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## CONFERENCE CALL PARTICIPANTS

**George Gianarikas,** *Canaccord Genuity*

**Mark Delaney,** *Goldman Sachs*

**John Saager,** *Evercore ISI*

**Joseph Spak,** *UBS*

**Aaron Rakers,** *Wells Fargo*

**Edison Yu**, *Deutsche Bank*

**Tom Nguyen,** *RBC Capital Markets*

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**Joshua Buchalter,** *TD Cowen*

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## PRESENTATION

**Operator**

Greetings and welcome to the Mobileye Fourth Quarter and Full Year 2025 Earnings Call. At this time, all participants are on 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. Mr. Galves, please go ahead.

**Dan Galves**

Thank you, Donna. Hello everyone. Welcome to Mobileye's Fourth Quarter and Full Year 2025 Earnings Conference Call for the period ending December 27, 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, as usual, are Professor Amnon Shashua, Mobileye CEO and President; Moran Shemesh, Mobileye CFO; and 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 thank you for joining our earnings call.

As I look back on 2025, there are a number of meaningful positives to highlight, both for our company and the industry.

In a very uncertain geopolitical environment, demand for our products came in higher than expected throughout 2025, demonstrating the resilience of the auto industry and our product offerings. Results were quite strong, with revenue up 15%, adjusted operating profit up 45%, and operating cash flow up more than 50%. The industry began to clarify the structure and features of the next generation of ADAS for mass-market vehicles. Several forces are coming together here – demand for incremental safety, demand for convenience in the form of highway hands-off driving, and the need to consolidate the technology on a single ECU to keep the system's cost low. Mobileye's EyeQ6 High chip is very well positioned, and we won the first two major programs with two of the biggest six OEMs in the world.

Waymo's commercialization provided a number of supporting proof points on consumer acceptance and demand for autonomous mobility services. This led to a major uptick in demand signals from transportation networks companies, and public transport groups, which led to an expansion of expected volume to our Volkswagen ecosystem to 100,000 units by 2033. We are now one year closer to the launch of our advanced products with the Volkswagen Group. We expect the first major public milestone to be removal of the safety drivers in MOIA's robotaxi fleet in 2026.

We are implementing a unique first-think, slow-think structure to our advanced product that we believe accelerates both precision and scalability. This includes novel technologies like vision language semantic action models and artificial community intelligence.

And finally, Mobileye took a decisive step to expand its footprint into the humanoid robotics field with acquisition of Mentee Robotics. Mentee has achieved a fully vertically integrated, low-cost, highly capable robot that has a clear path to commercialization into the structured environments of industrial and logistic services fields and with its distinctive technology to cater to unstructured environments like home use cases.

Aside from our 2025 results, we detailed all of these areas in my CES talk on January 6th. I encourage anyone with an interest in Mobileye or just physical AI in general to make sure to view that presentation.

Turning to guidance, Moran will spend some time on it, but I'll address it briefly. We are encouraged by the volume growth we are expecting despite global auto-production that's expected to be flattish again. And while we don't expect the volume levels of Q1 to be sustained throughout the year, it's a strong signal for the year and order flows for Q1 have been rising for the last month or two.

Turning to technology, at CES I talked a bit about the debate around approach, specifically this concept of data in/commands out, which is a false debate because no legitimate actors in our field are actually doing that. There's always a need for structure and architecture, and everyone's architectures have evolved given advancements in AI over the last few years, including ours.

We introduced two new innovations that are accelerating our path to precision scalable autonomous vehicles. One is Artificial Community Intelligence, referred to as ACI. This is a simulation concept using a self-play reinforcement learning technique that we are using to train our planning engine, also known as Driving Policy. This is the first ever productization of a technique proposed in academic research. A strong motivation for ACI is that the sample complexity for planning is much higher than for perception because the multi-agent nature of driving or actions that you take will impact the actions of other road users. Therefore, the amount of data one needs to collect could be unwieldy, even for large data collection fleets. As a solution, we have created simulators that can achieve one billion hours of training overnight. Mobileye has unique advantages here since our REM maps, which cover much of the globe, can be used as a realistic and diverse baseline structure for the training.

The other advantage is we have developed sophisticated SIM-to-real techniques that have the required understanding of the noise model of our perception engine when transferring the Driving Policy to the real world. That SIM-to-real technology is also very relevant to humanoid robotics and will be a key area of technology sharing between Mobileye and Mentee.

We also introduced a fast-think/slow-think concept that utilizes specialized vision language models to provide contextual information and to address robustness to vehicle decision making. This is not necessarily about safety; it's more about understanding the semantics of complex scenes. For example, a scene where a policeman signals that the road he would like to take is blocked. The safety layer ensures that we won't hit the policeman, but we also need to understand the scene, figure out that we shouldn't try to overtake the policeman, but rather we should either wait or take a different route. This is what slow thinking gives. Since this is not safety critical, the contextual information can be inputted into the system at a lower frequency than perception, which is typically analyzed at 10 frames per second. Structuring our architecture with fast-think and slow-think components saves compute and even brings use of cloud-based compute into the picture. As a result, we can put a very sophisticated VLM on the in-car compute, but call on much much bigger VLMs in the cloud when the situation warrants. This has very positive effects on the mean time between intervention metrics, but can also eventually lead to scalability benefits in terms of cars per teleoperator, as the VLM can replace a human teleoperator in many cases.

Turning briefly to our announced acquisition of Mentee Robotics, most of the AI that humans are using every day is in the digital world. The two main applications of AI in the physical world are autonomous vehicles and robotics. It makes sense for these two expressions of physical AI to be together because there is a great deal of technology overlap. Both extensively use computer vision and control, fast/slow thinking concepts make heavy use of VLMs, and extensive SIM-to-realistic techniques.

Mentee itself, compared to other companies we evaluated, has a superior combination of strengths, including a high level of vertical integration, a pure AI approach with ability to demonstrate high-level capabilities with no teleoperation, a design strategy that results in an optimized cost versus usefulness ratio, and above all, a distinctive AI technique to do continuous on-the-job learning from passive demonstration. A truly practical approach to capitalize on the most near-term industrial and logistics markets, and then expand to more challenging markets over time.

We believe access to mobilized tools, simulation, and data training infrastructure will accelerate Mentee's development, and the number of technologies developed for robots, such as self-play simulation and SIM-to-real techniques can also bolster mobilized AV (phon) development.

Finally, there is potential for catalysts as we continue to demonstrate the strong capabilities of the Mentee robot and execute on customer proof-of-concept work in the near term.

I'll now 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 of mobilized non-GAAP numbers is amortization of intangible assets, which is mainly related to the acquisition of Mobileye in 2017. We also exclude stock-based compensation.

Our full-year 2025 revenue of $1.9 billion slightly exceeded the high end of our prior guidance. Full-year revenue was up 15% year-over-year compared to our original guidance of 6% growth at the midpoint. It was a very good year, where a combination of minor upside in global production trends, EyeQ program launches and higher-than-expected ADAS and Supervision volumes from China OEMs led to significant growth.

Full-year adjusted operating income was $280 million, up 45% year-over-year, and margin was 15%, up about 300 basis points versus 2024. The first quarter included a non-recurring expense of $7 million related to workforce efficiency initiatives we undertook in Q4. That expense was not part of our guidance as of the October earnings call. So, if you exclude that, adjusted operating income would have also been slightly above the high end of the guidance.

Like I said earlier, we saw consistent positive revisions from our customers throughout 2025, and we've continued to see that over the last month or two during our 2026 planning process.

Twenty twenty-five EyeQ volume was $35.6 million across the full year, which was well above our original expectations of $32 million to $34 million. We've seen a fairly consistent demand trend of 9 million units per quarter, with some minor fluctuations across quarters. For example, in 2025, Q2 and Q3 were higher than trend; Q1 and Q4 were a bit lower.

One more point on Q4 before turning to the future. Modest upside to the higher end of our prior guidance was related to higher than expected SuperVision earnings. EyeQ volume was consistent with the high end of our guidance of about 8.2 million units. This level at the start of the quarter looked a bit below the demand trend with our customers' desire to end the year within inventory, but the demand trend in Q4 ended up higher than we expected. As a result, we believe that inventory at our Q1 customers ended 2025 extremely low. We believe there is some level of adjusting safety stock that will occur in Q1 to get back to normal levels.

We expect about 10 million EyeQ units shipped in Q1, with support from the outlook of approximately 19% year-over-year growth in the first quarter. After that, customer forecasts indicate a reversion to the trend of slightly above 9 million units per quarter.

Turning to the full year guidance, we are expecting revenue in the range of $1.9 billion to $1.98 billion, representing flattish to 5% growth. The midpoint of our guidance incorporates EyeQ volume of slightly above 37 million units, which again consists of 10 million units in Q1, and an assumption of a bit over 9 million per quarter in the balance of the year.

If we look specifically at our top 10 customers, we are assuming that their overall production is down 2%, but our volume with those customers is up 6% at the midpoint. This includes about 700,000 units for a new OEM program that requires two EyeQ4 chips per car. That program is clearly a positive and we will generate higher gross profit in dollars per vehicle. But since the second chip is lower priced relative to the first, it has an impact on overall ASP and growth margin.

For Chinese OEMs, we are expecting a decline of about 0.5 million units compared to 2025, which was a bit above 3 million units. We are encouraged by the significant growth in China OEM volume in 2025. It aligns with their export volume growth, the area where our business is the strongest with those customers. We see no reason why that wouldn't continue into 2026, but prefer to remain conservative given we only have a short-term visibility into order flow with China OEMs.

Gross margin will be down (inaudible) on a year-over-year basis, driven by continuation of EyeQ5-related cost headwinds. We discussed this on the October earnings call as an impact to the second half of 2025 that would continue through 2026, and then will gradually decline beginning in 2027. We also have modest vehicle mix headwinds and the impact of the dual-chip program mentioned above.

Turning to operating expenses, 2025 ended up at $1.003 billion. This was slightly above our original budget of $995 million, accounted for by the non-recurring termination-related bookings in Q4 mentioned above. In 2026, we are expecting around $1.1 billion, or 10% growth. The underlying growth in OpEx is approximately 5%, consisting of normal salary and benefit inflation, as well as additional infrastructure to support execution of the advanced products in 2026 and 2027. On top of that, we are including Mentee R&D expenses.

Finally, we are experiencing FX headwinds related to appreciation of the Israeli currency versus the U.S. dollar, which meaningfully raises our headcount cost in dollar terms. This is being mostly offset by the workforce efficiency initiative noted above, but not completely.

To conclude, we are almost one month into 2026 and continue to see positive demand signals from our customers on the core business. As Amnon discussed, we are also seeing very good execution progress ahead of a large number of advanced product launches over the coming one to two years, as well as accelerating momentum in customer demand for next-gen, higher ASP ADAS, and the transformative robot activities.

Thank you, and we will now take your questions.

**Operator**

Thank you. The floor is now open for questions. If you would like to ask a question, please press star, one on your telephone keypad at this time. 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. For participants using speaker equipment, it may be necessary to pick up the handset before pressing the star keys. We do ask that you please limit yourself to one question and one follow-up to allow as many people the opportunity to ask as possible. Again, that's star, one to register a question at this time.

Our first question today is coming from George Gianarikas of Canaccord Genuity. Please go ahead.

**George Gianarikas**

Hi everyone. Thank you so much for taking my questions. I'd like to ask first maybe on your view on the competitive environment, particularly in light of some announcements at CES from NVIDIA and others. Just your view on what's happening in the advanced autonomous solution space. Thank you.

**Nimrod Nehushtan**

So I think that we have been – we've obviously seen a lot more announcements and excitement around advanced solutions and autonomous driving in general and also robotics. It was one of the key things at CES this year for everyone who attended. We still believe that we are closer to launching our advanced products than other competitors, and this is one of our strongest advantages combined with the maturity of our technologies and the advancements of our technologies. And we are, as we said, one year closer to launching a spectrum of products that spans from Surround ADAS, SuperVision, Chauffeur and robotaxi, starting from 2026 and then through 2027. We believe this will be a major transformation for kind of positioning Mobileye in the market as having proven products on the field.

Right now there is a lot of demos, a lot of referral technologies and emerging technologies, and there is some, we think, noise and maybe simplistic description of some of these technologies and how useful they could be for a reliable system. There is a recent announcement by NVIDIA about their open-source model, Alpamayo that they announced supposedly given others' ability to – Amnon will maybe want to say a word about this, but we don't see that as something that changes our positioning in the market, really.

**George Gianarikas**

Thank you. Maybe I can ask a follow-up on Mentee specifically. You mentioned yourself that there were a significant amount of startups and competitors at CES in the humanoid space. Just maybe a synopsis, a brief bullet point or two as to what the differentiation for Mentee will be as you try to attack the marketplace and commercialize the product. Thank you.

**Amnon Shashua**

I think that a lot of startups, mostly in China, a lot of startups in the area of humanoid, many of the demonstrations that you see out there are tele-operated. Now, to win this game, you need to have a fully autonomous control of the robot from perception to action to understanding the theme, having an AI stack that can control the robot autonomously. This is what Mentee has been demonstrating quite consistently over the past year, year and a half. At CES, I showed a number of clips. Mentee is also fully vertically integrated with the design of the actuators, the gear, the AI itself, all the software components, the electronics, which is crucial if you want to have a true end-to-end system.

Another, I would say, distinctive element is the ability to do continuous learning. Mentee has developed an AI technology that allows the robot to passively view a human performing the task and imitate that task in a very, very short period of time without having any special equipment; no VR goggles or special suits, just passively observing a human performing the task. This is, I think, very important as we move from structured to unstructured environments like home use.

Taking everything together, we have here a company that is both thinking practical, what is going to be the first domain launch, which is structured environments like fulfillment centers, assembly plants, retail, and also developing the technology for the next deployment for unstructured environments like home use. Fully vertically integrated, very strong in AI components, whether it's reinforcement learning, simulation, (inaudible) very strong, very interesting overlap, technology overlap with Mobileye. It can go both ways, the synergies. So, overall, this is a very good step for Mobileye to take decisive steps towards owning physical AI in its full scope.

**Nimrod Nehushtan**

If I may add to this, I think to kind of differentiate between the different actors, Mentee are, as you know, probably the only Western humanoid robot company that is actively engaging with customers on proof of concepts and pilots that involve pure AI operations with no remote operation which shows something about the advancement of the use of robots in a setting that a customer is willing to evaluate and deploy in a kind of a non-sterile setting. Unlike maybe some hype videos that show something on a YouTube clip, this is an actual testing environment. This is a different stage of maturity and some engagement with potential customers. We believe that through integrating Mobileye's technologies, we have obviously strong strength in computer vision, in AI using cameras, and using sensor fusion, and designing systems for safety and reliability and how to integrate systems in a very cost-efficient manner and efficient compute. All of these will help them even accelerate the progress they made so far.

**George Gianarikas**

Thank you.

**Dan Galves**

Thank you, George. Next question, please.

**Operator**

Thank you. The next question is coming from Mark Delaney of Goldman Sachs. Please go ahead.

**Mark Delaney**

Yes, good morning and good afternoon. Thank you very much for taking the questions. For Surround ADAS, the company has already reported on some strong momentum. You spoke about the two big OEMs that have already committed and given series production awards. As you look at the opportunity set in 2026, could you give a bit more details on the number of OEMs you're engaged with for Surround ADAS and how many might be able to convert into awards this year?

**Nimrod Nehushtan**

I think the important point about Surround ADAS is that this is a product that addresses a very clear pain point for customers and for OEMs in the sense that it simplifies the system, it reduces costs, it provides advanced functionality, (inaudible) future regulation, so it ticks most of the boxes that OEMs want to tick for the high-volume vehicle segments in the upcoming years.

Therefore, the first OEM that we announced with Volkswagen was starting a trend that created a flywheel effect of more and more OEMs being interested. Now, having announced the second design win, we now have two out of the top six OEMs on the planet in major markets adopting this and launching this in a few years. This has definitely created a stronger realization amongst other OEMs that this has to happen for them also, at least to some degree.

We've seen an increase in the amount of engagements we have. I don't want to predict timing and quantities, but we're definitely encouraged by the increase in different engagements we have with multiple OEMs across our customer base.

We also believe that we have inherent advantages for this product category because it requires a very reliable system performance, very high safety standards, advanced functionalities like hands-free driving on primary roads and so on, but also be extremely cost-efficient.

Just to give you some sense, these two programs we won are going to be integrated as kind of a standard fit across the highest volume vehicle categories for these two OEMs, so every dollar counts. Also, the implications for the OEMs to adopt this product means how much conviction they have that they need such

a product. It's not a balloon project in a small amount of vehicles that if it fails, then nothing happens. If this project is delayed, for example, this obviously affects the entire vehicle portfolio. So, it shows about the confidence they have in Mobilieye, how much conviction they have in this product, and it's definitely an encouraging sign.

**Mark Delaney**

Thanks. My other question was on Mentee. Given the announcement and engagements that you've had with potential future customers and industry participants, can you help us better understand to what extent it's catalyzed additional interest in partnering with Mentee Robotics, including opportunities to have your humanoid robots in factory and commercial environments to gather data? As you think about that 2028 commercialization target you shared at CES, how important is that data collection and gathering for hitting that timeframe? Thank you.

**Nimrod Nehushtan**

I think it's a very interesting question. We've had two weeks since the announcement at CES. I've received reach-outs from a significant number of customers asking about our interest and readiness to support onsite pilots and proof-of-concepts. Starting from our industrialization partners that want to contribute in manufacturing and components because they understand we do this with robots, starting from that and really trying to attract us to work with them for manufacturing and for all of our industrial partners, whether it's Tier 1s, OEMs and others that want to see how they can work with Mobileye and integrating robots into their logistics centers, warehouses, manufacturing lines. The need is definitely there and for them it made perfect sense.

I think one of the encouraging signs that we've seen is that already at CES we've had meetings with OEMs. In most of these meetings, it came up as, let's take a follow-up and schedule when we can actually talk about a plan to deploy this in our environment. I think that the fact that they know Mobileye from the automotive business and they trust the standards of the company, and that they have a need for longer-term finding solutions for human labor that is becoming a bigger and bigger problem for them, especially in developed countries, this gives them an easier path to evaluate a new technology with a partner they trust, as opposed to working with a startup and humanoids that who knows what you can get from them and whether or not they can deliver. Definitely, we're leveraging these relationships. We definitely think of this as an area to continue to develop in the next few months.

**Mark Delaney**

Thank you.

**Dan Galves**

Thank you, Mark. Next question, please.

**Operator**

Our next question is coming from Chris McNally of Evercore ISI. Please go ahead.

**John Saager**

Good morning. This is John Saager on for Chris McNally. Thanks for taking the questions. Amnon, you've made this sandwich analogy for ADAS and AV demand, basically with high demand for Surround at the low end or DRIVE at the high end. If we could focus on just DRIVE for the time being. You guys announced VW MOIA, one of the two big partners, and an unnamed OEM. But the forecast is for a fleet of 100,000 AVs by 2033, obviously a bit of a ways away. My question: can we get a sense for what the near-term

demand for your DRIVE system might be for just the next two to three years, 2027-2028, or on Phase 1 on the growing list of cities?

**Amnon Shashua**

We announced together with MOIA six cities, to expand to six cities in 2027. That includes Los Angeles together with Uber. We have another high-volume program with Holon that will come six months later and will have also its expansion.

As the CEO of AVMP on stage mentioned that they foresee about 100,000 vehicles in the next eight years, the exact numbers of the rollout will depend on the success of 2027, the deployment of the first six cities. But we are talking about thousands of vehicles to start.

**Nimrod Nehushtan**

Just to add to this, I think it may be somewhat challenging to understand what it means 100,000 because it sounds like a big number. I think what we are taking away from this, what it means is that Volkswagen have in place the manufacturing capacity to produce as many vehicles as needed. The 100,000, if we're successful in 2026 and 2027 and then in 2028, which we have high confidence in our chances, means that 100,000 can also be a small number in hindsight. The manufacturing capacity they have and the funding they've put into this in the past few years to build everything needed to produce robotaxis in scale eventually, it's Volkswagen so they can produce 10,000 per year, 50,000 per year, 75,000 per year when the demand will be there. The demand from mobility operators, CNCs, municipalities is far greater than tens of thousands per year globally.

Once the technology gets to this maturity level and allows quick economic and geographic expansion, which we believe we have clear advantages in, then the demand will not be a problem. We have a partner that can scale and give the supply at the best extent possible.

**John Saager**

Understood. How do we think about the volume for a Phase 1 launch? Should that be 1,000 to 1,500 like Waymo in San Francisco?

**Nimrod Nehushtan**

You can think of it as a few hundreds of vehicles per city as a good testing, as a good measuring stick. Just also seeing how Waymo roll out, roughly the number they've had, in some cities, it's 200. Some cities it’s closer to 500. That's a sufficient number to facilitate for the mobility demand in that city and also to build a meaningful business. That's also roughly what we're planning.

**Dan Galves**

Thanks, John.

**John Saager**

Just one last follow-up. Do the AV customers pay for anything before the purchase of the $45,000 DRIVE content like R&D in advance?

**Nimrod Nehushtan**

Yes.

**John Saager**

Do you get any protection if their volumes are less than planned?

**Nimrod Nehushtan**

Without going into the details of our contracts, we are receiving—we're delivering samples and engineering samples throughout the year. There is an engineering budget that covers the direct engineering costs and development cost, so there is definitely a good amount of investment well before the commercialization. I think when we have high confidence in our chances of getting to driverless, we're not that concerned about the downside potential.

**John Saager**

Okay. Thank you so much.

**Operator**

Thank you. The next question is coming from Joseph Spak of UBS. Please go ahead.

**Joseph Spak**

Thanks. Hello everyone. Just to maybe talk about a couple of more near-term things, obviously, memory has become a larger issue and concern in the automotive industry. I know, or I believe you don't really buy a lot of that memory directly, but clearly it is used in the modules at your Tier 1 customers to assemble, to ship on to the OEMs.

I'm just curious what you're hearing from your customers and the supply chain as to whether this is really a pricing issue? Is it an availability issue? Is there any volume risk embedded in your outlook? Even if it's a pricing issue, I guess, do you see any risk of decontenting?

**Nimrod Nehushtan**

As you said, Joe, the exposure that we have is not direct because we're not purchasing a lot of these units. It's mostly indirect through the fact that our Tier 1 customers are purchasing memory components. What we've been doing in the past few months, and we have been actively working on this well before it was a public knowledge that this dynamic is developing, is to create, kind of been maximizing our supply of these components and working with multiple vendors to ensure that we have enough flexibility to mitigate the direct cost impact from specific vendors and that we will be able to ensure that vehicle manufacturing will not be impacted by these fluctuations.

I think that, like we did last year, our forecast for this year is maybe opting for the conservative side. You can see the difference between Q1 and other quarters. It does bake in some level of understanding that there is some volatility in the industry, so we wanted to be on the more conservative side. But we haven't seen any, let's say direct evidence or indication that there is an imminent change to volume as a consequence. But we will keep close monitoring as it develops, and we're doing everything in our power with our Tier 1 partners to create the availability of these components.

**Joseph Spak**

Thank you. The second question, you mentioned some of the appreciation of the shekel, and I know you give very helpful exposure in your 10Qs on what a change in that currency can do to your cost base. But I believe also at this time a year ago, or earlier in 2025, you made a comment on one of the calls about how a lot of the costs on the shekel were hedged. Did something change with the hedging strategy? Maybe you could just sort of update us on why it's a little bit maybe more of an issue now than you thought a year ago.

**Moran Shemesh**

Yes. I will start with 2025. We have a hedging plan that basically causes that we can meet our OpEx expectation for 2025. So, for example, for the second half of 2025, the rate that we had in our financials was like 5 or 6% favorable than the average market rate. These are transactions that we made in the beginning of 2025. But as the appreciation of the shekel continues into 2026, and we're talking about I think 10 or 12% in the last year, we still have hedging in place for 2026 so we are more than 50% hedged on our payroll expenses at a favorable rate. But the risk is obviously heavier as deterioration gets bigger. But we took it into account in our guidance. So we took into account some further hedging, but it will be at a less favorable rate. The fact that we are already more than 50% hedged, I think we're in a good place in terms of the rate but it's still the year-on-year impact, because it's a significant impact, it's worth mentioning.

**Joseph Spak**

Okay, thank you. That's helpful. Appreciate it.

**Dan Galves**

Thank you, Joe. Next question, please.

**Operator**

Thank you. The next question is coming from Aaron Rakers of Wells Fargo. Please go ahead.

**Aaron Rakers**

Yes, thanks for taking the question. I want to kind of double-click on the Porsche and VW and the Audi kind of programs. I'm curious, as you kind of thought about your guidance for this year, I think the initial expectation was maybe early volumes on Porsche late this year. Just give me an update on where we stand on some of those programs and how we should think about volumes, appreciating that I think 2026 in the past has been more characterized as an execution year.

**Amnon Shashua**

Twenty twenty-six is an execution year. The SuperVision on Porsche and Audi should start Q1 next year, Q1 2027. There was some pushback of deadlines unrelated to us that pushed the SOP to the first quarter of 2027. Do you want to add something, Nimrod?

**Nimrod Nehushtan**

Just to say that it didn't really change the plans of the project. It's just a one-month change between December ‘26 to February ‘27, so it's not really material. And we made clear in previous calls as well that we do not expect meaningful volumes in these programs in 2026.

**Aaron Rakers**

Right, right. Appreciate that. Then as a quick follow-up, in the prepared comments, you talked about inventory levels at your customers, your major OEMs being fairly lean. I know you've guided 10 million EyeQ units this quarter. I'm just curious, can you kind of go a little bit deeper on what you're seeing as far as the inventory levels your customers are holding, and do you expect any replenishment when you gave the unit expectations for this year, or is it more lean inventories continue? I'm just curious how you kind of bake that into your guidance. Thank you.

**Moran Shemesh**

Yes, so I think for what we're seeing, and I mentioned it also in the remarks, we're seeing increased demand in terms of order flow for 2025, and then higher than expectation. Twenty twenty-six is constantly increasing in terms of production.

What happened specifically in Q4 was also that the orders were relatively low in the first place, as December is a slow month in ordering. It's a short month with holidays, etc. So it was low, and then production level came up even higher. So it basically means that we believe the inventory levels at our customers are not reaching their inventory target at the end of 2025. So they are tighter than usual, and it has some impact on Q1, but again, we're also seeing very good demand. Twenty twenty-six production levels are going up. But yes, Q1 does have some impact of Q4 low volume combined with heavier or bigger demand.

**Aaron Rakers**

Yes. Thank you.

**Dan Galves**

Thank you, Aaron.

**Operator**

Thank you. The next question is coming from Edison Yu of Deutsche Bank. Please go ahead.

**Edison Yu**

Hi, thank you for taking our questions. I want to follow up on Mentee. Can you give us a sense of what are the next steps with some of these customers you're talking with? I know you mentioned proof-of-concept. Are you going to basically ship maybe a few units, and then if that turns out well, you'll ship, you know, 30, 40, and then much more? How do we think about that, those next steps to commercialization?

**Amnon Shashua**

I believe that 2026 is going to be maybe high, high tens of units in terms of POC. Twenty twenty-seven should be more, and 2028 should be even further. In 2027, we go also into production with a production partner. So 2026 is tens of units. What we would like also is to have in addition to the POCs, also to produce more units for the sake of Mobileye to start experimenting with robots, not only Mentee themselves. Again, it's going to be a high double-digit number of robots in 2026.

**Nimrod Nehushtan**

Then, maybe just to add, from the viewpoint of the customers in these pilots, the purpose is to start with a smaller amount of robots that perform specific tasks that they're kind of outlining. You just go to the logistics center, for example, and there is a few shelves with boxes, and human beings today are moving boxes according to their instructions and so forth, and basically they want to see how robots can perform over a certain period of time. What's the precision, reliability, durability, maintenance, and so on? And gradually afterwards, expand this to more and more tasks and in larger volumes.

We are talking about companies that employ tens of thousands of employees today in these types of positions. So, I think, again, it's going to be a question of supply, and that's why it's so important to have a manufacturing partner, as Amnon said, that already in 2027 is able to produce robots in a series production manner, which is important both for cost and also for scale, for volume.

**Edison Yu**

Understood. Appreciate the color.

A follow-up on robotaxi. Obviously, there's a lot of excitement coming out of CES. Has your view on owning more of the, should we say, ecosystem changed at all? As in the context of you obviously have a lot of parties involved. Could that kind of hinder the speed of deployment or some of the logistical aspects? Obviously, it would require capital, but I think that's not that big of an issue anymore. Thanks.

**Amnon Shashua**

I think that the current arrangements we have with Volkswagen and MOIA is really optimized for volume of deployment. Going right now more vertically integrated is not going to increase the volume of deployment. This is something perhaps to be considered towards the end of the decade or further than that.

I think what we have in place is really optimal to where Mobileye is at. Mobileye will be producing the self-driving system as a Tier 1, taking responsibility not only for the electronics, but also for the sensors, of course, the software stack and all the validation. The revenue per vehicle plus recurring revenue per mile is very, very attractive. The focus is execution now.

**Edison Yu**

Thank you very much.

**Dan Galves**

Thank you, Edison.

**Operator**

Thank you. The next question is coming from Tom Nguyen of RBC Capital Markets. Please go ahead.

**Tom Nguyen**

Thanks a lot, guys. The first one I have is on the ‘26 I guess, adjusted operating expenses. I think you guys said it's up $100 million. I know that FX was mentioned, some other issues. But then the one that I'm wondering if that's the biggest piece of it is the Mentee R&D or maybe consolidating Mentee if it's operating at a loss. Just curious how we should think about that OpEx going higher. What's really the biggest driver of that? And I’ve got a follow up?

**Moran Shemesh**

I think I've mentioned that we have incorporated Mentee R&D into our guidance. The guidance includes in terms of operating expenses, namely 5% of regular inflation enhancement or a (inaudible). And the additional portion is Mentee R&D. So these are the significant two items. I also mentioned we have also a headwind from the FX rate but that is mostly offset by the efficiency initiatives we did in Q4. I hope that answers the question.

**Dan Galves**

Just to follow up. I mean, I think that's pretty clear. But just to follow up, we do expect to have normal OpEx inflation per year of around 5%. This relates to salary and benefit inflation as well as kind of additional infrastructure to support the AV activities and the advanced product activities. That's normal.

On top of that, this year, we are assuming consolidation of the Mentee R&D expenses. We talked about that as somewhere in the lower single digits. But probably think towards 4% type of thing. Additionally, we do have this FX headwind, which is mostly offset by the workforce initiative we did in the fourth quarter, but not completely. That should give you a decent walk from 2025 to 2026.

**Amnon Shashua**

Yes, I think you described it quite accurately. But take into account that we're also growing in terms of being in a Tier 1 position with our programs with Porsche and Audi and DRIVE, and sometimes you need to make adjustments in terms of increasing the headcount. Again, this is non-material compared to the overall OpEx. But it adds a few percentag, so take the walkthrough that you mentioned, which was quite accurate, and add to it a few percentage of growth that we need to account for when we are taking a Tier 1 position and investing heavily into the future.

Two years ago, we calculated our OpEx growth, but we cannot be precise to the single percent in an area which is experiencing very rapid growth.

**Tom Nguyen**

Got it. For a follow-up on Mentee, I know this is very early to ask this question. But I mean, look, we're seeing the market's reaction to the potential news from Hyundai with Boston Dynamics and the credit that Hyundai is getting. Is this something you guys might think about in maybe the distant future—I don't know—about trying to crystallize the value? Right now, there's so much appetite for the capital market, certainly. Is this something you could consider monetizing Mentee in some way? Or do you believe that together is a combined entity, that that's how you view the business?

**Amnon Shashua**

I think that the market is taking some time to internalize the news of the acquisition or the news of Mobileye entering into humanoids. I do believe that in some near future this would create a dividend, the like of what happened between Hyundai and Boston Dynamics.

Mentee has all the potential to make big steps forward, has demonstrated quite a mature technology, as the clips that I have shown and the clips that they have on their website. Together with Mobileye, they can make rapid steps forward.

Now, whether we're going to see this dividend in a month or whether we're going to see this in a year, I don't know, but it has the potential to catalyze the same benefits that Hyundai is receiving from Boston Dynamics.

**Tom Nguyen**

Got it. Thank you.

**Dan Galves**

Thanks, Tom.

**Operator**

Thank you. The next question is coming from Colin Rusch of Oppenheimer. Please go ahead.

**Colin Rusch**

Thanks so much, guys. Can you talk a little bit about the near-term pricing dynamics on EyeQ? Just curious how much movement there really is as you see some of these larger volumes move through in the first part of the year and how we should think about that trending into the balance?

**Nimrod Nehushtan**

Maybe if you refer to the EyeQ prices?

**Moran Shemesh**

Or volume.

**Nimrod Nehushtan**

Volume or prices? I didn't get the question.

**Colin Rusch**

I'm concerned about pricing as you ship the higher volume here and then how the pricing trends through the balance of the year as you normalize that.

**Nimrod Nehushtan**

The pricing every year is affected by the mix of EyeQs. And as you know, the EyeQs have different generations with different software features and software packages and this has somewhat of a different price. But overall, on average, there's no, let's say, meaningful change in the prices. There is a different mix this year compared to last year, as Moran said in her remarks, where we see higher volumes of EyeQ5-based ADAS products and EyeQ5 has somewhat of a higher cost. But still, it's advanced products with meaningful volumes this year compared to last year. So, this does have some impact, but it's all natural mix (cross-talking).

**Moran Shemesh**

And also, the second chip that I mentioned, the second chip that I mentioned combined the fact that the second chip is at a lower price than the first one so it's higher gross profit per vehicle, but lower ASP. I think that the combined natural mix that Nimrod mentioned and the second chip, I think, is approximately like $0.80 or so year-on-year.

**Amnon Shashua**

Yes, but just to clarify, this second chip where the car has two EyeQ4 chips, this is a one-off thing. It's not that we see a trend having two EyeQ chips in the car with one of the EyeQ chips at the discounted price. This is what we call a bridge. This is a bridge towards the EyeQ6 slice. The carmaker wanted to meet a certain regulatory environment that the EyeQ4 alone could not meet. Therefore, a second EyeQ4 was added. But again, this is a one-off. We don't expect it to be a trend.

**Colin Rusch**

Okay. Perfect. Thanks, guys.

As you think about doing the driver demonstration here later this year, can you talk about the regulatory process and any bottlenecks or hurdles that are still remaining here or things that are of concern that you guys are focused on getting ready to do that demonstration?

**Amnon Shashua**

In the U.S., it's self-certification. We have stringent KPIs in terms of (inaudible) between schedules that we are meeting towards going driverless. Outside of the U.S., there's homologation. As we mentioned together with Volkswagen, homologation will occur in 2027 outside of the U.S.

**Colin Rusch**

But nothing on a regional basis or a city basis that you guys are concerned about?

**Amnon Shashua**

No, we don't see. Actually, the homologation in Europe will have stronger tailwind given that the vehicles are produced by Volkswagen, Level 4 vehicles, and our corporation together with ADMT and MOIA and Volkswagen will allow us to go to the homologation in a much easier way than if we were doing it alone.

**Nimrod Nehushtan**

This is a significant entry barrier to the European markets. It involves a lot of activities and direct engagements with regulatory bodies that we are already doing with Volkswagen. Getting this approval in '27, as Amnon mentioned, will also separate us in the European market from others.

**Dan Galves**

Yes. It's an important point. Just to clarify on the timing of homologation, we're saying that it will be completed in 2027 and start in 2026. The six cities commercialized in 2027 that Volkswagen talked about include some European cities, which is going to require the homologation process to be completed.

**Colin Rusch**

Thanks so much, guys. I appreciate it. Thank you.

**Dan Galves**

Thank you, Colin.

**Operator**

Thank you. We are asking remaining analysts to please ask your question and your follow-up at the same time.

Our next question is coming from Joshua Buchalter of TD Cowen. Please go ahead.

**Joshua Buchalter**

Hey, guys. Thanks for taking my questions. I guess both at once. To start, you highlighted the potential for conversions on Surround ADAS this year, but you haven't made the same comments about SuperVision and Chauffeur. Maybe you can provide an update there. Are you guys de-emphasizing that in your go-to-market and conversations with customers?

Then for my follow-up that's on a completely unrelated topic, Amnon, you've touched on this in the CES presentation, but I was hoping you could provide some more details about specifically how your EyeQ roadmap is going to accelerate Mentee's time to market. And perhaps as important, how much software development is needed to move further into robotics, given EyeQ is designed specifically for autos? Thank you.

**Nimrod Nehushtan**

We have multiple engagements also on SuperViision, Chauffeur, so there's definitely an active engagement there with the market. Just to put things in perspective, our relationship with Volkswagen Group, with the

different brands on these products started maybe in 2021, and it took us a couple of years to cross all the items that is needed, and we are also focused now on opportunities that have a meaningful business potential, as opposed to smaller scientific projects that some OEMs are trying to explore and maybe in some cases it's in-house development basically that they're doing, and they want to allocate one car in the future and see if it works. We're trying to focus on opportunities that present significant volumes, multiple vehicle models with concrete timelines so that we can scale the products. We're not looking for the first opportunity. We want to kind of scale, and we have several of those. I don't want to predict timing, but we are encouraged by the activity there. Amnon, I don't know if you…

**Amnon Shashua**

Regarding the (inaudible), we feel that it's too early to talk about EyeQ chips on humanoid robots. We think this is a longer-horizon issue. Currently, the robots are based on NVIDIA chips, and we are very proud of that relationship, and we see that going on for the foreseeable future.

When we go into really high-volume production where every cent counts, then I think EyeQ8, EyeQ9 could be quite relevant, but it's not in the foreseeable future.

**Joshua Buchalter**

Okay. Thank you both.

**Operator**

Thank you. We're showing time for one final questioner. Our last question is coming from Samik Chatterjee of JP Morgan. Please go ahead.

**MP**

Hi. Thank you for taking my question. This is MP on for Samik Chatterjee. My first one would be, since you said that Porsche and Audi programs are now pushed out to 1Q27, will DRIVE or robotaxi be the biggest swing factor for 2026 revenues? And on that itself, any updated thoughts on the monetization for DRIVE in terms of upfront revenues versus recurring consumption-based revenues?

For my follow-up, I wanted to ask on the second Surround ADAS customer, you said that there could be a potential decision for the second architecture with this customer in 1Q. If that happens, will that potentially double your pipeline with that customer? That's it. Thank you.

**Dan Galves**

MP, the answer to your first question is that we did not expect any meaningful impact from the advanced products in 2026. We've been saying that for the last several quarters, so there's no change related to what you talked about.

**Nimrod Nehushtan**

And we did not account for DRIVE revenue in 2026 guidance. It's not in the guidance.

Regarding the second question on the second design win for Surround ADAS, the discussions are obviously ongoing and we are making good progress. I don't want to go into predicting time, but we continue to work on this and it's progressing.

**Dan Galves**

Thank you, MP.

**Operator**

Thank you. At this time, I would like to turn the floor back over to Mr. Galves for closing comments.

**Dan Galves**

Thanks everyone for tuning into our earnings call and we'll talk to you next quarter. Thank you very much.

**Operator**

Ladies and gentlemen, thank you for your participation. This concludes today's event. You may disconnect your lines or log off the webcast at this time, and enjoy the rest of your day.