# WeRide Inc Second Quarter 2025
# Earnings Call Transcript

Thursday, July 31, 2025 / 8:00 AM U.S. Eastern Time

## PARTICIPANTS

**Company Speakers:**

Tony Han - Founder, Chairman, and Chief Executive Officer

Jennifer Li - Chief Financial Officer and Head of International

**Analysts:**

Liping Zhao - CICC

Tim Hsiao - Morgan Stanley

Jiajie Shen – JP Morgan

Xinyu Fang – UBS

Olivia Niu – BOCI

Tianyu Lu -- CITIC Securities

## PRESENTATION

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**Operator**

Good morning and good evening, ladies and gentlemen. Thank you for standing by and welcome to WeRide's second quarter 2025 earnings conference call. At this time, all participants are in the listen-only mode.

The company will be hosting a question and answer session after management's prepared remarks. Please note that today's event is being recorded. The company's unaudited financial and operating results were released by the newswire earlier today and are currently available online.

Joining us today are WeRide's founder, chairman and CEO, Dr. Tony Han, and CFO and Head of International, Ms. Jennifer Li.

Before we continue, I would like to refer you to the safe harbor statement in the company's earnings press release, which also applies to this call as today's call will include forward-looking statements, including WeRide’s strategies and future plans.

Actual results could differ materially from those stated or implied by these forward-looking statements as a result of various important factors and please refer to the risk factors section of the company’s U.S. prospectus file with the SEC for a full disclosure of these risk factors. Please note that all numbers stated in management's prepared remarks are in RMB terms and we will discuss non-IFRS measures today,

which are more thoroughly explained and reconciled to the most comparable measures reported in the company's earnings release and filings with the SEC. With that, I'll now turn the call over to the company's founder, chairman and CEO, Dr. Tony Han. Please go ahead.

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**Tony Han (Founder, Chairman and CEO)**

Hello everyone. And thank you for joining us today.

This past quarter has been both exciting and full of progress. At WeRide, we remain committed to our long-term vision: transforming the future of mobility through safe and accessible driverless solutions.

Over the past few months, our team have reached significant milestones – most notably, the rollout of our robotaxi service to Dubai, Riyadh, and Shanghai. These new locations expand our global footprint to 10 cities around the globe, marking a major step forward.

We also partnered with Lenovo to launch our latest computing platform, HPC 3.0. This breakthrough offers a new level of cost-effectiveness and scalability for level-4 autonomous vehicles. With that in mind, let’s take a look at some of the key highlights from this quarter.

We have made major progress in expanding our global robotaxi operations, and this is just the beginning. Today, we operate the largest public commercial robotaxi fleet outside the US and China. The Middle East is a strategic priority for WeRide, and it will remain one of our key growth regions throughout 2025.

In 2023, we became the first company to be granted a nationwide permit in the UAE, and last December, we launched a partnership with Uber. In just six months, the WeRide-Uber robotaxi fleet has tripled in size, now covering roughly 50% of Abu Dhabi’s core areas, including major highways and the airport. By year end, we aim to further scale the fleet to hundreds of vehicles and expand service into new areas such as Khalifa City, Masdar City, and more of downtown Abu Dhabi.

This growth is expected to double our ride volume. On average, each robotaxi is expected to complete dozens of rides in a typical of 12-hour shift, with each typical ride exceeding six kilometers.

We’ve also begun driverless testing in Abu Dhabi, paving the way for a commercial driverless launch in the months ahead. We couldn’t be more excited about what’s to come.

In June, we kicked off testing in Dubai, and anticipate launching of our pilot operation later this year. During this initial phase, a safety driver will be present in the vehicle. Much like our approach in Abu Dhabi, our ultimate goal is to introduce a fully driverless service in Dubai next year.

As part of our strategic plan with Uber, we are expanding commercial robotaxi services to 15 additional cities. Earlier this month, we partnered with the Transport General Authority of Saudi Arabia to launch the Kingdom’s first-ever robotaxi pilot in Riyadh. This initial rollout covers key locations, including King Khalid International Airport, major highways, and several city-center destinations. Riyadh is now the third city where WeRide and Uber have introduced robotaxi services together.

We're also making waves in China, where our robotaxi service not only serves as a proving ground for our technology, but also plays a vital part of our commercial operations.

This month, at the World Artificial Intelligence Conference, we announced our debut in Shanghai through a collaboration with Chery and Jinjiang Taxi. Together, we're launching autonomous rides to major city landmarks including the Shanghai World Expo Center, Pudong International Airport, and Shanghai Disney Resort.

On the heels of our robotaxi success, new opportunities are emerging for the commercialization of our other L4 products.

In Guangzhou, our robovan W5 has secured a second round of permits following its successful debut in April. In Singapore, we launched fully driverless robobus operations in Sentosa, the first of its kind in Southeast Asia. Meanwhile in Paris, we partnered with Renault Group for the second consecutive year to provide robobus shuttle service at the prestigious Roland-Garros tennis tournament.

These milestones reflect our commitment to safety and our proven track record of transporting tens of thousands of passengers around the world.

What truly sets us apart isn't just our ability to commercialize, but our relentless drive to innovate.

Earlier this month, we unveiled HPC 3.0, our proprietary computing platform developed in collaboration with Lenovo. HPC 3.0 Featuring dual NVIDIA DRIVE Thor X chips. It delivers up to 2,000 TOPS of AI computing power, making it one of the most powerful computing platforms for L4 autonomy. This full automotive-grade computing platform with a design of 10 years of lifespan is rigorously tested under extreme weather conditions.

Not only does it deliver exceptional performance, it also cuts the cost of our autonomous driving suite by 50% -- positioning WeRide strongly for large-scale commercial deployment.

HPC 3.0 is already integrated into our GXR robotaxi, making it the world's first mass-produced Level-4 autonomous vehicle using the NVIDIA Thor chip.

In partnership with Chery, we have also introduced our next-gen robotaxi, CER, which is now ready for mass production. CER is built with five-layer redundancy across core systems -- including steering system, braking system, communication system, and power supply – ensuring we maintain the same high safety standards proven over past 2,200 days of public operation.

As we continue to scale our operations, policy compliance remains a critical pillar for our strategy. We are incredibly proud of the trust we've earned globally. We are now the only company in the world whose products were granted autonomous driving permits in 6 countries. Each of these permits represents not only the right to operate, but also a stamp of recognition, showing that our vehicles meet the highest standards wherever we go.

To date, we have logged more than 40 million kilometers of real-world autonomous driving mileage, continuously making our system smarter, safer, and more reliable.

Now, I will pass to our CFO Jennifer Li to discuss the company's financial performance.

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**Jennifer Li (CFO)**

Thank you, Tony. Hello, everyone. Before we dive into the 2Q financials, I want to highlight that all figures are in RMB, and comparisons are year-over-year unless stated otherwise.

Now let's discuss our second quarter financial performance.

We delivered total revenue of 127.2 million, up 60.8% year over year , driven by strong growth across both product and service segments. This performance underscores the accelerating commercial momentum of our global strategy.

Product revenue delivered strong growth of 309.6% year over year to 59.8 million in Q2, driven by steadily increasing demand for our robotaxis and robosweepers. Robotaxi revenue reached a record high of 45.9 million, up 836.7% year over year, marking its highest-ever contribution to group revenue at 36.1% since 2021. This growth reflects our global market leadership. We now operate the largest robotaxi fleet in the Middle East, with rapid expansion in Abu Dhabi and Saudi Arabia's first-ever robotaxi pilot operation in Riyadh. We also have strong regulatory momentum: WeRide is the only company with autonomous permits in six countries, which means our technology meets the high global safety standards. This demonstrates our technology advantages and the encouraging success of our globalization strategy.

Service Revenue grew 4.3% YoY to 67.4 million, supported by a 35.8 million increase in intelligent data services and operational support, which is partially offset by the completion of legacy ADAS R&D contracts.

Group-level gross profit increased 40.6% to 35.7 million for the second quarter, with a group-level gross margin of 28.1%, underscoring our continued commercial leadership in the industry. This healthy margin reflects the strength of our international expansion and robotaxi business growth.

Operating expenses increased 42.5% YoY to 487.8 million, with R&D accounting for 65.4% of the total.

To break down further, R&D expenses increased by 33.1% to 318.9 million in the second quarter of 2025 compared to the same period of 2024. Excluding share-based compensation, R&D expenses increased by 50.5% to 280.3 million. The increase in R&D expenses was primarily due to an increase of 45.1 million in personnel-related expenses from headcount increase as well as average salary increase. Also, there's an increase of 31.5 million in service fees for R&D projects.

Administrative expenses increased by 71.3% to 155.1 million. Excluding share-based compensation, administrative expenses increased by 93.8% to 75.6 million. The increase was primarily due to an increase of 28.9 million in professional services fees mainly related to audit and legal compliance service.

Selling expenses increased by 12.9% to 13.8 million. Excluding share-based compensation, selling expenses increased by 17.5% to 12.1 million.

We continue to prioritize our talent strategy, recognizing that a growing team of high-caliber professionals remains pivotal to sustaining our technological leadership. Together with our expanding commercial outreach, these investments are laying a resilient foundation for long-term competitiveness.

Our net loss decreased by 1.7% to 406.4 million in the second quarter of 2025. On a non-IFRS basis, the net loss increased to 300.6 million, mainly due to continued investment in R&D and broader operating activities.

As of June 30, 2025, we held a total capital reserve of 5.8 billion, including 4.1 billion in cash and cash equivalents and time deposits, 1.7 billion in wealth management products, and 15.4 million in restricted cash. We believe our sustainable liquidity positions will continue to fuel robust R&D effort and support our scale-up ambitions.

In conclusion, our recent progress in driverless activities which is now underway in Abu Dhabi and recent launches in Riyadh, Shanghai, and Singapore validate our path to commercialization. With robotaxi unit economics improving and partnerships accelerating, we're confident in our ability to convert global potential into long-term value.

With that, operator, we're now ready to take some questions.

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**Operator**

Thank you. We will now begin the question-and-answer session. (Operator Instructions).

We will now take our first question from Liping Zhao from CICC. Your line is open.

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**Liping Zhao (CICC)**

Good evening, Tony and Jennifer. Congrats on your strong results and thanks for taking my questions.

For Tony, could you elaborate a little bit about how should we consider your company's multi-product strategy? What is the relationship between Robotaxi and other products such as Robobus?

And for Jennifer, we see an expanding revenue contribution of your Robotaxi business. Is this trend going to sustain in the coming quarters and what are the key drivers? Thanks.

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**Tony Han (Founder, Chairman and CEO)**

Okay, so thank you for the question.

I will answer the first one and I think Jennifer can follow up with the second one. So this is about our multi-product strategy. I think all over the world, among all autonomous driving companies, I mean the leading top rated, leading autonomous driving company, WeRide is the only company have this multi-product strategy.

And at WeRide, we take a one platform approach. That is, we do build up a universal platform called WeRide One. And that platform powers multiple urban mobility applications, including all of the products you mentioned.

Among all of this, Robotaxi is our flagship user case. And, but what is the advantage of this one? Okay, the advantage one, there are several advantages of this strategy.

One is like this setup give us access to a huge pool of high quality of L4 data. That means the data you collected with a Robosweeper or with a Robobus actually can be used for Robotaxi. And, you know, during over the past eight years, people are talking about in order to build a great Robotaxi or any L4 products, you need (to) cover lots of long tail corner cases. These corner cases are very rare. There's no guarantee like you can use your Robotaxi to capture all corner cases. However, if we have Robosweeper, Robovan, and Robobus all over the city, then we have much bigger, four or five times bigger chance to capture this very precious corner case so that we can improve our system.

And besides, you know, for the marketing expansion reason, not every market is actually ready for full blown Robotaxi service yet. You know, that is the reality. So our multi-product lineup gives partners and governments the flexibility to roll out autonomy in a way that fits their pace and priorities.

For example, take Paris, Singapore, and Japan as examples. These regions, these countries actually having some problem of aging population and a shrinking public transport workforce. For them, Robobus is often the entry point to L4 autonomy. Starting with Robobus actually help us to build public trust and it gives regulators time to develop the right framework. It's a smart way to actually avoid “cold-start” problem that often stop the new tech rollouts.

And also I'm proud to share with you that because all these products and we have already worked with all governments, I'm appointed as a member of Singapore Steering Committee on AVs. This Committee actually is chaired by the Acting Minister for Transport Mr. Jeffrey Siow. The committee is tasked to look into ensure AVs safely integrated into Singapore's land transport system, create new jobs and improve everyday's connectivity for residents. Actually, it is a great honor for us to contribute to this important national initiative and also to support the development of AVs through strategic guidance and leadership.

So overall, I think with all these products and we have many more opportunities ,many times more efficiency in data collection, and in many times more robust in supply chain. And so I believe this strategy is one key factor that make WeRide so successful. That's all I want to say about this first question and Jen, do you want to answer the second question?

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**Jennifer Li (CFO and Head of International)**

Yeah, I'll take the second question. For the revenue contribution on Robotaxi side, we have seen strong momentum in our Robotaxi revenue and we believe this trend is here to stay.

In Q2, 2025, Robotaxi revenue hit a record high accounting 36% of the total revenue. And going forward, we expect it to continue and remain to be a major revenue contributor as we continue to scale globally

and lead the charge in commercialization of the Robotaxi. So our core engines are driving the growth are as below.

So first of all, it's on the fleet expansion side. As we roll out more Robotaxi and launch operation in key oversea market, a larger fleet directly translate into a stronger revenue. Secondly, our Robotaxi runs a triple growth engine. It started with the hardware sales and it follows with the service revenue as well as the revenue sharing. While the hardware anchors the growth today, the service and service revenue as well as the revenue sharing model offers a long-term upside as our operation mature. Thirdly, we're targeting markets with a stronger unit economics, especially in those with a higher price per kilometer. This is a key factor in scaling revenue efficiently.

So Robotaxi isn't just part of our product lineup—it's at the heart of our global strategy.

That will be all from my answer.

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**Liping Zhao (CICC)**

Got it. Thank you, Tony and Jennifer. That's helpful.

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**Operator**

Thank you, our next question will come from Tim Hsiao of Morgan Stanley. Tim, your line is open.

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**Tim Hsiao (Morgan Stanley)**

This is Tim from Morgan Stanley. Thanks, Tony, Jennifer, and team for taking my questions and congratulations on the solid progress in the Robotaxi business. I have two questions.

The first one is about the Auto-grade HPC 3.0 platform. Apparently, it's a supreme process that the new generation platform could cut the cost by 50%. So just want to know that when are we going to deploy the HPC 3.0 platform on our next generation Robotaxi? And when are we going to start the mass production? And in the meantime, I also want to know if there will be any design changes to revise the next generation Robotaxi seat that can help to really enhance the passenger user experience. So that's my first question.

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**Tony Han (Founder, Chairman and CEO)**

Okay, thank you, Tim. So, first of all, about the one question, I think HPC 3.0 is already on the road.

So, we have spent more than two years working on this very exciting project. And now, finally, we got the result, a very satisfactory result. Our Robotaxi GXR is the world's first mass-produced L4 autonomous driving Robotaxi, actually with NVIDIA Thor platform.

As people know, Thor is currently the most advanced auto-grade computational platform produced by NVIDIA. So, we have achieved that. I do believe HPC 3.0, with that dual Thor X chipset is a game changer. Why is that? Because the computational power is absolutely next level. Previously, competitors' computational platform is around anything between 500 tops to at most 1,000 tops. But now, our fully auto-grade computational platform is 2,000 tops. And also, this extra horsepower allows us to process more sensor data using large models and have lower latency, all in real time. So, that must lead to much better user experience.

And I also want to emphasize, making a computational platform of 2,000 tops is quite hard. Make it full auto-grade is much harder, okay. This is actually really critical. And there's a lot of industry standards, such as ISO 26262, and for functional safety, and AEC-Q100 for quality. We have to handle all of this. And actually, the HPC 3.0 meets these standards.

And also, HPC 3.0 also cuts our manufacturing cost by up to 50%. So, it's ready for large-scale mass production. That's a very important breakthrough.

And also, one major improvement in terms of our planning algorithm is actually, with this enhanced computational platform, we can launch a groundbreaking free pick-up, drop-off, called “PUDO” setup for users. Now, at Beijing Yizhuang, and we achieved this kind of PUDO functionality. So, pick-up, drop-off.

Of course, you cannot drop-off at any street that is not allowed to pick-up and drop-off. But as long as the municipal government allows to pick-up and drop-off, we can achieve that kind of functionality. So, the user experience has been improved a lot.

Okay, that's my answer to the question.

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**Tim Hsiao (Morgan Stanley)**

That's super helpful. Thank you, Tony.

And my second question is also about Robotaxi. As Jennifer mentioned during the presentation, WeRide leads the pack to hold the AD permits in six countries. And I think Tony also mentioned that this is just beginning. So, just want to know that how many permits currently are in our pipelines? Where we can get by end of this year? And separately, if excluding China, what's WeRide’s currently fleet size in those countries globally? And what's our expansion target for Robotaxi by end of this year and for 2026? That's my second question. Thank you.

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**Jennifer Li (CFO and Head of International)**

I'll take this question.

So, about the permit side, right? The granting of the permit, it's a rigorous progress in each country. We are making responsive progress every step along the way. Now we have obtained the driverless testing

permit in Abu Dhabi, and we expect to upgrade the testing permit to driverless commercial permit in the coming months, which is a huge step for Abu Dhabi. And we will have the similar progress will take place in other countries.

On fleet size-wise, we have now totally, we have a fleet size of more than 1,300 autonomous vehicles globally, and we're just still growing. And now about a little bit less than one third of the fleet is outside China.

In the domestic market, so our focus will be just on steady policy-aligned expansion so wherever the policy allows us, we will just go to those places. We are building on those existing open zones and open regulator progress. And recently, we just (inaudible) the autonomous driving permit in Shanghai together with Chery. And in China, we expect by end of this year, we aim to add hundreds more vehicles to our fleet.

And internationally, which is more a focus, like for the earning, and you can see, you can tell that we can see that tremendous upside, especially in those regions, like say Middle East, Singapore, Europe, where the market potential and a unit economics are highly attractive for Robotaxi deployment.

Governments in those regions are also setting very ambitious goals. I'll give you one example. The Saudi Arabia's Transport General Authority has publicly committed that they will reach 25% autonomous driving penetration by 2030.

Similar plans were also announced by Abu Dhabi and by Dubai. So that sends a clear signal that autonomous driving products will be a key part of the region's future mobility.

So we did a simple math. If by hitting like a similar penetration rate in the region, that will give us the room of 30,000 or more, like (inaudible) products in this region, like for Robotaxi as example. Yeah, so we're moving fast to capture those early opportunities in those developed countries. So our goal is to develop hundreds and maybe next year thousands vehicles globally.

This year we'll do hundreds, and next year hopefully if the permit allows, we will love to do thousands. And we would like to focusing on those markets where the demand, the support, and the infrastructure are already lining up. Those are the targeted area.

Yeah, I hope that answers your question, Tim.

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**Tim Hsiao (Morgan Stanley)**

Yes, thanks for sharing all the details and congratulations again, team. Looking forward for more good news. Thank you.

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**Operator**

And our next question will be coming from Jiajie Shen of JP Morgan. Your line is open.

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**Jiajie Shen (JP Morgan)**

Thank you for taking my question. This is Jiajie from JPMorgan. I have two questions. The first one is regarding the business model of your Robotaxi in long run, how should we think about it? Through your collaboration with ride-hailing platforms, what kind of role will they play?

And my second question is regarding the HPC. It's glad to see you launch the new generation of the computing platform, and my question is how is HPC 3.0 going to drive your scaling from here, and what's the implication to your unit economics? Thank you.

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**Tony Han (Founder, Chairman and CEO)**

So first of all, about the Robotaxi business model, I think to WeRide, so the key words for WeRide's business model is actually “Partnership”. So for WeRide's Robotaxi strategy, we want to develop and build a deep win-win partnership with top mobility players in the market, and that means we focus on what we are good at.

Okay, we are good at developing L4 level autonomous driving technology, and while at the same time, our strong partners will bring their expertise in fleet operations, maintenance, marketplace, and customer service. So this kind of collaboration will build up a kind of union which supply the best service to our users. So just give an example, right? Our partnership with Uber, not only led to their second investment in WeRide, but also set up blueprint for how we enter new international markets together. We provide actually autonomous driving technology, and they bring operational know-how.

Across the whole Mid-East, we also collaborate with SteerAI in Saudi Arabia and TXAI in the UAE. In Europe, we’ve launched Robobus services with Renault, and kicked off Robotaxi testing with SBB and STL. Over in Southeast Asia, our strategic alliances with Grab, and also SMRT, and others are helping us in the relative regions, we are very actively seeking for the collaborators.

So with all that said, we believe for strategy, we believe first mover advantage is critical. And by partnering with strong local operators, global operators, we are not only shortening our time to market, but also build a very robust, scalable ecosystem that combines cutting edge technology with proven operation excellence. So that's how we push for the large scale. That's our strategy.

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**Operator**

Our next question comes from Xinyu Fang of UBS. Your line is open.

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**Xinyu Fang (UBS)**

Thank you for taking my question. I have two questions.

My first one is that recently, we've seen OEMs like Tesla entering the space of Robotaxi operation. Could you kindly share your thoughts on the future competitive landscape of Robotaxi, both domestic and overseas? Thank you.

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**Tony Han (Founder, Chairman and CEO)**

Okay, so I'll take this question.

So it's about like a competitive landscape. First of all, I want to mention like Robotaxi because it is such an important area and with huge market potential. In this field, over the past 10 years, there have never been one day that we've lost lots of competitors. You know, since we found this company in the year 2017, there are many very well-known giants and also very well-known startups like enter this field. The Robotaxi competition actually have been ongoing for more than eight years. But over the eight years, WeRide has grown into a top autonomous driving and Robotaxi company in this world. And we have expanded our operations in more than 10 countries and many, many cities. We (our products) hold taxi permits from six countries. So I think we are very confident about like our competition capability.

Just, I want to emphasize what really sets WeRide apart is actually WeRide's proven ability to deliver safe, reliable and scalable public transportations. And we have been offering public Robotaxi service since the year of 2019. And we are still proud to say over past 2,200 days of operation, there's a zero regulatory discipline caused by our autonomous driving systems failure. This is a very, very good safety track record.

And in future, what is our competitive edge? I think we have many capabilities. Just to name a few, one is our HPC 3.0 I just mentioned. You know, WeRide's computational platform is the most advanced around the world. And our products and algorithms are highly adaptable. And some numbers in some cities, we can go from zero to deployment in just two weeks.

This agility has helped us to secure permits for our products in six countries. And also we have already successfully built a win-win collaboration model with local partners. So with all that said, I think, you know, the other things like we have a very strong mission, that is we want to provide safe, reliable, and greater rider experience to our (inaudible) with our cutting-edge autonomous driving technology.

So with all of this, I think we are very confident for the competition today and for the competition of tomorrow.

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**Xinyu Fang (UBS)**

Okay, thank you for your answer. That's very clear.

My second question is, can you also elaborate on how WeRide leverage new AI models such as the world model or VLM or VLA? How would you think about the future technology trend for Robotaxi and other autonomous vehicles? Thank you.

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**Tony Han (Founder, Chairman and CEO)**

Okay, very good question. I think, you know, so for VLM, you know, now everybody's talking about VLM and in the era of developing AGI, a great program in AGI. Of course, everybody talking about this real language model.

And one thing I want to mention is like, there are some good technology, but in order to really adopt this good technology, you have to have very good pool of talents to develop this technology. These days, we all witness like this kind of competition of the talents in Silicon Valley, right? So luckily, WeRide has a pool of great talents working on deep learning, large language model and VLM.

We have a lot of very, very excellent talented engineers. And, one thing I want to point out is like, we actually working on the VLM at the same time, we actually build a proprietary end-to-end architecture that can function independently on other system. And on our L4 fleet, actually we can make this other system integrated into our L4 system. And to my best knowledge, this is very unique. So we have this kind of visual language model based end-to-end system, and it's already integrated into our L4 system.

And so we actually are also working on how to really utilize this VLM with lots of data. But of course, the data labeling is kind of very, very tedious and also sometimes very expensive. So to work with visual large language model and all kinds of deep learning algorithm, we actually developed a very, very important platform, GENESIS. This GENESIS stands for Generative Engineered Neural Environment for Simulated Intelligence in Self-Driving. It's actually our core part of task training and validate our system.

And with this new deep learning algorithm, we can actually have a mechanism or an environment to generate a world. WeRide GENESIS can actually reconstruct full urban environments in minutes and also complete with camera and the radar views (that) help us to simulate all kinds of scenario. And also it's capable of 3D reconstruction of everything with all the geolocation information and very realistic. And with the generative AI function, we can support actually different scenarios like snowing weather, raining weather, all of this kind of scenario we can generate and put all of this generated data to train our visual large language model.

I believe this is one of our muscle, one of our competitive edge. So with all of this new developed technique and algorithm, we hope to develop the best autonomous driving technology for our users.

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**Xinyu Fang (UBS)**

Got it, thank you.

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**Operator**

Our next question will be coming from Olivia Niu of BOCI. Your line is open.

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**Olivia Niu (BOCI)**

Hi Tony, hi Jennifer. Thanks for taking my questions. And here I have two questions.

The first one is regarding the global market expansion because we see that WeRide is accelerating the global market expansion to deploy Robotaxi business in recent quarters, especially in Middle East. So just wondering, do you see any challenges of deploying Robotaxi service in such destination markets maybe from the perspective of market adaptation and compliance related issues? That's my first question.

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**Jennifer Li (CFO)**

Yeah, Olivia, I'll take your question. For the challenge side of deploying overseas, let's start with adaptation. Taking our tech globally means we have to tailor everything to the local conditions, which are always often very different from what we have seen in China.

I'll give you a few examples. Like say in some regions, if the climate changes, if the climate is different, some extreme temperature, like heavy snow. And like say in the Middle East, we deal with the extreme like desert heat and unusual encounters like large construction sites on the road. And sometimes the road direction changes like on a monthly basis for those construction sites. So yeah, to prepare, we've leaned heavily on the robust model we have developed over the years, as well as all the diverse data we collect locally.

Tony just explained our model progress. GENESIS, it's extremely helpful. It's not only a world model, but it's a closed loop simulation system. And all of that has given us a very solid base to fine tune our algorithm before we're scaling the operation locally. And then if we move on to the compliance side, every market has its own stance on autonomous driving vehicles.

And many countries, they're still figuring it out. Some, like say the Middle East, they are pushing aggressively to bring in autonomous driverless solutions. And there are other countries, they're taking a more step-by-step approach. But for both scenarios, early movers, they have a real advantage. By getting early, we can help to shape the regulatory framework itself. Just like Tony just mentioned, he sits on the regulatory board in Singapore. And that, in turn, will help to smooth our path into those new regions.

Together with the regulatory side, licensing is another major piece of the puzzle.

And every market followed a phased regulatory path. That's pretty common. And you have to get from the testing permit and then do it for a while and then move it into commercial license if the regulator is happy with the performance. And then you do it with a safety driver on board and gradually you move it to fully driverless. It's a rigorous process. And we're very proud to say we are, now if you look at the results, we're the only tech company with products granted autonomous driving license in six different countries.

We run all of our autonomous driving products in 10 countries in more than 30 cities. That's a very strong testament of the maturity and the readiness of our technology and our getting permit know-how.

Last but not least, we'd like to mention on the data privacy and localization. We do take those very seriously and we don't engage in cross-border data transfer. And all the data we collect, they stay within the country where it's generated. And usually we definitely strictly follow the local data, like governance, privacy, and cybersecurity, all the requirements.

So yeah, so with all this years experience on overseas deployment, and we have built a very deep understanding of what it really takes to succeed in different markets. This kind of like hands-on know-how were earned through the actual deployment. And it's not just like signing some MOU and some very beginning pilot program.

We believe this is one of our core modes and this will set us up for scale up efficiently and competently around the world.

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**Olivia Niu (BOCI)**

Thanks, Jennifer. It's quite clear.

And my second question is about the technology competency. If we look at all autonomous driving software developers of maybe traditional L4 players that focus on developing fully automated vehicles, like Waymo, and also the others originally focused on developing L2 or L2 plus ADAS system, but now play catch up in L4 competition, such as Tesla. So just wondering if from the technological perspective, how do we think about the competitive edge of WeRide and how to sustain the tech leadership in future? Thanks.

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**Tony Han (Founder, Chairman and CEO)**

I'll take this question. People have been debating about like, whether Waymo's approach will realize autonomous driving or is there a possibility like Tesla's approach will reach autonomous driving? So people can debate this for a long time.

But I want to point out actually, so you have to show all the people like with real operation. So here, I just want to say, no matter what kind of approach you mentioned, finally, you have to supply very reliable, very affordable and honorable taxi service with very good user experience. So having that said, I just want to emphasize like, there's only one company in the world like it can, currently is doing full-(inaudible) taxi service using L4 level of autonomous driving technology (and) at the same time, supplying ADAS system for massive production car.

That is WeRide. We can do all range of autonomous driving system or algorithm starting from L2 Plus Plus to L4 system. Our L4 vehicles actually already operate with some very good performance in Beijing and Guangzhou. And I think they are comparable to Waymo's operation in San Francisco or in LA or potentially in New York.

Our ADAS set, we have built state-of-the-art, one-stage end-to-end model and also we are integrating VLM as I mentioned before. And so our ADAS system has been adopted by many mass product production client and have very good ADAS experience.

By advancing L4 autonomous driving system and ADAS technology in parallel, we are building a tech foundation with the potential to break past traditional autonomous driving systems performance ceiling and achieve a much higher level of generalization. That's exactly why we are able to support a wide range of urban mobility applications and has successfully deployed in 10 diverse countries and in all different conditions. So that's actually just want to share with all the people like no matter which approach people think have high likelihood, actually WeRide is the only company doing very, very significant progress and actually generates significant results on both ends.

So hopefully in future, we will have a great system, have the merits of the both approach (approaches) with a very efficient model and we can bring the best quality of service of Robotaxi service to the world.

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**Olivia Niu (BOCI)**

Thanks, Tony, quite helpful. I have no further questions and I'm looking forward to hear more good news next quarter. Thanks.

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**Jennifer Li (CFO)**

Thank you, Olivia. Thank you, thank you, everybody. Thank you. Do we have more questions coming?

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**Operator**

We have one more question for Tianyu Lu of CITIC Securities, your line is open.

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**Tianyu Lu (CITIC Securities)**

Okay, good morning, I'm Tianyu Lu from CITIC Securities and thank you very much and congratulations on the results.

We believe that the level for autonomous driving is an international topic, not only in China. And my question is that as some companies are also eyeing the Middle East, what's your take and how does WeRide stand out? Thank you.

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**Jennifer Li (CFO)**

Thank you. I'll take your test question, Tianyu.

And so yeah, like what we just mentioned, Middle East is a dynamic market with huge potential and which is exactly why we chose it as the launchpad for our global expansion back in 2021. So even then, back then, we weren't the first one to announce plan there, but today, WeRide operates the largest commercial Robotaxi fleet in the entire region and we're just getting started. Just to look back the past few years, like in 2023, we became the first and only autonomous driving company to receive a national autonomous driving permit in the UAE granted to us by the UAE Prime Minister.

And that milestone opens the door for our flagship partnership with Uber, which actually kicked off last December. And yeah, so now we have a strong partnership like in the region with Uber, with TXAI, with TGA, with AI Driver. And to the best of my knowledge, today we are the only Robotaxi player based operation in Abu Dhabi and we're the one of the two that who has started testing in Abu Dhabi, in Dubai. And obviously we're the only one in Riyadh, in the Saudi Arabia as well.

And if we're coming back to like say Abu Dhabi, our Robotaxi fleet already covers half of the urban city. So that is unprecedented for the region. So yeah, so what makes all of that possible is like we have a very standardized deployment playbook and it's a proven localized capabilities. It's not easy for everyone to, it's not like anyone can just go into the region and it started (start) to deploy. There are a lot of the localized issue that they have to solve.

But we have already getting (got) there, we can get the fleet up and running in weeks. And also we have the local team to support. Yeah, even in the region's extreme like environment, like say two weeks ago, I was down there in Riyadh for the Robotaxi like deployment ceremony.

So weather is already 46, 47 degrees. And you can imagine when we first hit it, like open the car, it's the temperature within the vehicle is even higher. So all of other issues that every participants in the region have to overcome.

And it takes a strong team to overcome those challenges. With all the expertise that we build there, we think we will remain to be the leading one in the Middle East and we'll take it global to scale faster, smarter, and with very strong local impact. I hope that answers your question.

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**Operator**

Ladies and gentlemen, this does conclude today's conference. Thank you for your participation and you may now disconnect.