,840	—	—

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ACCOUNTANTS' REPORT

	Note	As of December 31,			As of June 30,	
		2022	2023	2024	2025	
Series B+ convertible redeemable Preferred Shares (\$0.0005 par value, 27,428,047 shares, 27,428,047 shares, nil and nil authorized, issued and outstanding with redemption value of \$135,504, \$143,551, nil and nil as of December 31, 2022, 2023 and 2024, and June 30, 2025, respectively)	12	107,135	107,135	—	—	
Series B2 convertible redeemable Preferred Shares (\$0.0005 par value, 10,478,885 shares, 10,478,885 shares, nil and nil authorized, issued and outstanding with redemption value of \$88,683, \$94,148, nil and nil as of December 31, 2022, 2023 and 2024, and June 30, 2025, respectively)	12	68,138	68,138	—	—	
Series C convertible redeemable Preferred Shares (\$0.0005 par value, 57,896,414 shares, 57,896,414 shares, nil and nil authorized, issued and outstanding with redemption value of \$665,769, \$709,409, nil and nil as of December 31, 2022, 2023 and 2024, and June 30, 2025, respectively)	12	559,087	559,087	—	—	

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ACCOUNTANTS' REPORT

	Note	As of December 31,			As of June 30,	
		2022	2023	2024	2025	
Series C+ convertible redeemable Preferred Shares (\$0.0005 par value, 16,161,668 shares, 16,161,668 shares, nil and nil authorized as of December 31, 2022, 2023 and 2024, and June 30, 2025, respectively; and 16,161,021 shares, 16,161,021 shares, nil and nil issued and outstanding with redemption value of \$291,183, \$311,182, nil and nil as of December 31, 2022, 2023 and 2024, and June 30, 2025, respectively).	12	249,884	249,884	—	—	
Series D convertible redeemable Preferred Shares (\$0.0005 par value, 19,964,384 shares, 19,964,384 shares, nil and nil authorized as of December 31, 2022, 2023 and 2024, and June 30, 2025, respectively; and 7,453,371 shares, 11,614,287 shares, nil and nil issued and outstanding with redemption value of \$198,694, \$318,980, nil and nil as of December 31, 2022, 2023 and 2024, and June 30, 2025, respectively).	12	181,595	285,530	—	—	
Total mezzanine equity		<u>1,257,497</u>	<u>1,361,278</u>	<u>—</u>	<u>—</u>	

APPENDIX I
ACCOUNTANTS' REPORT

	<i>Note</i>	As of December 31,			As of
		2022	2023	2024	June 30, 2025
Pony AI Inc. shareholders' (deficit) equity:					
Class A ordinary shares (\$0.0005 par value, 307,505,707 shares, 307,505,707 shares, 498,911,230 shares and 498,911,230 shares authorized as of December 31, 2022, 2023 and 2024, and June 30, 2025, respectively; 10,708,762 shares, 10,660,389 shares, 269,203,783 shares and 304,203,783 shares issued and outstanding as of December 31, 2022, 2023 and 2024, and June 30, 2025, respectively)	<i>11</i>	9	10	140	158
Class B ordinary shares (\$0.0005 par value, 81,088,770 shares, 81,088,770 shares, 81,088,770 shares and 81,088,770 shares authorized, issued and outstanding as of December 31, 2022, 2023 and 2024, and June 30, 2025, respectively)	<i>11</i>	35	35	35	35
Additional paid-in capital		63,200	57,759	2,228,444	2,234,712
Special reserve		91	148	220	292
Accumulated deficit		(614,659)	(739,528)	(1,287,851)	(1,384,009)
Accumulated other comprehensive (loss) income		(163)	4,326	10,134	2,175
Total Pony AI Inc. shareholders' (deficit) equity		(551,487)	(677,250)	951,122	853,363
Non-controlling interests		11,902	11,145	17,589	10,902
Total shareholders' (deficit) equity		(539,585)	(666,105)	968,711	864,265
Total liabilities, mezzanine equity and shareholders' (deficit) equity		771,514	747,117	1,050,821	991,046

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

PONY AI INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(All amounts in USD thousands, except share, per share and per ADS data)

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
Note	(unaudited)				
Revenues					
Service revenues (including revenues from related parties of \$25,393, \$23,103, \$30,826, \$12,330 and \$11,148 for the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025, respectively)	66,380	64,546	67,415	24,166	21,685
Product revenues	2,006	7,353	7,610	554	13,749
Total Revenues	68,386	71,899	75,025	24,720	35,434
Cost of revenues	(36,322)	(55,015)	(63,622)	(22,134)	(29,655)
Gross profit	32,064	16,884	11,403	2,586	5,779
Operating expenses:					
Research and development expenses	(153,601)	(122,707)	(240,179)	(58,725)	(96,516)
Selling, general and administrative expenses	(49,178)	(37,417)	(56,747)	(15,579)	(26,574)
Total operating expenses	(202,779)	(160,124)	(296,926)	(74,304)	(123,090)
Loss from operations	(170,715)	(143,240)	(285,523)	(71,718)	(117,311)
Investment income	8,890	19,389	20,378	11,350	28,687
Changes in fair value of warrants liability	3,887	(3,030)	5,617	5,617	-
Other income (expenses), net	9,614	1,427	(15,477)	2,978	(2,015)
Loss before income tax	(148,324)	(125,454)	(275,005)	(51,773)	(90,639)
Income tax benefits (expenses)	74	126	(1)	(2)	(1)
Net loss	(148,250)	(125,328)	(275,006)	(51,775)	(90,640)
Net (loss) income attributable to non-controlling interests	(232)	(516)	(885)	(458)	5,446
Net loss attributable to Pony AI Inc.	(148,018)	(124,812)	(274,121)	(51,317)	(96,086)
Foreign currency translation adjustments	(16,239)	(3,841)	(2,952)	(1,046)	114

APPENDIX I
ACCOUNTANTS' REPORT

	<i>Note</i>	Year ended December 31,			Six months ended June 30,	
		2022	2023	2024	2024	2025
					<i>(unaudited)</i>	
Unrealized gain (loss) on available-for-sale investments, net of tax of \$86, \$243, \$(282), \$408 and \$(25), for the years ended December 31, 2022, 2023 and 2024, and the six months ended June 30, 2024 and 2025, respectively .		3,172	8,089	16,089	5,236	(13,771)
Total other comprehensive (loss) income		(13,067)	4,248	13,137	4,190	(13,657)
Total comprehensive loss		(161,317)	(121,080)	(261,869)	(47,585)	(104,297)
Less: Comprehensive income (loss) attributable to non-controlling interest		477	(757)	6,444	(529)	(252)
Total comprehensive loss attributable to Pony AI Inc.		(161,794)	(120,323)	(268,313)	(47,056)	(104,045)
Net loss attributable to Pony AI Inc.		(148,018)	(124,812)	(274,121)	(51,317)	(96,086)
Weighted average number of ordinary shares outstanding used in computing net loss per share, basic and diluted.	17	85,319,170	89,100,415	114,318,765	91,557,008	359,375,886
Net loss per share and per ADS, basic and diluted		(1.73)	(1.40)	(2.40)	(1.14)	(0.27)
Share-based compensation expenses included in:						
Research and development expenses	13	13,405	1,832	102,383	605	11,874
Selling, general and administrative expenses	13	5,178	1,926	24,620	855	4,343

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

PONY AI INC.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' (DEFICIT) EQUITY
(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 Income (Loss)	Accumulated Deficit	PONY AI INC. Shareholders' (Deficit) Equity	Non- Controlling Interests	Total
		Shares	Amount							
Balances as of January 1, 2022		91,723,991	42	50,796	-	13,613	(466,550)	(402,099)	3,888	(398,211)
Deemed dividend upon warrant granted to a shareholder	12	-	-	(828)	-	-	-	(828)	-	(828)
Issuance of ordinary shares upon exercise of share options	13	73,541	-	50	-	-	-	50	-	50
Share-based compensation	13	-	2	13,182	-	-	-	13,184	-	13,184
Capital injection by non-controlling interests		-	-	-	-	-	-	-	7,537	7,537
Other comprehensive income (loss)		-	-	-	-	(13,776)	-	(13,776)	709	(13,067)
Provision of special reserve (note b)		-	-	-	91	-	(91)	-	-	-
Net loss		-	-	-	-	-	(148,018)	(148,018)	(232)	(148,250)
Balances as of December 31, 2022		91,797,532	44	63,200	91	(163)	(614,659)	(551,487)	11,902	(539,585)
Issuance of ordinary shares upon vesting of restricted stock units ("RSUs")	13	37,500	-	-	-	-	-	-	-	-
Deemed distribution from repurchase of Series A convertible redeemable Preferred Shares (as defined in note 12)	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)

	Note	Ordinary Shares		Additional Paid-In Capital	Special Reserve	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	PONY AI INC. Shareholders' (Deficit) Equity	Non- Controlling Interests	Total
		Shares	Amount							
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		<u>350,292,553</u>	<u>175</u>	<u>2,228,444</u>	<u>220</u>	<u>10,134</u>	<u>(1,287,851)</u>	<u>951,122</u>	<u>17,589</u>	<u>968,711</u>
Share-based compensation		-	-	16,217	-	-	-	16,217	-	16,217
Other comprehensive loss		-	-	-	-	(7,959)	-	(7,959)	(5,698)	(13,657)
Repurchase of RSUs	13	-	-	(11,609)	-	-	-	(11,609)	-	(11,609)
Issuance of ordinary shares upon vesting of RSUs	13	35,000,000	18	1,660	-	-	-	1,678	-	1,678
Provision of special reserve (note b)		-	-	-	72	-	(72)	-	-	-
Dividends distribution to a non-controlling shareholder (note c)		-	-	-	-	-	-	-	(6,435)	(6,435)
Net (loss) profit		-	-	-	-	-	(96,086)	(96,086)	5,446	(90,640)

	Note	Ordinary Shares		Additional Paid-In Capital	Special Reserve	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	PONY AI INC. Shareholders' (Deficit) Equity	Non- Controlling Interests	Total
		Shares	Amount							
Balances as of June 30, 2025		<u>385,292,553</u>	<u>193</u>	<u>2,234,712</u>	<u>292</u>	<u>2,175</u>	<u>(1,384,009)</u>	<u>853,363</u>	<u>10,902</u>	<u>864,265</u>
Balances as of January 1, 2024		<u>91,749,159</u>	<u>45</u>	<u>57,759</u>	<u>148</u>	<u>4,326</u>	<u>(739,528)</u>	<u>(677,250)</u>	<u>11,145</u>	<u>(666,105)</u>
Share-based compensation	13	–	1	1,459	–	–	–	1,460	–	1,460
Other comprehensive income (loss)		–	–	–	–	4,261	–	4,261	(71)	4,190
Provision of special reserve (note b)		–	–	–	39	–	(39)	–	–	–
Accretion of convertible redeemable preferred shares		–	–	(53,380)	–	–	–	(53,380)	–	(53,380)
Net loss		–	–	–	–	–	(51,317)	(51,317)	(458)	(51,775)
Balances as of June 30, 2024 (unaudited)		<u>91,749,159</u>	<u>46</u>	<u>5,838</u>	<u>187</u>	<u>8,587</u>	<u>(790,884)</u>	<u>(776,226)</u>	<u>10,616</u>	<u>(765,610)</u>

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 six months ended June 30, 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.

APPENDIX I
ACCOUNTANTS' REPORT
PONY AI INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

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

		Year ended December 31,			Six months ended June 30,	
	Note	2022	2023	2024	2024	2025
		(unaudited)				
Cash flows from operating activities:						
Net loss		(148,250)	(125,328)	(275,006)	(51,775)	(90,640)
Adjustments to reconcile net loss to net cash used in operating activities:						
Depreciation and amortization	7	16,770	14,342	8,361	4,676	2,671
Share-based compensation	13	13,184	3,254	127,003	1,460	16,217
(Gains) losses from disposal of property and equipment		(39)	1,124	(36)	22	2
Realized losses (gains) from investments		107	(2,993)	(5,697)	(4,855)	(18,388)
Deferred income tax		(476)	(120)	—	—	—
Changes in fair value of warrants liability	6	(3,887)	3,030	(5,617)	(5,617)	—
Changes in fair value of equity investment		—	4,727	21,285	(1,956)	6,234
Unrealized foreign exchange (gains) losses		(2,782)	681	550	186	(2,731)
Non-cash lease expense	9	4,420	5,515	6,238	2,837	3,366
Changes in operating assets and liabilities:						
Accounts receivable		(26,529)	(16,367)	2,016	6,897	1,568
Amounts due from related parties	15	(6,213)	5,625	(2,672)	(4,892)	879
Prepaid expenses and other current assets		(9,878)	(5,027)	(9,857)	(6,787)	(2,270)
Other non-current assets		(5,883)	302	3,739	1,843	(1,232)
Accounts payable and other current liabilities		19,007	(1,149)	23,220	515	6,526
Right-of-use assets		(9,870)	(3,424)	(11,377)	—	(5,511)
Operating lease liabilities, current and non-current		5,718	345	7,206	(1,732)	3,470
Other non-current liabilities		(167)	42	(114)	56	269
Net cash used in operating activities		(154,768)	(115,421)	(110,758)	(59,122)	(79,570)

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ACCOUNTANTS' REPORT

	Note	Year ended December 31,			Six months ended June 30,	
		2022	2023	2024	2024	2025
					(unaudited)	
Cash flows from investing activities:						
Purchases of property, equipment and software		(12,033)	(5,091)	(11,397)	(1,906)	(14,464)
Purchases of short-term investments		(193,825)	(66,088)	(513,596)	(215,971)	(208,868)
Proceeds from the sales and maturities of short-term investments		204,479	172,214	488,643	246,716	153,681
Prepayment for long-term investments		—	—	(52,823)	(25,000)	—
Purchases of long-term investments		(19,411)	(15,000)	(113,842)	(33,916)	(109,017)
Proceeds from the sales and maturities of long-term investments		69,599	49,590	21,696	1,383	19,162
Loans to third parties		—	—	—	—	(13,512)
Proceeds from repayment of loans to third parties		—	—	—	—	12,602
Proceeds from disposal of property and equipment		520	869	52	25	—
Net cash provided by (used in) investing activities		49,329	136,494	(181,267)	(28,669)	(160,416)
Cash flows from financing activities:						
Net proceeds from issuance of Series D convertible redeemable Preferred Shares		186,342	104,006	—	—	—
Proceeds from issuance of Class A ordinary shares upon the completion of IPO and CPP, net of issuance costs of \$9,442	11	—	—	408,404	—	—
Payments for finance lease liabilities		(853)	(1,061)	(1,015)	(710)	(764)
Proceeds from loans in connection to warrant issuance		3,946	—	—	—	—
Payments for loans in connection to warrant issuance		—	(3,829)	—	—	—
Repurchase/settlement of RSUs		(5,399)	(3,558)	—	—	(11,609)
Proceeds from exercise of share options		—	—	—	—	1,678
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	12	—	(4,800)	—	—	—
Capital contribution by non-controlling shareholders of subsidiary		7,537	—	—	—	—
Proceeds from shares sold on behalf of employees		—	—	—	—	40,730
Net cash provided by financing activities		191,573	89,764	407,389	(710)	23,600

APPENDIX I
ACCOUNTANTS' REPORT

	<i>Note</i>	Year ended December 31,			Six months ended June 30,	
		2022	2023	2024	2024	2025
					<i>(unaudited)</i>	
Effect of exchange rate changes on cash and cash equivalents		(10,607)	(3,150)	(5,397)	(2,704)	(1,045)
Increase (decrease) in cash and cash equivalents		<u>75,527</u>	<u>107,687</u>	<u>109,967</u>	<u>(91,205)</u>	<u>(217,431)</u>
Cash, cash equivalents and restricted cash at beginning of year/period		<u>242,991</u>	<u>318,518</u>	<u>426,205</u>	<u>426,205</u>	<u>536,172</u>
Cash, cash equivalents and restricted cash at end of year/period		<u>318,518</u>	<u>426,205</u>	<u>536,172</u>	<u>335,000</u>	<u>318,741</u>
Cash and cash equivalents		316,262	425,960	535,976	334,756	318,533
Restricted cash		<u>2,256</u>	<u>245</u>	<u>196</u>	<u>244</u>	<u>208</u>
Cash, cash equivalents and restricted cash at end of year/period		<u>318,518</u>	<u>426,205</u>	<u>536,172</u>	<u>335,000</u>	<u>318,741</u>
Supplemental disclosure of cash flow information						
– Cash paid for income tax		9	434	1	–	–
Non-cash investing and financing activities						
– Payable for purchase of property and equipment, and not paid yet		110	212	148	297	2,613
– Deemed dividend upon warrant granted to a shareholder	12	828	–	–	–	–
– Issuance of ordinary shares for share options exercised through other payables		50	–	–	–	–
– Accounts receivable settled in shares		–	10,000	–	–	–

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

APPENDIX I
ACCOUNTANTS' REPORT

PONY AI INC.
COMPANY BALANCE SHEETS

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

		As of December 31,			As of
	Note	2022	2023	2024	June 30, 2025
Assets					
Current assets:					
Cash and cash equivalents		124,160	288,716	446,873	130,193
Short-term investments	6	210,124	61,156	73,925	200,814
Receivables from subsidiaries	16	624,551	766,300	1,027,644	1,164,923
Prepaid expenses and other current assets		1,523	939	1,840	8,877
Total current assets		960,358	1,117,111	1,550,282	1,504,807
Non-current assets:					
Amounts due from related parties, non-current	15	2,969	—	—	—
Long-term investments	5	50,471	1,933	58,373	116,637
Prepayment for long-term investments	21	—	—	25,000	25,000
Other non-current assets		—	—	—	926
Total non-current assets		53,440	1,933	83,373	142,563
Total assets		1,013,798	1,119,044	1,633,655	1,647,370
Liabilities, Mezzanine Equity and Shareholders' (Deficit) Equity					
Current liabilities:					
Amounts due to subsidiaries	16	1,778	1,711	12,984	7,304
Accounts payable and other current liabilities	8	5,147	8,437	5,628	8,936
Total current liabilities		6,925	10,148	18,612	16,240
Non-current liabilities:					
Accumulated deficit in its subsidiaries, the VIEs and the VIEs' subsidiaries	1(a)	300,863	424,868	663,921	777,767
Total non-current liabilities		300,863	424,868	663,921	777,767
Total liabilities		307,788	435,016	682,533	794,007

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ACCOUNTANTS' REPORT

	<i>Note</i>	As of December 31,			As of June 30, 2025
		2022	2023	2024	
Series A convertible redeemable Preferred Shares (\$0.0005 par value, 34,717,760 shares, 34,717,760 shares, nil and nil authorized as of December 31, 2022, 2023 and 2024, and June 30, 2025, respectively; and 34,717,760 shares, 34,362,468 shares, nil and nil issued and outstanding with redemption value of \$19,949, \$20,733, nil and nil as of December 31, 2022, 2023 and 2024, and June 30, 2025, respectively)	12	14,818	14,664	—	—
Series B convertible redeemable Preferred Shares (\$0.0005 par value, 44,758,365 shares, 44,758,365 shares, nil and nil authorized, issued and outstanding with redemption value of \$108,592, \$114,793, nil and nil as of December 31, 2022, 2023 and 2024, and June 30, 2025, respectively)	12	76,840	76,840	—	—
Series B+ convertible redeemable Preferred Shares (\$0.0005 par value, 27,428,047 shares, 27,428,047 shares, nil and nil authorized, issued and outstanding with redemption value of \$135,504, \$143,551, nil and nil as of December 31, 2022, 2023 and 2024, and June 30, 2025, respectively)	12	107,135	107,135	—	—

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ACCOUNTANTS' REPORT

	<i>Note</i>	As of December 31,			As of
		2022	2023	2024	June 30, 2025
Series B2 convertible redeemable Preferred Shares (\$0.0005 par value, 10,478,885 shares, 10,478,885 shares, nil and nil authorized, issued and outstanding with redemption value of \$88,683, \$94,148, nil and nil as of December 31, 2022, 2023 and 2024, and June 30, 2025, respectively) . . .	12	68,138	68,138	—	—
Series C convertible redeemable Preferred Shares (\$0.0005 par value, 57,896,414 shares, 57,896,414 shares, nil and nil authorized, issued and outstanding with redemption value of \$665,769, \$709,409, nil and nil as of December 31, 2022, 2023 and 2024, and June 30, 2025, respectively) . . .	12	559,087	559,087	—	—
Series C+ convertible redeemable Preferred Shares (\$0.0005 par value, 16,161,668 shares, 16,161,668 shares, nil and nil authorized as of December 31, 2022, 2023 and 2024, and June 30, 2025, respectively; and 16,161,021 shares, 16,161,021 shares, nil and nil issued and outstanding with redemption value of \$291,183, \$311,182, nil and nil as of December 31, 2022, 2023 and 2024, and June 30, 2025, respectively) . . .	12	249,884	249,884	—	—
Series D convertible redeemable Preferred Shares (\$0.0005 par value, 19,964,384 shares, 19,964,384 shares, nil and nil authorized as of December 31, 2022, 2023 and 2024, and June 30, 2025, respectively; and 7,453,371 shares, 11,614,287 shares, nil and nil issued and outstanding with redemption value of \$198,694, \$318,980, nil and nil as of December 31, 2022, 2023 and 2024, and June 30, 2025, respectively) . . .	12	181,595	285,530	—	—
Total mezzanine equity		1,257,497	1,361,278	—	—

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ACCOUNTANTS' REPORT

		As of December 31,			As of
	Note	2022	2023	2024	June 30, 2025
Pony AI Inc. shareholders’ (deficit) equity:					
Class A ordinary shares (\$0.0005 par value, 307,505,707 shares, 307,505,707 shares, 498,911,230 shares and 498,911,230 shares authorized as of December 31, 2022, 2023 and 2024, and June 30, 2025, respectively; 10,708,762 shares, 10,660,389 shares, 269,203,783 shares and 304,203,783 shares issued and outstanding as of December 31, 2022, 2023 and 2024, and June 30, 2025, respectively)	11	9	10	140	158
Class B ordinary shares (\$0.0005 par value, 81,088,770 shares, 81,088,770 shares, 81,088,770 shares and 81,088,770 shares authorized, issued and outstanding as of December 31, 2022, 2023 and 2024, and June 30, 2025, respectively)	11	35	35	35	35
Additional paid-in capital	11/12/13	63,200	57,759	2,228,444	2,234,712
Special reserve		91	148	220	292
Accumulated deficit		(614,659)	(739,528)	(1,287,851)	(1,384,009)
Accumulated other comprehensive (loss) income		(163)	4,326	10,134	2,175
Total Pony AI Inc. shareholders’ (deficit) equity.		(551,487)	(677,250)	951,122	853,363
Total liabilities, mezzanine equity and shareholders’ (deficit) equity.		1,013,798	1,119,044	1,633,655	1,647,370

PONY AI INC.

NOTES TO THE 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 People's Republic of China ("PRC") 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"). Refer to note 11 Ordinary Shares.

During the Track Record Period and as at the date of this report, the Company has direct and indirect shareholding/equity interests in the following subsidiaries:

Name of subsidiary (Note f)	Place the date of incorporation/establishment	Place of Establishment/Incorporation	Issued and fully paid share capital/registered capital	Shareholding/equity interest attributable to the Company as at				The date of this report	Principal activities	Notes
				December 31, 2022	December 31, 2023	December 31, 2024	June 30, 2025			
Pony.ai, Inc. 小马智行	November 15, 2016	Delaware, U.S.	As at December 31, 2022 and 2023: \$1.0 million As at December 31, 2024 and June 30, 2025 and date of this report: \$41.0 million	100%	100%	100%	100%	100%	Research, development and operation of autonomous driving passenger mobility service	(a)
Hongkong Pony AI Limited 小马智行有限公司	December 13, 2016	Hong Kong, PRC	USD nil	100%	100%	100%	100%	100%	Holding platform company	(b)
Beijing (ZX) Pony AI Technology Co., Ltd. ("Beijing ZX") 小马智行(北京)科技有限公司	December 19, 2016	Beijing, PRC	As at December 31, 2022 and 2023: nil (issued and fully paid capital)/RMB100.0 million As at December 31, 2024: RMB20.0 million (issued and fully paid capital)/RMB100.0 million As at June 30, 2025: RMB85.0 million (issued and fully paid capital)/RMB100.0 million As at the date of this report: RMB100.0 million	100%	100%	100%	100%	100%	Research, development and operation of autonomous driving passenger mobility service	(c), (h)
Beijing (HX) Pony AI Technology Co., Ltd. ("Beijing HX") 小马智行(北京)科技有限公司	April 1, 2017	Beijing, PRC	As at December 31, 2022: \$98.0 million (issued and fully paid capital)/\$120.0 million As at December 31, 2023: \$108.0 million (issued and fully paid capital)/\$120.0 million As at December 31, 2024: \$120.0 million As at June 30, 2025 and date of this report: \$128.0 million (issued and fully paid capital)/\$140.0 million	100%	100%	100%	100%	100%	Research, development and operation of autonomous freight and shareholding platform	(c), (h)

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ACCOUNTANTS' REPORT

Name of subsidiary (Note f)	Place the date of incorporation/ establishment	Place of Establishment/ Incorporation	Issued and fully paid share capital/registered capital	Shareholding/equity interest attributable to the Company as at				The date of this report	Principal activities	Notes
				December 31, 2022	December 31, 2023	December 31, 2024	June 30, 2025			
Guangzhou (ZX) Pony AI Technology Co., Ltd. ("Guangzhou ZX")	October 25, 2017	Guangdong, PRC	As at December 31, 2022 and 2023: nil (issued and fully paid capital)/ RMB100.0 million As at December 31, 2024 and June 30, 2025 and date of this report: RMB100.0 million	100%	100%	100%	100%	100%	Research, development and operation of autonomous driving passenger mobility service	(c), (h)
Guangzhou (HX) Pony AI Technology Co., Ltd. ("Guangzhou HX")	January 12, 2018	Guangdong, PRC	As at December 31, 2022: \$162.0 million As at December 31, 2023: \$162.0 million (issued and fully paid capital)/ \$213.0 million As at December 31, 2024: \$248.0 million As at June 30, 2025: \$299.0 million (issued and fully paid capital)/ \$348.0 million As at the date of this report: \$309.0 million (issued and fully paid capital)/ \$348.0 million	100%	100%	100%	100%	100%	Research, development and operation of autonomous driving passenger mobility service	(c), (h)
Guangzhou Bibi Technology Co., Ltd.	November 21, 2018	Guangdong, PRC	As at December 31, 2022, 2023, 2024, and June 30, 2025, and date of this report: nil (issued and fully paid capital)/ RMB10.0 million	100%	100%	100%	100%	100%	Testing and operation of autonomous passenger vehicles	(e), (h)
Beijing (YX) Pony AI Technology Co., Ltd. ("Beijing YX")	June 19, 2019	Beijing, PRC	As at December 31, 2022: \$174.0 million (issued and fully paid capital)/ \$300.0 million As at December 31, 2023: \$213.0 million (issued and fully paid capital)/ \$300.0 million As at December 31, 2024: \$243.0 million (issued and fully paid capital)/ \$300.0 million As at June 30, 2025: \$276.0 million (issued and fully paid capital)/ \$300.0 million As at the date of this report: \$285.0 million (issued and fully paid capital)/ \$300.0 million	100%	100%	100%	100%	100%	Research, development and operation of autonomous driving passenger mobility service	(c), (h)
Jiangsu Rye Data Technology Co., Ltd. ("Jiangsu RD")	July 18, 2019	Jiangsu, PRC	As at December 31, 2022, 2023, and 2024: RMB 6.0 million (issued and fully paid capital)/ RMB10.0 million As at June 30, 2025 RMB 10.0 million As the date of this report: RMB10.0 million (issued and fully paid capital)/RMB15.0 million	100%	100%	100%	100%	100%	Research and development of autonomous driving technology and data annotation	(e), (h)

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ACCOUNTANTS' REPORT

Name of subsidiary (Note f)	Place the date of incorporation/ establishment	Place of Establishment/ Incorporation	Issued and fully paid share capital/registered capital	Shareholding/equity interest attributable to the Company as at				The date of this report	Principal activities	Notes
				December 31, 2022	December 31, 2023	December 31, 2024	June 30, 2025			
Shanghai (YX) Pony AI Technology Co., Ltd. ("Shanghai YX")	May 29, 2020	Shanghai, PRC	As at December 31, 2022: RMB360.0 million (issued and fully paid capital)/ RMB600.0 million As at December 31, 2023, 2024 and June 30, 2025 and date of this report: RMB495.0 million (issued and fully paid capital)/ RMB600.0 million	100%	100%	100%	100%	100%	Research, development and operation of autonomous driving passenger mobility service	(e), (h)
Guangzhou (YX) Pony AI Technology Co., Ltd.	June 24, 2020	Guangdong, PRC	RMB30.0 million	100%	100%	100%	100%	100%	Research, development and operation of autonomous driving passenger mobility service	(e), (h)
Yancheng Poplar LLP	October 28, 2020	Tianjin, PRC	RMB26.0 million	62%	62%	62%	62%	62%	Investment platform company	(e), (i)
Guangzhou Pony Truck Technology Co., Ltd.	December 7, 2020	Guangdong, PRC	As at December 31, 2022: RMB68.0 million (issued and fully paid capital)/ RMB100.0 million As at December 31, 2023: RMB100.0 million As at December 31, 2024: RMB120.0 million (issued and fully paid capital)/ RMB130.0 million As at June 30, 2025: RMB135.0 million (issued and fully paid capital)/ RMB160.0 million As at the date of this report: RMB145.0 million (issued and fully paid capital)/ RMB160.0 million	100%	100%	100%	100%	100%	Research, development, testing and operation of robotrucks	(e), (h)
Beijing (RX) Pony AI Technology Co., Ltd.	December 14, 2020	Beijing, PRC	As at December 31, 2022: RMB230.0 million (issued and fully paid capital)/ RMB500.0 million As at December 31, 2023: RMB310.0 million (issued and fully paid capital)/ RMB500.0 million As at December 31, 2024 and date of this report: RMB347.0 million (issued and fully paid capital)/ RMB500.0 million As at June 30, 2025 and the date of this report: RMB370.0 million (issued and fully paid capital)/ RMB500.0 million	100%	100%	100%	100%	100%	Research, development and operation of autonomous driving passenger mobility service	(e), (h)
Beijing Pony Truck Technology Co., Ltd.	December 29, 2020	Beijing, PRC	As at December 31, 2022 and 2023: RMB55.0 million (issued and fully paid capital)/ RMB100.0 million As at December 31, 2024: RMB71.5 million (issued and fully paid capital)/ RMB100.0 million As at June 30, 2025: RMB80.0 million (issued and fully paid capital)/ RMB100.0 million As the date of this report: RMB85.0 million (issued and fully paid capital)/ RMB100.0 million	100%	100%	100%	100%	100%	Research, development, testing and operation of robotrucks	(e), (h)

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Name of subsidiary (Note f)	Place the date of incorporation/ establishment	Place of Establishment/ Incorporation	Issued and fully paid share capital/registered capital	Shareholding/equity interest attributable to the Company as at				The date of this report	Principal activities	Notes
				December 31, 2022	December 31, 2023	December 31, 2024	June 30, 2025			
Guangzhou Pony Intelligent Logistics Technology Co., Ltd. 广州小马智能物流科技有限公司	January 19, 2021	Guangdong, PRC	As at December 31, 2022 and 2023: RMB60.0 million (issued and fully paid capital)/ RMB100.0 million As at December 31, 2024: RMB69.5 million (issued and fully paid capital)/ RMB100.0 million As at June 30, 2025: RMB78.0 million (issued and fully paid capital)/ RMB100.0 million As at the date of this report: RMB82.5 million (issued and fully paid capital)/ RMB100.0 million	100%	100%	100%	100%	100%	Testing and operation of robotrucks	(e), (h)
Shenzhen (YX) Pony AI Technology Co., Ltd. ("Shenzhen YX") 深圳小马人工智能技术有限公司	April 8, 2021	Shenzhen, PRC	\$51.0 million	100%	100%	100%	100%	100%	Research, development and operation of autonomous driving passenger mobility service	(c), (h)
Cyantron Logistics Technology Co., Ltd. ("Cyantron Logistics") 小马物流科技有限公司	February 17, 2022	Guangdong, PRC	RMB100.0 million	51%	51%	51%	51%	51%	Holding platform company	(c), (g)
Shanghai (ZX) Pony AI Technology Development Co., Ltd. 上海小马人工智能技术开发有限公司	March 3, 2022	Shanghai, PRC	As at December 31, 2022: \$10.0 million (issued and fully paid capital)/ \$100.0 million As at December 31, 2023: \$26.0 million (issued and fully paid capital)/ \$100.0 million As at December 31, 2024: \$61.0 million (issued and fully paid capital)/ \$100.0 million As at June 30, 2025: \$66.0 million (issued and fully paid capital)/ \$100.0 million As at the date of this report: \$71.0 million (issued and fully paid capital)/ \$100.0 million	100%	100%	100%	100%	100%	Research, development and commercialization of autonomous driving technology	(c), (h)
Qingdao Cyantron Logistics Technology Co., Ltd. 青岛小马物流科技有限公司	March 14, 2022	Shandong, PRC	As at December 31, 2022: RMB50.0 million As at December 31, 2023: RMB75.0 million (issued and fully paid capital)/ RMB80.0 million As at December 31, 2024, June 30, 2025 and the date of this report: RMB80.0 million (issued and fully paid capital)/ RMB90.0 million	51%	51%	51%	51%	51%	Autonomous driving freight operation	(e), (g)

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Name of subsidiary (Note f)	Place the date of incorporation/ establishment	Place of Establishment/ Incorporation	Issued and fully paid share capital/registered capital	Shareholding/equity interest attributable to the Company as at				The date of this report	Principal activities	Notes
				December 31, 2022	December 31, 2023	December 31, 2024	June 30, 2025			
Pony.AI Europe S.à r.l.	September 4, 2024	Esch-sur-Alzette, Luxembourg	EUR0.2 million	N/A	N/A	100%	100%	100%	Research, development and operation of autonomous driving passenger mobility service	(d)
Pony AI – FZCO	April 22, 2025	Dubai, UAE	Nil	N/A	N/A	N/A	100%	100%	Research, development and operation of autonomous driving passenger mobility service	(d)
Company Pony AI	May 20, 2025	Riyadh, SAU	As at June 30, 2025 and date of this report: nil (issued and fully paid capital)/SAR 0.5 million	N/A	N/A	N/A	100%	100%	Research, development and operation of autonomous driving passenger mobility service	(d)

Notes:

- (a) No audited financial statements of Pony.ai, Inc. have been prepared since its respective date of incorporation as it is incorporated in the jurisdiction where there are no statutory audit requirements.
- (b) The statutory financial statements of Hongkong Pony AI Limited for each of the years ended December 31, 2022, 2023 and 2024 were prepared in accordance with HKFRSs issued by the HKICPA and were audited by Deloitte Touche Tohmatsu Certified Public Accountants registered in Hong Kong.
- (c) The statutory financial statements of these PRC enterprises for each of the years ended December 31, 2022, 2023 and 2024 were prepared in accordance with relevant accounting principles and financial regulations applicable to the PRC enterprises and were audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP Beijing Branch registered in the PRC.
- (d) No statutory audited financial statements of Pony.AI Europe S.à r.l., Pony AI – FZCO and Company Pony AI have been prepared since their respective dates of incorporation as they are incorporated in the jurisdiction where there are no statutory audit requirements.
- (e) No statutory audited financial statements of these PRC enterprises for each of the years ended December 31, 2022, 2023 and 2024 have been prepared.
- (f) None of the subsidiaries had issued any debt securities at the end of the year.
- (g) These non-wholly owned subsidiaries are limited liability companies established in the PRC.
- (h) These subsidiaries are wholly foreign owned enterprises and limited liability companies established in the PRC.
- (i) Such subsidiary is a partnership established in the PRC.

(b) Consolidated VIEs in the PRC

Applicable PRC laws and regulations prohibit or restrict entities with direct foreign ownership from engaging in certain businesses activities in the PRC. 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 PRC 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 mainland China are conducted exclusively through its subsidiaries and the Company began to consolidate all the Group's entities through its direct legal ownership.

The following is a summary of the contractual agreements entered into by and among the WFOEs, the VIEs and the VIEs' Nominee Stockholders which remained effective until the completion of Reorganization described above:

i) Contracts that give the Group effective control of the VIEs

Exclusive Purchase Option Agreements. The Nominee Stockholders of the VIEs have granted the WFOEs the exclusive and irrevocable right to purchase from the Nominee Stockholders, to the extent permitted under the PRC laws and regulations, part or all of the equity interests in these entities for a purchase price not higher than the paid in registered capital of such equity interests. The WFOEs may exercise such an option at any time. In addition, the VIEs and their Nominee Stockholders have agreed that without prior written consent of the WFOEs, they will not transfer or otherwise dispose of the equity interests or declare any dividend. The Nominee Stockholders of the VIEs must appoint the candidates nominated by the WFOEs to be the directors on their board of directors ("Board") in accordance with applicable laws and the articles of association of the VIEs.

Powers of Attorney. Pursuant to the irrevocable powers of attorney, each of the Nominee Stockholders appointed the WFOEs as their attorney-in-fact to exercise all shareholder rights under the PRC laws and the relevant articles of association, including but not limited to, voting on their behalf on all matters requiring shareholder approval, disposing of all or part of the Nominee Stockholders' equity interests, and electing, appointing or removing directors, the general managers and other senior executives of the VIEs. Each power of attorney will remain in force during the period when the Nominee Stockholders continue to be shareholders of the VIEs. Each of the Nominee Stockholders has waived all the rights which have been authorized to the WFOEs under each power of attorney.

Equity Pledge Agreements. Pursuant to the relevant equity pledge agreements, the Nominee Stockholders of the VIEs have pledged all of their equity interests in relevant VIEs to the WFOEs as collateral for all of their payments due to the WFOEs and to secure their obligations under the above agreements. The Nominee Stockholders may not transfer or assign the equity interests, the rights and obligations in the equity pledge agreements or create or permit to create any pledges which may have an adverse effect on the rights or benefits of the WFOEs without the WFOEs' pre-approval. The WFOEs are entitled to transfer or assign in full or in part the equity interests pledged. In the event of default, the WFOEs as the pledgee, will be entitled to dispose the pledged equity interests through transfer or assignment. The equity pledge agreements will expire when the Nominee Stockholders have completed all their payments and obligations under the above agreements unless otherwise terminated earlier by the WFOEs.

Spousal Consent Letters. Pursuant to the spousal consent letters executed by the spouses of respective Nominee Stockholders of the VIEs, the signing spouses confirm and agree to the execution of the Exclusive Purchase Option Agreements, the Exclusive Business Cooperation Agreements, the Equity Pledge Agreements and Powers of Attorney by the respective Nominee Stockholders. They further undertake not to hinder the disposal of the equity and not to make any assertions in connection with the equity of the VIEs held by the applicable Nominee Stockholders, and confirm that the applicable Nominee Stockholders can perform the relevant transaction documents described above and further amend or terminate such transaction documents without the authorization or consent from such spouse. The spouse of each applicable Nominee Stockholders agrees and undertakes that if he/she obtains any equity of the VIEs held by the applicable Nominee Stockholders for any reasons, he/she would be bound by the transaction documents.

ii) Contracts that enable the Group to receive substantially all of the economic benefits from the VIEs

Exclusive Business Cooperation Agreements. The WFOEs and the relevant VIEs entered into exclusive business cooperation agreements under which the relevant VIEs engage the WFOEs as their exclusive providers of technical support, intellectual property license, maintenance and other services. The VIEs shall pay to the WFOEs service fees with 100% of the VIEs' net profits, or any other amount determined by the WFOEs. The WFOEs exclusively own any intellectual property arising from the performance of the agreements. These contractual agreements have an initial term of ten years, and can be extended at the WFOEs' options prior to the expiration date. During the term of the agreements, the relevant VIEs may not enter into any agreement with third parties for the provision of identical or similar services without prior consent of the WFOEs.

iii) Risks in relation to the VIE structure

Part of the Group's business is conducted through the VIEs, of which the Company is the ultimate primary beneficiary. In the opinion of the management, the contractual arrangements with the VIEs and the Nominee Stockholders are in compliance with the PRC laws and regulations and are legally binding and enforceable. The Nominee Stockholders indicate they will not act contrary to the contractual arrangements. However, there are substantial uncertainties regarding the interpretation and application of the PRC laws and regulations including those that govern the contractual arrangements, which could limit the Group's ability to enforce these contractual arrangements and if the Nominee Stockholders of the VIEs were to reduce their interests in the Group, their interest may diverge from that of the Group and that may potentially increase the risk that they would seek to act contrary to the contractual arrangements. Therefore, the enforceability of the contractual agreements between the Group, the VIEs and VIEs' Nominee Stockholders depends on whether the Group's shareholders or their PRC subsidiaries will fulfill these contractual agreements. As a result, the Company may be unable to consolidate the VIEs and the VIEs' subsidiaries in the consolidated financial statements.

On March 15, 2019, the National People's Congress approved the Foreign Investment Law, which took effect on January 1, 2020. Along with the Foreign Investment Law, the Implementing Regulation of Foreign Investment Law promulgated by the State Council and the Interpretation of the Supreme People's Court on Several Issues Concerning the Application of the Foreign Investment Law promulgated by the Supreme People's Court became effective on January 1, 2020. Since the Foreign Investment Law and its current implementation and interpretation rules are relatively new, uncertainties still exist in relation to their further application and improvement. The Foreign Investment Law and its current implementation and interpretation rules do not explicitly classify whether VIEs that are controlled through contractual arrangements would be deemed as foreign-invested enterprises if they are ultimately "controlled" by foreign investors. However, it has a catch-all provision under the definition of "foreign investment" that includes investments made by foreign investors in China through other means as provided by laws, administrative regulations, or the State Council. Therefore, it still leaves leeway for future laws, administrative regulations, or provisions of the State Council to provide for contractual arrangements as a form of foreign investment. Therefore, there can be no assurance that the Group's control over the VIEs through contractual arrangements will not be deemed as a foreign investment in the future. Furthermore, if future laws, administrative regulations or provisions mandate further actions to be taken by companies with respect to existing contractual arrangements, the Group may face substantial uncertainties as to whether the Group can complete such actions in a timely manner, or at all. Failure to take timely and appropriate measures to cope with any of these or similar regulatory compliance challenges could materially and adversely affect the Group's current corporate structure and business operations.

If the Group is found in violation of any PRC laws or regulations or if the contractual arrangements among the WFOEs, the VIEs and the VIEs' Nominee Stockholders are determined as illegal or invalid by any PRC court, arbitral tribunal or regulatory authorities, the relevant governmental authorities would have broad discretion in dealing with such violation, including, without limitation:

- revoke the agreements constituting the contractual arrangements;
- revoke the Group's business and operating licenses;
- require the Group to discontinue or restrict operations;
- restrict the Group's right to collect revenue;
- restrict or prohibit the Group's use of the proceeds from the public offering to fund the Group's business and operations in China;
- shut down all or part of the Group's websites or services;
- levy fines on the Group or confiscate the proceeds that they deem to have been obtained through non-compliant operations;
- require the Group to restructure the operations in such a way as to compel the Group to establish a new enterprise, re-apply for the necessary licenses or relocate the Group's businesses, staff, and assets;
- impose additional conditions or requirements with which the Group may not be able to comply; or
- take other regulatory or enforcement actions that could be harmful to the Group's business.

The imposition of any of these penalties may result in a material and adverse effect on the Group's ability to conduct its businesses. In addition, if the imposition of any of these penalties causes the Group to lose the right to direct the activities of the VIEs (through its equity interests in its subsidiaries) or the right to receive its economic benefits, the Group will no longer be able to consolidate the VIEs and the VIEs' subsidiaries, if any. In the opinion of management, the likelihood of loss in respect of the Group's current ownership structure or the contractual arrangements with its VIEs is remote. The Group's operations depend on the VIEs and the VIEs' Nominee Stockholders to honor their contractual arrangements with the Group. These contractual arrangements are governed by the PRC law and disputes arising out of these agreements are expected to be decided by arbitration in the PRC. The management believes that each of the contractual arrangements constitutes valid and legally binding obligations of each party to such contractual arrangements under the PRC laws. However, the interpretation and implementation of the laws and regulations in the PRC and their application on the legality, binding effect and enforceability of contracts are subject to the discretion of competent PRC authorities, and therefore there is no assurance that relevant PRC authorities will take the same position as the Group herein in respect of the legality, binding effect and enforceability of each of the contractual arrangements. Meanwhile, since the PRC legal system continues to evolve, the interpretations of many laws, regulations and rules are not always uniform and enforcement of these laws, regulations and rules involve uncertainties, which may limit legal protections available to the Group to enforce the contractual arrangements should the VIEs or the VIEs' Nominee Stockholders fail to perform their obligations under those arrangements.

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The financial information of the consolidated VIEs and the VIEs' subsidiaries as of December 31, 2022 and 2023, after eliminating the intercompany balances and transaction, is as follows. The information as of December 31, 2024 and June 30, 2025 is not included as it has become inapplicable following the completion of the Reorganization.

	As of December 31,	
	2022	2023
Current assets:		
Cash and cash equivalents	31,607	16,863
Restricted cash, current	1,806	—
Short-term investments	—	4,238
Accounts receivable, net	1,343	11,921
Amounts due from related parties	1,831	165
Prepaid expenses and other current assets	7,073	8,958
Non-current assets:		
Property, equipment and software, net	11,558	4,251
Operating right-of-use assets	1,677	851
Long-term investments	14,389	16,078
Other non-current assets	6,327	4,515
Total assets	77,611	67,840
Current liabilities:		
Accounts payable and other current liabilities	8,104	7,146
Operating lease liabilities, current	899	768
Non-current liabilities:		
Operating lease liabilities, non-current	795	14
Other non-current liabilities	—	57
Total liabilities	9,798	7,985
	Year ended December 31,	
	2022	2023
Revenues	15,378	22,679
Net loss	(13,466)	(16,467)
Net cash used in operating activities	(6,331)	(7,806)
Net cash used in investing activities	(2,980)	(4,825)
Net cash used in financing activities	(568)	—

The VIEs contributed an aggregate of 22.5% and 31.5% of the consolidated net revenues for the years ended December 31, 2022 and 2023, respectively. As of December 31, 2022 and 2023, the VIEs accounted for an aggregate of 10.1% and 9.1%, respectively, of the consolidated total assets, and 18.3% and 15.4%, respectively, of the consolidated total liabilities. The assets that were not associated with the VIEs primarily consist of cash and cash equivalents, short-term investments and long-term investments. There are no consolidated VIEs' assets that are collateral for the VIEs' obligations and can only be used to settle the VIEs' obligations. There are no creditors (or beneficial interest holders) of the VIEs that have recourse to the general credit of the Company or any of its consolidated subsidiaries. There are no terms in any arrangements, considering both explicit arrangements and implicit variable interests that require the Company or its subsidiaries to provide financial support to the VIEs. However, if the VIEs ever need financial support, the Company or its subsidiaries may, at its option and subject to statutory limits and restrictions, provide financial support to its VIEs through loans to the shareholders of the VIEs or entrustment loans to the VIEs. Relevant PRC laws and regulations restrict the VIEs from transferring a portion of their net assets, equivalent to the balance of their statutory reserve and their share capital, to the Company in the form of loans and advances or cash dividends. Please refer to note 18 for disclosure of restricted net assets. The Group may lose the ability to use and enjoy assets held by the VIEs that are important to the operation of business if the VIEs declare bankruptcy or become subject to a dissolution or liquidation proceeding.

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.

(c) Liquidity

The Group incurred net loss of \$148.3 million, \$125.3 million, \$275.0 million, \$51.8 million (unaudited) and \$90.6 million for the years ended December 31, 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, respectively. Net cash used in operating activities was \$154.8 million, \$115.4 million, \$110.8 million, \$59.1 million (unaudited) and \$79.6 million for the years ended December 31, 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, respectively. Accumulated deficit was \$614.7 million, \$739.5 million, \$1,287.9 million and \$1,384.0 million as of December 31, 2022, 2023 and 2024, and June 30, 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, 2022, 2023 and 2024, and June 30, 2025, the Group had \$316.3 million, \$426.0 million, \$536.0 million and \$318.5 million of cash and cash equivalents, \$261.6 million, \$163.6 million, \$209.0 million and \$289.5 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 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, its subsidiaries, the consolidated VIEs and the VIEs' subsidiaries for which the Company are the primary beneficiary.

All transactions and balances among the Company, its subsidiaries, the consolidated VIEs and the VIEs' 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 warrants liability, valuation allowance for deferred tax assets, 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.

(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 sheets based on their remaining contractual maturities. Investments in marketable debt securities consist of asset-backed securities, Canada treasury securities, commercial paper, corporate bonds, supranational securities, U.S. agencies securities, U.S. treasury securities, treasury bill, sovereign government 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 sheets 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 statements 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 sheets with corresponding adjustment on the consolidated statements 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 (loss) income as a component of shareholders' (deficit) equity. As of December 31, 2022, 2023 and 2024, and June 30, 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. The investments with readily determinable fair values are reported at fair value, with unrealized gains and losses recorded in other income (expenses), net.

(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, 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 (loss) income 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 (expenses), 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 statements 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.

(i) Accounts receivable and allowance for doubtful accounts

Trade 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. Although the Group historically has not experienced significant credit losses, it will continue to periodically review the allowance and make necessary adjustments accordingly.

Accounts receivable deemed uncollectible are charged against the allowance for doubtful accounts when identified. As of December 31, 2022, 2023 and 2024, and June 30, 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	3-6 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	2-5 years
Finance lease right-of-use assets	3-8 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, 2022, 2023 and 2024, and June 30, 2025, construction in progress in the amount of \$125, \$7, \$597 and \$8.1 million, respectively, was primarily relating to the construction of leasehold improvements and assembly of autonomous vehicles.

(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.

Revenues disaggregated by nature for the years ended December 31, 2022, 2023 and 2024, and the six months ended June 30, 2024 and 2025 consist of the following:

	Year Ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
				(unaudited)	
Engineering solution services	44,959	40,634	27,984	6,195	7,254
Virtual driver operation services	21,421	23,912	39,431	17,971	14,431
Sales of products	2,006	7,353	7,610	554	13,749
Total	68,386	71,899	75,025	24,720	35,434

Revenues disaggregated by timing of revenue recognition for the years ended December 31, 2022, 2023 and 2024, and the six months ended June 30, 2024 and 2025 consist of the following:

	Year Ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
				(unaudited)	
A point in time	46,965	46,600	31,551	5,452	18,179
Overtime	21,421	25,299	43,474	19,268	17,255
Total	68,386	71,899	75,025	24,720	35,434

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, software licensing 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"). 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.

ii) Virtual driver operation services

The Group's virtual driver operation service revenues are primarily generated from the operation of the driverless taxi services and robotruck logistics services.

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 services. The robotaxi services 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 driverless taxi 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.

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 June 30, 2025. Revenues recognized for the years ended December 31, 2022, 2023, 2024 and the six months ended June 30, 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.

(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.

(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 PRC and U.S.. 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 statements 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 sheets 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.

(r) Government subsidies

The government subsidies provided by the local government mainly included funding to support the growth of the Group. Government subsidies are mainly recognized upon receipt as government subsidies income because the subsidies are not intended to compensate for specific expenditure, not subject to future return or not related to future performance obligation. For the years ended December 31, 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, \$7.6 million, \$7.1 million, \$6.5 million, \$1.3 million (unaudited) and \$1.5 million were received and recognized as other income (expenses), net on the consolidated statements of operations and comprehensive loss, respectively.

(s) Employee defined contribution plan

PRC Contribution Plan

Full-time employees of the Group in the PRC participate in a government-mandated multi-employer 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 \$13.5 million, \$13.2 million, \$14.6 million, \$7.1 million (unaudited) and \$8.1 million for the years ended December 31, 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, respectively.

U.S. Contribution Plan

The Group sponsored a qualified 401(k) defined contribution plan covering eligible employees starting January 1, 2020. For the year ended December 31, 2022, the Group's contribution method was to match employee's elective deferrals on a dollar-for-dollar basis up to 3% of the employee's compensation. The Group incurred \$0.8 million of 401(k) and Simple Individual Retirement Account ("IRA") employer match expenses for the year ended December 31, 2022. Under both plans, participants may contribute a portion of their annual compensation limited to a maximum annual amount set by the Internal Revenue Service. The Group has decided to discontinue the contribution plan starting from 2023, therefore the Group did not incur any of 401(k) and IRA employer match expenses for the years ended December 31, 2023 and 2024 and the six months ended June 30, 2024 (unaudited) and 2025, respectively.

(t) 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, 2022, 2023 and 2024, and June 30, 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.

(u) PRC Value-added tax ("VAT")

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

(v) 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.

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. Except for the transfer described in note 5(a), there were no other transfers between Level 1, Level 2 and Level 3 investments during the years ended December 31, 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025. The carrying amounts of accounts receivable, amounts due from related parties, current and accounts payable approximates the fair value because of their short-term nature.

(w) Foreign currency

The Group's reporting 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 Mainland China 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 (loss) income, 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 (expenses), net.

(x) 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.

(y) Non-controlling interests

The Company's 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 Company's consolidated statements of operations and comprehensive loss.

(z) 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.

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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/period. 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/period. 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.

(aa) 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 statements 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 PRC and the U.S. The long-lived assets as of December 31, 2022, 2023 and 2024, and June 30, 2025, are as follows:

	As of December 31,			As of June 30, 2025
	2022	2023	2024	
The PRC	31,360	18,179	28,633	43,117
The U.S.	3,605	3,660	1,950	2,664
Total	34,965	21,839	30,583	45,781

For the years ended December 31, 2022, 2023 and 2024, and the six months ended June 30, 2024 and 2025, the Group's total revenues by geographic area are as follows:

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
				<i>(unaudited)</i>	
The PRC	57,859	71,578	74,421	24,527	35,385
The U.S.	10,527	321	604	193	49
Total	68,386	71,899	75,025	24,720	35,434

(ab) Recently issued accounting pronouncements

The Company is an emerging growth company ("EGC") as defined by the Jumpstart Our Business Startups Act ("JOBS Act"). The JOBS Act provides that an EGC can take advantage of extended transition periods for complying with new or revised accounting standards. This allows an EGC to delay adoption of certain accounting standards until those standards would otherwise apply to private companies. The Company elected to take advantage of the extended transition periods. However, this election will not apply should the Company cease to be classified as an EGC.

New accounting standards which have been adopted

In November 2023, the Financial Accounting Standards Board ("FASB") issued ASU No. 2023-07, *Segment Reporting* (Topic 280): Improvements to Reportable Segment Disclosures, which aims to improve financial reporting by requiring disclosure of incremental segment information on an annual and interim basis to enable investors to develop more decision-useful financial analyses. ASU 2023-07 is effective for fiscal years beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. The Company adopted ASU 2023-07 on January 1, 2024 and the adoption of this ASU does not have material impact to the consolidated financial statements. Refer to Note 2. Summary Of Significant Accounting Policies — (aa) Segment reporting.

Recent accounting pronouncements not yet adopted

In December 2023, the 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 (2025 for calendar-year-end public business entities) and for interim periods for fiscal years beginning after December 15, 2025. Early adoption is permitted. The Group does not expect the adoption of the ASU to have an impact on the consolidated financial statements.

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.

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 amendments is effective for annual reporting periods beginning after December 15, 2025, and requires prospective application. The Group does not expect the adoption of the ASU to have a material impact on the consolidated financial statements.

3. CONCENTRATIONS AND RISKS**(a) Concentration of customers and suppliers**

Three customers represented 31.0 %, 15.4% and 12.3%, respectively, of the total revenues for the year ended December 31, 2022. 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. One customer represented 49.9% (unaudited) of the total revenues for the six months ended June 30, 2024. Three customers represented 31.4%, 16.8% and 15.7% of the total revenues for the six months ended June 30, 2025, respectively. 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, 2022, 2023, 2024 and the six months ended June 30, 2025. One supplier represented 15.4% (unaudited) of the total purchases for the six months ended June 30, 2024. Three customers accounted for 40.5%, 24.7% and 10.6%, respectively, of the total accounts receivable as of December 31, 2022. Four customers accounted for 24.5%, 16.5%, 16.1% and 13.3%, respectively, of the total accounts receivable as of December 31, 2023. Two customers accounted for 17.9% and 11.3%, respectively, of the total accounts receivable as of December 31, 2024, while there is no customer from whom accounted for greater than 10% of the total accounts receivable as of June 30, 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 PRC 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 \$162.1 million, \$166.8 million and \$126.6 million and \$144.4 million as of December 31, 2022, 2023 and 2024, and June 30, 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 PRC foreign exchange trading system market. In the PRC, 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 PRC must be processed through the PBOC or other Chinese foreign exchange regulatory bodies which require certain supporting documentation in order to process the remittance.

(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 9%, 2%, 1% and 0.7% (unaudited) for the years ended December 31, 2022, 2023, 2024 and the six months ended June 30, 2024, respectively. The appreciation of the RMB against the US\$ was approximately 0.4% for the six months ended June 30, 2025. It is difficult to predict how market forces or the PRC 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 sheets. The following is a summary of the Group's investments in marketable debt securities as of December 31, 2022, 2023 and 2024, and June 30, 2025:

As of December 31, 2022				
	Amortized Cost	Gross Unrealized Gain	Gross Unrealized Loss	Estimated Fair Value
Asset backed securities	30,408	—	(635)	29,773
Canada treasury securities	1,999	—	(7)	1,992
Commercial paper	22,925	—	—	22,925
Corporate bonds	108,337	—	(1,682)	106,655
Supranational securities	8,459	—	(51)	8,408
U.S. agencies securities	13,994	—	(402)	13,592
U.S. treasury securities	24,012	—	(469)	23,543
Yankee bonds	17,305	—	(114)	17,191
Wealth management products	87,920	115	—	88,035
Total	315,359	115	(3,360)	312,114

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As of December 31, 2023				
	Amortized Cost	Gross Unrealized Gain	Gross Unrealized Loss	Estimated Fair Value
Asset backed securities	1,962	—	(29)	1,933
Corporate bonds	14,211	—	(82)	14,129
Yankee bonds	6,500	—	—	6,500
Wealth management products	66,272	97	—	66,369
Total	88,945	97	(111)	88,931

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

As of June 30, 2025				
	Amortized Cost	Gross Unrealized Gain	Gross Unrealized Loss	Estimated Fair Value
Asset backed securities	42,094	17	—	42,111
Commercial paper	1,169	—	—	1,169
Corporate bonds	187,444	76	—	187,520
Sovereign government securities	3,756	20	—	3,776
Treasury bill	31,346	—	(11)	31,335
U.S. treasury securities	20,833	23	—	20,856
Yankee bonds	6,942	1	—	6,943
Wealth management products	53,631	170	—	53,801
Total	347,215	307	(11)	347,511

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, certificate of deposits and convertible bonds. The following is a summary of long-term investments:

The Group

	As of December 31,			As of June 30, 2025
	2022	2023	2024	
Investments in marketable debt securities (note 6)	50,471	1,933	58,373	104,272
Debt investments in investees' preferred shares (note 5a and note 6)	29,702	49,307	35,076	18,459
Equity investment without readily determinable fair values (note 5d)	480	472	465	28,405
Equity method investment (note 5b)	—	—	15,368	15,461
Term deposits and certificate of deposits (note 6)	—	—	21,517	35,180
Convertible bonds (note 5c and note 6)	—	—	—	12,365
Total	80,653	51,712	130,799	214,142

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The Company

	As of December 31,			As of
	2022	2023	2024	June 30, 2025
Investments in marketable debt securities				
(note 6)	50,471	1,933	58,373	104,272
Convertible bonds (note 5c)	—	—	—	12,365
Total	50,471	1,933	58,373	116,637

(a) Debt investments in investees' preferred shares

In January 2021, the Group invested in the convertible redeemable preferred shares of a private company which engaged in graphics processing unit ("GPU") computing technology and service at the amount of \$4.0 million. In January 2025, the Group disposed a portion of the investment for cash consideration of \$16.7 million, which is based on the fair value of the investment as of the disposal date, resulting in a reclassification of accumulated realized gain of \$15.0 million from other comprehensive income to investment income.

In July 2022 and April 2023, the Group invested in the convertible redeemable preferred shares of a company engaged in the app-based ride-hailing vehicle business at cash consideration of \$15.0 million and \$15.0 million, respectively. Considering the substantive redemption rights, the Group classified these investments as available-for-sale investments, recorded under long-term investments on the consolidated balance sheets as of December 31, 2022 and 2023. In July 2024, along with the listing of the investee, the Group's preferred shares in the investee were automatically converted into ordinary shares, and the Group measured the fair value of its investments in ordinary shares using the market approach based on the quoted stock price of the investee and has classified it as Level 1 measurement. Since the Group does not intend to hold the listed common shares more than twelve months, the investment of \$38.7 million has been reclassified to short-term investments as equity investment with readily determinable fair values since the investee's listing date. As of December 31, 2024, the balance of this investment of \$19.7 million was recorded in the short-term investments. For the years ended December 31, 2024, \$17.2 million unrealized loss was recorded in other income (expenses), net.

For the years ended December 31, 2022, 2023, 2024 and the six months ended June 30, 2025, \$5.6 million, \$4.8 million, \$24.7 million and nil unrealized gain was recorded in other comprehensive income, respectively.

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 discount for lack of marketability ("DLOM"). The DLOM used to measure the fair value of the investments is 14% to 26% during the Track Record Period. A 5% increase/decrease in the DLOM used in isolation would decrease/increase the carrying amount of these available-for-sale investments by \$1.8 million to \$3.1 million during the Track Record Period.

As of December 31, 2022, 2023 and 2024, and June 30, 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, 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 on 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 sheets, with unrealized gains and losses recorded in accumulated other comprehensive (loss) income. For the six months ended June 30, 2025, the Company recorded an unrealized gain of \$1.0 million in accumulated other comprehensive income based on its fair value.

(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 unaudited condensed consolidated statements 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,			Six months ended
	2022	2023	2024	June 30, 2025
Fair value of available-for-sale debt investments at the beginning of the year/period (Level 3)	10,110	29,702	49,307	35,076
Additions — initial investment	15,000	15,000	—	10,486
Reclass to short-term investments (note 5a)	—	—	(38,738)	—
Change in fair value	5,620	4,828	24,736	1,040
Disposal of available-for-sale debt investment	—	—	—	(16,693)
Foreign currency translation adjustment	(1,028)	(223)	(229)	915
Fair value of available-for-sale debt investments at the end of the year/period (Level 3)	29,702	49,307	35,076	30,824

6. FAIR VALUE MEASUREMENTS

Fair value measurements or disclosed on a recurring basis

The Group

The fair value measurements of assets and liabilities that are measured or disclosed at fair value on a recurring basis as of December 31, 2022, 2023 and 2024, and June 30, 2025, are as follows:

Category	As of December 31, 2022			
	Level 1	Level 2	Level 3	Total
Cash equivalents:				
Commercial paper	—	42,928	—	42,928
Corporate bonds	—	2,998	—	2,998
Money market funds	38,954	—	—	38,954
Subtotal	38,954	45,926	—	84,880
Short-term investments:				
Asset backed securities	—	4,495	—	4,495
Canada treasury securities	—	1,992	—	1,992
Commercial paper	—	22,925	—	22,925
Corporate bonds	—	87,931	—	87,931
Supranational securities	—	8,408	—	8,408
U.S. agencies securities	—	13,592	—	13,592
U.S. treasury securities	23,543	—	—	23,543
Yankee bonds	—	10,722	—	10,722
Wealth management products	—	88,035	—	88,035
Marketable debt securities (note 4)	23,543	238,100	—	261,643
Subtotal	23,543	238,100	—	261,643
Long-term investments:				
Asset backed securities	—	25,278	—	25,278
Corporate bonds	—	18,724	—	18,724
Yankee bonds	—	6,469	—	6,469
Marketable debt securities (note 4)	—	50,471	—	50,471
Debt investments in investees' preferred shares (note 5a)	—	—	29,702	29,702
Subtotal	—	50,471	29,702	80,173
Total assets at fair value	62,497	334,497	29,702	426,696
Warrants liability (note 12)	—	—	2,516	2,516

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Category	As of December 31, 2023			
	Level 1	Level 2	Level 3	Total
Cash equivalents:				
Commercial paper	—	77,370	—	77,370
Corporate bonds	—	4,749	—	4,749
Money market funds	117,492	—	—	117,492
Subtotal.	117,492	82,119	—	199,611
Short-term investments:				
Corporate bonds	—	14,129	—	14,129
Yankee bonds	—	6,500	—	6,500
Wealth management products	—	66,369	—	66,369
Marketable debt securities				
(note 4)	—	86,998	—	86,998
Equity investment with readily determinable fair values (note b)	5,273	—	—	5,273
Equity securities	5,273	—	—	5,273
Term deposits and certificate of deposits (note a)	—	71,323	—	71,323
Subtotal:	5,273	158,321	—	163,594
Long-term investments:				
Asset backed securities	—	1,933	—	1,933
Marketable debt securities				
(note 4)	—	1,933	—	1,933
Debt investments in investees' preferred shares (note 5a)	—	—	49,307	49,307
Subtotal.	—	1,933	49,307	51,240
Total assets at fair value	122,765	242,373	49,307	414,445
Warrants liability (note 12)	—	—	5,617	5,617

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As of December 31, 2024				
Category	Level 1	Level 2	Level 3	Total
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
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 at fair value	31,983	261,430	35,076	328,489

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ACCOUNTANTS' REPORT

As of June 30, 2025				
Category	Level 1	Level 2	Level 3	Total
Cash equivalents:				
Corporate bonds	—	1,497	—	1,497
Treasury bill	—	30,160	—	30,160
Certificate of deposits	—	500	—	500
Subtotal	—	32,157	—	32,157
Short-term investments:				
Commercial paper	—	1,169	—	1,169
Corporate bonds	—	145,140	—	145,140
Treasury bill	—	31,335	—	31,335
U.S. treasury securities	9,819	—	—	9,819
Sovereign government securities	1,324	—	—	1,324
Yankee bonds	—	5,683	—	5,683
Wealth management products	—	48,769	—	48,769
Marketable debt securities (note 4)	11,143	232,096	—	243,239
Equity investment with readily determinable fair values (note b and note 5a)	17,971	—	—	17,971
Equity securities	17,971	—	—	17,971
Term deposits and certificate of deposits (note a)	—	28,283	—	28,283
Subtotal	29,114	260,379	—	289,493
Long-term investments:				
Asset backed securities	—	42,111	—	42,111
Corporate bonds	—	42,380	—	42,380
U.S. treasury securities	11,037	—	—	11,037
Yankee bonds	—	1,260	—	1,260
Sovereign government security	2,452	—	—	2,452
Wealth management products	—	5,032	—	5,032
Marketable debt securities (note 4)	13,489	90,783	—	104,272
Debt investments in investees' preferred shares (note 5a)	—	—	18,459	18,459
Convertible bonds (note 5c)	—	—	12,365	12,365
Term deposits and certificate of deposits (note a and note 5)	—	35,180	—	35,180
Subtotal	13,489	125,963	30,824	170,276
Total assets at fair value	42,603	418,499	30,824	491,926

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: The Group measured the fair value of its investment in common shares using the market approach based on the quoted stock price of its investees in the active market and classified it as Level 1 measurement.

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As of December 31, 2023, the balance of the investment was \$5.3 million, with a decrease of \$4.7 million from fair value change recorded in other income (expenses), net. The investment represents accounts receivable for engineering solution services provided in 2022, subsequently in 2023 settled in shares issued by a customer, whose shares are publicly traded. This investment has been disposed in September 2024, with realized loss of \$1.0 million on disposal date recorded in investment income.

As of December 31, 2024, the balance of the investments was \$24.0 million, which includes a new equity investment of \$4.3 million in the common shares of one listed company and another equity investment of \$19.7 million reclassified from long-term investments (refer to note 5a). For the new equity investment, \$1.0 million decrease in fair value was recorded in other income (expenses), net.

As of June 30, 2025, the balance of the investments was \$18.0 million, which includes equity investment of \$13.9 million and \$4.1 million in the common shares of two listed companies. During the six months ended June 30, 2025, \$6.0 million decrease in fair value of equity investments was recorded in other income (expenses), net.

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

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
				(unaudited)	
Balance at the beginning of the year/period	—	2,516	5,617	5,617	—
Issuance of warrants	6,429	—	—	—	—
Change in fair value	(3,887)	3,030	(5,617)	(5,617)	—
Exercise of the warrants	(26)	71	—	—	—
Balance at the end of the year/period	2,516	5,617	—	—	—

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 nonrecurring basis when there is an orderly transaction for identical or similar investments of the same issuer.

The Company

	As of December 31, 2022			
	Level 1	Level 2	Level 3	Total
Asset backed securities	—	4,495	—	4,495
Canada treasury securities	—	1,992	—	1,992
Commercial paper	—	22,925	—	22,925
Corporate bonds	—	87,931	—	87,931
Supranational securities	—	8,408	—	8,408
U.S. agencies securities	—	13,592	—	13,592
U.S. treasury securities	23,543	—	—	23,543
Yankee bonds	—	10,722	—	10,722
Wealth management products	—	36,516	—	36,516
Total short-term investments at fair value	23,543	186,581	—	210,124

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ACCOUNTANTS' REPORT

As of December 31, 2023				
	Level 1	Level 2	Level 3	Total
Corporate bonds	—	14,129	—	14,129
Yankee bonds	—	6,500	—	6,500
Term deposits and certificate of deposits	—	40,527	—	40,527
Total short-term investments at fair value	—	61,156	—	61,156

As of December 31, 2024				
	Level 1	Level 2	Level 3	Total
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
Term deposits and certificate of deposits	—	6,344	—	6,344
Total short-term investments at fair value	1,948	71,977	—	73,925

As of June 30, 2025				
	Level 1	Level 2	Level 3	Total
Commercial paper	—	1,169	—	1,169
Corporate bonds	—	145,140	—	145,140
Treasury bill	—	31,335	—	31,335
U.S. treasury securities	9,819	—	—	9,819
Sovereign government securities	1,324	—	—	1,324
Yankee bonds	—	5,683	—	5,683
Term deposits and certificate of deposits	—	6,344	—	6,344
Total short-term investments at fair value	11,143	189,671	—	200,814

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ACCOUNTANTS' REPORT

7. PROPERTY, EQUIPMENT AND SOFTWARE, NET

Property, equipment and software as of December 31, 2022, 2023 and 2024, and June 30, 2025, consist of the following:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
Computer and equipment	30,585	30,124	37,032	42,659
Vehicle and equipment	22,639	22,694	24,577	25,322
Leasehold improvements	6,263	6,199	4,728	4,780
Software	1,191	2,405	2,527	2,695
Furniture and fixtures	552	544	541	577
Finance lease right-of-use assets	3,526	4,650	5,201	5,222
Total property, equipment and software	64,756	66,616	74,606	81,255
Less: accumulated depreciation and amortization	(38,054)	(51,203)	(57,962)	(59,948)
Construction in progress	125	7	597	8,136
Property, equipment and software, net	26,827	15,420	17,241	29,443

Total depreciation and amortization expenses for the six months ended June 30, 2025 were \$3.2 million (\$0.5 million relates to amortization of property and equipment acquired under finance leases), including \$0.7 million in the cost of revenues, \$2.3 million in R&D expenses and \$0.2 million in selling, general and administrative expenses, respectively, on the consolidated statements of operations and comprehensive loss. Total depreciation and amortization expenses for the six months ended June 30, 2024 were \$5.5 million (unaudited) (\$0.8 million (unaudited) relates to amortization of property and equipment acquired under finance leases), including \$0.9 million (unaudited) in cost of revenues, \$4.2 million (unaudited) in R&D expenses, and \$0.4 million (unaudited) in selling, general and administrative expenses, respectively, on the consolidated statements 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 statements 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 statements of operations and comprehensive loss. Total depreciation and amortization expenses for the year ended December 31, 2022 were \$17.6 million (\$0.8 million relates to amortization of property and equipment acquired under finance leases), including \$1.1 million in cost of revenues, \$15.8 million in R&D expenses, and \$0.7 million in selling, general and administrative expenses, respectively, on the consolidated statements of operations and comprehensive loss.

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8. ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES

The Group

Accounts payable and other current liabilities as of December 31, 2022, 2023 and 2024, and June 30, 2025 consist of the following:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
Payable related to employees' exercise of share-based awards (note a)	—	—	—	40,730
Payroll and related expenses	15,587	16,070	23,741	17,045
Payables and accrued expenses for goods or services	10,048	13,751	25,665	27,444
Advance from long-term investments disposal	—	—	8,347	—
Contract liabilities	4,921	2,406	3,229	2,051
Loans payable to potential investors (note 12)	3,946	—	—	—
Tax payables	3,195	2,411	1,812	16,695
Warrants liability (note 12)	2,516	5,617	—	—
Finance lease liabilities (note 9)	1,245	1,244	532	369
Amounts reimbursable to employees	549	734	761	741
Welfare payable	269	271	281	292
Others	1,766	1,795	2,180	2,437
Total	44,042	44,299	66,548	107,804

Note a: This is primarily due to employee stock sales, with funds collected on behalf of employees by the Group, which has been distributed to such employees after withholding taxes are deducted.

The Company

Accounts payable and other current liabilities as of December 31, 2022, 2023 and 2024, and June 30, 2025 consist of the following:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
Payroll and related expenses	—	—	17	17
Payables and accrued expenses for goods or services	1,882	1,492	4,240	7,496
Warrants liability (note 12)	2,516	5,617	—	—
Others	749	1,328	1,371	1,423
Total	5,147	8,437	5,628	8,936

9. LEASE

The Group leases office spaces and warehouses in several cities in the PRC and the U.S. under operating leases, and logistics vehicles and containers in the PRC 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 June 30, 2025, the Group did not have additional operating leases or finance leases that have not yet commenced.

Total operating lease expenses for the six months ended June 30, 2024 and 2025 were \$2.1 million (unaudited) and \$2.9 million, respectively, which were recorded in cost of revenues, R&D expenses, and selling, general and administrative expenses on the consolidated statements of operations and comprehensive loss. Total operating lease expenses for the years ended December 31, 2022, 2023 and 2024 were \$4.9 million, \$4.3 million and \$4.8 million, respectively, which were recorded in cost of revenues, R&D expenses, and selling, general and administrative expenses on the consolidated statements of operations and comprehensive loss. Short-term lease cost for the six months ended June 30, 2024 and 2025 was \$0.7 million (unaudited) and \$0.9 million, respectively. Short-term lease cost for the years ended December 31, 2022, 2023 and 2024 was \$1.1 million, \$1.5 million and \$1.4 million, respectively.

Property and equipment acquired under finance leases was \$1.3 million as of June 30, 2025, recorded in "Property, equipment and software, net", and corresponding current and non-current finance lease liabilities were \$0.4 million and \$1.0 million, respectively, as of June 30, 2025, 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 \$0.5 million and \$31 for the six months ended June 30, 2025, and were \$0.7 million (unaudited) and \$0.1 million (unaudited) for the six months ended June 30, 2024. Total amortization expenses for the finance lease right-of-use assets and the interest expenses on the finance lease liabilities were \$0.8 million and \$0.1 million for the year ended December 31, 2022, were \$1.2 million and \$0.1 million for the year ended December 31, 2023, and were \$1.4 million and \$0.1 million for the year ended December 31, 2024. Amortization expenses and interest expenses were included in cost of revenues and other income (expenses), net on the consolidated statements of operations and comprehensive loss, respectively.

	As of December 31,			As of June 30,
	2022	2023	2024	2025
Operating leases				
Right-of-use assets	8,138	6,419	13,342	16,338
Lease liabilities, current	4,058	3,866	3,438	4,825
Lease liabilities, non-current	3,788	2,246	9,835	11,928
Finance leases				
Right-of-use assets	2,688	2,636	1,794	1,347
Lease liabilities, current (note 8)	1,245	1,244	532	369
Lease liabilities, non-current	1,352	1,187	1,156	976

	For the year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
				(unaudited)	
Cash paid for amounts included in the measurement of lease liabilities:					
Operating cash used in operating leases	5,718	4,178	4,603	2,185	2,317
Operating cash used in finance leases	96	77	111	61	38
Financing cash used in finance leases	853	1,061	1,015	710	764

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	For the year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
				(unaudited)	
Non-cash right-of-use assets in exchange for new lease liabilities:					
Operating leases	5,336	3,424	11,377	—	5,510
Finance leases	2,597	1,183	618	432	—
Weighted average remaining lease term					
Operating leases	2.2	1.5	4.5	1.2	4.5
Finance leases	2.7	3.2	3.9	3.4	3.8
Weighted average discount rate					
Operating leases	4.3%	4.6%	5.1%	5.4%	4.6%
Finance leases	4.8%	5.9%	5.0%	4.8%	5.1%

Maturity analysis of the annual undiscounted cash flows for operating lease and finance lease liabilities as of December 31, 2022 is as follows:

	Year ending December 31,
2023	5,821
2024	4,382
2025	716
2026	73
2027	33
2028 and thereafter	75
Less: imputed interest	(657)
Total	10,443

Maturity analysis of the annual undiscounted cash flows for operating lease and finance lease liabilities as of December 31, 2023 is as follows:

	Year ending December 31,
2024	5,917
2025	2,001
2026	1,019
2027	286
2028	195
2029 and thereafter	42
Less: imputed interest	(917)
Total	8,543

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Maturity analysis of the annual undiscounted cash flows for operating lease and finance lease liabilities as of December 31, 2024 is as follows:

	Year ending December 31,
2025	4,610
2026	4,060
2027	3,082
2028	2,521
2029	2,181
2030 and thereafter	61
Less: imputed interest	(1,554)
Total	14,961

Maturity analysis of the annual undiscounted cash flows for operating lease and finance lease liabilities as of June 30, 2025 is as follows:

	Year ending December 31,
Remaining of 2025	2,991
2026	5,505
2027	4,438
2028	3,094
2029	2,772
2030	270
2031 and thereafter	747
Less: imputed interest	(1,719)
Total	18,098

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, 2022, 2023 and 2024, and June 30, 2025, based on the currently available information, 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.

Investment commitments

In August 2023, the Group entered into an agreement with Toyota Motor (China) Investment Co., Ltd. and GAC Toyota Motor Co., Ltd. to establish a joint venture and jointly advance the future mass production and large-scale deployment of fully driverless vehicles. As of June 30, 2025, the Group had a future investment commitment of \$51.5 million (equivalent to RMB369.0 million) in cash payable before September 30, 2025. This amount was settled on September 25, 2025.

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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, 2022, 2023 and 2024, and June 30, 2025, is as follows:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
Class A Ordinary Shares				
Shares authorized	307,505,707	307,505,707	498,911,230	498,911,230
Par value	\$ 0.0005	\$ 0.0005	\$ 0.0005	\$ 0.0005
Shares issued and outstanding	10,708,762	10,660,389	269,203,783	304,203,783
Class B Ordinary Shares				
Shares authorized	81,088,770	81,088,770	81,088,770	81,088,770
Par value	\$ 0.0005	\$ 0.0005	\$ 0.0005	\$ 0.0005
Shares issued and outstanding	81,088,770	81,088,770	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.

In November 2024, the Group completed its IPO on 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.

12. CONVERTIBLE REDEEMABLE PREFERRED SHARES

The following table summarizes the movement of each series of preferred shares ("Preferred Shares") issued by the Company:

	Date of Issuance	Total Number of Shares Outstanding	Original Issue Price per Share	Carrying Amount as of December 31, 2022
Series A ⁽¹⁾	2017/3/3	34,717,760	0.4323	14,818
Series B ⁽²⁾	2017/12/28	44,758,365	1.7319	76,840

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	Date of Issuance	Total Number of Shares Outstanding	Original Issue Price per Share	Carrying Amount as of December 31, 2022
Series B+ ⁽³⁾	2018/6/27, 2019/11/22	27,428,047	3.6673	107,135
Series B2	2019/4/11	10,478,885	6.5196	68,138
Series C ⁽⁴⁾	2020/3/13, 2021/6/22	57,896,414	9.4220	559,087
Series C+	2020/11/16, 2021/1/13	16,161,021	15.4687	249,884
Series D ⁽⁵⁾	2022/2/23, 2022/3/4, 2022/12/29, 2023/8/3, 2023/8/15, 2023/11/15	7,453,371	25.0446	181,595
Total		198,893,863		1,257,497

	Date of Issuance	Total Number of Shares Outstanding	Original Issue Price per Share	Carrying Amount as of December 31, 2023
Series A ⁽¹⁾	2017/3/3	34,362,468	0.4323	14,664
Series B ⁽²⁾	2017/12/28	44,758,365	1.7319	76,840
Series B+ ⁽³⁾	2018/6/27, 2019/11/22	27,428,047	3.6673	107,135
Series B2	2019/4/11	10,478,885	6.5196	68,138
Series C ⁽⁴⁾	2020/3/13, 2021/6/22	57,896,414	9.4220	559,087
Series C+	2020/11/16, 2021/1/13	16,161,021	15.4687	249,884
Series D ⁽⁵⁾	2022/2/23, 2022/3/4, 2022/12/29, 2023/8/3, 2023/8/15, 2023/11/15	11,614,287	25.0446	285,530
Total		202,699,487		1,361,278

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

(1) In March 2023, the Group entered into a share purchase agreement with IWAY LLC, a company wholly owned by Dr. Tiancheng Lou, to repurchase 355,292 Series A Preferred Shares of the Group at fair value of \$4.8 million. Upon the completion of this transaction, all of the shares repurchased were cancelled. The repurchase of Preferred Shares is accounted for under the cost method whereby the entire cost of the acquired Series A Preferred Shares is recorded as reduction of Series A Preferred Shares under mezzanine equity and additional paid-in capital. The additional paid-in capital is recorded as the excess of proceeds over the original issuance price of these Series A Preferred Shares. The repurchase resulted in a reduction of mezzanine equity by \$0.2 million, and a reduction of additional paid-in capital by \$4.6 million.

(2) Including 199,644 and 168,039 Series D Preferred Shares issued in December 2022 and August 2023 upon the exercise of warrants as discussed in Note 12 convertible redeemable Preferred Shares — *Accounting of Preferred Shares*, and newly issued of 3,992,877 Series D Preferred Shares to an investor in November 2023.

(3) Refer to Note 12 convertible redeemable Preferred Shares — *Accounting of Preferred Shares*.

- (4) Refer to Note 12 convertible redeemable Preferred Shares — *Modification of Preferred Shares*.
- (5) 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.

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.

Accounting of Preferred Shares

The Group classified the Preferred Shares in the mezzanine equity on the consolidated balance sheets 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).

Warrants issued to would-be investors

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 sheets 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 statements 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 statements of operations and comprehensive loss.

Series D Warrants

The Group made Series D financing in March 2022, and three PRC onshore investment funds expressed intent to invest in Series D Preferred Shares. However, the PRC onshore investment funds were required to obtain Outbound Direct Investment ("ODI") approvals from relevant PRC government authorities and complete foreign currency

exchange procedures before conducting an outbound direct investment pursuant to the PRC laws. To facilitate the PRC onshore investment funds to invest in Series D Preferred Shares with the same preference and rights as other offshore investment funds, a series of agreements were entered into by the Group and the PRC onshore investment funds.

In March 2022, as below, the Group entered into the loan agreements with the PRC onshore investment funds to borrow loans at the amount of RMB equivalent of \$3.9 million. The Group also entered into warrants purchase agreements with the PRC onshore investment funds, which entitle the PRC onshore investment funds to purchase 173,024 Series D Preferred Shares at Series D's issuance price of \$25.0446 per share. Such Preferred Shares shall be issuable upon the exercise of the warrants once the investor obtained the government approval and completed the exchange procedures for the ODI. The warrants are classified as a liability and recorded at fair value with changes in fair value recorded on the consolidated statements of operations and comprehensive loss. The proceeds are first allocated to the warrants based on their fair value as a loan discount, with residual being allocated to the loans, which are recorded in accounts payable and other current liabilities. The loan discount is amortized over the contractual life of the loan, using the straight-line method. In August 2023, certain warrants were exercised to purchase 168,039 Series D Preferred Shares at \$25.0446 per share with total consideration of \$4.2 million in cash, included in line item of net proceeds from issuance of Series D Preferred Shares on the consolidated statements of cash flows. The Group and investor also agreed to terminate 4,985 unexercised warrants. Meanwhile, the Group fully repaid the loans associated with the issuance of the warrants.

The Group also granted warrant to a PRC onshore investment fund with no consideration, which is also a holder of Class A ordinary shares and Preferred Shares, to purchase 199,644 Series D Preferred Shares at Series D's issuance price of \$25.0446 per share. The warrant valued at \$828 granted is considered as a deemed dividend to the holder of Series A Preferred Shares. In December 2022, the holder exercised the warrant to purchase 199,644 shares of Series D Preferred Shares with the total consideration of \$5.0 million in cash.

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 statements 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 and June 30, 2025.

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 "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 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.

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In November 2022, the Company amended the terms of 1,429,000 RSUs and 140,000 share options by eliminating the performance condition that requires the RSUs be vested and the share options be exercised until the completion of the Company's an IPO or a sale event, respectively. In accordance with ASC 718, "Compensation — Stock Compensation", the modification is an improbable-to-probable (Type III) modification as an IPO or a sale event is a performance condition that the Company anticipates will not be satisfied until occurrence. The Company remeasured the fair value of the modified RSUs and share options on the modification date and recorded the compensation expenses for the modified awards over the remaining requisite service period.

On March 24, 2022, the Board of the Company approved a share buyback plan (the "Buyback Plan"). Pursuant to the Buyback Plan, the Company plans to repurchase certain issued and outstanding Class A ordinary shares of the Company and/or settle certain share options and the RSUs granted under the Plan, at a per share purchase price of \$11.57 (or for the share options, a settlement price at \$11.57 minus exercise price as applicable, collectively the "Repurchase/Settlement Price") and for the aggregate purchase not exceed \$10.0 million, from employees who joined the Company or its subsidiaries before April 30, 2018 and/or senior engineers and platform leaders who joined the Company or its subsidiaries no later than December 31, 2018 (the "Eligible Employees").

Under the Buyback Plan, in December, 2022, the Company agreed to buy back from certain Eligible Employees all or a portion of their RSUs and share options, including 283,391 RSUs and 192,324 share options. Since all settled share awards are with performance vesting condition which is contingent on the completion of an IPO or a sale event, such awards were not considered probable of vesting when issued and prior to the settlement date. Accordingly, no expense was recorded prior to the settlement date. Upon settlement in December 2022, the entire settlement price of \$5.4 million was deemed cash compensation paid to the holders of the RSUs and share options, and charged to compensation expenses included in R&D and selling, general and administrative expenses on the consolidated statements of operations and comprehensive loss.

In addition, in April 2023, 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. For awards vested before the settlement date, the Company paid cash \$3.1 million 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 not considered probable of vesting when issued and prior to the settlement date. Accordingly, no expense was recorded prior to the settlement date. Upon settlement in April 2023, the entire settlement price of \$0.5 million was deemed cash compensation paid to the holders of the RSUs and share options, and charged to compensation expenses included in R&D and selling, general and administrative expenses on the consolidated statements 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 six months ended June 30, 2025, a total of 852,684 RSUs were withheld by the Company as a result of net share settlements to satisfy certain employees' income tax obligations. The Company paid \$11.6 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.

(b) Share option activities

A summary of the Company's share option activities for the years ended December 31, 2022, 2023 and 2024, and the six months ended June 30, 2024 and 2025 are as follows:

	Number of Share Options	Weighted Average Exercise Price	Weighted Average Remaining Life (in Years)	Aggregate Intrinsic Value
Outstanding as of January 1, 2022	15,551,552	0.52	6.17	188,043
Exercised	(73,541)	0.72	—	—
Settlement	(192,324)	0.36	—	—
Forfeited or expired	(430,642)	2.00	—	—
Outstanding as of December 31, 2022	14,855,045	0.48	5.10	193,473

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	Number of Share Options	Weighted Average Exercise Price	Weighted Average Remaining Life <i>(in Years)</i>	Aggregate Intrinsic Value
Settlement	(75,275)	0.68	—	—
Forfeited or expired	(622,640)	1.35	—	—
Exchanged for RSUs	(3,104,234)	0.34	—	—
Outstanding as of December 31, 2023	<u>11,052,896</u>	<u>0.47</u>	<u>4.14</u>	<u>161,965</u>
Forfeited or expired	(56,052)	0.60	—	—
Exchanged for RSUs	(2,223,175)	0.19	—	—
Outstanding as of December 31, 2024	<u>8,773,669</u>	<u>0.53</u>	<u>3.33</u>	<u>121,224</u>
Exercisable as of December 31, 2022	<u>934,143</u>	<u>0.91</u>	<u>6.42</u>	<u>11,763</u>
Exercisable as of December 31, 2023	<u>603,559</u>	<u>0.84</u>	<u>5.27</u>	<u>8,621</u>
Exercisable as of December 31, 2024	<u>8,771,536</u>	<u>0.53</u>	<u>3.33</u>	<u>121,200</u>
	Number of Share Options	Weighted Average Exercise Price	Weighted Average Remaining Life <i>(in Years)</i>	Aggregate Intrinsic Value
Outstanding as of December 31, 2023	<u>11,052,896</u>	<u>0.47</u>	<u>4.14</u>	<u>161,965</u>
Forfeited or expired	(47,272)	0.46	—	—
Exchanged for RSUs	(2,223,175)	0.19	—	—
Outstanding as of June 30, 2024 (unaudited)	<u>8,782,449</u>	<u>0.53</u>	<u>3.84</u>	<u>135,678</u>
Exercisable as of June 30, 2024 (unaudited)	<u>640,601</u>	<u>0.89</u>	<u>4.85</u>	<u>9,670</u>
Outstanding as of December 31, 2024	<u>8,773,669</u>	<u>0.53</u>	<u>3.33</u>	<u>121,224</u>
Granted	100,915	5.60	—	—
Exercised	(5,924,873)	0.36	—	—
Forfeited or expired	(16,798)	1.76	—	—
Outstanding as of June 30, 2025	<u>2,932,913</u>	<u>1.05</u>	<u>3.77</u>	<u>35,621</u>
Exercisable as of June 30, 2025	<u>2,831,998</u>	<u>0.89</u>	<u>3.55</u>	<u>34,796</u>

The weighted average grant date fair value of share options vested during the years ended December 31, 2022, 2023 and 2024, and the six months ended June 30, 2024 and 2025, was \$6.20, \$4.92, \$1.67, \$1.78 (unaudited) and \$2.33, respectively. The total grant date fair value of the share options vested for the years ended December 31, 2022, 2023 and 2024, and the six months ended June 30, 2024 and 2025, was \$2.4 million, \$0.3 million, \$13.7 million, \$70 (unaudited) and \$5, respectively.

Cash received from exercise of share option under the Plan for the years ended December 31, 2022, 2023 and 2024, and the six months ended June 30, 2024 and 2025, was \$52.8, nil, nil, nil (unaudited) and \$1.68 million, respectively.

As of December 31, 2022 and 2023, there were 13,681,443 share options and 10,439,796 share options of which the vesting or exercisability is conditioned on the occurrence of an IPO or a sale event, respectively. The IPO was completed in November 2024, and the share options whose service conditions had been met became vested. The remaining share options will be vested as their service conditions are met over time.

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(c) RSUs and RSAs activities

A summary of the Company's RSUs and RSAs activities for the years ended December 31, 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025 are as follows:

	Number of RSUs	Weighted Average Grant Date Fair Value
Unvested as of January 1, 2022	17,590,164	4.60
Granted	2,485,550	12.96
Vested	(800,107)	13.18
Settlement	(283,391)	0.29
Forfeited	(1,587,795)	12.44
Unvested as of December 31, 2022	17,404,421	5.13
Granted	3,383,000	14.08
Vested	(329,159)	8.55
Settlement	(41,400)	0.29
Forfeited	(946,891)	12.54
Exchanged from share options	3,028,913	0.19
Unvested as of December 31, 2023	22,498,884	5.45
Granted	4,154,357	13.19
Vested	(21,425,708)	3.65
Settlement	—	—
Forfeited	(255,235)	13.75
Exchanged from share options	2,195,928	0.10
Unvested as of December 31, 2024	7,168,226	13.38

	Number of RSUs	Weighted Average Grant Date Fair Value
Unvested as of December 31, 2023	22,498,884	5.45
Granted	1,331,842	15.81
Vested	(100,777)	13.21
Forfeited	(112,686)	13.18
Exchanged from share options	2,195,928	0.10
Unvested as of June 30, 2024 (unaudited)	25,813,191	5.47
Unvested as of December 31, 2024	7,168,226	13.38
Granted	3,291,586	5.30
Vested	(1,323,882)	14.03
Forfeited	(275,028)	11.60
Unvested as of June 30, 2025	8,860,902	10.34

	Number of RSAs	Weighted Average Grant Date Fair Value
Unvested as of January 1, 2022	8,437,500	0.07
Vested	(3,750,000)	0.07
Unvested as of December 31, 2022	4,687,500	0.07
Vested	(3,750,000)	0.07
Unvested as of December 31, 2023	937,500	0.07
Vested	(937,500)	0.07
Unvested as of December 31, 2024 and June 30, 2024 (unaudited) and 2025	—	—

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As of December 31, 2022, 2023 and 2024, and June 30, 2025, the weighted average remaining contractual life of outstanding RSUs were 6.47 years, 5.68 years, 5.15 years and 9.11 years, respectively. As of December 31, 2022, 2023 and 2024, and June 30, 2025, there were 3,813,440, 3,913,891, 25,339,599 and 30,547 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 for the years ended December 31, 2022, 2023 and 2024, and the six months ended June 30, 2024 and 2025, are as follows:

Share Option Value Assumptions	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
				(unaudited)	
Expected term (in years)	1.08	0.75-1.00	-	-	-
Expected volatility	55.81%-56.38%	55.92%-56.26%	-	-	-
Risk-free interest rate	3.77%-3.81%	3.60%-3.97%	-	-	-
Expected dividend yield	0.00%	0.00%	-	-	-

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, 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, the share-based compensation expenses were \$18.6 million, \$3.8 million, \$127.0 million, \$1.5 million (unaudited) and \$16.2 million, respectively, of which \$13.4 million, \$1.9 million, \$102.4 million, \$0.6 million (unaudited) and \$11.9 million, respectively, were included in R&D expenses and \$5.2 million, \$1.9 million, \$24.6 million and \$0.9 million (unaudited) and \$4.3 million, respectively, were included in selling, general and administrative expenses on the consolidated statements of operations and comprehensive loss. Of such amounts, \$0.3 million, \$0.3 million, \$0.1 million, \$0.1 million (unaudited) and nil for the years ended December 31, 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, respectively, relate to granted RSAs.

As of June 30, 2025, the unrecognized share-based compensation expenses related to outstanding unvested share options and RSUs for employees that are expected to vest were approximately \$32 and \$59.6 million, respectively. The unrecognized share-based compensation expenses are expected to be recognized over a weighted-average period of approximately 2.0 years and 3.1 years for share options and RSUs, respectively.

As of June 30, 2025, the unrecognized share-based compensation expenses related to the granted RSAs were nil.

There were no share options granted to non-employees for the years ended December 31, 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025.

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14. TAXATION

The Group is registered in the Cayman Islands and mainly operates in two taxable jurisdictions — the PRC and the U.S. The Group's loss before income tax for the years ended December 31, 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, is as follows:

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
				<i>(unaudited)</i>	
Loss from the PRC operations	(90,586)	(81,953)	(170,259)	(46,693)	(63,963)
Loss from non-PRC operations	(57,738)	(43,501)	(104,746)	(5,080)	(26,676)
Loss before income tax	(148,324)	(125,454)	(275,005)	(51,773)	(90,639)
Income tax (expenses) benefits applicable to the PRC operations	(125)	124	1	(1)	—
Income tax benefits (expenses) applicable to non-PRC operations	199	2	(2)	(1)	(1)
Total income tax benefits (expenses)	74	126	(1)	(2)	(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 ("CIT")

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, 2022, 2023, 2024 and the six months ended June 30, 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.

PRC CIT

The Group's subsidiaries, the VIEs and the VIEs' subsidiaries, which are entities incorporated in the PRC (the "PRC entities") are subject to the PRC Enterprise Income Tax on the taxable income in accordance with the relevant PRC 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. For Small Low-profit Enterprises, the portion of less than RMB1.0 million and the portion of more than RMB1.0 million but less than RMB3.0 million of the annual taxable income, will be included in the actual taxable income at 12.5% and 25%, respectively, based on which the enterprise income tax payable will be calculated at the reduced tax rate of 20% for the year ended December 31, 2022. Based on newly issued and effective relevant PRC 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 and 2024 and for the six months ended June 30, 2024 and 2025.

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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% CIT rate.

- Beijing HX was qualified as HNTE in 2021, and is entitled to a preferential income tax rate at 15% for 2021, 2022 and 2023. Beijing HX renewed HNTE in 2024, and is entitled to a preferential income tax rate at 15% for 2024, 2025 and 2026.
- Beijing ZX was qualified as HNTE in 2021, and is entitled to a preferential income tax rate at 15% for 2021, 2022 and 2023. Beijing ZX renewed HNTE in 2024, and is entitled to a preferential income tax rate at 15% for 2024, 2025 and 2026.
- Beijing YX was qualified as HNTE in 2022, and is entitled to a preferential income tax rate at 15% for 2022, 2023 and 2024, the company will continue to utilize the preferential income tax.
- Guangzhou HX was qualified as HNTE in 2020, and is entitled to a preferential income tax rate of 15% for 2020, 2021 and 2022. Guangzhou HX renewed HNTE in 2023, and is entitled to a preferential income tax rate of 15% for 2023, 2024 and 2025.
- Shenzhen YX was qualified as HNTE in 2022, and is entitled to a preferential income tax rate of 15% for 2022, 2023 and 2024, and the company anticipates that upon renewal in 2025, the company will continue to utilize the preferential income tax.
- Jiangsu RD was qualified as HNTE in 2021, and is entitled to a preferential income tax rate of 15% for 2021, 2022 and 2023. Jiangsu RD renewed HNTE in 2024, and is entitled to a preferential income tax rate at 15% for 2024, 2025 and 2026.
- 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.

Composition of Income Tax Expenses

For the years ended December 31, 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, the Group's income tax expenses are as follows:

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
				(unaudited)	
Deferred tax (expenses) benefits applicable to the PRC operations	(120)	120	—	—	—
Deferred tax benefits applicable to non-PRC operations	596	—	—	—	—
Total deferred tax benefits	476	120	—	—	—
Current income tax (expenses) benefits applicable to the PRC operations	(5)	4	1	(1)	—
Current income tax (expenses) benefits applicable to non-PRC operations	(397)	2	(2)	(1)	(1)
Total current income tax (expenses) benefits	(402)	6	(1)	(2)	(1)
Total income tax benefits (expenses)	74	126	(1)	(2)	(1)

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Reconciliation of the statutory tax rate to the effective tax rate

The following table sets forth reconciliation between the PRC statutory income tax rate and the effective tax rate:

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
				(unaudited)	
Statutory CIT rate	25.0%	25.0%	25.0%	25.0%	25.0%
Effect on tax holiday and preferential tax treatment	(4.2)%	(3.8)%	(5.5)%	(4.5)%	(7.3)%
Effect of research and development super-deduction	11.8%	12.9%	5.8%	11.9%	13.3%
Other permanent adjustments	(7.0)%	(0.5)%	(5.1)%	0.1%	(5.8)%
Change in valuation allowance	(16.7)%	(32.2)%	(19.2)%	(37.7)%	(25.5)%
Tax rate difference from statutory rate in other jurisdictions	(8.9)%	(1.3)%	(1.0)%	5.2%	0.3%
Effective tax rate for the Group	0.0%	0.1%	0.0%	0.0%	0.0%

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

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
				(unaudited)	
Tax holiday effect	6,250	4,772	15,182	918	6,610
Net loss per share effect-basic and diluted	0.07	0.05	0.13	0.01	0.02

Deferred tax assets and liabilities

The tax effects of significant items comprising the Group's deferred taxes as of December 31, 2022, 2023 and 2024, and June 30, 2025, are as follows:

	As of December 31,			As of June 30,	
	2022	2023	2024	2025	
Deferred tax assets:					
Net operating loss carryforwards	74,857	106,134	137,800	161,220	
R&D business tax credits	15,647	17,706	19,102	20,410	
Share-based compensation	—	—	11,108	8,495	
Depreciation of property, equipment and software	560	800	551	424	
Deferred R&D expenses	282	5,927	10,532	12,528	
Change in fair value of investment	—	993	—	—	
Other current liabilities and others	1,599	1,275	1,577	1,260	
Lease liabilities	202	571	356	258	
Total deferred tax assets	93,147	133,406	181,026	204,595	

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	As of December 31,			As of June 30,
	2022	2023	2024	2025
Deferred tax liabilities:				
Depreciation of property, equipment and software	(630)	(161)	—	—
Prepaid expenses	(601)	(222)	(229)	(235)
Right-of-use assets	(180)	(535)	(328)	(235)
Share-based compensation	(75)	(14)	—	—
Total deferred tax liabilities	(1,486)	(932)	(557)	(470)
Valuation allowance	(91,781)	(132,474)	(180,469)	(204,125)
Deferred tax liabilities, net	(120)	—	—	—

Deferred tax assets recognized for those tax credits are presented net of unrecognized tax benefits. Deferred tax liabilities, net were included in other non-current liabilities as of December 31, 2022 and the balance was nil, nil and nil as of December 31, 2023 and 2024, and June 30, 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.

The Group determined the valuation allowance on an entity-by-entity basis. As of December 31, 2022, 2023 and 2024, and June 30, 2025, \$91.8 million, \$132.5 million, \$180.5 million and \$204.1 million of valuation allowances were provided primarily related to R&D business tax credits 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 June 30, 2025, are as follows:

	As of June 30, 2025	
	Amount	Expiration Years
NOLs, the PRC	876,998	2026-2035
Tax credits, U.S. federal	12,240	2039-2044
Tax credits, U.S. state	13,947	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.

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:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
Balance at the beginning of the year/period	3,429	4,587	5,096	5,725
Additions based on tax positions related to the current year/period	1,158	668	544	272

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	As of December 31,			As of June 30,
	2022	2023	2024	2025
Additions based on tax positions related to the prior year/period . . .	—	—	220	—
Reductions for tax positions of prior years	—	(159)	(135)	(220)
Balance at the end of the year/period	<u>4,587</u>	<u>5,096</u>	<u>5,725</u>	<u>5,777</u>

Included in the balances of unrecognized tax benefits as of December 31, 2022, 2023 and 2024, and June 30, 2025, are \$4.6 million, \$5.1 million, \$5.7 million and \$5.8 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, 2022, 2023 and 2024, and the six months ended June 30, 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, 2022, 2023 and 2024, and the six months ended June 30, 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 PRC Tax Administration Law on the Levying and Collection of Taxes, the PRC tax authorities generally have up to five years to claw back underpaid tax plus penalties and interest for the PRC 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, 2024 for Federal and December 31, 2018 through December 31, 2024 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, 2022, 2023 and 2024, and June 30, 2025.

PRC 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 China, if such immediate holding company is considered as a non-resident enterprise without any establishment or place within China or if the received dividends have no connection with the establishment or place of such immediate holding company within China, unless such immediate holding company's jurisdiction of incorporation has a tax treaty with China 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 Mainland China 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 China 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, 2022, 2023 and 2024, and June 30, 2025, the Group did not record any withholding tax on the retained earnings of its subsidiaries and the VIEs in the PRC as they were still in accumulated deficit position.

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
Dr. Tiancheng Lou	The founder, shareholder and CTO of the Group

(b) The Group had the following balances and transactions with major related parties:

Amounts due from related parties	As of December 31,			As of June 30,
	2022	2023	2024	2025
TMC (trade nature)	1,831	165	5	—
Sinotrans (trade nature)	6,475	5,485	8,317	7,443
Subtotal, current	8,306	5,650	8,322	7,443
Dr. Tiancheng Lou, non-current (non-trade nature) (Note)	2,969	—	—	—
Total	11,275	5,650	8,322	7,443

Note: The amount of \$3.0 million representing the maximum amount outstanding during the years ended December 31, 2022 and 2023.

An aging analysis based on revenue dates for the trade nature amounts due from related parties is as follows:

	Year ended December 31,			Six months ended June 30,
	2022	2023	2024	2025
Within 3 months	8,306	5,650	8,214	7,440
Between 3 months and 6 months	—	—	108	3
Total	8,306	5,650	8,322	7,443

Amounts due to related parties	As of December 31,			As of June 30,
	2022	2023	2024	2025
Sinotrans (trade nature)	—	—	900	744
Total	—	—	900	744

An aging analysis for the trade nature amounts due to related parties is as follows:

	Year ended December 31,			Six months ended June 30,
	2022	2023	2024	2025
Within 3 months	—	—	468	644
Between 3 months and 6 months	—	—	395	100
Between 6 months and 1 year	—	—	37	—
Total	—	—	900	744

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Revenues	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
				(unaudited)	
TMC	4,205	612	107	—	11
Sinotrans	21,188	22,491	30,719	12,330	11,137
Total	25,393	23,103	30,826	12,330	11,148

Operating and finance lease	As of December 31,			As of June 30,	
	2022	2023	2024	2025	
<i>Operating lease liabilities</i>					
Sinotrans	141	108	73	38	
<i>Finance lease liabilities</i>					
Sinotrans	2,597	2,431	1,688	1,345	

Operating and finance lease	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
				(unaudited)	
<i>Cost:</i>					
Sinotrans	843	1,191	1,433	711	454
<i>Selling, general and administrative expenses:</i>					
Sinotrans	29	37	37	19	18
<i>Interest expense:</i>					
Sinotrans	101	107	111	61	38

Interest income	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
				(unaudited)	
Dr. Tiancheng Lou (Note)	83	21	—	—	—

Note: During 2018, the Group offered a promissory note to the founder to cover the income taxes resulting from the RSAs granted. The promissory note was repaid in March 2023.

(c) The Company had the following balances and transactions with major related parties:

Amounts due from related parties	As of December 31,			As of June 30,	
	2022	2023	2024	2025	
Dr. Tiancheng Lou, non-current	2,969	—	—	—	
Total	2,969	—	—	—	

Interest income	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
				(unaudited)	
Dr. Tiancheng Lou	83	21	—	—	—

16. AMOUNT DUE FROM/TO SUBSIDIARIES

Amounts due from/to subsidiaries of the Company are interest free, unsecured and repayable on demand.

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17. 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, 2022, 2023 and 2024, and the six months ended June 30, 2024 and 2025. The following table sets forth the computation of basic and diluted net loss per share:

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
				(unaudited)	
Numerator:					
Net loss attributable to ordinary shareholders	(148,018)	(124,812)	(274,121)	(104,697)	(96,086)
Denominator:					
Weighted average number of ordinary shares outstanding used in computing net loss per share, basic and diluted . . .	85,319,170	89,100,415	114,318,765	91,557,008	359,375,886
Net loss per share and per ADS, basic and diluted	(1.73)	(1.40)	(2.40)	(1.14)	(0.27)

Basic and diluted loss per 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 antidilutive effect:

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
				(unaudited)	
Preferred Shares	197,448,223	198,629,097	184,928,573	202,699,487	—
Share options	973,599	703,470	526,711	677,460	7,730,527
RSUs	3,365,907	3,788,705	23,820,031	3,872,687	20,740,341
RSAs	6,494,735	2,767,115	106,395	217,052	—
Warrants	449,568	17,974	—	—	—
Total	208,732,032	205,906,361	209,381,710	207,466,686	28,470,868

18. RESTRICTED NET ASSETS

Relevant PRC laws and regulations permit the PRC companies to pay dividends only out of their retained earnings, if any, as determined in accordance with the PRC accounting standards and regulations. Additionally, the Company's PRC subsidiaries and the VIEs can only distribute dividends upon approval of the shareholders after they have met the PRC 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 PRC laws and regulations, the PRC subsidiaries and the VIEs 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 \$820.0 million as of June 30, 2025. Even though the Company currently does not require any such dividends, loans or advances from the PRC subsidiaries and the VIEs for working capital and other funding purposes, the Company may in the future require additional cash resources from its PRC subsidiaries and the VIEs 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 PRC subsidiaries to their parent companies outside of China are subject to the PRC government control of currency conversion. Shortages in availability of foreign currency may restrict the ability of the PRC subsidiaries and the consolidated VIEs to remit sufficient foreign currency to pay dividends or other payments to the Company, or otherwise satisfy its foreign currency denominated obligations.

19. 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 June 30, 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's consolidated financial statements.

For the condensed balance sheets of the Company, refer to the Company balance sheets set out on pages I-19 to I-22.

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,		
	2022	2023	2024
Operating expenses:			
Research and development expenses	(67,131)	—	(200)
Selling, general and administrative expenses . .	(3,065)	(8,137)	(10,201)
Total operating expenses	(70,196)	(8,137)	(10,401)
Loss from operations	(70,196)	(8,137)	(10,401)
Investment income	4,669	11,820	15,799
Changes in fair value of warrants liability . . .	3,887	(3,030)	5,617
Equity in loss of its subsidiaries, the VIEs and the VIEs' subsidiaries	(85,742)	(125,267)	(285,176)
Other (expenses) income, net	(636)	(198)	40
Loss before income tax	(148,018)	(124,812)	(274,121)
Net loss	(148,018)	(124,812)	(274,121)
Other comprehensive (loss) income:			
Foreign currency translation adjustments . . .	(11,213)	(2,861)	(2,703)
Unrealized (loss) gain on available-for-sale financial assets, net of tax of nil	(2,563)	7,350	8,511
Total other comprehensive (loss) income	(13,776)	4,489	(5,808)
Total comprehensive loss	(161,794)	(120,323)	(268,313)

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PONY AI INC.
CONDENSED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022, 2023 AND 2024
(All amounts in USD thousands, except share and per share data)

	Year ended December 31,		
	2022	2023	2024
Cash flows from operating activities:			
Net cash (used in) provided by operating activities	(67,653)	(35,692)	12,210
Cash flows from investing activities:			
Purchases of short-term investments	(108,492)	(20,649)	(102,609)
Purchases of long-term investments	(36,072)	—	(65,568)
Prepayment for long-term investments	—	—	(25,000)
Proceeds from the sales and maturities of short-term investments	204,479	172,214	101,443
Proceeds from the sales and maturities of long-term investments	68,707	49,590	1,697
Loan to a subsidiary	(147,000)	(96,093)	(172,406)
Net cash (used in) provided by investing activities	(18,378)	105,062	(262,443)
Cash flows from financing activities:			
Net proceeds from issuance of Series D convertible redeemable Preferred Shares	186,342	104,006	—
Proceeds from issuance of Class A ordinary shares upon the completion of IPO and CPP, net of issuance costs	—	—	408,404
Settlement of RSUs and share options	—	(3,026)	—
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	186,342	95,186	408,404
Effect of exchange rate changes on cash and cash equivalents	—	—	(14)
Net increase in cash and equivalents	100,311	164,556	158,157
Cash, cash equivalents and restricted cash at beginning of year	23,849	124,160	288,716
Cash, cash equivalents and restricted cash at end of year	124,160	288,716	446,873

Note: The Group allocates external operating expenses among the consolidated entities and settles the receivables from subsidiaries and amounts due to subsidiaries in short periods. Such arrangements are presented as operating activities in the Condensed Statements of Cash Flows of Pony AI Inc.

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ACCOUNTANTS' REPORT

20. ACCOUNTS RECEIVABLE, NET

An aging analysis of the accounts receivable, net as of December 31, 2022, 2023 and 2024, and June 30, 2025 based on the invoice date and net of provisions, is as follows:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
Accounts receivable, gross	25,989	31,844	29,283	27,761
Allowance for doubtful accounts	(90)	(264)	(728)	(677)
Accounts receivable, net	<u>25,899</u>	<u>31,580</u>	<u>28,555</u>	<u>27,084</u>

An aging analysis based on revenue dates is as follows:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
Within 3 months	25,899	26,982	19,206	11,344
Between 3 months and 6 months	—	1,225	847	7,943
Between 6 months and 1 year	—	2,680	2,515	2,087
More than 1 year	—	693	5,987	5,710
Total	<u>25,899</u>	<u>31,580</u>	<u>28,555</u>	<u>27,084</u>

The average loss rate based on aging is as follows:

	As of December 31, 2022			As of December 31, 2023			As of December 31, 2024			As of June 30, 2025		
	Average loss rate	Gross carrying amount	Net carrying amount	Average loss rate	Gross carrying amount	Net carrying amount	Average loss rate	Gross carrying amount	Net carrying amount	Average loss rate	Gross carrying amount	Net carrying amount
Within 3 months	0.35%	25,989	25,899	0.67%	27,164	26,982	1.35%	19,468	19,206	0.90%	11,447	11,344
Between 3 months and 6 months	—	—	—	1.05%	1,238	1,225	0.82%	854	847	0.90%	8,015	7,943
Between 6 months and 1 year	—	—	—	2.01%	2,735	2,680	1.91%	2,564	2,515	1.42%	2,117	2,087
More than 1 year	—	—	—	1.98%	707	693	6.41%	6,397	5,987	7.64%	6,182	5,710
Total		<u>25,989</u>	<u>25,899</u>		<u>31,844</u>	<u>31,580</u>		<u>29,283</u>	<u>28,555</u>		<u>27,761</u>	<u>27,084</u>

21. Prepayment for long-term investments

The Group

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 June 30, 2025, the other investment amounting to \$25.0 million was not completed.

The Company

Prepayment for long-term investments represents advance payments made for an equity investment amounting to \$25.0 million, which was not completed as of December 31, 2024 and June 30, 2025.

APPENDIX I

ACCOUNTANTS' REPORT

22. DIRECTORS' REMUNERATION

Directors' remuneration for the Track Record Period, disclosed pursuant to the applicable Listing Rules and Hong Kong Companies Ordinance, is as follows:

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
				(unaudited)	
Fees	—	—	17	—	103
Basic salaries, housing fund, allowances and benefits in kind	1,117	890	993	453	495
Employer's contributions to a retirement benefit scheme	36	20	20	21	13
Share-based compensation	275	275	212	69	954
Total	1,428	1,185	1,242	543	1,565

The directors who received emoluments from the Group for the year ended December 31, 2022 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)	—	558	18	1	577
Dr. Tiancheng Lou (Note b)	—	559	18	274	851
Non-executive directors:					
Mr. Yihong Guo (Note c)	—	—	—	—	—
Mr. Kui Zhou (Note d)	—	—	—	—	—
Mr. Fei Zhang (Note e)	—	—	—	—	—
Ms. Li Ying (Note f)	—	—	—	—	—
Mr. Shigeyasu Uozumi (Note g)	—	—	—	—	—
Mr. Kevin Ken Ling Yu (Note h)	—	—	—	—	—
Mr. Mitsuhsa Shida (Note i)	—	—	—	—	—
Total	—	1,117	36	275	1,428

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The directors who received emoluments from the Group for the year ended December 31, 2023 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)	—	445	10	1	456
Dr. Tiancheng Lou (Note b)	—	445	10	274	729
Non-executive directors:					
Mr. Yihong Guo (Note c)	—	—	—	—	—
Mr. Kui Zhou (Note d)	—	—	—	—	—
Mr. Fei Zhang (Note e)	—	—	—	—	—
Ms. Li Ying (Note f)	—	—	—	—	—
Mr. Kevin Ken Ling Yu (Note h)	—	—	—	—	—
Mr. Mitsuhsa Shida (Note i)	—	—	—	—	—
Mr. Willian Apollo Chen (Note j)	—	—	—	—	—
Mr. Takeo Hamada (Note k)	—	—	—	—	—
Total	—	890	20	275	1,185

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 l)	6	—	—	7	13
Dr. Mark Qiu (Note m)	6	—	—	7	13
Ms. Asmau Ahmed (Note n)	5	—	—	7	12
Non-executive directors:					
Mr. Yihong Guo (Note c)	—	—	—	—	—
Mr. Kui Zhou (Note d)	—	—	—	—	—
Mr. Fei Zhang (Note e)	—	—	—	—	—
Mr. Kevin Ken Ling Yu (Note h)	—	—	—	—	—
Mr. Willian Apollo Chen (Note j)	—	—	—	—	—
Mr. Takeo Hamada (Note k)	—	—	—	—	—
Total	17	993	20	212	1,242

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The directors who received emoluments from the Group for the six months ended June 30, 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
(unaudited)					
Executive directors:					
Dr. Jun Peng (Note a)	—	248	11	—	259
Dr. Tiancheng Lou (Note b)	—	205	10	69	284
Non-executive directors:					
Mr. Yihong Guo (Note c)	—	—	—	—	—
Mr. Kui Zhou (Note d)	—	—	—	—	—
Mr. Fei Zhang (Note e)	—	—	—	—	—
Mr. Kevin Ken Ling Yu (Note h)	—	—	—	—	—
Mr. Willian Apollo Chen (Note j)	—	—	—	—	—
Mr. Takeo Hamada (Note k)	—	—	—	—	—
Total	—	453	21	69	543

The directors who received emoluments from the Group for the six months ended June 30, 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)	—	270	2	—	272
Dr. Tiancheng Lou (Note b)	—	225	11	816	1,052
Independent non-executive directors:					
Mr. Jackson Peter Tai (Note l)	35	—	—	46	81
Dr. Mark Qiu (Note m)	38	—	—	46	84
Ms. Asmau Ahmed (Note n)	30	—	—	46	76
Non-executive directors:					
Mr. Fei Zhang (Note e)	—	—	—	—	—
Mr. Takeo Hamada (Note k)	—	—	—	—	—
Total	103	495	13	954	1,565

Notes:

- Dr. Jun Peng founded Pony AI Inc. in 2016 and currently serves as chairman of the Board and Chief Executive Officer.
- Dr. Tiancheng Lou co-founded Pony AI Inc. in 2016 and currently serves as a director and Chief Technology Officer.
- Mr. Yihong Guo served as a director since March 2017 and resigned from his position as a director in October 2024.
- Mr. Kui Zhou served as a director since March 2017 and resigned from his position as a director in October 2024.
- Mr. Fei Zhang served as a director since December 2017.

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- f. Ms. Li Ying served as a director since June 2018 and resigned from her position as a director in October 2023.
- g. Mr. Shigeyasu Uozumi served as a director since March 2020 and resigned from his position as a director in October 2022.
- h. Mr. Kevin Ken Ling Yu served as a director since November 2020 and resigned from his position as a director in June 2024.
- i. Mr. Mitsuhiisa Shida served as a director since October 2022 and resigned from his position as a director in October 2023.
- j. Mr. Willian Apollo Chen served as a director since October 2023 and resigned from his position as a director in October 2024.
- k. Mr. Takeo Hamada served as a director since October 2023.
- l. Mr. Jackson Peter Tai served as an independent non-executive director since November 2024.
- m. Dr. Mark Qiu served as an independent non-executive director since November 2024.
- n. Ms. Asmau Ahmed served as an independent non-executive director since November 2024.

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 Track Record Period.

During the Track Record Period, certain directors were granted share options and RSUs, in respect of their services to the Group under the share incentive plan of the Company. Details of the share incentive plan are set out in note 13 to the Historical Financial Information.

23. FIVE HIGHEST-PAID EMPLOYEES

The five highest paid employees of the Group during the years ended December 31, 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025 included nil, nil, nil, nil and nil directors, respectively, details of whose remuneration are set out in note 22 above. Details of the remuneration for the years ended December 31, 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025 of the five, five, five, 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,			Six months ended June 30,	
	2022	2023	2024	2024	2025
				(unaudited)	
Basic salaries, housing fund, allowances and benefits in kind	3,707	2,526	2,068	1,242	4,246
Share-based compensation (Note)	8,138	2,603	13,568	1,013	5,324
Employer's contributions to a retirement benefit scheme	47	41	41	34	29
Total	11,892	5,170	15,677	2,289	9,599

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. During the years ended December 31, 2022 and 2023, the share-based compensation included the compensation expenses recognized due to modification of certain share-based awards. Refer to note 13 for more detail of share-based compensation in Track Record Period.

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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,			Six months ended June 30,	
	2022	2023	2024	2024	2025
				(unaudited)	
HK\$2,500,001 to HK\$3,000,000	-	-	-	2	-
HK\$3,500,001 to HK\$4,000,000	-	-	-	2	-
HK\$4,500,001 to HK\$5,000,000	-	-	-	1	-
HK\$5,000,001 to HK\$5,500,000	-	1	-	-	-
HK\$7,500,001 to HK\$8,000,000	-	1	-	-	-
HK\$8,000,001 to HK\$8,500,000	-	1	-	-	-
HK\$9,000,001 to HK\$9,500,000	-	1	-	-	-
HK\$10,000,001 to HK\$10,500,000	-	1	-	-	-
HK\$10,500,001 to HK\$11,000,000	-	-	-	-	2
HK\$12,500,001 to HK\$13,000,000	1	-	-	-	1
HK\$14,000,001 to HK\$14,500,000	1	-	-	-	-
HK\$16,000,001 to HK\$16,500,000	-	-	-	-	1
HK\$18,000,001 to HK\$18,500,000	1	-	-	-	-
HK\$19,500,001 to HK\$20,000,000	1	-	-	-	-
HK\$20,000,001 to HK\$20,500,000	-	-	1	-	-
HK\$21,000,001 to HK\$21,500,000	-	-	1	-	-
HK\$24,000,001 to HK\$24,500,000	-	-	-	-	1
HK\$26,000,001 to HK\$26,500,000	-	-	1	-	-
HK\$27,000,001 to HK\$27,500,000	-	-	2	-	-
HK\$28,500,001 to HK\$29,000,000	1	-	-	-	-
Total	5	5	5	5	5

During the Track Record Period, certain non-director highest paid employees were granted share options and RSUs, in respect of their services to the Group under the share incentive plan of the Company. Details of the share incentive plan are set out in note 13 to the Historical Financial Information.

24. RECONCILIATION BETWEEN U.S. GAAP AND IFRS ACCOUNTING STANDARDS

The Historical Financial Information are prepared in accordance with U.S. GAAP, which differ in certain respects from IFRS Accounting Standards. The effects of material differences between the Historical Financial Information of the Group prepared under U.S. GAAP and IFRS Accounting Standards are as follows:

For the year ended December 31, 2022 IFRS Accounting Standards adjustments						
Amounts as reported under U.S. GAAP	Preferred Shares	Lease accounting	Share-based compensation	Issuance costs in relation to the listing	Investments measured at fair value	Amounts as reported under IFRS Accounting Standards
	Note i	Note ii	Note iii	Note iv	Note v	
Research and development expenses	(153,601)	-	249	2,237	-	(151,115)
Selling, general and administrative expenses	(49,178)	(325)	47	(1,793)	-	(51,249)
Total operating expenses	(202,779)	(325)	296	444	-	(202,364)
Other income, net	9,614	-	(342)	-	-	9,272
Gains from fair value change of investments	-	-	-	-	3,172	3,172
Fair value changes of convertible redeemable Preferred Shares	-	(103,862)	-	-	-	(103,862)

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For the year ended December 31, 2022 IFRS Accounting Standards adjustments

	Amounts as reported under U.S. GAAP	Preferred Shares	Lease accounting	Share-based compensation	Issuance costs in relation to the listing	Investments measured at fair value	Amounts as reported under IFRS Accounting Standards
		Note i	Note ii	Note iii	Note iv	Note v	
Loss before income tax	(148,324)	(104,187)	(46)	444	—	3,172	(248,941)
Income tax benefits	74	—	—	—	—	—	74
Net loss	(148,250)	(104,187)	(46)	444	—	3,172	(248,867)
Net loss attributable to non-controlling interests	(232)	—	—	—	—	1,856	1,624
Net loss attributable to Pony AI Inc.	(148,018)	(104,187)	(46)	444	—	1,316	(250,491)
Unrealized gain on available-for-sale investments, net of tax of \$86, for the year ended December 31, 2022	3,172	—	—	—	—	(3,172)	—
Total other comprehensive loss	(13,067)	—	—	—	—	(3,172)	(16,239)
Total comprehensive loss	(161,317)	(104,187)	(46)	444	—	—	(265,106)
Total comprehensive loss attributable to Pony AI Inc.	(161,794)	(104,187)	(46)	444	—	—	(265,583)

For the year ended December 31, 2023 IFRS Accounting Standards adjustments

	Amounts as reported under U.S. GAAP	Preferred Shares	Lease accounting	Share-based compensation	Issuance costs in relation to the listing	Investments measured at fair value	Amounts as reported under IFRS Accounting Standards
		Note i	Note ii	Note iii	Note iv	Note v	
Research and development expenses	(122,707)	—	251	(649)	—	—	(123,105)
Selling, general and administrative expenses	(37,417)	(202)	44	412	—	—	(37,163)
Total operating expenses	(160,124)	(202)	295	(237)	—	—	(160,268)
Other income, net	1,427	—	(316)	—	—	—	1,111
Gain from fair value change of investments	—	—	—	—	—	8,089	8,089
Fair value changes of convertible redeemable Preferred Shares	—	(229,111)	—	—	—	—	(229,111)
Loss before income tax	(125,454)	(229,313)	(21)	(237)	—	8,089	(346,936)
Income tax benefits	126	—	—	—	—	—	126
Net loss	(125,328)	(229,313)	(21)	(237)	—	8,089	(346,810)
Net loss attributable to non-controlling interests	(516)	—	—	—	—	738	222
Net loss attributable to Pony AI Inc.	(124,812)	(229,313)	(21)	(237)	—	7,351	(347,032)

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For the year ended December 31, 2023 IFRS Accounting Standards adjustments

	Amounts as reported under U.S. GAAP	Preferred Shares	Lease accounting	Share-based compensation	Issuance costs in relation to the listing	Investments measured at fair value	Amounts as reported under IFRS Accounting Standards
		Note i	Note ii	Note iii	Note iv	Note v	
Unrealized gain on available-for-sale investments, net of tax of \$243, for the year ended December 31, 2023	8,089	—	—	—	—	(8,089)	—
Total other comprehensive income (loss)	4,248	—	—	—	—	(8,089)	(3,841)
Total comprehensive loss	(121,080)	(229,313)	(21)	(237)	—	—	(350,651)
Total comprehensive loss attributable to Pony AI Inc.	(120,323)	(229,313)	(21)	(237)	—	—	(349,894)

For the year ended December 31, 2024 IFRS Accounting Standards adjustments

	Amounts as reported under U.S. GAAP	Preferred Shares	Lease accounting	Share-based compensation	Issuance costs in relation to the listing	Investments measured at fair value	Amounts as reported under IFRS Accounting Standards
		Note i	Note ii	Note iii	Note iv	Note v	
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 expenses, net	(15,477)	—	(380)	—	—	—	(15,857)
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)	—

APPENDIX I

ACCOUNTANTS' REPORT

For the year ended December 31, 2024 IFRS Accounting Standards adjustments

	Amounts as reported under U.S. GAAP	Preferred Shares	Lease accounting	Share-based compensation	Issuance costs in relation to the listing	Investments measured at fair value	Amounts as reported under IFRS Accounting Standards
		Note i	Note ii	Note iii	Note iv	Note v	
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)

For the six months ended June 30, 2024 IFRS Accounting Standards adjustments

	Amounts as reported under U.S. GAAP	Preferred Shares	Lease accounting	Share-based compensation	Issuance costs in relation to the listing	Investments measured at fair value	Amounts as reported under IFRS Accounting Standards
	(unaudited)	Note i (unaudited)	Note ii (unaudited)	Note iii (unaudited)	Note iv (unaudited)	Note v (unaudited)	(unaudited)
Research and development expenses	(58,725)	-	106	184	-	-	(58,435)
Selling, general and administrative expenses	(15,579)	-	40	430	-	-	(15,109)
Total operating expenses	(74,304)	-	146	614	-	-	(73,544)
Other income, net	2,978	-	(133)	-	-	-	2,845
Gains from fair value change of investments	-	-	-	-	-	5,236	5,236
Fair value changes of convertible redeemable Preferred Shares	-	43,229	-	-	-	-	43,229
Loss before income tax	(51,773)	43,229	13	614	-	5,236	(2,681)
Income tax expenses	(2)	-	-	-	-	-	(2)
Net loss	(51,775)	43,229	13	614	-	5,236	(2,683)
Net loss attributable to non-controlling interests	(458)	-	-	-	-	-	(458)
Net loss attributable to Pony AI Inc.	(51,317)	43,229	13	614	-	5,236	(2,225)
Unrealized gain on available-for-sale investments, net of tax of \$408, for the six months ended June 30, 2024	5,236	-	-	-	-	(5,236)	-
Total other comprehensive loss	4,190	-	-	-	-	(5,236)	(1,046)
Total comprehensive loss	(47,585)	43,229	13	614	-	-	(3,729)
Total comprehensive loss attributable to Pony AI Inc.	(47,056)	43,229	13	614	-	-	(3,200)

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ACCOUNTANTS' REPORT

For the six months ended June 30, 2025 IFRS Accounting Standards adjustments

	Amounts as reported under U.S. GAAP	Lease accounting <i>Note ii</i>	Share-based compensation <i>Note iii</i>	Issuance costs in relation to the listing <i>Note iv</i>	Investments measured at fair value <i>Note v</i>	Amounts as reported under IFRS Accounting Standards
Research and development expenses	(96,516)	228	(4,351)	-	-	(100,639)
Selling, general and administrative expenses	(26,574)	27	(1,795)	(4,763)	-	(33,105)
Total operating expenses	(123,090)	255	(6,146)	(4,763)	-	(133,744)
Other expenses, net	(2,015)	(355)	-	-	-	(2,370)
Investment income	28,687	-	-	-	(14,986)	13,701
Gains from fair value change of investments	-	-	-	-	1,215	1,215
Loss before income tax	(90,639)	(100)	(6,146)	(4,763)	(13,771)	(115,419)
Income tax expenses	(1)	-	-	-	-	(1)
Net loss	(90,640)	(100)	(6,146)	(4,763)	(13,771)	(115,420)
Net loss attributable to non-controlling interests	5,446	-	-	-	-	5,446
Net loss attributable to Pony AI Inc.	(96,086)	(100)	(6,146)	(4,763)	(13,771)	(120,866)
Unrealized gain on available-for-sale investments, net of tax of \$(25), for the six months ended June 30, 2025	(13,771)	-	-	-	13,771	-
Total other comprehensive income (loss)	(13,657)	-	-	-	13,771	114
Total comprehensive loss	(104,297)	(100)	(6,146)	(4,763)	-	(115,306)
Total comprehensive loss attributable to Pony AI Inc.	(104,045)	(100)	(6,146)	(4,763)	-	(115,054)

As of December 31, 2022 IFRS Accounting Standards adjustments

	Amounts as reported under U.S. GAAP	Preferred Shares <i>Note i</i>	Lease accounting <i>Note ii</i>	Share-based compensation <i>Note iii</i>	Issuance costs in relation to the listing <i>Note iv</i>	Investments measured at fair value <i>Note v</i>	Amounts as reported under IFRS Accounting Standards
Short-term investments	261,643	-	-	-	-	(225,125)	36,518
Financial assets at fair value through profit or loss, current	-	-	-	-	-	225,125	225,125
Operating lease right-of-use assets	8,138	-	(152)	-	-	-	7,986
Long-term investments	80,653	-	-	-	-	(80,653)	-
Financial assets at fair value through profit or loss, non-current	-	-	-	-	-	80,653	80,653
Total assets	771,514	-	(152)	-	-	-	771,362
Convertible redeemable Preferred Shares	-	3,041,848	-	-	-	-	3,041,848
Total liabilities	53,602	3,041,848	-	-	-	-	3,095,450

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ACCOUNTANTS' REPORT

As of December 31, 2022 IFRS Accounting Standards adjustments

	Amounts as reported under U.S. GAAP	Preferred Shares	Lease accounting	Share-based compensation	Issuance costs in relation to the listing	Investments measured at fair value	Amounts as reported under IFRS Accounting Standards
		Note i	Note ii	Note iii	Note iv	Note v	
Mezzanine equity	1,257,497	(1,257,497)	-	-	-	-	-
Additional paid-in capital	63,200	-	-	(11,747)	-	-	51,453
Accumulated deficit	(614,659)	(1,784,351)	(152)	11,747	-	6,065	(2,381,350)
Accumulated other comprehensive loss	(163)	-	-	-	-	(6,065)	(6,228)
Total Pony AI Inc. shareholders' deficit	(551,487)	(1,784,351)	(152)	-	-	-	(2,335,990)
Total shareholders' deficit	(539,585)	(1,784,351)	(152)	-	-	-	(2,324,088)

As of December 31, 2023 IFRS Accounting Standards adjustments

	Amounts as reported under U.S. GAAP	Preferred Shares	Lease accounting	Share-based compensation	Issuance costs in relation to the listing	Investments measured at fair value	Amounts as reported under IFRS Accounting Standards
		Note i	Note ii	Note iii	Note iv	Note v	
Short-term investments	163,594	-	-	-	-	(86,998)	76,596
Financial assets at fair value through profit or loss, current	-	-	-	-	-	86,998	86,998
Operating lease right-of-use assets	6,419	-	(173)	-	-	-	6,246
Long-term investments	51,712	-	-	-	-	(51,712)	-
Financial assets at fair value through profit or loss, non-current	-	-	-	-	-	51,712	51,712
Total assets	747,117	-	(173)	-	-	-	746,944
Convertible redeemable Preferred Shares	-	3,370,296	-	-	-	-	3,370,296
Total liabilities	51,944	3,370,296	-	-	-	-	3,422,240
Mezzanine equity	1,361,278	(1,361,278)	-	-	-	-	-
Additional paid-in capital	57,759	4,646	-	(11,510)	-	-	50,895
Accumulated deficit	(739,528)	(2,013,664)	(173)	11,510	-	14,154	(2,727,701)
Accumulated other comprehensive (loss) income	4,326	-	-	-	-	(14,154)	(9,828)
Total Pony AI Inc. shareholders' deficit	(677,250)	(2,009,018)	(173)	-	-	-	(2,686,441)
Total shareholders' deficit	(666,105)	(2,009,018)	(173)	-	-	-	(2,675,296)

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ACCOUNTANTS' REPORT

As of December 31, 2024 IFRS Accounting Standards adjustments

	Amounts as reported under U.S. GAAP	Preferred Shares	Lease accounting	Share-based compensation	Issuance costs in relation to the listing	Investments measured at fair value	Amounts as reported under IFRS Accounting Standards
		Note i	Note ii	Note iii	Note iv	Note v	
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

As of June 30, 2025 IFRS Accounting Standards adjustments

	Amounts as reported under U.S. GAAP	Lease accounting	Share-based compensation	Issuance costs in relation to the listing	Investments measured at fair value	Amounts as reported under IFRS Accounting Standards
		Note ii	Note iii	Note iv	Note v	
Short-term investments	289,493	-	-	-	(249,583)	39,910
Financial assets at fair value through profit or loss, current	-	-	-	-	249,583	249,583
Prepaid expenses and other current assets	59,228	-	-	(4,763)	-	54,465
Operating lease right-of-use assets	16,338	(293)	-	-	-	16,045
Long-term investments	214,142	-	-	-	(163,500)	50,642
Financial assets at fair value through profit or loss, non- current	-	-	-	-	163,500	163,500
Total assets	991,046	(293)	-	(4,763)	-	985,990
Total liabilities	126,781	-	-	-	-	126,781
Additional paid-in capital	2,234,712	-	(38,000)	8,549	-	2,205,261
Accumulated deficit	(1,384,009)	(293)	38,000	(13,312)	16,472	(1,343,142)
Accumulated other comprehensive income (loss)	2,175	-	-	-	(16,472)	(14,297)
Total Pony AI Inc. shareholders' equity	853,363	(293)	-	(4,763)	-	848,307
Total shareholders' equity	864,265	(293)	-	(4,763)	-	859,209

*Notes:***(i) Preferred Shares**

Under U.S. GAAP, the Group classified the Preferred Shares as mezzanine equity in the consolidated balance sheets 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.

(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 statements 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.

25. SUBSEQUENT EVENTS

In September 2025, the Company granted 1,243,060 RSUs to its employees. These RSUs have a 10-year contractual term and vest over a period of four years starting from the date specified in each agreement.

26. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Company, any of its subsidiaries or the Group have been prepared in respect of any period subsequent to June 30, 2025.