CORPORATE PARTICIPANTS

Dan Galves, *Chief Communications Officer*

Amnon Shashua, *President, Chief Executive Officer*

Moran Shemesh, *Chief Financial Officer*

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

CONFERENCE CALL PARTICIPANTS

Shreyas Patil, *Wolfe Research*

Chris McNally, *Evercore ISI*

Joe Spak, *UBS*

Dan Levy, *Barclays*

Adam Jones, *Morgan Stanley*

Colin Rusch, *Oppenheimer & Co.*

Mark Delaney, *Goldman Sachs*

George Gianarikis, *Canaccord Genuity*

Edison Yu, *Deutsche Bank*

Antoine Chkaiban, *New Street Research*

Tom Narayan, *RBC Capital Markets*

PRESENTATION

Operator

Greetings, and welcome to the Mobileye Fourth Quarter and Full Year 2024 Earnings Call.

At this time, all participants are in a listen-only mode. A 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.

I would now like to turn the call over to your host, Mr. Dan Galves. Thank you sir, you may begin.

Dan Galves

Thank you. Hello everyone and welcome to Mobileye's fourth quarter and full year 2024 earnings conference call for the period ending December 28, 2024.

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 Moran Shemesh, Mobileye's CFO. Also joining today for the Q&A session is Nimrod Nehushtan, Mobileye's EVP of Business Development and Strategy.

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, Q4 was closely aligned with our expectations. EyeQ volume was a bit better than expected and was 9%—was up 10% versus Q3. The upside was largely related to higher than expected volume from Chinese domestic OEMs, who continue to order above the levels we talked about back in July. ASPs, gross margins and operating expenses were aligned with our review at the beginning of the quarter. Operating margin of 21% was almost five points higher than Q3.

Operating cash flow was robust in 2024, finishing up at $400 million. That was flat compared to 2023 despite significant year-over-year revenue and earnings declines driven primarily by the previously disclosed inventory digestion period we experienced in the first half. Operating cash flow was approximately double our non-GAAP net income in 2024.

Moran will cover the guidance in more detail in a few minutes, but I'll first set the stage. Bottom line is that if we use indications from our customers for the full year, our guidance would be higher, but we prefer to take a conservative approach that accounts for the risk that uncertainties negatively affect earnings. For our top 10 customers, we are assuming global production volumes meaningfully worse than that assumed by third party forecasters. Chinese OEM forecasting remains difficult due to less visibility we received. Volumes appear to have stabilized in a $2 million-plus annualized range in the second half of 2024, higher than we had expected several months ago, but we are assuming a deterioration from that level simply to account for the low visibility.

On SuperVision, we are assuming about half of the current run rate of end market demand for the vehicles we are on. On Zeekr, we are electing to account for the risk that Zeekr could choose to go with their in-house system on Zeekr 009, which is currently running at 2,000 to 3,000 units per month. We have no indication that this is planned, but we are unwilling to be surprised again. On Polestar, we are assuming volumes of Polestar 4 to remain at current levels despite their stated plan for further geographic expansion.

Turning to seasonality, as a percentage of the midpoint of the full-year revenue guidance, our assumption for Q1 revenue is 25% of the full year. Typically it would be lower, so this gives us further confidence that the full year outlook is achievable even if macro conditions deteriorate somewhat.

Turning to the commercial and new business side, we continue to win new ADAS business with our core customers at the same very high rate we have for years and are seeing good opportunities with some new customers. We recently won a multi-million unit REM data harvesting and cloud enhanced driving assist program from a very key customer, in parallel with continued due diligence for SuperVision. This deal strengthens our global data harvesting with another leading OEM with significant global volumes. This data plays a key role in our EyeQ 6 generation AI stack. Additionally, we moved forward with an Indian OEM on REM data harvesting for this important growth market. A number of upcoming launches from this customer will have cloud-enhanced driving assist capability.

On the advanced product side, we have the customer engagements in place to drive a steady cadence of announcements over the course of 2025 which is consistent with the messaging we delivered at the December capital markets day. While our expectations for advanced product design wins remain intact, the exact timing of those announcements remains challenging to predict. The decision for an OEM on what path to take towards autonomy is a very strategic, very long term decision, and this is why the due diligence process is so intense and takes (audio interference); but it is clear that the customers believe in our approach and that the path to outstanding products runs through Mobileye technology.

In the past few months, we have revealed through our AI Day back in October, the capital markets day in December and CES early this month, a lot of technological advancements underlying our stack. The common theme is efficiency of design, efficiency in our silicon design, and we'll be revealing very soon detailed benchmarks of EyeQ 6 high versus competing high performance chips. Efficiency of our AI, for example (audio interference) AI Day how to build a transformer network, which is a factor of 100 more efficient than the existing transformer architectures used by practitioners. This efficiency in design is also translated to the amount of resources, data and compute which is required to train our AI stack.

Efficiency in our mind matters and goes against the dogma of brute force development. Brute force development is a signature of our competitors, as reflected by the massive investment in compute and data pipelines. Mobileye has a long tradition of excellence and efficiency. Pre-production vehicles powered by our EyeQ 6 high stack showed great promise for a substantial leap in performance and precision of our next generation SuperVision and Chauffeur. More updates will come in the course of 2025 as we get ready for startup production during 2026.

Thank you, and I will turn the call over to Moran.

Moran Shemesh

Thank you Amnon, and thanks for joining the call, everyone.

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 as well as the goodwill impairment that occurred in Q3.

Our Q4 results slightly exceeded the Q4 outlook implied by the full year guidance we provided back in October largely due to higher than expected volumes from Chinese OEMs. (Inaudible) was down 23% year-over-year. There isn't much insight to be gained from that comparison as a portion of the meaningful inventory build-up that impacted the first half of 2024 occurred in Q4 of 2023. Q1 will again be an apples-to-oranges year-over-year comparison given the inventory digestion that occurred in Q1 of 2024. Beginning with Q2, the comparison will be more relevant.

Gross margin was consistent with expectations and up slightly versus Q3 due to lower percentage of SuperVision revenue in Q4 versus Q3. Operating expenses were down somehow versus Q3 as expected.

This is related to the initial impact of the LiDAR unit wind down, an increase in military reserve duty refunds, an adjustments based on the evaluation of benefit accruals and other items that are largely timing related.

Turning to guidance, we've provided 2025 revenue and adjusted operating income guidance in today's earning release. At the midpoint, we expect $1.75 billion of revenue and $217 million of adjusted operating income. This represents approximately 6% year-over-year revenue growth and more than 10% growth in adjusted operating income. The revenue guidance is based on EyeQ volumes in the range of 32 million to 34 million units. As Amnon mentioned, we are assuming the vast majority of SuperVision units this year are for (inaudible), and expect overall volumes in the low 20,000 unit range at the midpoint, assuming no expansion into the U.S.

I'd note that for the time being, we don't plan on expressly addressing SuperVision volumes in the near term. Until we begin launching this system on more products with western OEMs in 2026, we don't expect it to be significant enough to call out, and we will set expectations low enough that any variances to downside are not material. On the EyeQ volume side, based on our analysis and information from Q1, we believe that customer inventories are currently at normal seasonal levels.

To give you better insight on our guidance, we thought it would be helpful to provide a bridge from the second half 2024 annualized run rate of 35.6 million units to the midpoint of our 2025 volume outlook of 33 million, which is somewhat below the indications we currently have from our customers. We don't plan to provide this level of detail on a quarterly basis but think it is helpful as context for our initial 2025 outlook.

First of all, some pull forward of volume into Q4 is typical given annual price changes and volume (inaudible). We estimate this added about half a million units annualized in Q4 2024, and we are not assuming this occurs again in Q4 2025. We assume 2025 overall production of our core OEM customers, which represent about half of industry volume, will be down almost 7% versus 2024 levels, similar to the decrease we saw in 2024 versus 2023. This is meaningfully lower and more conservative than IHS production of minus 4% and would account for about 2.3 million units of reduction.

Partly offsetting the assumed production decline, we do expect share gains and ADAS adoption growth from these customers to drive approximately 1.5 million units of growth in 2025, or about four points of growth over market. These are not generic expectations but rather relate to new programs and additional markets with specific OEMs.

Regarding seasonality, second half production at our top customers is typically 2% higher than first half. This would represent almost one million units annualized reduction versus the second half run rate.

Finally regarding the China OEMs, we are assuming approximately a half a million unit decline as compared to the second half run rate. This is to reflect the volatility we've seen over the last several quarters.

Turning to gross margin in 2025, we are assuming about 1.5 points higher than 2024, primarily due to the lower percentage of SuperVision-related revenue. In terms of operating expenses, we expect about $250 million per quarter during 2025 on average, which is consistent with our comments on the Q3 call where we said the run rate at the same time will be sustained to 2025. Versus that Q3 run rate, we will see savings from the wind down of the LiDAR units, and we expect this reduction to be offset by typical employee compensation inflation as well as our expected military reserve reinvestment. I'd remind you that headcount-related expenses represent well above half of our OpEx. Other areas of growth, such as (inaudible) testing and customer (audio interference) and cloud-related expenses are largely offset by

efficiencies within our data labeling activities, as well as expected higher year-over-year engineering reimbursement on production program spending.

In terms of Q1, we expect revenue to be down about 11% versus Q4, which reflects typical seasonality and a bit more than 80% growth year-over-year against the inventory digestion we experienced in Q1 of 2024. Our revenue expectation for Q1 implies about 25% of the midpoint of our full year revenue guidance. We expect overall gross margin about 100 basis points higher than Q4 levels and for adjusted operating expenses to be at or slightly lower than the $250 million per quarter I indicated earlier.

Operating cash flow in 2024 was well above adjusted net income, even after taking into account capital expenditures of $81 million. Cash flow generation in 2024 was consistent with 2023 despite substantially lower adjusted operating income, reflecting strong management and controlled working capital in a variety of areas. Additionally, we anticipate continuing to reduce our strategic reserve of chip inventory on our balance sheet in 2025, which should support another year of delivering operating cash flow above adjusted net income.

Finally, we expect the full year effective tax rate to be approximately 20%, similar to 2024.

Thank you, and we will now take your questions.

Operator

Thank you. At this time, we'll be conducting a question-and-answer session. If you'd like to ask a question, please press star, one on your telephone keypad. A confirmation tone will indicate your line is in the question queue. You may press star, two if you'd like to remove your question from the queue. For participants using speaker equipment, it may be necessary to pick up your handset before pressing the star key.

In order to allow for as many questions as possible, we ask that you each keep to one question and one follow-up. Thank you.

Our first question comes from the line of Shreyas Patil with Wolfe Research. Please proceed with your question.

Shreyas Patil

Okay, thanks so much for taking the questions.

Maybe just at a high level, as you're talking to legacy OEMs on adopting advanced automation like SuperVision, I'm just curious what kind of timelines they are considering for this kind of autonomy because, Amnon, you mentioned uncertainty by OEMs as it relates to making that decision, so are the legacy automakers still viewing this as a 2027 or 2028 kind of launch for real adoption, particularly in markets like North America and Europe?

Amnon Shashua

I'll start and then maybe Nimrod would add. During 2024, we did a lot of build-up with the potential customers, building development vehicles with our stack, working with them on very extensive testing, and we believe all of that will bear fruit in 2025. Exact timing in 2025, it's difficult to pinpoint, but all the indications that all what we did in 2024 are going to bear fruit, both in SuperVision and in surround ADAS. Surround ADAS is also a very interesting category that is being built right now.

Twenty-twenty seven seems like—still looks like the sweet spot in terms of introduction of these kinds of technologies, and the work of Tesla is really creating a sense of urgency with our OEMs, so we still believe that 2027 is really the right timing for introduction of these systems.

Nimrod, do you have anything to add?

Nimrod Nehushtan

I agree and support. The majority of the RFQs that we have and the engagements that we have are addressing or aiming for 2027, '28 timeframe, and especially for, I think, surround ADAS, which is kind of a new category that has been picking up in the past year, I think that there is an even more expedited sense of urgency, let's say, due to also regulatory drivers, not just the competition. So, that still remains intact and we did not see any shift in the timeline so far.

Shreyas Patil

Okay, thanks. Maybe just on that point, because I think typically you've talked about OEMs would have to kind of secure a win, maybe two to three years ahead of deployment. I know it's hard to pinpoint timelines, but just trying to get a sense of what—of your confidence level on some of these awards, particularly the chart that you had provided at the capital markets day which showed a number of OEMs that seemed fairly closer to crossing the finish line, so just trying to get a sense of your confidence on those.

Amnon Shashua

Nimrod, do you want to…

Nimrod Nehushtan

Yes, yes, so again, I think we've been maintaining steady progress in these engagements and we kind of continue to do so; and as Amnon said in his remarks, we cannot really predict the exact timing of decisions, but we maintain steady progress since the capital markets day in these activities.

Shreyas Patil

Okay.

Amnon Shashua

We believe also that any startup production until the middle of 2027, if the nomination is within the next four, five months, we'll meet it, especially if we're talking about the carryover of what we're doing with a portion of the online SuperVision, and there's also a possibility to introduce EyeQ 7 in that timeframe as well.

Shreyas Patil

Okay.

Nimrod Nehushtan

Just maybe to add one comment on this, if I may, I think what is also happening in parallel is that we continue to mature our next-gen products within our programs with Volkswagen Group, that do address or

have a concrete plan to start the production in 2026 onwards, so our work in maturing the technology, the hardware, software, next-gen AI technologies is continuing as planned. It does give some added confidence also to our future opportunities that we can meet even shorter timeframes. If and when decisions are going to maybe take a little bit longer, they can maintain the same SOP plan, and—because Mobileye is continuing to improve and kind of mature its products in parallel.

Shreyas Patil

Okay, great, and maybe just a quick one. How do we think about gross margins for 2025? Thanks.

Moran Shemesh

Yes, I believe I mentioned it, so we expect a slight increase in gross margins of 1.5% as a result mainly of SuperVision being lower volume than 2024; but within EyeQ, it's really flat within the year, so no issue with gross margin on 2025.

Dan Galves

Thank you Shreyas. Let's move to the next caller, please.

Operator

Thank you. Our next question comes from the line of Chris McNally with Evercore ISI. Please proceed with your question.

Chris McNally

Thanks so much, team. Just maybe around the eight RFQs, Amnon, I think one of the questions that we always get from investors is if you were to lose these, what would be the reasons that you were to lose them? I kind of always think about three buckets, you know, the first bucket being sort of timing or push-out OEM, just—you know, it's unclear which trims, which vehicles they want, they're constantly deciding and that changes year by year. Sort of the second, which is very clear within the legacy OEMs, is there's no action and they just decide to go with their basic level too, and they pass on advanced solutions; and then obviously the third is more Mobileye losing, which would be an OEM decides to go to in-house.

Look, I don't want to hold you to percentages, but I'm just curious where you think the risk would be in those three buckets - you know, timing, OEM taking no action, or an in-house solution? Thanks so much.

Amnon Shashua

I think the third bucket in terms of in-house development, we don't see a trend there. We don't see anything that is serious about the in-house development of such advanced product, so it's mostly related to the first few buckets—first two buckets, which is all about power train. Sales of EVs were below expectations, so car companies are going back to the design board and putting more emphasis on combustion engine models, so issues of power train, so that delays also driving assist or big driving assist decisions. But, in terms of in-house development, we don't see any significant traction there.

Nimrod, do you have anything to add?

Nimrod Nehushtan

I think that it's a little bit hard for us to answer this question because we're not aware of all the behind-the-scenes considerations. From our perspective, it's obvious that there is—there are attempts in the market for in-house development, and GM recently talked about their plans and so on, so we are aware of those. I think for the kind of opportunities that we are now pursuing, it's a combination of these buckets that you mentioned that can play into this, mostly the kind of—whether or not the OEMs are ready for such a product at this timeframe, what will it take from them, and some perhaps more like vehicle line-up considerations.

Longer term, we cannot really predict what will be the outcome of these in-house developments, but we can—we've been working with customers that did have these attempts in the past and we did manage to build a very successful business in parallel, because eventually we executed.

Chris McNally

Very helpful.

Just as a quick follow-on, in SuperVision, the launches you have in 2026 that are known and the 27 ones that are in our queue, are they mostly—or the majority, are they standard or take rate? Thanks so much.

Nimrod Nehushtan

It's not decided yet, to be honest, and it's something that we're discussing with our OEM partners, different models of how to sell these products to consumers. There is a combination between standard fit and opt-ins, so the more we'll have information on this as we move forward, we can—we will share this, of course.

Chris McNally

Thank you.

Dan Galves

Thanks Chris.

Operator

Thank you. Our next question comes from the line of Joe Spak with UBS. Please proceed with your question.

Joe Spak

Thanks everyone. Amnon and Nimrod, I'm just curious again on the OEM conversations, if price at all comes up and if that's a pushback; and if so, I just wonder how you think about that, given like it seems like if you give a little bit there to gain a footing, it would seemingly make you stickier and perhaps more valuable to customers over time. Then I guess also on the conversations, with your urgency comment, does that also mean that once—if and when they do sign, they're also willing to move quicker to implement than they have historically?

Amnon Shashua

Well, you know, price is always a consideration, but I don't think that price right now is any impediment to make decisions. We are very optimized on price and we work with our customers to find the right solution.

Nimrod, anything you want to add?

Nimrod Nehushtan

Yes, I don't think that we have lost a program on prices. I don't think it comes down to this at this stage; however, we are, we can say, aggressive and flexible relatively with our prices and negotiation. We don't want to make this a stepping stone, so I don't think this is right now a challenge that we need to overcome.

I think that the sense of urgency that you asked about is more about how much—how many vehicles they can deploy such systems on and so on - that is more a question of the OEM's plans and rollout plans. It's not just a question of they want to do this, but if they can really accelerate execution and deployment in a larger scale of cars. This is something that we're working with them, and we can—we're not the bottleneck, let's say, for a broader expansion of vehicle integration. We are very, very efficient and have—one of our strengths actually is the execution side and being able to support multiple vehicle line-ups, multiple vehicle architectures, so if and when this will become the chosen strategy, we can indeed support this.

Joe Spak

Okay, and just as a second question, obviously a lot of news in AI this week, and you guys have always talked about the efficiency of your development solution; but I'm just wondering, big picture, does any of the developments get you to reevaluate your own approach, or do you have any views on whether the prevalence of open source foundational models can lower the barrier to entrance to others?

Amnon Shashua

I think what we have seen with the DeepV3 and DeepSciCAR1 really aligns with the approach that Mobileye has been advocating for many years, in that you need to build a purpose-built approach, which means efficiency. At the AI Day we had in October, we revealed a transformer architecture that we built which is 100 times more efficient in terms of runtime and then compute than any standard transformer, because it's purpose built for the task of autonomous driving. Everything we do in terms of the silicon design, if you look at the area, the area of our EyeQ 6 is one-fourth of the silicon area of our competing chips.

We will provide in the next couple of weeks significant benchmarks that we have been doing with the leading high performance (inaudible) chips, and EyeQ 6 is exceeding in terms of major KPIs like running both (inaudible) net and transformers, all the chips that we have benchmarked against, so efficiency is really the hallmark of what Mobileye is doing.

What DeepSeek has shown is that now if you innovate in engineering—there was nothing there scientifically new that our community did not know about, but the fact that they created a very tight flow of training in terms of making use of memory bandwidth, making use of efficient reinforcement learning like GRPO instead of BPO, working with quantized precision, FP8, they were really made—and they even wrote assembly language to bypass all sorts of CUDA bottlenecks that they had there, so if you are really purpose built and you want to be efficient, you can gain a lot. This is what Mobileye has been advocating for many years, so this is exactly aligned with our approach.

Joe Spak

Thank you.

Dan Galves

Thank you Joe.

Operator

Thank you. Our next question comes from the line of Dan Levy with Barclays. Please proceed with your question.

Dan Levy

Hi, thank you for taking the questions.

First, wanted to ask a question on the guide for '25, and specifically on the EyeQ shipping guide. Maybe you could just talk about the extent to which launch activity is factored into that guide, to what extent is that based on launches? I think what we saw in the past was that, although you're power train agnostic, it's typically EVs that are taking on more advanced content, and we saw some slowdown in EV activity, so maybe you could talk about the extent which launch activity factored into the guide.

Amnon Shashua

I'll start by saying—and then maybe Nimrod can add and Moran, that we took a very conservative approach with guidance. If we would have taken the numbers we received from our Tier 1s and OEMs, the guidance would have been much, much closer to consensus than what we did. We took the conservative approach because we don't want to re-guide during 2025 - we don't want to risk that, and our guidance includes new launches as well.

Nimrod, do you want to add something?

Nimrod Nehushtan

Yes, I think the mix of new launches versus carryover programs is normal this year. It's not a—there is no higher or lower percentages of new product launches versus carryovers, so it's pretty consistent with what we have been facing in the past few years.

Dan Levy

And those new launches are—sorry, go ahead?

Morgan Shemesh

I just wanted to say that on the new launches and our market share, that has offset some of the production reduction or volume reduction - this happened also in 2024, so it's just an expectation for 2025. In terms of market share, we did above market also in 2024. It's just that our customers went down—top down customers just went down, like 6% or 7%, from 2023 to 2024, but there was definitely some offset to that.

Dan Levy

Understood, thank you.

Maybe we can then just follow up on China, and if we could just mark where you are now. I think based on the disclosure you're giving, you're assuming something like a million units from the domestic OEM, something like 5 million from the multinationals in China. The volume outlook—and where do you stand now on resource allocation and efforts in China, especially amongst the domestics and taking into account maybe some of the challenges that you went through in China in 2024?

Nimrod Nehushtan

Yes, I'll maybe address this, and Amnon and Moran can add. We have been—our volumes in China next year for EyeQ is growing compared to 2024, and we're close to 2 million units for the COEMs, Chinese OEMs. What we are finding is that we have some good level of stability with the Chinese OEMs that have significant export volumes, and they are willing to—they're willing and they're very much keen in partnering with Mobileye as a global proven solution that has proven performance, and maybe the risk of potential technology restrictions in some Western markets is of course lower than adopting a Chinese solution, so that has really helped us in kind of maintaining and solidifying our position with our core customers and expanding our position with our core customers, Chinese customers.

We have been optimizing mildly our investment in China. We still have a strong team there that supports all of the local R&D needs that maintain full compliance with the local restrictions and regulations for data and so on, so just—we're maintaining kind of a very tight investment compared to the business in China.

Dan Levy

Okay, thank you.

Dan Galves

I wanted to follow up - this is Dan. Just to answer your question about where we stand, last year we did about 5 million units with the non-Chinese OEMs in China, and somewhere in around the 1.5 million units with the Chinese OEMs. One of the main reasons why our assumptions are deviating from IHS is the global OEMs in China were down 17%, 18% last year, and now the assumption is they're down in the mid single digits or high single digits. We're taking kind of the view that it could be worse, and if it's worse, we don't want to have to re-guide, like Amnon said, so a significant reduction in non-Chinese OEMs within China is baked into our forecast.

In terms of the Chinese OEMs, like Nimrod mentioned, the volumes were encouraging in the second half of 2024. They ran at well above a 2 million unit run rate in the second half, which was quite a bit above where we thought that they would be back in July, I think for the reasons that Nimrod went through. We're not seeing any kind of change to that, but we're assuming that we have about a half million deterioration versus where we were in the second half, really just to be safe and due to the lack of visibility, so hopefully that helps to kind of size the China business right now.

Dan Levy

Thank you, that's helpful.

Dan Galves

Thanks, we'll go to the next question, please.

Operator

Yes, our next question comes from the line of Adam Jonas with Morgan Stanley. Please proceed with your question.

Adam Jones

Thanks everybody. Amnon, you said in your comments, you do not see significant in-house development from OEMs, you don't see that as a real trend. I'm just curious, then, the Zeekr 009 example of moving in-house, is that—do you see that as kind of a one-off limited to China? I'm curious how you view NVIDIA Cosmos. Even if it's not a direct competitor, are they offering tools that could help encourage and maybe accelerate in-house development from your OEMs, that maybe you haven't seen yet? Then I have a follow-up.

Amnon Shashua

I think Cosmos is not directly related to empowerment and enablement. There is a big difference between supporting humanoid robotics and supporting autonomous cars. With humanoid robotics, every robot is built differently, actuators are placed differently, and if you just train on real data, you'll not be able to generalize among robotic platforms, so relying on simulators is crucial. For example, in my other company, Mentee Robotics, we built foundation models just on simulated environments and we used a lot of NVIDIA tools.

In autonomous driving, (inaudible) are structured and you want to rely on real world data in order to not create distribution shifts. You do use simulations for edge cases but you don't build your entire stack on simulators. So, I don't think that that would be a major enablement.

Zeekr 009, or whatever is going in China, I think is separate from what's going in the Western economies, so when I mentioned about in-house development, I was referring to the Western world.

Adam Jones

Okay, thanks for that.

Just as a follow-up, and you alluded to it, humanoid robots have been getting a ton of attention lately from Tesla's efforts, or other OEMs and tech firms. You're chairman and co-founder of Mentee, as you mentioned, so I'm really interested in how you think about the adjacent market opportunity for Mobileye's computer vision technologies and expertise in other markets, because you know, you said Mobileye is not the bottleneck. Your industry that you serve, the auto industry, predominantly the legacy auto industry, the vast majority of it, there may be scenarios where they're just not ready, they're the bottleneck, and that if you anchor all of your talent and IP to that slow-moving part, that could put your Company at risk, so I'm curious how are you viewing—how do you see the surface area between your computer vision tech and aviation and drones, humanoids? Are these projects that Mobileye are currently exploring right now, and if so, at what stage—at what point could that be material? Thanks.

Amnon Shashua

I think Jensen in his CES talk referred to AI in the real world as physical AI, and there are a lot of synergies. At Mobileye, we are now studying this. We're not in any mature place in which we can make decisions, but we are definitely studying in-depth synergies between our stack and outside of automotive, but it's really early stages.

Adam Jones

Got you, Amnon. Thanks.

Dan Galves

Thank you Adam.

Operator

Thank you. Our next question comes from the line of Colin Rusch with Oppenheimer & Company. Please proceed with your question.

Colin Rusch

Thanks so much, guys. Can you speak to the cadence of change of incentives within the reinforcement learning platform, and any potential strategies for utilizing elements of any of the emerging archetypal models or portions of some of these foundation models that are starting to come to market?

Amnon Shashua

Reinforcement learning is becoming a very critical tool in building foundation models, and we use a lot of reinforcement learning in our AI stack as well. The reason you want to use reinforcement learning is when you build a probabilistic engine, right, so the next token prediction you have in pre-training is a probabilistic engine. There's no concept of correct and incorrect. With reinforcement learning, through adding a reward function, you are adding the notion of correctness, so you need this when you are building useful foundation models and you need this also when you are building outputs that are relevant to autonomous driving, because correctness is talking about precision, right? You want to be precise and not just be probabilistic. So, reinforcement learning is the crucial element, and there's also lots of innovation and reinforcement learning.

What DeepSeek has done, they used kind of a simple reinforcement learning approach called GRPO which allowed them not to use a critic, not to use complicated reward functions and use only outcome rewards instead of process modeling, process rewards, and the fact that it works so well is very, very nice. We're also looking at it instead of using PPO or DPO, to use this GRPO.

But you know, it's a small thing. Once you understand that it could be useful, you simply add it to your stack and experiment with it, and we're doing this all the time.

Colin Rusch

Super helpful, thanks guys.

Then just from a sensing perspective, you talked a lot about the evolution of your imaging radar technology, but can you talk a little bit about what you're seeing in terms of sensor fusion and the ability to integrate some of the sensor data in a more efficient way to streamline the overall system, and how that will develop over the next 12 to 24 months?

Amnon Shashua

We see imaging radar as a game-changing sensor, and we see now a lot of acceptance from OEMs to include the imaging radar into the Chauffeur platform. We'll have more to say about it during 2025, but it's really a game-changing sensor.

Colin Rusch

Thanks so much, guys.

Dan Galves

Thanks Colin.

Operator

Thank you. Our next question comes from the line of Mark Delaney with Goldman Sachs. Please proceed with your question.

Mark Delaney

Yes, thank you very much for taking my questions. Maybe you could share an update on how Mobileye Drive technology is progressing for robotaxis and the timing of when you think there will be AVs on roads for commercial operation, not only in Germany, but I think VW had planned to launch in Texas using Mobileye Drive.

Amnon Shashua

Our activity with the Mobileye Drive, the lead customer is the Volkswagen ID Buzz. We have also additional activity with Holo and Ruter, which is now starting paid—with Safety Driver, paid drives in Oslo. We have an additional with Benteler, additional activity with the Holon (phon) platform. We are working with additional opportunities and it's all targeting end of 2026, 2027, so throughout 2025 we're replacing the compute hardware, EyeQ 5 base to EyeQ 6 - that's a Drive 64.

The imaging radars are already inserted and working on this platform by using the Innoviz LiDARs there. We finished training all the networks for those sensors, and by end of 2025, we should be at the right mean time between failure to start experimenting with removing the library, but the SOP is at end of 2026, 2027 for removing this driver.

Mark Delaney

Thanks for that, Amnon.

Dan Galves

And you should see—you should see milestones occur over the course of 2025. The first milestones are closed user group testing, where you're taking actual members of the public and the systems, commercial launch in terms of starting to charge those customers. This is all kind of in the near term during 2025, so expect to hear more about this.

Mark Delaney

Thanks for that, Dan.

My second question was just following up on some of the earlier commentary around the RFI and RFQ pipeline. At the capital markets day in December, there were five OEMs in the negotiation or due diligence phase for SuperVision, another three of those in more advanced stages of evaluation for surround ADAS. You said today you're continuing to make progress on that pipeline, but could you clarify

if any of those opportunities are no longer available to you or have meaningfully pushed out, and especially in Japan with some of the major OEMs there announcing M&A or plans to work with some other chip vendors, at least for full AVs, I am hoping to get a bit clearer of an update on where some of those opportunities stand. Thank you.

Nimrod Nehushtan

There hasn't been a change—has not been a change negatively in these opportunities so far, so there is no one that is dropped.

Mark Delaney

Thank you.

Dan Galves

Thanks Mark.

Operator

Thank you. Our next question comes from the line of George Gianarikis with Canaccord Genuity. Please proceed with your questions.

George Gianarikis

Hi everyone, thank you for taking my questions. I'd like to ask also about the bake-offs that you're in with the OEMs. You talked about the in-house development, but could you also maybe discuss what you're seeing from other alternatives, whether it's emerging competitors like Wave, you know, Waymo has made some noise about trying to sell to OEMs, Tesla. How often are you seeing them in your discussions as well? Thank you.

Amnon Shashua

We did not see in those discussions real competition outside of in-house development. All those that you mentioned, we don't see them in competition. I think that those are demo vehicles and could be relevant for the end of the decade, maybe production, but still a long way to go. If an OEM is interested in 2027 and 2028 timeframe for a SuperVision or Chauffeur, then the best path to get there is Mobileye.

George Gianarikis

Thank you, and maybe as a follow-up, just curious as to what your collective thoughts are on Tesla's FSD version 13.2 and any progress you think they've made. Thanks a lot.

Amnon Shashua

We have been test driving the Tesla FSD version 13. We have strong conviction that our EyeQ 6 platform will greatly exceed whatever we experience with the FSD version 13, and I would like to note that really, the holy grail that we are pursuing is not just a good driving experience, we are pursuing very high precision, high precision meaning that we can perform an eyes-off driving experience like with Chauffeur. There is way more to address than just the driving experience as to how do you reach a very high mean time between failure, and the mean time between failure that exists today is around 10 hours, even with

the best systems like the FSD version 13, and can reach tens of thousands of hours. So, this is really the holy grail and we believe we can reach this with our EyeQ 6 platform.

George Gianarikis

Thanks.

Dan Galves

Thank you, George.

Operator

Thank you. Our next question comes from the line of Edison Yu with Deutsche Bank. Please proceed with your question.

Edison Yu

Hi, thank you for taking our questions. First off, just wanted to come back to the AI DeepSeek developments. Would there be anything you would call out that you found maybe interesting in terms of their approach and what they did? I know you highlighted a couple of things earlier, but it seems to be this kind of, I think, read-through that some of the companies in the States are going to apply some learnings from that. Do you get any sense that you would do something like that, or that you would kind of modify anything you're doing right now differently?

Amnon Shashua

I think when we're talking about the stack of autonomous driving, what was interesting there is the use of GRPO instead—in the reinforcement learning stack instead of PPO and DPO, and we're looking into it. It was very interesting, but I think that this is a very small thing. Their achievement is being able to develop a very tight flow, very tight training flow, taking into account every small bit of memory bandwidth and processing of the available chips that they had, and reach a very low cost training. Whether that is $5.6 million or $15 million - I don't know, but when you read our technical report, you see a lot of engineering innovation, so I think that is real. What we take out of it, which is relevant to us, is really the use of GRPO and the reinforcement learning stack.

Edison Yu

Thank you, that's really interesting.

Second one, on the—I know there was a Lyft partnership announced back in November, and I think—you know, you've mentioned several times there's this urgency from a lot of OEMs. I'm wondering, are you getting any increased urgency from the mobile operators or ride hail operators, whether it's Lyft or other parts of the world, to try to get the robotaxi deployed faster because of what Tesla is doing, because of what Waymo is doing? If there is more urgency, could we get kind of accelerated discussions along with that?

Amnon Shashua

Yes, we do sense urgency to come up with announcements on robotaxis, but we need to align all the partners together. It's not just the operator, we need also the vehicle platform to be aligned, so this is fully aligned with the ID Buzz and with the other two opportunities we have, and we're building now a fourth

opportunity which also will be meaningful. I do see kind of a revival of the robotaxi opportunity, mostly due to the success of Waymo, and we see indications from the market in terms of partners, whether it's operators, vehicle platform builders who would like to play a more meaningful—be a more meaningful actor in this emerging market.

Edison Yu

Thank you very much.

Operator

Thank you. Our next question comes from the line of Antoine Chkaiban with New Street Research. Please proceed with your question.

Antoine Chkaiban

Hi, good afternoon. Thank you for taking my questions.

I have a question on your current SuperVision design wins. So, can you maybe tell us about your collaboration efforts with Polestar, Volvo and Volkswagen, how are the relationships going? Any interesting development over the last 90 days, and how could we expand the opportunity with those customers?

Amnon Shashua

I think our first generation SuperVision in terms of development, we are kind of in the low of marginal returns. We have been adding automated parking to the stack and recently launched it in China and will continue to develop it further; but in terms of improving that stack, we reached the point in which our focus is on the EyeQ 6 platform. We regulate complete software rewrite on the EyeQ 6 platform to make better use of the benefit that we have from the EyeQ 6. The 10 times the more compute that we have requires some software rewrite, so all our focus is now on the EyeQ 6.

Throughout 2025, we'll be able—we have already pre-production vehicles with EyeQ 6 already doing testing, on-road testing in Germany, and throughout 2025 we'll be able to show significant improvement on SuperVision performance with EyeQ 6.

Antoine Chkaiban

Thank you, and maybe as a follow-up, so you presented at the CNV (phon) the DXP framework to enable OEMs to code and control elements in the system affecting the driving experience. I'm wondering what feedback you're getting on DXP from your current engagements and potential additional design wins.

Amnon Shashua

Our activity was with the SuperVision. DXP is in full use, so it's a very important stack as part of the development stack that we have with OEMs.

Dan Galves

Thanks Antoine. Operator, the next question will be our last question.

Operator

Thank you. Our final question comes from the line of Tom Narayan with RBC Capital Markets. Please proceed with your question.

Tom Narayan

Hi, thanks for taking the questions. My first one is just a quick follow-up on, I think, Shreyas' question on the famous slides from the investor day. Just wanted to clarify, the two OEMs, one for SuperVision and the other for surround ADAS that are close to nomination, I heard something like—was that like—instead of being two or three months away, that still—you still believe that will happen in 2025. Is that correct, or should we just assume—let's not put strict timelines associated with this from now on, is that kind of the change in the way to think about it?

Amnon Shashua

I don't think that there is any change. The surround ADAS is really imminent, but we don't want to start pinpointing which week or which month of 2025 this is going to be nominated, but all the indications are that we're at the end of the process of nomination. With SuperVision, the same - all the activity we did in 2024 is bearing fruit, and things should start playing out within the next few months within 2025, so nothing has changed that would change our—whatever we presented at the capital market day.

Nimrod, do you have anything to add there?

Nimrod Nehushtan

Yes, we just don't want to be driven by kind of expectations of this, of an exact time, so nothing's changed on our expectation for where we stand with different OEMs.

Tom Narayan

Okay, cool. My follow-up, I appreciate the comments on—you know, when you compare to what the other OEMs are doing, what maybe some other Tier 1s are doing, that with the Mobileye product that there's just a focus on precision and especially as it relates to eyes-off. But I guess my question is as it relates to the level two-plus and maybe some level three, I mean, you have obviously GM this week saying they're going to double their Super Cruise adoption this year, Tesla with their unsupervised FSD launch in Austin in June, Aptiv demoed a level two-plus camera and radar at CES that's pretty comparable to FSD, and then Mercedes increased their speed to 95 kilometers an hour up from their level three from 60. I know these products are probably still not up to snuff, right, where you guys are or where you want to be, but just wondering if there's a risk at the transition to get to eyes-off, where these products might just be sufficient for where the consumer demand is. Is that a risk you see, or do you not—are you not concerned about that? Thanks.

Amnon Shashua

It's not a risk because we're doing both, right? We're building SuperVision, which is not an eyes-off system, and we're building Chauffeur at the same time. For example with Porsche, we are building SuperVision, and with Audi we're building Chauffeur, so it's all going simultaneously.

We believe in the great value of an eyes-off, but regardless of our belief, we're also promoting very, very strongly SuperVision, which is an eyes-on system. If an eyes-on system is what the market would think is good enough, it's fine, right? We believe that there's a great value in an eyes-off system - this is why

we're pursuing that as well, and we're simply (inaudible) both so there's no risk here. It's not that we are betting on an eyes-off and not doing an L2-plus system.

Dan Galves

Thank you Tom.

Operator

Thank you. Ladies and gentlemen, that concludes our question-and-answer session. I'll turn the floor back to Mr. Galves for any final comments.

Dan Galves

Thanks a lot for everyone's time, and we will talk to you on our next earnings call in April. Thank you.

Operator

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