

**Legal Memorandum in Relation to Export Control, Sanctions
and Import Compliance Matters**

Sheppard, Mullin, Richter & Hampton LLP
Brussels, Belgium, October 28, 2025

This will summarize our legal analysis of the relevant facts and documentation provided to us by Pony AI Inc. and its subsidiaries (together "the Company") and gathered by us from independent public sources, and explain our conclusions concerning the Company's compliance with export control, sanctions and import laws, including comments on tariff risks.

Export Control and Sanctions Regulations

We have been reviewing and analyzing the Company's export control classifications, compliance screening and import activity on an ongoing basis since May 2020, and this summary of our findings concerning the Company's export, sanctions and import compliance is based upon all the documentation, data, interviews, research and analysis that we have performed throughout the past 5+ years. We have also reviewed the Company's website and online research of publicly available information regarding the Company's products and business, and our review and research of all the information available to us gives no reason to doubt that the following information is correct.

The Company is based in China. The Company is a Level 4 autonomous driving technology company to launch robotaxi services in China and other specific markets. The Company's business and customers are purely civilian. It has no military, intelligence service, national guard, surveillance or police activities or customers.

We have conducted due diligence on the board members and senior executives of the Company. None of them are on any sanctions lists of the United States, United Nations, EU or UK.

The U.S. Department of Commerce's Bureau of Industry and Security ("BIS") controls the export, reexport, and transfer (in-country) of commodities, software and technical data (technology) (collectively, "Items") that are subject to the EAR. Items subject to the EAR include the following:

- (i) All items in the United States, including in a U.S. Foreign Trade Zone or moving in transit through the United States from one foreign country to another;
- (ii) All U.S. origin items wherever located;
- (iii) Non-U.S.-made commodities that incorporate controlled U.S.-origin commodities, non-U.S.-made commodities that are 'bundled' with controlled U.S.-origin software, non-U.S.-made software that is commingled with controlled U.S.-origin software, and non-U.S.-made technology that is commingled with controlled U.S.-origin technology which exceeds a certain threshold (the "*de minimis*" rule);
and
- (iv) Certain non-U.S.-produced "direct products" of specified "technology" and "software"; and certain non-U.S.-produced products of a complete plant or any



major component of a plant that is a “direct product” of specified “technology” or “software” (the Foreign Direct Product Rule, or “FDPR”).

For items subject to the EAR under different circumstances, the scope of control corresponding to the end-user, end-use, destination, etc., may be different and need to be judged on a case-by-case basis. If certain transactions or actions are controlled under the EAR, a license or license exception will be necessary.

Because the Company has sourced some integrated circuits (“chips”) from the United States, it is important to review carefully the nature and extent of the recent U.S. restrictions affecting the export control of chips to China.

On October 7, 2022, the BIS released an interim final rule (“2022 IFR”) aimed to restrict the PRC’s ability to both purchase and manufacture certain high-end chips used in military applications and build on prior policies, company-specific actions, and less public regulatory, legal, and enforcement actions taken by the BIS. The 2022 IFR addressed U.S. national security and foreign policy concerns in two key areas. The rule imposed restrictive export controls on certain advanced computing semiconductor chips, transactions for supercomputer end-uses, and transactions involving certain entities on the Entity List. Second, the 2022 IFR imposed new controls on certain semiconductor manufacturing items and on transactions for certain integrated circuit (“IC”) end uses.

Specifically, the 2022 IFR:

- Added certain advanced and high-performance computing chips and computer commodities that contain such chips in new Export Control Classification Numbers (“ECCNs”) on the Commerce Control List (“CCL”);
- Added new license requirements for items destined for a supercomputer or semiconductor development or production end use in the PRC;
- Expanded the scope of the EAR over certain foreign-produced advanced computing items and foreign produced items for supercomputer end uses;
- Expanded the scope of foreign-produced items subject to license requirements to twenty-eight existing entities on the Entity List that are located in the PRC;
- Added certain semiconductor manufacturing equipment and related items in new ECCNs on the CCL;
- Added new license requirements for items destined to a semiconductor fabrication “facility” in the PRC that fabricates chips meeting specified (licenses for facilities owned by Chinese entities would face a “presumption of denial,” and facilities owned by multinationals will be decided on a case-by-case basis);
- Restricted the ability of U.S. persons to support the development, or production of chips at certain PRC-located semiconductor fabrication “facilities” without a license;
- Added new license requirements to export items to develop or produce semiconductor manufacturing equipment and related items; and



- Established a Temporary General License (“TGL”) to minimize the short-term impact on the semiconductor supply chain by allowing specific, limited manufacturing activities related to items destined for use outside the PRC.

On October 17, 2023, the BIS published two interim final rules (“2023 IFR”) designed to update export controls on advanced computing semiconductors and semiconductor manufacturing equipment, as well as items that support supercomputing applications and end-uses, to arms embargoed countries, including the PRC, and to place additional related entities in the PRC on the Entity List. The 2023 IFR reinforced the 2022 IFR controls to restrict the PRC’s ability to both purchase and manufacture certain high-end chips critical for military advantage. The 2023 IFR is summarized briefly below:

Advanced Computing Chips Rule (“AC/S IFR”):

The AC/S IFR retained the stringent the PRC-wide licensing requirements imposed in the 2022 IFR and made two categories of updates:

- (1) Part 1, adjusting the parameters that determine whether an advanced computing chip is restricted; and
- (2) Part 2, imposing new measures to address risks of circumvention of the controls.

Part 1: Parameter Changes:

The AC/S IFR removed “interconnect bandwidth” as a parameter for identifying restricted chips. 2023 IFR also:

- Restricted the export of chips if they exceed either of two parameters:
 - (a) The preexisting performance threshold set in the 2022 IFR; or
 - (b) A new “performance density threshold,” which is designed to preempt future workarounds.
- Required a notification for the export of certain additional chips with performance just below the restricted threshold. Under new “License Exception Notified Advanced Computing (NAC),” following receipt of notification for exports and reexport to Macau and destinations identified as subject to a U.S. arms embargo (including the PRC), the U.S. government would determine within 25 days whether the transaction may proceed under the license exception or instead require a license.

Part 2: Circumvention Prevention:

- Established a worldwide licensing requirement for export of controlled chips to any company that is headquartered in any destination subject to a U.S. arms embargo (including the PRC) or Macau, or whose ultimate parent company is headquartered in those countries, to prevent firms from countries of concern from securing controlled chips through their foreign subsidiaries and branches.



- Created new red flags and additional due diligence requirements to help foundries identify restricted chip designs from countries of concern.
- Expanded licensing requirements for export of advanced chips, with a presumption of denial, to all 22 countries to which the United States maintains an arms embargo (including the PRC) and Macau.
- Imposed license requirements for export of advanced chips, with a presumption of approval, to these same additional countries, in response to reporting that countries of concern have used third countries to divert or access restricted items.
- Created a notification requirement for a small number of high-end gaming chips to increase visibility into shipments and prevent their misuse to undermine U.S. national security.
- Included a request for public comments on multiple topics, including risks associated with infrastructure as a service (IaaS) providers, the application of controls on deemed exports and deemed reexports, additional compliance guidance that could be provided to foundries receiving chip designs, and how to more precisely define key terms and parameters in the regulation.

Expansion of Export Controls on Semiconductor Manufacturing Items Interim Final Rule ("SME IFR"):

Key changes made from the 2022 IFR in the SME IFR include:

- Imposed controls on additional types of semiconductor manufacturing equipment.
- Refined and better focused the U.S. persons restrictions while codifying previously existing agency guidance, to ensure U.S. companies cannot provide support to advanced Chinese semiconductor manufacturing while avoiding unintended impacts.
- Expanded license requirements for semiconductor manufacturing equipment to apply to additional countries beyond the PRC, to 21 other countries for which the U.S. maintains an arms embargo.

On December 2, 2024, the BIS published a new interim final rule named as Foreign-Produced Direct Product Rule Additions, and Refinements to Controls for Advanced Computing and Semiconductor Manufacturing Items ("2024 IFR") to further impair the PRC's capability to produce advanced-node semiconductors that can be used in the next generation of advanced weapon systems and in artificial intelligence (AI) and advanced computing, which have significant military applications. The rules included new controls on 24 types of semiconductor manufacturing equipment and 3 types of software tools for developing or producing semiconductors; new controls on high bandwidth memory ("HBM"); new red flag guidance to address compliance and diversion concerns; 140 Entity List additions and 14 modifications spanning Chinese tool manufacturers, semiconductor fabs, and investment companies involved in advancing the PRC government's military modernization; and several critical regulatory changes to enhance the effectiveness of previous controls. In line with these objectives, the BIS was implementing several regulatory measures, including but not limited to:

- New controls on semiconductor manufacturing equipment needed to produce advanced-node integrated circuits, including certain etch, deposition, lithography, ion implantation, annealing, metrology and inspection, and cleaning tools.
- New controls on software tools for developing or producing advanced-node integrated circuits, including certain software that increases the productivity of advanced machines or allows less-advanced machines to produce advanced chips.
- New controls on HBM. HBM is critical to both AI training and inference at scale and is a key component of advanced computing chips. The new controls apply to U.S.-origin HBM as well as foreign-produced HBM subject to the EAR under the advanced computing FDP rule. Certain HBM will be eligible for authorization under new License Exception HBM.
- Addition of 140 entities to the Entity List, in addition to 14 modifications, including semiconductor fabs, tool companies, and investment companies that are acting at the behest of the PRC to further the PRC's advanced chip goals which pose a risk to U.S. and allied national security.
- Establishment of two new FDP rules and corresponding de minimis provisions:
 - Semiconductor Manufacturing Equipment (SME) FDP: Extended jurisdiction over specified foreign-produced SME and related items if there is “knowledge” that the foreign-produced commodity is destined to Macau or a destination in Country Group D:5, including the PRC.
 - Footnote 5 (FN5) FDP: Extended jurisdiction over specified foreign-produced SME and related items if there is “knowledge” of certain involvement by an entity on or added to the Entity List with a FN5 designation.
 - De minimis: Extended jurisdiction over specified foreign-produced SME and related items described in the above FDP rules that contain any amount of U.S.-origin integrated circuits.
- New software and technology controls, including restrictions on Electronic Computer Aided Design (ECAD) and Technology Computer Aided Design (TCAD) software and technology when there is “knowledge” that such items will be used for the design of advanced-node integrated circuits to be produced in Macau or a destination in Country Group D:5.
- Clarification to the EAR regarding existing controls on software keys. Export controls now apply to the export, reexport, or transfer (in-country) of software keys that allow access to the use of specific hardware or software or renewal of existing software and hardware use licenses. In addition to the restrictions introduced by the IFRs, the BIS maintains lists of persons or entities that are subject to enhanced export control restrictions. One such list, the Entity List, includes a list of foreign persons or entities on which certain trade restrictions are imposed, including business, research institutions, government and private organizations, individuals and other types of legal persons. The United States in recent years has placed an increasing number of



entities, including a number of entities in the PRC, on the Entity List and other restricted or prohibited parties lists.

In the spring of 2025, BIS also sent letters to various U.S. chip manufacturers giving them notice that certain exports of their products to China would thereafter be considered prohibited under the EAR, but following the U.S.-China trade understanding reached in Geneva on June 24, 2025, various recipients of these letters have confirmed that BIS rescinded the additional restrictions imposed by these notices.

In addition, the U.S. Secretary of Commerce announced on July 15, 2025 that BIS was resuming the approval of licenses for NVIDIA to sell its “fourth best” AI chip, the H20, to companies in China.

On September 30, 2025, BIS issued a new rule providing that entities owned 50% or more by an entity named on the Entity List would be subject to the same export restrictions applicable to the entity actually named on the Entity List.

With respect to U.S. economic sanctions, the Treasury Department’s Office of Foreign Assets Control (“OFAC”) has published extensive regulations in 31 C.F.R. part 500 *et seq.* (ecfr 2025) which prohibit specified types of transactions with a variety of specific countries and listed individuals and entities when such transactions have a specified type of jurisdictional nexus with the United States. Our review of the Company’s business and sanctions compliance program included fact-finding and analysis under these OFAC regulations.

Analysis and Findings Concerning Export Controls and Sanctions Compliance

Based upon our fact-finding and 5+ years of work with the Company, we have determined that the Export Control Classification Numbers (“ECCNs”) of the items the Company exports from the United States or transfers to third parties after sourcing from the United States are all either EAR99 or in an ECCN subject only to anti-terrorism controls, and the Company does not transfer any anti-terrorism controlled items subject to the Export Administration Regulations (“EAR”) to any third parties. The Company also reviews its export classifications and compliance on an ongoing basis as regulations or the relevant supply chain changes.

The Company uses chips and artificial intelligence operating at speeds that are below the levels on which the United States has placed the recent strict controls summarized above. The Company has not obtained from NVIDIA any integrated circuits which are subject to an EAR restriction for import into China for civilian end uses. The only NVIDIA chip the Company uses is the NVIDIA “DRIVE Orin” chip, which has an ECCN of 3A991.p. This ECCN is freely exportable from the United States to China for civilian use without any U.S. export license.

The Company itself does not export this NVIDIA DRIVE Orin chip to China from the United States because these chips are widely available in China in the commercial market given that no U.S. export license is required when they are for civilian use (*i.e.*, not purchased for military end use or by a military end user). As noted above, the Company’s business is purely civilian.

Moreover, NVIDIA has publicly reported on its periodic filing with the U.S. Securities and Exchange Commission that NVIDIA DRIVE Orin is used in automotive manufacturing in China, which demonstrates that the U.S. government is well aware that the DRIVE Orin chip is being used in the Chinese automotive sector.



Because the Company uses only the NVIDIA DRIVE Orin chip, the U.S. restrictions on the other, higher performance NVIDIA chips (described above) that the Company does not use do not have any impact on the Company.

Given all of the above facts, we have concluded that no U.S. export control license from the BIS is required for items subject to the EAR that the Company purchases from the United States or transfers to third parties.

The Company has a sanctions compliance program that includes screening of its counterparties against the relevant sanctions lists of the United States and other jurisdictions where the Company does business, and the Company has not sold products or transferred technical data subject to any U.S. or EU sanctions or Entity List restrictions to any party subject to such restrictions.

In addition, (i) the Company manufactures its products in the PRC without any presence in the U.S.; (ii) the Company does not incorporate or bundle any U.S.-origin items subject to the FDPR in the EAR into its end products; and (iii) the Company does not sell or transfer hardware, software or technology (technical data) to end-users or destinations that are prohibited under the FDPR or other provisions of the EAR or under the U.S. economic sanctions rules administered by OFAC.

The Company has never provided its robotaxi service or sold its products to customers in, or based in, any of the following: Afghanistan, Belarus, Central African Republic, Cuba, Democratic Republic of the Congo, Ethiopia, Haiti, Iran, Iraq, Lebanon, Libya, Mali, Myanmar, Nicaragua, North Korea, the Palestinian territories, Russia, Somalia, South Sudan, Sudan, Syria, Ukraine (including the Crimea, Luhansk and Donetsk regions), Venezuela, Yemen, Zimbabwe, or countries in the Balkans (including Macedonia, Montenegro, Bosnia and Herzegovina, Serbia and Kosovo).

Based upon the above and all the detailed data we have received from the Company and our own research over the past 5+ years, we have confirmed that the Company's sales, use and third-party transfer of items subject to the EAR are in compliance with the EAR and other applicable U.S. law.

We also note that the export control risk associated with the Company's business is low due to the civil (*i.e.*, non-military) automotive nature of the Company's business and its use of chips and AI at speeds that are below the levels on which the United States has placed its recent strict controls.

On October 10, 2025, the United States announced that it is planning to impose a new export licensing requirement on the export to China of "critical software". It is not clear what will be defined as "critical software", but we consider it unlikely that the type of ordinary commercial and consumer software that the Company sources from the United States for its office operations would be considered critical software subject to a new licensing requirement.

Tariff Risk

The Company has no direct or indirect exports to the U.S., and its U.S. affiliate has imported goods from outside the United States representing only about 1% of its total annual operating expenses. Therefore, we are of the view that the U.S. tariffs in force have no material or immediate impact on the Company's business, operations and financial performance during the Track Record Period and up to the Latest Practicable Date.

For the sake of completeness of this report, we set forth the U.S. tariffs at issue in the table below:

Level 1	Import Tariff Rate for the Product		Depends on the HTSUS of the products
		+	
Level 2	Section 301 Tariffs (if applicable)		Varies from 7.5% to 100%
		+	
Level 3	Anti-dumping Duties and Countervailing Duties (if applicable)		Different tax rates for different products
		+	
Level 4	IEEPA Tariffs		20% (certain products under Chapter 98 of HTSUS are exempted)
		+	
Level 5	Reciprocal Tariff		10% (unless exempted because a section 232 auto tariff applies)

The earlier reciprocal tariff of 125% that had been imposed by the United States on China in Executive Order 14266 has been paused through November 10, 2025, but a 100% tariff was threatened on October 10, 2025 and might (or might not) take effect on November 1, 2025. We cannot predict what reciprocal tariff might be imposed starting in November 2025.

Because the Company's revenue from the U.S. made up less than 1% of its total revenue in 2023, 2024 and the six months ended June 30, 2025, and the Company reports that it is not targeting or planning to shift its strategic focus to the U.S. market, we consider the impact of U.S. tariffs on the Company to be low.

Unlike the U.S., the EU has no reciprocal tariff or IEEPA tariff that is universally applicable to products from the PRC. However, the EU has implemented anti-subsidy measures on finished electric vehicles from the PRC since October 2024. The Company does not sell its products directly or indirectly into the EU market, and its presence in the E.U. is limited to business collaboration with local partners, which is not subject to the EU anti-subsidy measures. Furthermore, during the Track Record Period and as of the Latest Practicable Date, the Company's EU affiliate has imported goods from outside the EU having a total value of less than US\$ 500,000. We are, therefore, of view that the EU tariffs do not have a material impact on the Company's business, operations and financial performance during the Track Record Period. In addition, the Company's products will not face EU countervailing duty if imported to the EU under the current tariff regime because no additional countervailing duty is imposed on Advanced Driver Assistance System or Assisted Driving System products imported from the PRC by the EU as of the Latest Practicable Date.

In closing, we note that our analysis and conclusions are based upon the facts and documentation provided to us and our research and review of publicly available information as stated above and the regulations referred to throughout this memorandum as they are in force as of the date of this memorandum. We have not conducted an audit on the premises of the Company. If the applicable U.S. statutes or regulations were to change, or if the facts detailed in the factual summary were to change, that could lead to a different legal analysis and potentially different conclusions.

The statements set forth in the Prospectus dated October 28, 2025, the Preliminary Offering Circular dated October 28, 2025, and the Final Offering Circular to be dated November 3, 2025, each prepared by the Company in connection with the Offering, under the headings "Definitions", "Risk Factors", "Regulatory Overview" and "Business", to the extent such statements relate to matters of



U.S. or EU sanctions laws or regulations, export control laws, tariffs or legal conclusions with respect thereto, are true and accurate in all material respects and not misleading.

We trust that this answers the questions you have asked us. Please do not hesitate to contact me if you have any questions or require additional information.

A handwritten signature in blue ink that reads "Sheppard, Mullin, Richter & Hampton LLP".

Sheppard, Mullin, Richter & Hampton LLP