CORPORATE PARTICIPANTS

Dan Galves, *Chief Communications Officer*

Amnon Shashua, *President, Chief Executive Officer*

Nimrod Nehushtan, *Executive Vice President, Business Development and Strategy*

CONFERENCE CALL PARTICIPANTS

Chris McNally, *Evercore ISI*

James Picariello, *BNP Paribas*

George Gianarikis, *Canaccord Genuity*

Dan Levy, *Barclays*

Manmohanpreet Singh, *JP Morgan Chase*

Vijay Rikesh, *Mizuho Securities*

Adam Jonas, *Morgan Stanley*

Shreyas Patil, *Wolfe Research*

Joe Spak, *UBS*

Colin Rusch, *Oppenheimer*

PRESENTATION

Operator

Greetings, and welcome to the Mobileye Second Quarter 2025 Earnings Conference Call.

At this time, all participants are in a listen only mode. A brief question-and-answer session will follow the formal presentation. If anyone should require Operator assistance during the conference, please press star, zero on your telephone keypad

As a reminder, this conference is being recorded.

It is now my pleasure to introduce your host, Dan Galves, Chief Communications Officer. Thank you Mr. Galves, you may begin.

Dan Galves

Thanks Maria. Hello everyone and welcome to Mobileye's second quarter 2025 earnings conference call for the period ending June 28, 2025.

Please note that today's discussion contains forward-looking statements based on the business environment as we currently see it. Such statements involve risks and uncertainties. Please refer to the accompanying press release, which includes additional information on the specific factors that could cause actual results to differ materially.

Additionally, on this call we will refer to both GAAP and non-GAAP figures. A reconciliation of GAAP to non-GAAP financial measures is provided in our posted earnings release.

Joining us on the call today are Professor Amnon Shashua, Mobileye's CEO and President, and Nimrod Nehushtan, Mobileye's EVP of Business Development and Strategy. Unfortunately our CFO, Moran Shamesh recently experienced a death in her family and will not be joining the call today. I'm sure everyone listening joins me in wishing the best to Moran and her family. For today's earnings call, I will essentially take on Moran's role.

Thanks, and now I'll turn the call over to Amnon.

Amnon Shashua

Hello everyone, and thanks for joining our earnings call.

Starting with the results, Q2 revenue was up 15% year-over-year as demand for the EyeQ was strong across regions and OEMs. Adjusted operating income was up 34% and adjusted operating margin rose three points to 21%. Q2 was a good display of the strong operating leverage created by our business

model. On a year-over-year basis, more than 40% of the revenue growth converted to operating income. Compared to Q1, nearly 70% of the higher revenue dropped to operating income.

Operating cash flow was again a highlight, over $200 million for the quarter and over $300 million for the first half, about 33% of revenue. Our ADAS business is highly cash generative and we are maintaining strong working capital discipline. The core ADAS business is performing well with volumes at or above 8.5 million per quarter for the last four periods, and we are raising our full year revenue outlook by 4% and our adjusted operating income outlook by 14% at the midpoint.

Our core ADAS business truly illustrates that Mobileye is an execution machine. EyeQ 6 Lite will be the future high volume tip for this segment and the ramp-up of that new system has been seamless. Only one year after the first SOP, we already have EyeQ 6 Lite-based systems on the road in North America, Europe, China, Japan and India.

On the advanced product side, we are the only OEM-neutral platform that is cost efficient and scalable and has a credible technology path to eyes-off autonomy in both privately owned vehicles and robotaxis. All four of our advanced products - surround ADAS, SuperVision, Chauffeur and Drive, share common elements, including the EyeQ 6 high inference chip, major portions of the perception and policy AI stacks, REM crowdsourced driving intelligence, our safety frameworks, and the Company's data and validation infrastructure. This common backbone creates many synergies for us and our customers, enables us to develop and execute all four solutions simultaneously, and leaves us agnostic to whether the market moves faster in one way or another.

Whereas a couple of years ago, OEMs were primarily focused on SuperVision, we are now seeing broad momentum across our portfolio from next generation ADAS to full point A to point B eyes-on hands-free to level three systems and to robotaxi. The EyeQ 6 High-based surround ADAS system continues to develop as the next generation of standardize providing assist on high volume vehicles platforms. This system addresses multiple objectives in a cost efficient package. It's designed to meet stricter late decade safety standards, enables highway hands-free performance for a lower cost than current systems, and supports OEM goals to consolidate ECUs and to integrate technology on a single SoC.

In recent months, we have seen growing demand from OEMs to shift away from already sourced single camera programs toward our multi-camera surround ADAS model. Overall, opportunities to substantially grow content per vehicle in the ADAS space have improved over the last six months.

SuperVision activity remains robust, but lack of competitive pressure is enabling OEMs to continue to take their time with decision making; meanwhile, Chauffeur has generated multiple new OEM prospects that see eyes-off on highway as a breakthrough feature that allows drivers to reclaim their time during commutes. The central question around eyes-off consumer AV programs is simply technological maturity - how likely is it for a technology provider like Mobileye to execute a system with human level safety and an expansive ODD. In this context, our fall production programs with Volkswagen Group are significant strategic assets. They showcase our rapid progress in transforming our core technologies into scalable products. Our ability to demonstrate these products to other customers, including production-level

hardware and software associated KPIs, is an important proof point that our competitors do not have and will drive increasing competitive pressure as we approach launch.

Turning to robotaxi, Waymo's achievement of 25% market share in San Francisco despite offering now time or cost advantage over human-driven alternatives is very encouraging and has reignited industry enthusiasm. When you look at the robotaxi opportunity, two pillars are critical: safety and scalability. On safety, this means reaching the mean time between failures that exceeds human statistics as well as other critical safety standards. Safety has long been a strength of Mobileye, supported by foundational innovations like our RSS model, which we developed in 2017, and the PGF, our recently published framework for fusing multiple subsystems.

Once safety goals have been reached, the second pillar is scalability. The name of the game here is how fast can you scale. This should be evaluated across three different vectors. The first scalability vector is geographic - how fast can you expand from city to city. REM is a huge asset here. The second is cost - what are the all-in operating costs of the system. Our in-house design compute, imaging radar, efficient AI, supply chain synergies, these all combine to create significant cost efficiency advantages relative to the competition.

Finally, scalability also entails production capacity and business model. The fact that we work in partnership with OEMs that produce vehicles where our system is integrated during the mass production line, rather than being uplifted in a different facility after the vehicle has been produced, is very important. This approach allows us to be capital-lite, but it's not just about capital-lite. It also allows us to scale fast. Even if we had all the capital to go and purchase 100,000 vehicles and then build production plants that would uplift the self-driving technology, it would have slowed us down. We are working with Volkswagen, of course, but also HOLON which has a production facility underway, and have advanced engagements with other high scale OEMs.

On the operations and distribution side, we have arrangements with Volkswagen's mobility arm, MOIA, and Japanese fleet manager, Marubeni to provide the operations and the customer-facing technology. Finally, we have announced real engagement with demand generators, Uber and Lyft in the U.S. and public transport operators in Europe to provide a demand platform. All of these actors have skin in the game, which is also important to drive scale. So Mobileye, with the kind of partnerships that we are building, is in a very good position to scale rapidly once we start commercial deployment in 2026.

In terms of a technology update on robotaxi, we recently successfully transitioned into our full production hardware inside the ID.Buzz test vehicle. The mean time between failure of performance is tracking well to the KPIs that were laid out at the start of the program. We expect to reach our KPI goals by the end of 2025, then start adding teleoperations and then remove the driver in 2026, so it's all on track.

In summary, the opportunity set in front of us today is larger, broader, deeper and more urgent than it was when we went public in 2022. OEMs are indicating increased clarity and planning in decision-making. Near term volumes are strong. The demand for both higher performance and lower cost is intensifying, and eyes-off performance, whether for personal cars or robotaxis, is no longer seen as a science experiment but as an achievable and commercially viable product. This is exactly where Mobileye thrives.

I will turn the call over to Dan to cover the finance section.

Dan Galves

Thank you Amnon. Before I begin, please be aware that all my comments on profitability will refer to non-GAAP measurements. The primary exclusion in Mobileye's non-GAAP numbers is amortization of intangible assets, which is mainly related to Intel's acquisition of Mobileye in 2017. We also exclude stock-based compensation.

Our Q2 results significantly exceeded the color we provided on the Q1 2025 earnings call in April and were slightly better than our pre-release numbers from earlier this month. Revenue was up 15% year-over-year versus the outlook of plus-7%. The strength was due to several factors. Multiple OEMs, including China OEMs showed modest outperformance which, taken together, contributed to significant overall gains. SuperVision volume was also a bit stronger than expected as production of the vehicles we are on is running better than expected year to date.

I'll spend a minute on inventory, as we continue to monitor it closely. Based on our discussions with customers, inventory was relatively tight entering the year and there was some direction from certain OEMs to increase safety stocks due to the volatile macro environment. Even so, a variety of analyses we run on a regular basis indicates that shipments were relatively consistent with demand on a year-to-date basis.

To frame it, EyeQ volumes in the second half of 2024 were 17.8 million units and inventory ended the year at a low level. Volumes in the first half of 2025 were 18.1 million in what we believe was a comparable demand environment to the second half of last year. We continue to believe that inventory at our customers remains well aligned with underlying demand.

Turning to gross margin, it was down slightly year-over-year and versus Q1. Gross margins are stable by product and by region. The exact results, however, depend on mix of China volumes in the ADAS business and SuperVision. Each of those segments carries gross margin somewhat lower than the corporate average. SuperVision in particular was a higher percentage of revenue in Q2 versus Q1, causing a bit of a gross margin reduction. Operating expenses were up 7% year-over-year and flat compared to Q1 versus the prior outlook, that indicated Q2 OpEx would be slightly higher than Q1.

As Amnon mentioned, operating cash flow was over $300 million in the first half. This is primarily due to strong cash flow from the core business; however, we've also managed tight control over the working capital accounts, particularly balance sheet inventory which came down by about $90 million in the first half. We're now well aligned with our six-month target on balance sheet inventory and we expect working capital to be more cash neutral in the back half.

Turning to the full year guidance, we are increasing the revenue midpoint by 4% and the adjusted operating income midpoint by 14%. On the last call, we noted that the implied step down in second half 2025 revenue versus the first half did not reflect any specific indication of production weakness but rather

a cautious stance, given the elevated uncertainty around automotive tariffs at the time. Since then, while tariffs remain in place, the actual impact on production and consumer demand appears rather limited and third party forecasts have risen since April. Our current outlook releases some of the conservatism in Q3 as visibility is high at this point. That said, visibility into Q4 remains more limited, as is always the case in July, and we believe it's prudent to maintain a cautious stance and a wider than usual range for that Q4 period.

To be 100% clear, the business is performing very well. We are not seeing any tangible headwinds and we've not received any indications from customers that Q4 volumes will weaken. We are simply choosing to remain conservative beyond the very near term.

Our full year outlook is based on EyeQ volumes of 33.5 million to 35.5 million, up from 32 million to 34 million previously. As noted above, SuperVision volumes are running better than expected and we're modestly raising the outlook to about 40,000 units at the midpoint versus the prior outlook in the low 20,000. We expect gross margins to be up about half a point year-over-year in 2025. This is slightly worse than our prior outlook, but this is simply due to SuperVision and China EyeQ being a bit of a higher percentage of revenue.

Adjusted operating expenses do not typically flex according to revenue and remain in line with our prior expectations. We continue to expect an increase of about 7% year-over-year to slightly below $1 billion. Looking at the balance of the year, we would expect Q3 to be somewhat higher than Q4, consistent with historical seasonality.

Turning to Q3, we expect to deliver approximately 8.7 million to 9.3 million EyeQ units and for our revenue to be roughly flat on a year-over-year basis. We expect gross margins to be slightly below the Q2 levels and for operating expenses to be seasonally higher in Q3 versus Q2, aligned with previous expectations.

Thank you, and we will now take your questions. Operator, can you please generate the queue?

Operator

Thank you. We will now be conducting a question-and-answer session.

If you would like to ask a question, please press star, one on your telephone keypad. A confirmation tone will indicate that your line is in the question queue. You may press star, two if you would like to remove your question from the queue. We ask analysts to limit themselves to one question and a follow-up to ensure that others have the same opportunity to do so.

For participants using speaker equipment, it may be necessary to pick up your handset before pressing the star keys. One moment please while we poll for questions.

Our first question comes from Chris McNally with Evercore ISI. Please proceed with your question.

Chris McNally

Thanks so much, team. Maybe we could just double click, Amnon, into your comment around higher momentum at Chauffeur, maybe a little bit of slower momentum on SuperVision decision-making. How much do you think this is sort of OEMs having more of a question around their own pricing ability to pass through the level 2-plus product versus something else, because I think we've all seen this sort of delay in implementation, and there is some fear that we're seeing these products given away almost for free in China, so a lack of clarity, let's say, for how OEMs would price such a product. Would love your thoughts on that.

Amnon Shashua

I think there is lack of competitive pressure for these systems in Europe and the U.S. You see these systems a lot in China, and outside of China it's only the Tesla FSD. OEMs have seen the Tesla FSD for more than a decade, so we need more competitive pressure to bring OEMs to a sense of urgency.

I think the last news about penetration rates of Tesla FSD are encouraging - it's more than 25% take rate and it looks like it's climbing, so I think the news are good in terms of public interest in these kinds of features and willing to pay for them. But regardless, OEMs are still in the planning stage because it's not only the level 2-plus, it's SuperVision, there is Chauffeur. They want to be part—they want to have skin in the game in robotaxi, not just produce cars and sell them to the likes of Waymo and others. They want skin in the game in the robotaxi domain, so it's all part of planning.

There is surround ADAS, whether it should take over the front-facing camera or just be a premium product. There's lots of planning to do, but the more we deep dive into it, I think that planning phase is coming to a close, so we see a lot of activity by OEMs, talking about SuperVision but in addition also surround ADAS and Chauffeur, and with a number of high scaler OEMs also about robotaxi.

Nimrod Nehushtan

If I may add this—sorry, I just may add one comment. We recently started inviting OEMs to see our generation 2 SuperVision system, which is now operational in various locations and shows our EyeQ 6 platform with new technologies, and we've seen increased interest and pretty much a lot of excitement by OEMs to see these demonstrations. It's kind of—you know, it's another positive momentum around SuperVision. So, it's not just the competitive pressures, it's also seeing more evidence to our generation 2 system and how it performs in the field now it is available. It's been over the past few days and so far, it's been very successful.

Chris McNally

That's really helpful.

My quick follow-up, is it fair to characterize or paraphrase, as the flag slide that you showed in December, is more of an implementation delay rather than a full pause on SuperVision, and that you still see

SuperVision as essentially the stepping stone for a lot of these OEM programs into Chauffeur, given the software overlap? Obviously there's additional hardware needed for Chauffeur.

Amnon Shashua

Nimrod, start, and I'll complement if necessary.

Nimrod Nehushtan

I don't think that necessarily we have suggested that SuperVision is a prerequisite for Chauffeur. I think that what remains true is that there is a consensus, at least from our perspective, amongst OEMs that Chauffeur is a very compelling value proposition for consumers. As Amnon said in his opening comments, it's a question of whether or not the technology is mature and at what price and in which timeline, and we are making consistent progress not just in Chauffeur directly but also through robotaxi, which is showing a lot more about our robustness and the maturity of our technologies for eyes-off or no driver, which requires very high precision levels. The more we're making progress, the more we are convincing OEMs that this is a technology that is for the here and now and not for the next five years, and therefore we see some OEMs that are considering going straight to Chauffeur for the, let's say, 2027 - '28 timeframe.

I think what we have learned is that the OEMs are a spectrum of needs and interests and planning strategies, and our strategy is that our product is playing on a complete spectrum of solutions, and so we can offer the entire product portfolio - that's why with Volkswagen, we can offer parts of but what's important is that we are progressing towards SoP, towards launching these products in the market regardless of how OEMs are thinking about their planning. The more we make progress, the more we can convince them that the technologies are mature, which product makes the most sense for their segments, and so on.

Amnon Shashua

Yes, I would mention that we have a (inaudible) production 2027 with Audi on Chauffeur and it's on track, and there is also a number of homologation steps that also we have tasked, so as time goes by, the maturity level of this system is now becoming more and more evident, and that should bring OEMs to the table and get convinced that the maturity level is good enough to start thinking about the production program for Chauffeur.

Dan Galves

Thank you Chris.

Operator

Our next question comes from James Picariello with BNP Paribas. Please proceed with your question.

James Picariello

Hi everyone. Just starting with SuperVision, the guide for 40,000 units, a near doubling of the expectation for the full year. Can you just speak to what's driving that, how the relationship is trending with Zeekr, and then just looking ahead, any thoughts on the timing for next year concerning the Porsche and Audi launches for SuperVision and Chauffeur? Thanks.

Nimrod Nehushtan

Yes. We took a very conservative (multiple speakers). Go ahead, Dan.

Dan Galves

Okay, thanks. Yes, we took a conservative stance on SuperVision volumes for this year. Since then, what we've seen is Zeekr 009 for export markets has been selling more vehicles than we probably expected. Polestar 4 production and end demand has been pretty good as well. I think the key here is that any Zeekr vehicles that are being shipped outside of China are still using the SuperVision system, which kind of indicates the maturity of our system for non-China markets.

But yes, I think it's just a reflection of a conservative start of the year and production of these vehicles running better than expected.

Amnon Shashua

And for the Porsche and Audi, the start of production is the end of 2026, so the effect on revenue should be seen in 2027. We see 2027 as an inflection year in terms of the revenue for SuperVision by Porsche and Audi, and we believe more would come out. Robotaxi will start generating revenue as well because we are removing the driver mid of 2026 and we have a very strong plan of scalability, so 2027 is really the inflection year in terms of revenue.

Dan Galves

Yes, and if we look at the consensus expectations for SuperVision in '26, it can be almost exclusively covered by the current vehicles in production.

James Picariello

Got it, that's helpful.

Then just my follow-up, in regards to the recent secondary offering tied to Intel's stake, how should we think about any future intentions there and the potential timeframe? Thanks.

Amnon Shashua

Dan, you want to take this and I'll complement?

Dan Galves

Yes, I think Intel has shown quite a bit of patience with their stake on Mobileye. They haven't sold any shares for two years, they still maintain more than 80% ownership. I think they've made public comments that they have a very strong view of the potential of Mobileye and want to participate in that upside, so we weren't really surprised that they'd want to sell some shares after the next couple of years, but we can't really speak to any future plans that they have.

James Picariello

Thank you.

Dan Galves

Thank you James.

Operator

Our next question comes from George Gianarikis with Canaccord Genuity. Please proceed with your question.

George Gianarikis

Hello everyone. Thank you for taking my questions.

I'd like to concentrate a little bit on robotaxi. I think you've sort of characterized the interest as accelerating from OEMs in deploying your solution. Can you just help us understand a little bit of both what you're seeing in the marketplace, the potential for new wins, and what the competitive set looks like when you're offering your solution to OEMs? Thank you.

Amnon Shashua

Well, we have a relationship with Volkswagen on the ID.Buzz, where MOIA is the operator and customer facing. There is also deals with Uber regarding this platform. The volume expectation towards the end of the—until the end of the decade is very substantial. There is HOLON with a platform called Mover. We already have prototypes equipped with our system in testing. It should come out six months later, also volume projections are very high. In addition, we have a relationship with Marubeni.

We are working with additional OEMs to supply vehicles both for MOIA and also for Marubeni, and hopefully we will be able to update the market soon about additional OEMs, but Volkswagen alone is a very high volume opportunity for robotaxis.

George Gianarikis

Is that…

Nimrod Nehushtan

…sorry, George.

George Gianarikis

Oh, please go ahead. Sorry.

Nimrod Nehushtan

I just wanted to add maybe a little more color on what we're seeing in the market and the competitive environment. I think that there is a—we need to distinguish between the U.S. and Europe in that regard, which are our two primary markets for the first launches. In the U.S. of course, there is Waymo and Tesla that has been making statements about this. Beyond these two as a technology provider, they can provide the full self-driving system, which includes the hardware, the software, AI technologies and so on in a scalable way, in a cost efficient way that will leave enough room for all players involved to generate a profit. We are seeing Mobileye as kind of a unique company at this stage. So, Waymo and Tesla, of course, have their own business model of being vertically integrated at this stage, and for the OEMs that want to basically build a business of producing robotaxis in a serious production fashion and then find a business model with the demand generators, we are the primary, if not the only candidate at this stage, at least from what we're seeing.

In Europe, we are—I think that we are in the pole position in the race, and just recently the German Chancellor took a test drive with the ID.Buzz vehicle with Mobileye's technology in Germany, which is kind of putting a lot more public attention and some, let's say, political attention into enabling robotaxis in Europe. In that sense, being partnering with Volkswagen is hugely beneficial for our interests.

George Gianarikis

Thank you.

Just as a follow-up, can you just, on the robotaxi business, just help us maybe understand a little bit more about the business model opportunity, the price per system, and also particularly the potential for you to participate in the revenue per mile as you deploy these systems, and if that's going to be replicated across OEMs. Thank you.

Amnon Shashua

Yes, so we receive revenue for the system and we receive also recurring revenue as a cost per mile. We have both. Maybe in the future, we could reduce the cost of the system and add more in terms of the contribution per mile, but even the current set-up is very good in terms of the revenue potential, the recurring revenue potential over time.

George Gianarikis

Thank you.

Dan Galves

Thank you George.

Operator

Our next question comes from Dan Levy with Barclays. Please proceed with your question.

Dan Levy

Hi, thank you for taking the questions.

I wanted to just first start with a question on the near term EyeQ shipments, and maybe you could just give a bit more color on where the strength is coming from, and specifically the trend within China, which had obviously been quite weak in 2H but it seems like the last couple quarters have been pretty good. What's the right run rate to think of now from China, both from the domestics and from the multi-nationals there?

Dan Galves

I can start on this.

Amnon Shashua

Okay, go ahead.

Dan Galves

I think from an overall comment, it was difficult to analyze the EyeQ volume growth the last year or so because of some disruptions on inventory in China. Now you're starting to really be able to analyze it. So, in Q2, if we adjust for inventory digestion last year, volume grew around 13% year-over-year in Q2 for EyeQ volume, and our top 10 customers were minus-3%, so significant growth over market. If you look at

the Q3 outlook, it's for growth around 5% year-over-year. Our top 10 customers are minus 2%, so this kind of comparison to our top 10 customers, it's starting to show up as very favorable for us.

On China, the China business has been running better. We did slightly over a million units in the back half of last year. We thought we would do around a million in the first half - that was the outlook. We did more like 1.5 million, so there was some upside there. We're not assuming that type of volume for the back half just because we don't have as much visibility and we want to stay conservative, but it does look like that's a fairly stable run rate for us.

But yes, I think overall the revenue outperformance has been pretty broad-based. If you look at all of our top 10 customers, for most of them there was at least a bit of outperformance, it added up to a bigger number. There was outperformance in China, there was outperformance in SuperVision, so it's all pretty broad-based.

Dan Levy

Okay, great. Thank you.

The second question is as you're ramping on your efforts in Drive, wanted to get a sense of the type of resource allocation, and I go back to the CMD you had last year where, I think, you gave a pie chart of your spend, that 11% of your spend is on Drive. It seems like your efforts are accelerating here. Can you just give us a sense of how extensive the resource requirement is on Drive and what this could do on the OpEx the next couple of years?

Amnon Shashua

Well, our OpEx grew substantially in 2023, also grew in 2024. We see the OpEx as more or less flattish in the coming years. I mean, all the growth to prepare for Drive and Chauffeur and SuperVision to the transition from tier 2 to tier 1 on some of the programs, like with Porsche and Audi, all of that accounts for the growth that we have already, that we have already experienced, so we don't see substantial growth in the near future in terms of OpEx growth.

Dan Levy

Great, thank you.

Dan Galves

Thank you Dan.

Operator

Our next question comes from Samik Chatterjee with JP Morgan Chase. Please proceed with your question.

MP

Hi, thanks for taking my question. This is MP on for Samik Chatterjee. I just wanted to double click on the imaging radar deal that you did during the quarter and how should we think about the size of that particular business, and will you be open to doing more similar deals in future, where you will be selling individual components rather than full systems? I have a follow-up.

Amnon Shashua

Yes, so the imaging radar for us is a strategic sensor. The deal we had with that particular OEM is just for the sensor. It's a very reputable OEM and we thought that this would drive credibility, because the (inaudible) was very lengthy and all competitors of imaging radars participated, and our radar was shining through. We sold it as a separate sensor, but we do not expect to do that in the future. It's part of a bundle of eyes-off systems on Chauffeur and Drive - for example, the ID.Buzz has five of our imaging radars, front-facing imaging radar and corner imaging radars, and we believe that all future Chauffeur programs will have our imaging radar because it allows you to get the speed that you need in terms of highway driving. You need to see hazards very far away, more than 150 meters away, and the sensor that we have can do that in a very high resolution and high dynamic range. It's simply an enabler for eyes-off systems at scale, so it's part of a bundle. We don't see it as another source of business as a sensor business.

MP

Okay, got it.

Another question which I has was regarding the 2027 ramp. You will be ramping on SuperVision, Chauffeur and Drive in that year. Any way to understand which will be the biggest trial of those, and how would you rank all of those opportunities in 2027?

Amnon Shashua

We have in 2027, the Chauffeur and the SuperVision. We mentioned in the past there's more than 19 car models coming out with those systems. We are not ready to make guidance for 2027.

In terms of Drive, there is a significant plan of expansion to multiple cities starting from end of 2026, both in Europe and in the U.S., so it should drive substantial growth. We are not in a position to put a dollar number to it right now.

Dan Galves

Exactly, but I think what's new here is that we do now expect Drive to be a significant contributor in 2027, and that's a reflection of the confidence we have in commercial deployment sometime during 2026.

Thank you MP.

MP

Got it, thank you.

Operator

Our next question comes from Vijay Rakesh with Mizuho Securities. Please proceed with your question.

Vijay Rakesh

Yes, hi. Just a quick question on SuperVision - obviously nice upside here, (inaudible) from Europe I believe. Can you touch on how 2026 should shape up in terms of units for SuperVision, especially with some of the newer ramps? Then I have a follow-up.

Dan Galves

We're not really ready to talk about specific expectations for 2026. Like I said, we're essentially kind of marking to market the end production of the vehicles that have SuperVision today. This still doesn't include any U.S. volume for Polestar 4 - they did start producing that vehicle in Korea, so there's a tariff in Korea from vehicles produced in Korea but it's not 100%, like it is from China, so they should be able to launch in the U.S., and we think that that will create some growth for next year.

As well, the export volume of Zeekr has been probably a little bit better than expected this year. We would expect that to grow a bit next year as well, so should be some growth in '26 from the existing vehicles, and we'll have more to say about the overall SuperVision volumes, like when we get to 2026.

Vijay Rakesh

Got it.

Then just a quick housekeeping question on the inventory side. I know on EyeQ, you raised from the midpoint of 33 million to 34 million here, so that would be seeing some improvement. But if you were to look at the inventory levels just to—I know it's tough because every OEM has a different inventory level, but if you normalized that, how does that inventory level compare now to last quarter or last year, just to get some idea of where the levels are? Thanks.

Dan Galves

Do you want to start, Nimrod?

Nimrod Nehushtan

Yes, so I don't think that we can disclose, let's say, to the levels that the OEMs are keeping to themselves as safety stock, but in general we've been in line with what is a—what could be considered modest compared to historical periods. The way we are analyzing this is in multiple ways - we have direct information coming from our tier 1 customers, they get their information from their OEMs. We also cross-reference this with third party analysis on the overall industry vehicle production compared to ourselves, so we keep a very close track of this. We keep our eyes on this on a weekly basis.

Vijay Rakesh

Got it, thank you.

Dan Galves

Yes, I think that's right. The finance and sales teams have done a great job of developing tools to—as well as kind of direct feedback from the tier 1s, and everything looks like it was pretty flattish from the end of 2024 until now.

Operator

Our next question comes from Adam Jonas with Morgan Stanley. Please proceed with your question.

Adam Jonas

Hi, thanks everybody.

Amnon, I'm just looking at your CapEx here - $28 million for the first half of the year. If I annualize that, that's obviously down substantially year-on-year; but even if it's flat, and I think consensus has you guys spending around $100 million, maybe $110 million this year, your CapEx has basically not moved. It's declined over a number of years, and it really makes Mobileye stand out as, for a physical AI hard tech company really in the thick of so many exciting programs, collecting data, growing a fleet, how do you do it? Where is your CapEx spending on compute? How much compute do you have, because it would strike me that your compute needs and, therefore, your AI CapEx needs would somehow scale at least proportionate to the amount of data that you're feeding into your simulation and data centers.

Tell me where I'm wrong there. How are you able to do it, or is your message, we just don't need compute like others and that guys like Elon and Jensen are wrong? Then I have a follow-up.

Amnon Shashua

Well, we need compute. We have compute both on prem and also on the cloud. Our cloud spending has slightly reduced…

Adam Jonas

How much?

Amnon Shashua

I cannot reveal those numbers, but it's in the tens of millions, a large number in tens of millions, and in favor of on prem - you know, more GPUs. But we have a different philosophy on how to spend money on compute than what you hear from our competitors, and we have very good systems, very good performance. Our EyeQ 6 generation, our generation 2 SuperVision and Chauffeur, and Drive is really top notch. If you look at our Drive vehicles, there are more than 100 ID.Buzzes. There has been a lot of demonstrations to journalists, both in Europe and also in the U.S. As Nimrod mentioned, just last week the Chancellor of Germany drove the ID.Buzz. Performance is very, very good, and we know how to train the models in a way that is more efficient.

Adam Jonas

Okay, appreciate that.

As a follow-up, what is your simulation stack, what does it look like, how much synthetic data are you using to reduce costs for training on edge cases, because that also seems to be for the problem that you're solving, and we talked about humanoids but even in autonomous cars very, very important. Love to hear your views there. Thanks Amnon.

Amnon Shashua

Okay, yes. It's a very good question. When we think about simulations, there are a few types of simulation. There is a photorealistic simulation - we use photorealistic simulation in order to simulate (inaudible) cases, for example putting a cow in the road. So two types of simulation. One is photorealistic in order to emulate edge cases. Say you have a cart falling off from a truck on the road - these things, you don't need to wait until you find them in the physical world, you can put them in a photorealistic simulator, and we have very powerful photorealistic simulators. Another type of simulation is to simulate a driving policy. This is a piece of technology, maybe we'll talk about it more at next year's CES, that we developed. We call it ATI - artificial community intelligence, where we have a simulator, not a photorealistic, a synthetic simulator simulating hundreds of road users over billions of miles of simulation. We run billions of miles of overnight and we use that in order to train the driving policy. That amount of compute that you need there is way below the amount of compute if you would train it on photorealistic simulations, and it's much more efficient. Those are the two types of simulations we use.

Dan Galves

Thank you Adam.

Operator

Our next question comes from Shreyas Patil with Wolfe Research. Please proceed with your question.

Shreyas Patil

Hey, thanks so much for taking the questions. Amnon and Dan, maybe can you guys talk about the typical lead time between securing awards in surround ADAS and launching programs? I believe it's typically two to three years, so given the timing of the new ADAS standard in Europe, which I think is 2028, that would suggest OEMs need to secure contracts in the next 12 to 18 months. Is that the kind of timeline we should be thinking about in terms of potential awards?

Amnon Shashua

Yes, so when we are talking about western OEMs, a timeline is typically 2 years, 2 to 2.5 years from nomination to start of production.

Shreyas Patil

Okay, all right. That's helpful. So if these standards are coming on in 2028, it would suggest they would be needing to secure these awards in 2026, something like that?

Amnon Shashua

Yes. Nimrod, you want to add?

Nimrod Nehushtan

I think the majority of the RFQs that we have, and we have RFQs with multiple OEMs and the majority of our customers are engaging with us in this solution, these RFQs aim for '27 - '28 SoPs, so that's the current plan that we are seeing.

Shreyas Patil

Okay, and then on robotaxis, there are a large number of AV developers in this space, and some of the rideshare operators, such as Uber, are striking agreements with multiple players for their platforms. Curious how you gain confidence in the number of vehicles that Mobileye will be supporting, either on an Uber or a Lyft type of platform?

Amnon Shashua

Nimrod, do you want to take this?

Nimrod Nehushtan

Yes, I think that first of all, it makes sense for companies like Uber, who face pressure and questions from investors about their strategy for robotaxis as a potential threat for their business, to maximize their chances of being one of the winners in this space. I think we're at the beginning of the adoption curve, and longer term, we believe that winning solutions will be the most cost efficient, geographically scalable with the highest performance, highest availability rates, and we believe that our products are inherently at the pole position in this axis.

Today, there might be some announcements and statements which pretty much everything that can be a potential contender, but we think that within not a lot of time, it will—there will be a separation between the very selected few companies that will have advantages in the economic scalability, geographic scalability, the availability of the service and the others. If you think about this, we're still not at the stage of even thinking about, for example, how many charges do you need to do per day for the vehicle - it doesn't play any factor, and our system is roughly 20% in power consumption compared to Waymos. These are just small things that today don't play a role because it's still a question of can you do it or can't you do it. We're at the cusp of getting to how well can you do it, how efficiently can you do it, and our system is designed to be excelling at these parameters. That's where we get the confidence, that ultimately we will be one of these two or three companies that will see the highest volume of robotaxi services.

Shreyas Patil

Okay, great. Thank you.

Dan Galves

Thanks Shreyas.

Operator

Our next question comes from Joe Spak with UBS. Please proceed with your questions.

Joe Spak

Thanks everyone. Maybe just sticking on Drive and robotaxi, Amnon, if you could—you know, you gave us some things here on what commercial deployment looks like - you have to finalize the vehicle, then there's tel ops and there's remove the driver in '26. I was wondering if you could add any more color in terms of maybe where you first see that happening, in the U.S. or Europe, and also maybe how much input do you really have here in terms of things such as the size of the geofence, the number of vehicles, like when the driver is actually removed? How does that relationship with your partners work?

Amnon Shashua

Well, the leading partner is the Volkswagen ADMT division, and we have a very tight cooperation. We work very well together. The driver will be removed and the first cities will be in the U.S. I'm not at liberty

to say the name of the city, but there is very concrete plans in terms of how the driver would be removed, the design of the teller operators. We have a very unique design of teller operators that allow for scale, so going from, say, one teller operator per vehicle to quickly going to one to X, one operator for X vehicles to scale that very fast using technology, certain cloud computing technology that will enable us to scale it. It will all start in middle 2026 with that first city in the U.S.

Joe Spak

Okay.

My second question is there was a report this morning that Volkswagen is looking for capital at their autonomous unit and offering a minority stake in a subsidiary, that they're searching for a strategic or financial investors. I'm not asking you to comment specifically on that potential offering, but is a strategic investment in a partner something Mobileye would consider here as you look to scale Drive?

Amnon Shashua

Yes, I think it's a very good development. I think also Google did that for Waymo, even though Google has deep pockets and could front Waymo without any external funding. I think it's a very good development. We support it and we will seriously consider also participating as an investor.

Joe Spak

Thank you.

Dan Galves

Thank you Joe. Maria, this will be our last question, the next one coming up.

Operator

Okay. Our last question, then, is from Colin Rusch with Oppenheimer. Please proceed with your question.

Colin Rusch

Thanks so much, guys. Given the leverage that you're seeing off of the compound AI platform, can you talk a little bit about the cadence of learning that you're seeing, put some metrics around it, potentially talk about the reduction in hallucinations that you're seeing in the systems at this point?

Amnon Shashua

Yes, we don't have hallucinations. Hallucinations is a metric for large language models. Our KPI is mean time between failure, and that is very important in Drive because that's the only way to remove the driver, that you reach an MTBF which corresponds to very strict KPIs, and we are on track. All the indications are

that by the end of this year, we'll be at the MTBF that will enable to remove the driver, and then for the next six months until we actually remove the driver, we'll be working on the tele operation technology and then start removing the driver, but all our KPIs for MTBF and other safety measures are all on track.

Colin Rusch

Thanks so much. The last one here is around potential for reduction on cost of the perception suite. As you look at not only your own internal reduction in costs but sourcing other elements, can you talk about how quickly you can start driving some cost out of the system as you get into '27, '28 and start seeing some incremental volumes ramp up?

Amnon Shashua

Well, the cost of our system if we are talking about Drive, the cost of our system is already very lean. We have cameras which doesn't cost much, we have our ECU (phon) with the four eyes or six High - you know, it doesn't cost much. We have imaging radars which we produce - you know, it's hundreds of dollars overall. We have LiDARs that are supplied by Innoviz, also very reasonable cost.

If you look towards the end of the decade, there is a possibility with just having two layers of redundancy cameras and the imaging radars and reducing the number of LiDARs or reducing LiDARs altogether, but this is something that's too early to say. That could be another cost reduction. Another cost reduction towards the end of the decade is moving from EyeQ 6 to EyeQ 7, that will be another element of cost reduction, but it's not really a very meaningful cost reduction, but we are already starting with a very lean cost platform.

Colin Rusch

Great, thanks so much, guys.

Operator

We have reached the end of our question-and-answer session, and I would now like to turn the floor back over to Mr. Galves for closing comments.

Dan Galves

Thanks Maria, and thanks to everyone for joining the call. We will see you again at the Q3 earnings call in October. Thank you very much.

Operator

This concludes today's teleconference. You may disconnect your lines at this time. Thank you for your participation.