

Call Participants

EXECUTIVES

Mark Hankinson
*Head of Investor Relations and
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Ziyu Shen
Chief Executive Officer

Peter W. Cirino
Chief Operating Officer

Dylan Da-Long Jeng
Chief Financial Officer

ANALYSTS

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Presentation

Operator

Good day, and thank you for standing by. Welcome to the ECARX Q1 2026 Earnings Conference Call.

[Operator Instructions]

Please be advised that today's conference is being recorded. I'd now like to hand the conference over to your first speaker today, Mark Hankinson, Head of Investor Relations. Please go ahead.

Mark Hankinson

Thank you, operator. Good morning, and welcome to ECARX's First Quarter 2026 Earnings Conference Call. With me today from ECARX are our Founder and Chief Executive Officer, Ziyu Shen; Chief Operating Officer, Peter Cirino; and Chief Financial Officer, Dylan Jeng. Following their prepared remarks, they will all be available to answer your questions. Before we start, I would like to refer you to our forward-looking statements at the bottom of our earnings press release, which also applies to this call.

Further information on specific risk factors that could cause actual results to differ materially can be found in our filings with the SEC. In addition, this call will include discussions of certain non-GAAP financial measures. A reconciliation of the non-GAAP financial measures to the GAAP financial measures can also be found at the bottom of our earnings release. With that, I'd like to hand over the call to our Founder and Chief Executive Officer, Ziyu Shen. Ziyu, please go ahead.

Ziyu Shen

Chief Executive Officer

Thank you, Mark. Hello, everyone, and thank you for joining us today. The first quarter was defined by continued disciplined execution and continuing momentum in our global strategy. Our vision for ECARX remains clear: push the boundaries of automotive intelligence globally and lead the industry's transition from feature-centric to intelligence-centric experiences. We are building the high-performance computing platforms or "intelligent brains" that power software-defined vehicles. We are uniquely positioned to capitalize on the surging global demand for higher-value software and physical AI across automotive industry.

We have made progress on our strategic objectives since the start of 2026, building upon the momentum we gained last year. Throughout the first quarter, we executed relentlessly on our core priorities for the year: accelerating our globalization strategy, investing in our R&D roadmap and optimizing our lean operating strategy to sustain profitability.

First, on our global expansion. We continue the build out of our global footprint and governance structure, underscored by significant executive and board appointments. Crucially, the nearly \$200 million in capital, we raised last year and early this year, is now being actively deployed. This is fueling the build out of our R&D hub in Germany and our operational infrastructure across South America and in our office in Singapore.

Second, this global expansion is being fueled by our commercial execution and continuous investment in our R&D roadmap. We continue to make solid progress driving further technical innovation and winning new business. A critical component of accelerating this innovation is our broader ecosystem of strategic partnerships.

Third, we announced a major milestone in autonomous driving. ECARX expects to develop and deliver thousands of autonomous enabled vehicles for May Mobility's next-generation autonomy system. This marks ECARX's first entry into the robotaxi market, a market with significant global potential.

Finally, we are maintaining robust cost discipline, reducing our operating costs to sustain profitability.

Our results for the quarter demonstrate the disciplined execution driving this next phase of growth and how we are actively accelerating the transformation to build a truly global business.

While the first quarter is traditionally impacted by seasonality, the broader market also navigated macro headwinds, including shifting government policies and memory component inflation. However, our strong project pipeline and a robust backlog allowed us to largely mitigate the impact of these dynamics. As a result, we delivered sales of goods revenue of \$114 million, a modest 6% decrease year-over-year. This demonstrates the underlying resilience of our core business. Crucially, our disciplined execution translated into meaningful profitability improvements. Overall gross profit was \$28 million, driving an expansion in gross margin to 21.4%. We also significantly narrowed our operating loss to \$13 million, nearly halving the \$25 million loss reported in the same period last year.

Perhaps most notably, we achieved a positive adjusted EBITDA for the third straight quarter, delivering \$4 million compared to negative \$15 million in the same quarter last year.

This robust performance allows us to confidently repeat our full year 2026 revenue guidance of \$1.0 to \$1.1 billion. This financial resilience is no accident. It is the direct result of the strategic framework we established later last year. Let me dive a bit deeper into how we are executing against these priorities, starting with our global expansion.

We remain focused on our target of 50% of total revenue from international markets by 2030. To drive the execution of this, we spent the first quarter actively fortifying our corporate governance and global leadership team. As ECARX rapidly scales, it is crucial that we adopt top-tier global governance standards to match our expanding commercial footprint.

Last month, we appointed Lone Schroder as our new chairperson. This separates the roles of Chairperson and CEO to strengthen governance and align with global best practices. Lone has extensive experience across automotive, technology and finance sectors. This will be invaluable as we scale and accelerate the expansion of our central computing cockpit and ADAS solution across Europe, the Americas and Asia.

I'm also pleased to officially welcome our new Chief Financial Officer, Dylan Jeng. Dylan joined us in March to drive global financial discipline from our newly operational Singapore office.

Mark Hankinson, who spoke at the start of this call, joined us as Head of Investor Relationships and Corporate Development, and is based alongside myself and Peter in London.

Commercially, our global partnerships continue to deepen. Each vehicle rolling off partner production lines demonstrate the replicability and the scalability of our solutions. This unique ability to scale across diverse brands and markets is perfectly demonstrated by our strategic relationship with Volkswagen Group in Latin America. Peter will speak more about this later.

Today, we are excited to announce a major milestone in autonomous driving through our strategic framework agreement with May Mobility, a leading U.S.-based autonomous-vehicle company. Under agreement, ECARX is expected to develop and deliver thousands of autonomous, enabled vehicles to May Mobility. This will include customized central computing platforms, a full-stack autonomous driving system kit and a complete sensor suite for May Mobility's next-generation autonomy system.

This collaboration brings together ECARX's deep expertise in full stack intelligent driving solution and May Mobility's industry-leading autonomous driving system. It will allow us to leverage the best of both companies' core competence in intelligent hardware and software development.

This is exactly the kind of disciplined, high-value commercial execution that will drive our continued growth and profitability, positioning us as a key player in the future of autonomous mobility. This marks ECARX's first entry into the robotaxi market, a market with significant global potential.

Supporting our global expansion is our robust R&D road map. We are continuing to invest in the development of next-generation solutions. This allows us to capture great value across our technology stack and capitalize on opportunities in adjacent sectors like robotics. To accelerate and strengthen our long-term products and technological capabilities, we recently announced our preliminary plan to potentially acquire a minority stake and certain IP rights from DreamSmart technology, an affiliates and the developer of the Flyme auto operating system.

This is a highly strategic opportunities for ECARX. While our Cloudpeak cross-domain software stack handles the underlying middleware, Flyme Auto acts as the critical application and interaction layer, integrating this technology deeper into our solutions and unlocks a powerful competitive advantage. This will enable true seamless interoperability between the intelligent vehicles, smartphones and emerging smart devices like smart glasses.

These are fully integrated cross-domain ecosystem. It equips automakers with solutions that are easily replicable across vehicle lineups to differentiate their driving experience in a highly competitive market. We view Flyme Auto as a fundamental, monumental strategic piece of our full stack ecosystem, capturing this vital application layer above our Cloudpeak middleware supports our potential investment even during a period of strict cost discipline. While this potential acquisition remains at an exploratory stage, it underscores our ambition to own the most critical software layers of the intelligence-centric vehicle experience.

Staying with technology. Silicon is a fundamental capability for us. We partner with providers like Qualcomm and SiEngine to precisely specify the requirements for our silicon chips to ensure performance and efficiency. This goes beyond the standard chip customization. These are differentiated, automotive optimized SoC core modules such as SiEngine, 7-nanometer, high-performance SE1000 chipset which powers our highly successful Antora 1000 computing platform. This is not a plug and play or assembled technology. This is a highly specialized and integrated full stack technology.

Another example of our silicon heritage is SiEngine itself. This was established by ECARX alongside ARM China before becoming an independent business. During the first quarter, we recognized a \$14 million gain from divesting a small portion of our shareholding in silicon engine to a new third-party investor. This is not just a onetime financial gain. It validates our ability to incubate integrate and monetize the value of our technology. This transaction allows SiEngine to diversify its shareholder base for its next stage, while we remain its largest shareholder and maintain our deep technological integration. It proves we can create immense value while maintaining our technological edge. This is exactly the kind of disciplined capital allocation and lean operations that will sustain our profitability and industry leadership.

In summary, we entered the 2026 with a clear road map, and we are successfully executing against it. We are expanding globally. We are capturing higher value opportunities and we are optimizing our operations to ensure we capitalize on the enormous opportunity ahead of us as the automotive industry evolves. I will now pass the call over to Peter Cirino to discuss our operational progress in more detail.

Peter W. Cirino
Chief Operating Officer

Thank you, Ziyu. Good morning, everyone. As Ziyu outlined, we are rapidly accelerating our clear vision for automotive intelligence. Operationally, the first quarter demonstrated our ability to execute on this vision at scale as we continue to drive our global expansion, deepen key partnerships and innovate new solutions from our R&D road map. Our defining

competitive advantage is our ability to seamlessly integrate our full stack hardware and software into a comprehensive platform allowing us to execute on complex global programs across diverse vehicle lineups and markets.

By delivering highly integrated solutions, we are translating our technological leadership into compounding commercial momentum globally. Demand for our innovative solutions continues to be strong with over 360,000 units shipped this quarter. While this represents a lower absolute volume compared to the same period last year, it reflects a deliberate and strategic shift towards a high-end product mix. As a reminder, we made the strategic decision in the second quarter of last year to actively phase out our lower-margin legacy platform business. While this intensely moderates our shipment volumes, it vastly improves our overall revenue quality. Validating the strategy, shipments of our high-end Pikes and Antora solutions. We are up approximately 73% year-on-year. This brings the cumulative total number of vehicles shipped with ECARX technologies to over 11 million vehicles, up nearly 30% from the same period last year.

Today, our solutions power 28 distinct brands across 18 leading OEMs globally. This growing scale demonstrates our reliability and reputation as a trusted partner which we are capitalizing on to unlock higher value growth opportunities from existing and new partnerships globally going forward.

Our global expansion is leveraging this momentum and continued to make solid progress during the quarter. Our partnership with Volkswagen Group is progressing smoothly and serves as a perfect example of our ability to strategically execute projects on a global scale, and how we are leveraging that to develop future large-scale revenue opportunities across EMEA, the Americas and other emerging markets. This program utilizes the full flexibility of our portfolio to meet diverse market needs. Deploying our high-performance Antora 1000 integrated with our Cloudpeak software stack and Google Automotive Services alongside our cost effective Antora 500 for entry-level segments. I am pleased to report that during the first quarter, we successfully moved this comprehensive program into the industrialization phase, keeping us firmly on track ahead of the anticipated launch in 2027.

While the first quarter is typically a quiet period for vehicle launches, we began mass production for 4 new models across 3 different brands, all of which are using our next-generation pikes and Antora Series solutions. Combined with our Cloud Peak cross-domain software stack and next-generation architecture, that is compatible with Google Automotive Services and Flyme Auto. They will power next-generation AI cockpit experiences and enable the delivery of in-vehicle AI agents at scale, offering a truly unique intelligence centric experience. Looking at business development. Despite a seasonally quiet quarter in Q1, our pipeline continues to convert. We recently secured a new contract win from a leading Chinese automaker outside the Geely ecosystem. This program expected to begin production in 2026, represents another key step in diversifying our revenue base and actively validates the stand-alone technological superiority of our solutions in the open market.

Innovation remains the bedrock of our long-term growth and our strongest competitive moat. We are actively focusing on our R&D road map to deliver highly scalable centralized automotive intelligence architectures that global automakers urgently need. A prime example of this is the debut of our Zenith computing platform at CES earlier this year, powered by the upcoming Snapdragon Elite automotive platform. Zenith represents a breakthrough in integrated single-box cabin to ADAS systems. By seamlessly running mixed criticality workloads, such as powering immersive 5K digital cockpits alongside Level 2 ++ ADAS on a single SoC, we are significantly reducing the architectural complexity and cost pressures facing our global partners. Zenith not only underscores our deep long-standing capability to commercialize industry-leading compute technologies at scale, but also provides a highly modular, upgradable foundation for software-defined vehicles of the future. With Zenith firmly on track for mass production in 2027, we are ensuring we remain at the absolute forefront of the intelligent-centric revolution.

In closing, our operational execution in the first quarter provides a resilient and highly scalable foundation for the year ahead. We have a growing portfolio of diverse and replicable solutions and a rapidly advancing global footprint, and a disciplined operational strategy to continue to capture growth opportunities and delivering long-term value to our shareholders.

With that, I will turn the call over to our new CFO, Dylan Jeng, to review our financial performance. Welcome to your first ECARX earnings call, Dylan. The floor is yours.

Dylan Da-Long Jeng
Chief Financial Officer

Thank you, Peter, and hello, everyone. The first quarter of 2026, while seasonally challenging, clearly highlights the resilience of our business model and disciplined execution in navigating complex market conditions. Despite facing significant industry headwinds, we made meaningful progress in optimizing our cost structure and improving our operational efficiency which is a clear indication of our strategic focus on building a sustainable foundation for long-term profitable growth.

On the top line, our sales of goods revenue in Q1 was \$114 million, a modest 6% decrease year-over-year. This performance reflects 3 main drivers. First, we navigated and anticipated a challenging market environment, characterized by policy changes and delayed vehicle launches across the broader automotive sector during Q1. Second, as Peter noted earlier, our deliberate strategic decision in Q2 last year was to actively phase out our lower margin legacy platform business created a high base effect when compared to Q1 2025. While this intentionally impacted our top line, it vastly improves our revenue quality and mix, as seen by the growth in shipments of our newest Antora and Pikes solutions this quarter. Third, we successfully balanced significantly higher memory costs we experienced in this quarter, which structurally supported our top line revenue.

Turning to software. Revenue was \$2 million this quarter, this is structurally consistent with the normalized run rate we established in quarters 2 through 4 last year of around \$1 million to \$2 million per quarter. For context, the \$26 million reported in Q1 last year reflected a specific onetime software license authorization contract recognized in that quarter. Service revenue was \$16 million, down from \$21 million in Q1 last year. Services revenue primarily reflects the timing of the design and development contracts, deliveries and booking schedules. And as such it generally tracks the vehicle launch cycles in Q1, but which we fully expect to accelerate in subsequent quarters.

Now turning to our profitability metrics. Despite the revenue headwinds, we demonstrated strong operational discipline and cost management throughout the quarter. Gross profit reached \$28 million with gross margin expanding to 21.4%. This margin improvement achieved despite significant DDR cost pressures that increased by over 300% since September 2025, directly demonstrates our ability to manage the supply chains challenges effectively. Crucially, this margin resilience was supported by price adjustments and product mix optimization, which more than partially offset the margin headwinds caused by the onetime software license authorization contract recognized in Q1 2025. Our lean operating strategy delivered substantial efficiency gains during the quarter. Operating expenses decreased by 29% year-over-year to \$41 million.

Research and development expenses were reduced by 32% to \$24 million, driven by continued resource prioritization that enhanced operational efficiency and synergies from R&D integrations, and the internal deployment of AI across our business to drive innovation while reducing structural costs. Selling, general and administrative expenses decreased by 24% to \$18 million primarily driven by the continued improvement in global operating efficiencies and lower share-based compensation expenses incurred during the quarter. Our operational performance demonstrates resilience despite seasonality and a challenging overall market environment. Our operating loss came out at \$13 million for the quarter, a significant improvement from the \$25 million loss reported in Q1 2025.

Most notably, adjusted EBITDA was positive for the third consecutive quarter, coming in at \$4 million compared to negative \$15 million in the same quarter last year. This represents a complete structure turnarounds from 2025 and was driven by our focus on cost discipline that was complemented by the \$14 million partial monetization of our holding in SiEngine, which Ziyu spoke about earlier.

Looking ahead, our visibility into the remainder of the year gives us the confidence around our strategic trajectory. Based on our current backlog and accelerating commercial pipeline, we are reiterating our full year 2026 guidance of \$1 billion to \$1.1 billion in total revenue.

With respect to profitability, our margin profile will naturally be influenced by the ongoing dynamics and uncertainty around global memory costs, as well as the cadence of our strategic investments. We do expect that in the coming quarters, gross margin and operating profitability will be negatively impacted by memory cost dynamics.

In summary, while Q1 represents a seasonally slower period for the industry, we are highly encouraged by the underlying strength of our business model and the progress we have made operationally. For the remainder of 2026, we expect to benefit from the launch of new vehicle models in the quarters ahead, continued operational efficiency gains from our lean operating strategy and disciplined cost management, strengthening demand drivers for automotive technology as the market environment improves.

Most importantly, we maintained our full confidence in the resilience of our business model and our ability to navigate market cycles effectively. Our focus remains on delivering sustainable growth and creating long-term value for our shareholders.

That concludes our remarks today. I would now like to hand the call back to the operator to begin the Q&A session.

Question and Answer

Operator

[Operator Instructions]

We will now take our first question today. This is from Wei Huang from Deutsche Bank.

Huang Wei

Deutsche Bank AG, Research Division

This is Wei from Deutsche Bank. I have 2 questions. So the first, regarding guidance. So you told us that you expect 2026 to book \$1 billion to \$1.1 billion in revenue. Can you give us volume guidance as well? And regarding margin, I know you mentioned that it is going to be highly dependent on memory pricing throughout the year. But can you give us some guidance on how it will trend in the following quarters and for the whole year?

And the second question is, can you maybe give us more details on the May Mobility collaboration? Regarding, for example, which regions will the vehicles operate in and which platform will we supply? Thank you.

Dylan Da-Long Jeng

Chief Financial Officer

Thanks. This is Dylan. Well, you have heard in the call that we are reiterating our previous guidance around the revenue, which we expect to be in the \$1 billion to \$1.1 billion range as previous guidance. So we don't generally provide any specific ASP guidance, but we do expect volume terms that the year will progress as it is typical for our markets, with the Q1 representing the seasonal low point for volumes and we do expect a significant pickup from Q2, both in terms of vehicle launches and shipments.

And in terms of revenue, we're also reiterating our previous revenue guidance. But in terms of profitability, Q1 was a strong performance in the profitability terms with us being able to grow the gross margin and deliver our third profitable quarter at the EBITDA level. And overall, we do expect that our margin profiles will influence by ongoing market dynamics and uncertainty around the global memory cost, as well as the cadence of our strategic investments.

So we do expect that in the coming quarters, the gross margin and operating profitability will be negatively impacted by memory cost dynamics and profitability for 2026 at the operating profit and EBITDA levels will be dependent on how this dynamic plays out in the coming quarters. So we remain focused on the cost controls and focusing our R&D on the highest impact projects, and we will remain focused on these for the rest of 2026.

Peter W. Cirino

Chief Operating Officer

This is Peter Cirino. I'll answer your question on the May Mobility topic. So thanks for the question. Overall, we are extremely excited about this strategic partnership. May is a leading U.S.-based autonomous vehicle and robotaxi company. And under the agreement, we're expected to develop and deliver thousands of autonomous enabled vehicles, which include a customized central computing platform and a full stack sensor suite for May Mobility's next-generation autonomy system.

We see being selected for the partnership by May Mobility is a huge validation of our expertise in full stack intelligent driving solutions, it really leverages the strengths of both companies. We bring fantastic core competency in platform architecture and software-defined vehicle. And May Mobility brings strong capability in autonomy and their Level 4 software stack is very impressive in terms of its performance. For ECARX, it's a huge growth opportunity for us. It allows us to expand into the robotaxi market with this partnership and overall, it absolutely improves our total available market very significantly. I'm excited to be at the May Mobility Analyst Day tomorrow, and we'll add more color to the partnership at that stage.

Operator

There were no further questions at this time. In that case, I will hand the conference back to Mark Hankinson for closing comments.

Mark Hankinson

Thanks very much, and thank you everyone, for your attendance and attention today and for your continued interest in ECARX. Please do reach out to me, Mark Hankinson via e-mail if you have questions or if you would like to meet with management over the coming weeks.

We are scheduled to attend a number of investor conferences in the coming months across Europe and the U.S. We would, of course, be very happy to meet with you at these events. So please do contact us if you'd like to schedule a meeting.

Peter mentioned that he will be attending tomorrow, the May Mobility Analyst Day in Arlington, Texas. With that, we will conclude the call. Thank you.

Operator

Thank you. This concludes today's conference. Thank you for participating, and you may now disconnect.

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