2023 Full Year Earnings Conference Call Script

Company Participants

Ms. Grace Ye – IR Manager

Dr. Steven Qiu – Chairman of the Board of Directors

Mr. Mark Qiu - CEO

Mr. Kelvin Lau - CFO

Operator:

Good evening ladies and gentlemen, thank you for standing by, and welcome to the 2023 Full Year Robosense Technology Co., Ltd. Earnings Conference Call. All participants will be in listen-only mode. Should you need assistance, please signal a Conference Specialist by pressing the star key followed by Zero.

After today's presentation, there will be an opportunity to ask questions. Please note, this event is being recorded today, March 27, 2024.

I would now like to turn the conference over to Ms. Grace Ye, the IR Manager. Thank you. Please go ahead.

Grace Ye:

Thank you, Operator. Hello, everyone, and welcome to Robosense's Earnings Conference Call for the full year results of 2023. The company's earnings results were released earlier today and are available on our IR website, www.ir.robosense.ai, the website of Hong Kong Stock Exchange, http://www.hkexnews.hk as well as on Newswire services.

Today, you will hear from Dr. Steven Qiu, our Chairman of the Board of Directors, Mr. Mark Qiu, our CEO and Mr. Kelvin Lau, our CFO, who will take you through the

company's operational and financial results for the full year of 2023. After their prepared remarks, Steven, Mark and Kelvin will be available to answer your questions.

Before we continue, please note that the discussion today may contain certain forward-looking statements which involve known and unknown risks, uncertainties and other factors which are beyond our control, and may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. In light of the risks and uncertainties, the inclusion of forward-looking statements in this discussion should not be regarded as representations by the Board of Directors or Robosense that the plans and objectives will be achieved, and shareholders and investors of the Company should not place undue reliance on such statements. Robosense does not assume any obligation to update any forward-looking statements except as required under applicable law.

Also, please note that some of the information to be discussed includes non-IFRS financial measures are not required by, or presented in accordance with IFRS. The IFRS financial measures and information reconciling these non-IFRS financial measures to Robosense's financial results prepared in accordance with IFRS are included in Robosense's annual results announcement, which has been posted on the company's IR website at www.ir.robosense.ai and the website of Hong Kong Stock Exchange, http://www.hkexnews.hk.

Finally, as a reminder, this conference call is being recorded. In addition, a webcast of this conference call is available on Robosense's Investor Relations website.

I will now turn the call over to Dr. Steven Qiu, the Chairman of the Board of Directors.

Chairman – Dr. Steven Qiu

#公司 2023 年业绩

谢谢 Grace。首先谢谢各位参加速腾聚创 IPO 后第一次的业绩发布电话会。我们刚刚在今天的下午（）发布了公司 2023 年全年业绩的公告。我非常高兴的向大家宣布速腾聚创在 2023 年迎来了非常高速的业务增长，2023 年的收入达到人民币 11.2 亿，同比增长达到 111.2%，其中车载激光雷达的销量约达到 243,000 台，同比增长达 558.5%，同时公司的毛利率也从 2022 年的负 7.4%改善到 2023 年的正 8.4%。这些成绩是值得令人鼓舞的。详细的财务数字说明和分析，稍后我们的 CFO Kelvin 会向各位解读。

截至到今年的 2 月底，我们与 22 家汽车整车厂及一级供应商的激光雷达产品的量产定点订单增加到 63 款车型，且我们已为上述 22 家汽车整车厂和一级供应商中的 12 家实现了 25 款车型的 SOP。预计今年 2024 年会陆陆续续的有更多的车型开始 SOP。公司在 CES 开展首日 2024 年 1 月 9 日正式发布首款 940nm 的超长距激光雷达 M3。M3 是全球首款通过 940nm 激光技术实现 300m@10%反射率测距能力的超远距激光雷达，且具有 0.05°x0.05°角分辨率的超高清三维成像能力，成功打破业内“只有 1550nm 激光收发方案才能实现大于 250m@10%测距”的技术瓶颈与行业认知。

#速腾愿景

今年的 1 月 5 日，速腾在香港上市，站在了新的台阶。但对速腾聚创来说，我们才刚刚开始，我希望投资者可以对速腾聚创有更深的了解。RoboSense，从狭义理解就是机器人+感知，但从广义来说，就是机器人+认知，也就是 AI+机器人。所以速腾聚创从成立之初，就把自己定义为一家机器人公司。成为全球领先的激光雷达公司只是我们实现目标的第一步。

#我们的积累（过去和未来在 AI+机器人投入）

我们在激光雷达和感知解决方案上已经深耕了 9 个多年头，积累了大量的研发和工程经验，包括硬件，AI 相关的软件算法能力以及芯片技术，这些都为我们未来的发展打下坚实的基础。目前我们拥有共 563 名专业能干的研发人员，其中约 100 名人员是专注在芯片研发，近 150 名人员专注在 AI 算法。2023 年我们的研发费用，不考虑包含其中的期权费用，达到约人民币 4.3 亿，与研发相关的资产投入达到人民币 8,000 万，研发总投入约为人民币 5.1 亿，其中约 30%是用于 AI 的研发投入，包括算法，算力和数据储存，其中约 22%是用于芯片的研发投入。

#速腾在机器人方向的商业落地应用

1、让我先说说激光雷达在传统机器人上的应用，在过去的几年，我们的激光雷达在机器人行业客户的销量一直处于领先的位置。我们主要以 Helios 和 Blackpearl 两个产品去满足大部分的机器人客户需求。2023 年，我们选定了清洁、无人叉车两类机器人，以及港口和矿场两类场景。而在 2023 年下半年，我们发现割草机器人对激光雷达有强烈的需求，我们的 E 平台能非常好的满足这类机器人的需求，预计在今年 Q4，我们会开始交付。

2、而激光雷达在具身智能机器人上的应用，我认为正如激光雷达是高阶智能驾驶的关键传感器一样，激光雷达具备三维感知能力，天然的带深度信息，也将是人形机器人

关键传感器。我相信，激光雷达在汽车领域的催熟、也能很好迁移到人形机器人。

3、算力和传感器系统随着智能汽车发展，产业链被快速催熟，在保性能或者性能还有提升的前提下，成本大幅下降。具身智能所需的传感器和端侧算力，将与当前智能电动汽车类似。

4、在过去的几年，我们把汽车当成相对成熟的硬件平台，实现 AI 的全流程的打通（包括数据、算法、算力集群），我们建立了自己的超算中心-“神机超算中心”。激光雷达、视觉等多传感器融合感知方案有了长足进步。无论在传感器、还是 AI 感知能力，都是速腾聚创极其擅长的点，也是我们的基本盘。我们依托一定的硬件平台，比如上肢（双臂+灵巧手），可以完成端到端的任务执行，寻求具身智能的 Scaling Law。

我们的使命是“让世界更安全，让生活更智能”。前半句主要就是我们希望通过我们的激光雷达、感知系统赋能汽车，通过智能驾驶可以减少交通事故，提升通勤效率，这是弱人工智能。后半句，就是我们的 AI+机器人，我相信，未来几年，机器人将极大提升我们的生活质量，很多枯燥的，或危险的工作都应该由机器人去完成，甚至未来机器人会成为人延伸的一部分，可以与环境更自然的交互，这是强人工智能。接下来，我们团队将不断努力，在纵向硬件、AI、芯片，横向汽车赛道和机器人赛道做重新梳理，去适应这一轮人工智能技术浪潮。我们的愿景是希望未来 10 年，我们能成为全球领先的机器人技术平台公司。

感谢大家。

下面有请 CFO——Kelvin 为您们带来 2023 年全年财务数据介绍。

ENG：

Thank you, Grace. First of all, I would like to thank everyone for joining the first earnings call conference since the IPO of Robosense Technology Co., Ltd. We have just released our full-year 2023 financial results at 5:00 pm this afternoon. I am thrilled to announce that Robosense has experienced a very rapid business growth in 2023, with revenues reaching RMB1.12 billion, a year-on-year increase of 111.2%. Our sales of ADAS LiDARs approximately reached 243,000 units, marking a staggering 558.5% increase compared to the previous year. Concurrently, our gross margin improved significantly from negative7.4% in 2022 to postive 8.4% in 2023. These achievements are truly encouraging. Our CFO, Kelvin, will provide a detailed explanation and analysis of the financial figures later on.

As of the end of February this year, our design wins for mass production of LiDAR

products with 22 automotive OEMs and tier-one suppliers have increased to 63 vehicle models, and we have already achieved SOP (Start of Production) for 25 vehicle models for 12 of the 22 aforementioned automotive OEMs and tier-one suppliers. We anticipate that more vehicle models will begin SOP throughout the year of 2024. On the first day of the CES which was held on January 9, 2024, the company officially unveiled its inaugural 940nm long-range LiDAR, the M3. The M3 is the world's first ultra-long-range LiDAR to achieve a 300m detection range at 10% reflectivity using 940nm laser technology, and it boasts an ultra-high-definition 3D imaging capability with an angular resolution of 0.05° x 0.05°. It successfully breaks through the industry's technical barrier and perception that "only 1550nm laser transceiver solutions can achieve a detection range greater than 250m at 10% reflectivity."

On January 5th of this year, Robosense has already completed its IPO in Hong Kong Stock Exchange, representing a new milestone for us. However, for RoboSense, we are just getting started, and I hope investors can gain a deeper understanding of our company. RoboSense, in a narrow sense, is understood as robotics plus perception, but in a broader sense, it encompasses robotics plus cognition, which translates to AI plus robotics. Therefore, from its inception, RoboSense has defined itself as a robotics company. Becoming a global leader in LiDAR technology is just the first step towards achieving our goals.

We have been deeply involved in LiDAR and perception solutions for over nine years, and accumulating a wealth of R&D and technical experience, patents, algorithms, and chip technologies, all of which lay a solid foundation for our future development. Currently, we have a total of 563 dedicated and competent R&D personnel, including approximately 100 are focusing on chips development and approxiamtely 150 on AI algorithms. In 2023, our R&D expenses, excluding share-based compensation expenses, amounted to approximately RMB 430 million, and investment in R&D related assets amounted to Rmb0.8 million, total R&D investment was approximately RMB 510 million, with approximately 30% was allocated to AI development, including algorithms, computing power, and data storage, and approximately 22% was invested in chips development.

Let me first discuss the application of LiDAR in traditional robotics. Over the past few years, we ranked in a leading position globally in terms of sales volume for customers in the robotics industries. We primarily use the Helios and Blackpearl platforms product to serve and fulfill those key applications. In 2023, we have selected cleaning and unmanned forklift robots, as well as port and mining scenarios as our target markets and customers. In the second half of 2023, we also identified a strong demand for LiDAR in lawn mowing robots, and our E platform products are well-suited to meet the needs of this category of robots. We expect that the relevant product deliveries will be started in Q4 of this year.

Regarding the application of LiDAR in embodied intelligent robots, I believe that just as LiDAR is a key sensor for ADAS (advanced Driver Assistance System) driving, LiDAR's three-dimensional perception capabilities and inherent depth information will also make it a critical sensor for humanoid robots. I am confident that the maturity of LiDAR technology in the automotive field can be effectively transferred to humanoid robots.

In the development direction of AI+ robotics, multimodal large models, such as ChatGPT, represent a significant trend towards AGI (Artificial General Intelligence). AI has made significant strides towards AGI, and the next step is to see how AGI is applied in vertical fields, linking with the physical world through robots.

Computing power and perception systems have matured rapidly with the development of intelligent vehicles, and the relevant costs have significantly reduced while the quality and performance can be maintained or even further enhanced. The perception systems and edge computing power required for embodied intelligent robots will be similar to those applied in current intelligent electric vehicles.

Over the past few years, through our automotive platform, we have integrated the entire AI process, including data, algorithms, and computing power, and have established our own supercomputing center—"Divine Supercomputing Center". We have made significant progress in multi-sensor fusion perception solutions, including LiDAR and vision technologies. Sensors and AI perception capabilities are those areas where Robosense excels and forms our foundation. Leveraging certain hardware platforms, such as upper limbs (dual arms + dexterous hands), we can complete end-to-end task execution, seeking the Scaling Law of embodied intelligence.

Our mission is "To make the world safer and life smarter." The first part of this slogan mainly reflects our goal of empowering automobiles with our LiDAR and perception systems so as to reduce traffic accidents and improve commuting efficiency through intelligent driving — we call this as weak AI. The second part of our slogan refers to our AI+ robotics, which I believe that, in the coming years, robots will greatly enhance the quality of our life. Many tedious or dangerous tasks should be undertaken by robots, and in the future, robots may even become an extension of humans, interacting more naturally with the environment — we call this as strong AI. Moving forward, our team will continue to work hard and focus on developing our three core vertical centers LiDAR, AI, and chips, which shall be utilized and applied to the two main horizontal sectors - automotive and robotics, so as to adapt and accommodate to the wave of artificial intelligence technology. Our vision is to become a globally

leading robotics technology platform company within the next decade.

Thank you all.

Now, please welcome our CFO, Kelvin, who will present the full-year 2023 financial data to you.

CFO – Mr. Kelvin Lau

Thank you, Steven. Now I would like to take you through the full year of 2023 financial highlights.

Our total revenue increased by 111.2% from RMB530.3 million for the year ended December 31, 2022 to RMB1,120.1 million for the year ended December 31, 2023. The increase was primarily due to the increased sales of products in 2023.

Revenue from the sales of products increased by 141.2% from RMB399.4 million for the year ended December 31, 2022 to RMB963.5 million for the year ended December 31, 2023, primarily due to the increased sales of products for ADAS applications, such as our automotive- grade solid-state LiDAR. In 2023, our revenue generated from sales of our LiDAR products for ADAS applications increased to RMB777.1 million from RMB160.4 million in 2022, representing a significant year-on-year growth of 384.6%. The total number of our LiDAR products sold increased from approximately 57,000 units in 2022 to approximately 259,600 units in 2023. The number of LiDAR products sold for ADAS applications significantly increased from approximately 36,900 units in 2022 to approximately 243,000 units in 2023. The revenue growth driven by the increase in sales volume of products for ADAS applications was partially offset by (i) the decrease in the average unit price of products for ADAS applications from approximately RMB4,300 per unit in 2022 to approximately RMB3,200 per unit in 2023, as we sold more mass-produced LiDARs, which were typically priced at a lower unit price than their respective prototypes, in 2023, and (ii) the decrease in revenue generated from sales of products for robotics and others from RMB239.1 million in 2022 to RMB186.5 million in 2023, representing a year-on-year reduction of 22.0%, primarily because we strategically focused on capturing the market opportunities in the ADAS market, and have halted the production of RS-LiDAR-16, which is a product for robotics and other applications, since December 2022.

Revenue from the sales of solutions decreased by 10.0% from RMB122.3 million for the year ended December 31, 2022 to RMB110.1 million for the year ended

December 31, 2023, primarily due to the decrease in sales of reference solutions and partially offset by the increase in sales of V2X solutions that are tailored for smart infrastructure applications.

Revenue from the provision of services and others increased significantly by 437.7% from RMB8.7 million for the year ended December 31, 2022 to RMB46.5 million for the year ended December 31, 2023, primarily due to the completion and revenue recognition of eight projects in 2023.

Our cost of sales increased by 80.2% from RMB569.6 million for the year ended December 31, 2022 to RMB1,026.5 million for the year ended December 31, 2023, primarily driven by the increase in sales of products in 2023.

Our gross loss was RMB39.3 million for the year ended December 31, 2022 whilst we recorded a gross profit of RMB93.6 million for the year ended December 31, 2023. Accordingly, the gross margin improved significantly from a gross loss margin of 7.4% for the year ended December 31, 2022 to gross profit margin of 8.4% for the year ended December 31, 2023.

Our overall gross margin was largely affected by the changes in the sales contribution from different product categories. The increase in overall gross margin from gross loss margin of 7.4% for the year ended December 31, 2022 to gross profit margin of 8.4% for the year ended December 31, 2023 was mainly attributable to the significant gross margin improvement across two product categories, namely (i) LiDAR products for ADAS applications, and (ii) provision of services and others.

In particular, for our LiDAR products for ADAS applications, we recorded a gross loss of RMB162.1 million and RMB45.8 million for the years ended December 31, 2022 and 2023, respectively. The gross margin for this product category improved significantly from a gross loss margin of 101.1% for the year ended December 31, 2022 to 5.9% for the year ended December 31, 2023. The prices of semiconductor chips we procured in 2023 were significantly lower than those procured at heightened costs in 2022. In 2022, due to the semiconductor chips supply shortage issue, the prices of semiconductor chip we procured were higher, which also resulted in a significant inventory provision incurred in 2022. In addition, our gross margin improvement was also attributable to the economies of scales, as we scaled up our production volume for LiDAR products for ADAS applications in 2023.

For our sales of LiDAR products for robotics and others, we recorded a gross profit of RMB98.9 million and RMB82.6 million for the years ended December 31, 2022 and

2023, respectively. The gross profit margin for this product category improved from 41.4% for the year ended December 31, 2022 to 44.3% for the year ended December 31, 2023. This was primarily because we have halted the production of RS-LiDAR-16 since December 2022, which were of a lower gross margin.

For our provision of LiDAR perception solutions, we recorded a gross profit of RMB67.1 million and RMB61.0 million for the years ended December 31, 2022 and 2023, respectively. The gross profit margin for this product category increased slightly from 54.9% for the year ended December 31, 2022 to 55.4% for the year ended December 31, 2023.

For our provision of services, we recorded a gross loss of RMB43.2 million and RMB4.1 million for the years ended December 31, 2022 and 2023, respectively. The gross margin for this product category improved significantly from a gross loss margin of 499.7% for the year ended December 31, 2022 to 8.8% for the year ended December 31, 2023. This was primarily because we provided one-off technology development service to our certain key customers at favorable prices in 2022.

Our R&D expenses increased significantly by 107.6% from RMB305.9 million for the year ended December 31, 2022 to RMB635.1 million for the year ended December 31, 2023. The increase was primarily due to (i) the higher employee benefit expenses, which were mainly attributable to (a) the increase in share-based compensation of RMB207.2 million, and (b) the increase in the number of R&D personnel from 482 as of December 31, 2022 to 563 as of December 31, 2023 and improved remuneration package for our R&D personnel; and (ii) the increased R&D equipment, resulting in higher depreciation and amortization expenses. We recruited additional R&D personnel specialized in the development of proprietary chips, who enjoyed better remuneration package. Our R&D expenses excluding share-based compensation as a percentage of revenue reduced from 57.7% in 2022 to 38.2% in 2023.

Our sales and marketing expenses increased by 27.6% from RMB67.4 million for the year ended December 31, 2022 to RMB86.0 million for the year ended December 31, 2023. The increase was primarily due to (i) the higher employee benefit expenses, which were mainly attributable to (a) the increase in share-based compensation of RMB4.4 million, and (b) improved remuneration package for our employees; and (ii) the increase in business development and promotion activities as the COVID-19 restrictions had been eased. Our sales and marketing expenses excluding share-based compensation as a percentage of revenue reduced from 12.7% in 2022 to 7.3% in 2023.

Our general and administrative expenses increased significantly by 83.7% from

RMB188.4 million for the year ended December 31, 2022 to RMB345.9 million for the year ended December 31, 2023. The increase was primarily due to (i) the increase in share-based compensation of RMB130.4 million, resulting in the higher employee benefit expenses, and (ii) the listing expenses incurred in 2023. Our general and administrative expenses excluding share-based compensation and listing expenses as a percentage of revenue reduced from 28.2% in 2022 to 11.8% in 2023.

We recorded net impairment losses on financial assets of RMB2.3 million for the year ended December 31, 2023, which remained relatively stable as compared to that of RMB2.5 million for the year ended December 31, 2022.

Our other income increased by 44.3% from RMB31.5 million for the year ended December 31, 2022 to RMB45.4 million for the year ended December 31, 2023. The increase was primarily due to the increase in government grants.

Our other losses, which were primarily net foreign exchange losses, decreased by 76.7% from RMB44.1 million for the year ended December 31, 2022 to RMB10.3 million for the year ended December 31, 2023. The foreign exchange losses we incurred in 2022 and 2023 were related to an RMB-denominated intra-group borrowing by RoboSense HK to Shenzhen Suteng. The functional currency of RoboSense HK was U.S. dollars. The less appreciation of U.S. dollars to RMB exchange rate caused the net foreign exchange losses to decrease in 2023.

Net finance income increased by 405.6% from RMB15.4 million for the year ended December 31, 2022 to RMB78.1 million for the year ended December 31, 2023. The increase was primarily due to the increase in interest income from cash and cash equivalents.

Our fair value changes of convertible redeemable preferred shares were negative RMB3.5 billion in 2023, and negative RMB1.5 billion in 2022, primarily due to the increase in the valuation of the Company. See Note 15 to the Financial Information set forth in this announcement for details regarding the Fair value changes in financial instruments issued to investors. Upon Listing, all the preferred shares were automatically converted into ordinary shares and were reclassified from liabilities to equity accordingly.

As a result of the foregoing, our net loss increased by 107.6% from RMB2,086.1 million for the year ended December 31, 2022 to RMB4,331.0 million for the year ended December 31, 2023.

This concludes my financial highlight section. Operator, we are ready for questions.

Operator

We will now begin the question-and-answer session. To ask a question you may press * then 1 on your touch-tone phone. If you are using a speakerphone, please pick up your handset before pressing the keys. To withdraw your question, please press * then 2. At this time, we will pause momentarily to assemble our roster.

Q&A section

We don't have any other questions as of the moment. Presenters, please continue.

Ms. Grace Ye

Thank you, Operator. If there are no further questions at present, we would like to conclude by thanking everyone for joining our conference call. We welcome you to reach out to us directly by e-mailing at www.ir.robosense.ai. Should you have any questions or requests for additional information, we encourage you to visit our Investor Relations site at www.ir.robosense.ai. Thank you.

Operator

Ladies and gentlemen, that does conclude our call for today. Thank you for participating. You may all disconnect.