Mobileye N.V.
Form 20-F
March 03, 2017
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 20-F
(Mark One)

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2016

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
Date of event requiring this shell company report
For the transition period from to

Commission file number 001-36566
Mobileye N.V.
(Exact name of Registrant as specified in its charter)
Not Applicable
(Translation of Registrant’s name into English)
The Netherlands
(Jurisdiction of incorporation or organization)
Har Hotzvim, 13 Hartom Street
P.O. Box 45157
Jerusalem 9777513, Israel
(Address of principal executive offices)
Ofer Maharshak
Chief Financial Officer
Mobileye N.V.
Har Hotzvim, 13 Hartom Street
P.O. Box 45157
Jerusalem 9777513, Israel
+972 2 541 7333

(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

| Title of each class | Name of each exchange on which registered |
|---|---|
| Ordinary shares, nominal value €0.01 | New York Stock Exchange |

Securities registered or to be registered pursuant to Section 12(g) of the Act.

None

(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

None

(Title of Class)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report. 221,738,014 ordinary shares

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. N/A Yes No

Note — Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

| U.S. GAAP | International Financial Reporting Standards as issued by the International Accounting Standards Board | Other |
|---|---|---|

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow. N/A Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). N/A Yes No

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. N/A Yes No

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INTRODUCTION

Glossary

In this Annual Report on Form 20-F, unless the context otherwise requires:

- References to "Mobileye N.V.," "Mobileye," the "Company," "we," "our," "ours," "us" or similar terms refer to Mobileye N.V together with its subsidiaries.

- References to "ordinary shares," "our shares" and similar expressions refer to the Company's ordinary shares, nominal value €0.01.

- References to "dollars," "U.S. dollars" and "$" are to United States Dollars.

- References to "NIS" are to New Israeli Shekels, the Israeli currency.

- References to the "SEC" are to the United States Securities and Exchange Commission.

- ADAS means Advanced Driver Assistance Systems.

- Adaptive Cruise Control (ACC) systems automatically adjust a vehicle's speed to maintain a safe following distance from the vehicle in front of it using cameras, radar or lidar sensors in front of the vehicle to detect the time-to-contact and distance of the vehicle ahead of it.

- Adaptive High Beam Control (AHC) automatically adjusts the height of the high-beam pattern depending on traffic conditions to give the driver the maximum amount of illumination.

- Autonomous Emergency Braking (AEB) avoids and/or mitigates an imminent collision with another vehicle by automatically applying the brakes to slow down the vehicle. Depending on the host car speed, the collision can be avoided or mitigated. AEB is equivalent to crash imminent braking (CIB), which is the term preferred by the U.S. National Highway Traffic Safety Administration (NHTSA).

- Construction Zone Assist systems sense and measure the position of possible stationary obstacles located in the periphery of the driving path to enable automatic lateral control of the vehicle to find a "clear path" moving forward in a cluttered scene, such as a construction area.

- Deep Layered Network (DLN) refers to a machine learning architecture consisting of feed-forward layers starting from the input image (or sequence of images with or without meta-data) going through operations of convolution and pooling and ending at an output layer consisting of meta-data, such as location and identity of objects in the scene. The DLN architecture's parameters are determined through optimization over a large labeled training set.

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Drivable Path Delimiter Features provide the sensing technology underlying the support of Construction Zone Assist, whose aim is to find a clear path moving forward in a cluttered scene.

- Dynamic Brake Support (DBS) provides additional support when a driver has initiated insufficient brake pedal input to avoid a crash.

- Forward Collision Warning (FCW) systems use cameras, radar or lidar sensors to monitor the area in front of a vehicle and alert the driver of a potential rear-end collision with another vehicle.

- Free-Space Analysis is synonymous with Drivable Path Delimiter Features.

- Headway Monitoring and Warning (HMW) recognizes the preceding vehicles in both the host vehicle's lane and adjacent lanes and provides accurate time-range (range divided by host car speed) estimation for contact with the targets.

- Lane Departure Warning (LDW) systems use visible lane markers to track vehicle position within a lane and issue a warning for an unintended road departure.

- Lane Keeping and Support (LKS) is a steering system that provides torque overlay in cases where the host vehicle approaches the lane marker without the turn signal having been activated, both alerting the driver of a lane departure and directing the vehicle to stay in the lane.

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- Lane Keeping Assistant (LKA) is a Lane Departure Warning (LDW) system in which the controller sends torque input to the steering system in order to keep the vehicle inside lane boundaries.

- Level 1 autonomous driving means that most functions are controlled by a human driver; certain functions (parking assist, acceleration, and limited steering) can be done automatically by the car.

- Level 2 autonomous driving means that the system controls both steering and acceleration using information about the driving environment (e.g., lane-centering and cruise control), but with the expectation that a human will perform all remaining aspects of driving; the driver can have his or her hands off the steering wheel but must monitor the “dynamic driving task” at all times.

- Level 3 autonomous driving means that the system performs all aspects of the driving task with the expectation that a human will respond appropriately if intervention is necessary. The vehicle transfers control to the driver when necessary; the driver must be ready to retake control at all times but does not need to continuously monitor conditions.

- Level 4 autonomous driving means that the system performs all aspects of the driving task even if the driver does not respond appropriately to a request for intervention, including all safety-critical driving functions and monitoring roadway conditions for an entire trip. For a defined use case (e.g., urban driving), no driver intervention is required at all.

- Level 5 autonomous driving means that the system performs all aspects of the driving task under all roadway and environmental conditions. System performance is equal to a human driver in every scenario, including extreme environments.

- NCAP means a New Car Assessment Program.

- OEMs, or “original equipment manufacturers,” are vehicle manufacturers.

- Pedestrian Autonomous Emergency Braking (Ped-AEB) is similar to AEB, but here the imminent collision threatens a pedestrian who is stationary, walking, running or emerging behind an occlusion boundary.

- Pedestrian Collision Warning (PCW) warns the driver about potential collision with pedestrians.

- Roadbook™ refers to the cloud-based data extracted using REM and forming a high definition environmental model and a description of drivable paths that enables autonomous driving.

- Road Experience Management (REM)™ refers to a proprietary algorithmic-based technology that allows the creation of a Roadbook through the use of crowdsourced, real time data, collected from vehicles that already have cameras, and

which extracts landmarks and roadway information using low bandwidths in order to form a layer of information supporting fully autonomous driving.

- Tier 1 companies are automotive systems integrators that are the direct suppliers to OEMs.

- Traffic Jam Assist systems control the car autonomously up to a pre-set speed during traffic jams by controlling following distance as well as providing active steering input.

- Traffic Sign Recognition (TSR) notifies and warns the driver which restrictions may be effective on the current stretch of road.

- Vector accelerators (called VMP, PMA, MPC), including off-the-shelf vector accelerators (like DSPs, GPUs, FPGAs), are silicon cores that parallelize certain families of computations to enable much higher throughput per silicon area compared to a CPU architecture.

- Speed Limit Indicator (SLI) is the equivalent to TSR, but it is limited to recognizing speed limit traffic signs.

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Forward-Looking Statements

This Annual Report on Form 20-F contains forward-looking statements about us and our industry. These statements involve known and unknown substantial risks, uncertainties and other factors, as described in detail under "Item 3. Key Information—Risk Factors" in this Annual Report on Form 20-F, that may cause our actual results, levels of activity, performance or achievement to be materially different from those expressed or implied by the forward-looking statements. All statements, other than statements of historical fact, included in this Annual Report on Form 20-F regarding our strategy, future operations, future financial position, future revenues, projected expenses, prospects and plans and objectives of management are forward-looking statements. In some cases, you can also identify forward-looking statements by terms such as "anticipate," "believe," "estimate," "expect," "intend," "may," "might," "plan," "p "will," "would," "should," "could," "can," "predict," "potential," "continue" and "objective" or the negatives of these terms, ar expressions intended to identify forward-looking statements. However, not all forward-looking statements contain these identifying words. All forward-looking statements reflect our current views about future events and are based on assumptions and subject to risks and uncertainties.

Forward-looking statements in this Annual Report on Form 20-F include, but are not limited to, statements about:

- our growth strategies;
- competition from existing or new entrants in the market and changes to the competitive landscape;
- the primacy of monocular camera processing as the dominant sensor modality in the ADAS industry;
- our belief that our relationship with STMicroelectronics N.V., the sole supplier for our EyeQ® chips, will continue without disruption;
- the expected development timeline of our ADAS and autonomous driving systems, including statements about launch dates and potential size of the markets therefor;
- the expected timeline for development of additional functions and of our EyeQ4® and EyeQ5®;
- our ability to retain our largest customers and to implement our technology in their car models;
- the growing public awareness and acceptance of ADAS and autonomous driving;
- the growth of regulatory requirements applicable to, and safety rating incentives for, OEMs to include ADAS in their vehicle models;
- the introduction and development with our partners of mapping using our REM technology;
- our future prospects, business development, results of operations and financial condition;

- our ability to retain Professor Amnon Shashua and Mr. Ziv Aviram, whom we refer to as our Founders;
- our ability to retain key personnel and attract new talent;
- our ability to protect our intellectual property;
- our forecast of the strength of the aftermarket for ADAS;
- our use of forecasts in establishing our global tax rates;
- the risks that litigation and recalls of our products pose to our business;
- our ability to predict and maintain appropriate inventory;
- the strength of the automotive industry; and
- worldwide economic conditions.

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You should not rely upon forward-looking statements as predictors of future events. The occurrence of the events described, and the achievement of the expected results, depend on many events, some or all of which are not predictable or within our control. Actual results may differ materially from expected results. See “Item 3. Key Information — Risk Factors,” “Item 5. Operating and Financial Review and Prospects” and elsewhere in this Annual Report on Form 20-F for a more complete discussion of these risks, assumptions and uncertainties and for other risks and uncertainties. These risks, assumptions and uncertainties are not necessarily all of the important factors that could cause actual results to differ materially from those expressed in any of our forward-looking statements. Other unknown or unpredictable factors also could harm our results. All of the forward-looking statements we have included in this Annual Report on Form 20-F are based on information available to us on the date of this Annual Report on Form 20-F. Except as required by law, we undertake no obligation, and specifically decline any obligation, to update publicly or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, assumptions and uncertainties, the forward-looking events discussed in this Annual Report on Form 20-F might not occur.

This Annual Report on Form 20-F also includes estimates of market share and industry data and forecasts that we have obtained from industry publications, surveys and forecasts, which generally state that the information contained therein has been obtained from sources believed to be reliable. In addition, this Annual Report on Form 20-F includes market share and industry data that we have prepared primarily based on our knowledge of the industry in which we operate. Unless otherwise noted, internal analysis and estimates have not been verified by independent sources. Our estimates, in particular as they relate to market share and our general expectations, involve risks and uncertainties and are subject to change based on various factors, including those discussed in “Item 3. Key Information — Risk Factors.” In addition, while all information regarding our market and industry is based on the latest data currently available to us, in some cases, some of the information may be several years old. Further, some of the data and forecasts that we have obtained from industry publications and surveys and/or internal company sources are provided in foreign currencies.

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PART I

Item 1.

IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

Item 2.

OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

Item 3.

KEY INFORMATION

A.

Selected Financial Data

The following table summarizes our financial data. We have derived the summary consolidated statement of operations data for the three years ended December 31, 2016, 2015 and 2014 and the consolidated balance sheet data as of December 31, 2016 and 2015 from our audited consolidated financial statements included elsewhere in this Annual Report on Form 20-F. The consolidated statement of operations data for the years ended December 31, 2013 and 2012 and the consolidated balance sheet data as of December 31, 2014, 2013 and 2012 are derived from our audited financial statements not included in this Annual Report on Form 20-F. We prepare our financial statements in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"). Our historical results are not necessarily indicative of the results that should be expected in the future. The summary of our consolidated financial data set forth below should be read together with our audited consolidated financial statements and the related notes, as well as "Item 5. Operating and Financial Review and Prospects," included elsewhere in this Annual Report on Form 20-F.

| | Year ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| | (in thousands) | | | | |
| Statement of Operations Data | | | | | |
| Revenues | $ 358,162 | $ 240,872 | $ 143,637 | $ 81,245 | $ 40,285 |
| Cost of Revenues | 87,307 | 61,420 | 37,040 | 21,130 | 12,219 |
| Gross Profit | 270,855 | 179,452 | 106,597 | 60,115 | 28,066 |
| Operating Costs and Expenses | | | | | |
| Research and Development, net | 65,259 | 43,393 | 36,930 | 22,309 | 15,866 |
| Sales and Marketing | 17,416 | 12,811 | 12,912 | 12,331 | 6,434 |
| General and Administrative | 67,241 | 45,509 | 71,437 | 10,277 | 7,418 |
| Operating Profit (Loss) | 120,939 | 77,739 | (14,682) | 15,198 | (1,652) |
| Interest Income | 5,083 | 2,888 | 1,305 | 1,059 | 1,531 |
| Financial Income (Expenses), net | (582) | (917) | (4,442) | 1,389 | 402 |
| Profit (Loss) Before Taxes on Income | 125,440 | 79,710 | (17,819) | 17,646 | 281 |
| Benefit (Taxes) on Income | (17,070) | (11,260) | (12,265) | 2,274 | (334) |
| Net Income (Loss) | $ 108,370 | $ 68,450 | $ (30,084) | $ 19,920 | $ (53) |
| Basic and Diluted Loss per Share(1) | | | | | |
| Amount Allocated to Participating Shareholders | $ — | $ — | $ — | $ (16,105) | $ — |

| | | | | | |
|---|---|---|---|---|---|
| Adjustment as a Result of Benefit to Participating Shareholders | — | — | — | (229,832) | — |
| Net Income (Loss) Applicable to ordinary shares for 2016, 2015 and 2014 and Applicable to Class A ordinary shares for 2013 and 2012 | $ 108,370 | $ 68,450 | $ (30,084) | $ (226,017) | $ (53) |
| Basic | $ 0.49 | $ 0.31 | $ (0.28) | $ (6.03) | $ — |
| Diluted | $ 0.46 | $ 0.29 | $ (0.28) | $ (6.03) | $ — |

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| | Year ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| | (in thousands) | | | | |
| Weighted Average Number of Shares Used in Computation of Earnings (Loss) per Ordinary Share for 2016, 2015 and 2014 and per Class A Ordinary Share for 2013 and 2012 | | | | | |
| Basic | 220,124 | 217,362 | 107,942 | 37,477 | 40,191 |
| Diluted | 238,018 | 237,857 | 107,942 | 37,477 | 40,191 |

| | December 31, | | | | |
|---|---|---|---|---|---|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| | (in thousands) | | | | |
| Balance Sheet Data | | | | | |
| Cash, Cash Equivalents, Restricted Short-Term Deposits and Marketable Securities | $ 633,405 | $ 476,129 | $ 375,091 | $ 124,362 | $ 61,015 |
| Inventories | 57,016 | 42,676 | 17,626 | 11,354 | 9,275 |
| Long-Term Assets Excluding Marketable Securities(2) | 33,816 | 23,347 | 18,063 | 12,997 | 9,681 |
| Total Assets | 780,380 | 577,614 | 436,406 | 168,228 | 89,994 |
| Long-Term Liabilities | 23,319 | 18,884 | 14,162 | 9,715 | 7,118 |
| Retained Earnings (Accumulated Deficit) | 45,849 | (62,521) | (130,971) | (100,887) | (120,807) |
| Total Shareholders' Equity | 698,412 | 515,474 | 394,674 | 142,638 | 71,568 |

| | December 31, | | | | |
|---|---|---|---|---|---|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| | (in thousands) | | | | |
| Other Financial Data | | | | | |
| Net Income (Loss) Before Share-Based Compensation(3) | $ 173,325 | $ 112,851 | $ 46,243 | $ 33,051 | $ 1,802 |

(1)
Until all of our then outstanding shares of any class converted into ordinary shares on July 31, 2014 (the "Share Recapitalization"), shortly prior to our initial public offering (the "IPO"), our issued share capital was comprised of Class A ordinary shares (with no liquidation preference), ordinary shares (with liquidation preference), and Class B, C, D, E, F1 and F2 Shares, having a €0.01 par value. Therefore, under U.S. GAAP, earnings per share had to be computed based on the outstanding Class A ordinary shares. For additional information, see Note 8 to our audited consolidated financial statements included elsewhere in this Annual Report on Form 20-F and see "Item 5. Operating and Financial Review and Prospects — Comparison of Results of Operations for 2016, 2015 and 2014 — Earnings Per Share."

(2)
In November 2015, the FASB issued ASU 2015-17, "Balance Sheet Classification of Deferred Taxes." ASU 2015-17 amends existing guidance to require that deferred income tax liabilities and assets be classified as noncurrent in a

classified balance sheet and eliminates the prior guidance that required an entity to separate deferred tax liabilities and assets into a current amount and a noncurrent amount in a classified balance sheet. As permitted by ASU 2015-17, we early-adopted this standard and applied it prospectively as of December 31, 2015. Adoption of this ASU resulted in a classification of our net current deferred tax asset to the net non-current deferred tax asset in our consolidated balance sheet as of December 31, 2015. No prior periods were retrospectively adjusted.

(3)
We prepare this non-GAAP measure to eliminate the impact of items that we do not consider indicative of our overall operating performance. To arrive at our Net Income (Loss) Before Share-Based Compensation, we exclude share-based compensation expense and the applicable income tax effect from our U.S. GAAP net income (loss). We updated the non-GAAP presentation for all presented reporting periods to reflect the current year presentation of the non-GAAP measure. We believe that this non-GAAP measure is useful to investors in evaluating our operating performance for the following reasons:

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- We believe that elimination of share-based compensation expense and the applicable income tax effect is appropriate because treatment of this item may vary for reasons unrelated to our overall operating performance;

- We use this non-GAAP measure in conjunction with our U.S. GAAP financial measure for planning purposes, including the preparation of our annual operating budget, as a measure of operating performance and the effectiveness of our business strategies and in communications with our board of directors concerning our financial performance;

- We believe that this non-GAAP measure provides better comparability with our past financial performance, facilitates better period-to-period comparisons of operational results and may facilitate comparisons with similar companies, many of which may also use similar non-GAAP financial measures to supplement their U.S. GAAP reporting; and

- Our investor presentations and those of securities analysts include non-GAAP measures to evaluate our overall operating performance.

Non-GAAP measures should not be considered as an alternative to gross profit, income (loss) from operations, net income (loss) or any other measure of financial performance calculated and presented in accordance with U.S. GAAP. Our non-GAAP measure may not be comparable to similarly titled measures of other organizations because other organizations may not calculate non-GAAP measures in the same manner. Set forth below is the reconciliation of Net Income (Loss) Before Share-Based Compensation to Net Income (Loss), the most directly comparable GAAP measure:

| | Year ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| | (in thousands) | | | | |
| Net Income (Loss) | $ 108,370 | $ 68,450 | $ (30,084) | $ 19,920 | $ (53) |
| Share-Based Compensation | 65,602 | 44,969 | 76,853 | 13,131 | 1,855 |
| Income tax effect | (647) | (568) | (526) | — | — |
| Net Income (Loss) Before Share-Based Compensation | $ 173,325 | $ 112,851 | $ 46,243 | $ 33,051 | $ 1,802 |

For additional information, see “Item 5. Operating and Financial Review and Prospects — Non-GAAP Financial Measures.”

B.
Capitalization and Indebtedness

Not applicable.

C.
Reasons for the Offer and Use of Proceeds

Not applicable.

D.
Risk Factors

An investment in our ordinary shares involves a high degree of risk. An investor should carefully consider the risks and uncertainties described below and the other information in this Annual Report on Form 20-F before making an

investment in our ordinary shares. Our business, financial condition or results of operations could be materially and adversely affected if any of these risks occurs, and, as a result, the market price of our ordinary shares could decline, and an investor could lose all or part of its investment. This Annual Report on Form 20-F also contains forward-looking statements that involve risks and uncertainties. See “Introduction — Forward-Looking Statements.” Our actual results could differ materially and adversely from those anticipated in these forward-looking statements.

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Risks Related to Our Business

There is no assurance that monocular camera processing will be the dominant sensor modality in the ADAS industry.

Although we believe that monocular camera processing, the technology behind our ADAS, is, and will continue to be, the industry standard for ADAS, it is possible that other sensor modalities, such as radar or lidar — or a new, disruptive modality based on new or existing technology — will achieve acceptance or dominance in the market. If ADAS based on other sensory modalities gain acceptance by the market, regulators and safety organizations in place of or as a substitute for monocular camera processing, and we do not win additional production models to the same extent as we have to date, our business, results of operations and financial condition would be adversely affected.

If we are unable to develop and introduce new ADAS functions and improve existing functions in a cost-effective and timely manner, our business, results of operations and financial condition would be adversely affected.

Our business and future operating results depend on our ability to complete development of existing ADAS programs and to develop and introduce new and enhanced ADAS functions that incorporate the latest technological advancements in outdoor image processing hardware, software and camera technologies and to satisfy evolving customer, regulatory and safety rating requirements. This requires us to invest resources in research and development, and it also requires that we:

- design innovative and safety- and comfort-enhancing features that differentiate our products from those of our competitors;

- cooperate effectively on new designs with our OEM and Tier 1 customers;

- respond effectively to technological changes or product announcements by our competitors; and

- adjust to changing market conditions and regulatory and rating standards quickly and cost-effectively.

If there are delays in or if we fail to complete our existing and new development programs, we may not be able to win additional production models or satisfy our OEM customers' requirements, and our business, results of operations and financial condition would be adversely affected. In addition, we cannot assure you that our investment in research and development will lead to any corresponding increase in revenue, in which case our business, results of operations and financial condition would also be adversely affected.

We depend on STMicroelectronics N.V. to manufacture our EyeQ® chips.

We purchase all of our EyeQ® chips from STMicroelectronics N.V. All of our EyeQ® chips are produced at a single facility in France. Since our EyeQ® chip is incorporated in all of our products, any problems that occur and persist in connection with the manufacture, delivery, quality or cost of the assembly and testing of our EyeQ® chips could have a material adverse effect on our business, results of operations and financial condition that might not be fully offset by any inventory of EyeQ® chips that we maintain. Because of the complex proprietary nature of our EyeQ® chips, any transition from STMicroelectronics N.V. to a new supplier, or if there were a disaster at the facility, bringing a new facility online, would take a significant period of time to complete and could potentially result in our having insufficient inventory, which could adversely affect our business, results of operations and financial condition. In addition, our contractual relationship with STMicroelectronics N.V. does not lock in long-term rates, and both we and STMicroelectronics N.V. are free to terminate the arrangement at any time. Further, we are vulnerable to the risk that STMicroelectronics N.V. may become bankrupt.

We may incur material costs as a result of actual or alleged product defects, product liability suits, and warranty and recall claims.

Our software and EyeQ® chips are complex and could have, or could be alleged to have, defects in design or manufacturing or other errors or failures. STMicroelectronics N.V. is responsible for quality control and procedures for testing and manufacturing of our EyeQ® chips to our specifications, but we

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retain liability for production failures caused by defective EyeQ® chip design or error, or if the software design does not function as represented. Material defects in any of our products could thus result in decreasing revenues due to adverse publicity, increased operating costs due to legal expenses and the possibility of consumer products liability. Although we have product liability insurance that we believe is sufficient, there is no assurance that such insurance will be adequate to cover all of our potential losses. Accordingly, we could experience significant costs, including defense costs, if we were required to recall our products or if we experience material warranty or product liability losses in the future. Product liability claims present the risk of protracted litigation, financial damages, legal fees and diversion of management's attention from the operation of our business. We use disclaimers, limitations of liability and similar provisions in our agreements, but we have no assurance that any or all of these provisions will prove to be effective barriers to product liability claims.

Furthermore, the automotive industry in general is subject to litigation claims due to the nature of personal injuries that result from traffic accidents. As a provider of products related to, among other things, preventing traffic accidents, we could be subject to litigation for traffic-related accidents, even if our products or services or the failure thereof did not cause any particular accident. Liability claims arising from or in connection with emerging ADAS and autonomous driving technologies have not yet been litigated or legislated to a point whereby their legal implications are well documented. As a provider of such products, we may become liable for losses that exceed the current industry and regulatory norms. If such a punitive liability landscape develops, we may also incur demand-related losses due to a reduction in the number of OEMs offering such technology.

If we are required to pay significant damages as a result of one or more lawsuits that are not covered by insurance or that exceed our coverage limits, it could materially harm our business, results of operations and financial condition. The defense against such claims – even if they are ultimately unsuccessful – could cause us to incur significant expenses and result in a diversion of management's attention.

In addition, if any of our products are, or are alleged to be, defective, we may be required to participate in a recall of such products if the defect or the alleged defect relates to motor vehicle safety. OEMs are increasingly looking to their suppliers for contribution when faced with product liability, warranty and recall claims. Depending on the terms under which we supply our products, an OEM may hold us (through our Tier 1 customer that sold our products to the OEM) responsible for some or all of the entire repair or replacement costs of these products under the OEM's new vehicle warranties. Our costs associated with recalls or providing product warranties could be material. Product liability, warranty and recall costs could have an adverse effect on our business, results of operations and financial condition.

We invest effort and money seeking OEM validation of our products, and there can be no assurance that we will win production models, which could adversely affect our future business, results of operations and financial condition.

We invest effort and money from the time of our initial contact with an OEM to the date on which the OEM chooses our technology for ADAS applications to be incorporated into one or more specific vehicle models to be produced by the OEM. The OEM acquires our products through a Tier 1 supplier, which integrates our proprietary software and EyeQ® chip into a complete ADAS product that it manufactures. This selection process is known as a "design win." We could expend our resources without success. After a design win, it is typically quite difficult for a product or technology that did not receive the design win to displace the winner until the OEM issues a new request for quotation ("RFQ") because it is very unlikely that an OEM will change complex technology until a vehicle model is revamped. In addition, the firm with the winning design may have an advantage with the OEM going forward because of the established relationship between the winning firm and such OEM, which could make it more difficult for such firm's competitors to win the designs for other production models. If we fail to win a significant number of OEM design competitions in the future, our business, results of operations and financial condition would be adversely affected. The period of time from a design win to implementation is long, and we are subject to the risks of cancellation or postponement of the contract or unsuccessful implementation.

Our products are technologically complex, incorporate many technological innovations and are typically intended for use in safety applications. Prospective OEM customers generally must make

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significant commitments of resources to test and validate our products before including them in any particular model vehicle. The development cycles of our products with new OEM customers are approximately one to three years after a design win, depending on the OEM and the complexity of the product. These development cycles result in investing our resources prior to realizing any revenues from the production models. Further, we are subject to the risk that an OEM cancels or postpones implementation of our technology, as well as that we will not be able to implement our technology successfully. Further, our sales could be less than forecast if the vehicle model is unsuccessful, including for reasons unrelated to our technology. Long development cycles and product cancellations or postponements may adversely affect our business, results of operations and financial condition.

We depend on our Founders.

We depend on Professor Amnon Shashua, our co-Founder, Chief Technology Officer, Chairman and a director, and Mr. Ziv Aviram, our co-Founder, President, Chief Executive Officer and a director. We refer to them as our "Founders." Both Founders have substantial equity holdings in us. Mobileye Vision Technologies Ltd., our Israeli subsidiary ("MVT"), has entered into employment agreements with Professor Shashua and Mr. Aviram. Under these agreements, Professor Shashua and Mr. Aviram are not permitted to compete with us or to hire our employees during the term of their employment and for 18 months thereafter if they were to leave our company for any reason. Furthermore, each of Professor Amnon Shashua and Ziv Aviram has agreed not to terminate his employment until the earlier of the third anniversary of the closing of our IPO, or August 6, 2017, or the completion of an acquisition as defined in the agreement and has agreed not to compete with us or to solicit any of our employees, subject to customary exceptions. See "Item 7. Major Shareholders and Related Party Transactions — Related Party Transactions — Company Founders Agreement." The enforceability of non-competition covenants in Israel is subject to limitations. In addition, we do not have key-man life insurance for either of our Founders.

Pursuant to his employment agreement, Professor Shashua is permitted to spend up to 50 hours per month on teaching and graduate student supervision at the Hebrew University and on business activities unrelated to us, so long as such activities do not involve companies in businesses substantially similar to ours. Pursuant to his agreement, Mr. Aviram is also permitted to spend up to 20 hours per month on business activities unrelated to us, so long as such activities do not involve companies in businesses substantially similar to ours. Professor Shashua is a co-founder and the Chief Technology Officer and Chairman of OrCam Technologies Ltd. ("OrCam"), a privately held company that has launched an assistive product for the visually impaired and develops other products based on advanced computerized visual interpretation capabilities. Mr. Aviram is also a co-founder and is the President and Chief Executive Officer of OrCam. Each is expected to spend a part of his permitted time unrelated to us on OrCam. For additional information about our relationship with OrCam, see "Item 7. Major Shareholders and Related Party Transactions — Related Party Transactions — Relationship with OrCam Technologies Ltd." The loss of either Professor Shashua or Mr. Aviram or other key members of management, or a significant diminution in their contribution to us, could adversely affect our business, financial condition or results of operations.

We may be unable to attract and retain key personnel, which could seriously harm our business.

We compete in a market that involves rapidly changing technological and other developments, which requires us to employ a workforce with broad expertise and intellectual capital. In order for us to compete and grow successfully, we must attract, recruit, retain and develop the necessary software, engineering, technical and other personnel who can provide the needed expertise across the entire spectrum of our intellectual capital needs. The market for qualified personnel is competitive, and we may not succeed in recruiting additional personnel, retaining current personnel or effectively replacing current personnel who may depart. We cannot assure you that qualified employees will continue to be employed by us or that we will be able to attract and retain additional qualified personnel in the future. Failure to retain or attract key personnel could have an adverse effect on our business, results of operations and financial condition.

We depend on licenses for certain technologies from third parties for which we pay royalties.

We integrate certain technologies developed and owned by third parties into our products, including the central processing unit core of our EyeQ® chips, through license and technology transfer agreements.

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Under these agreements, we are obligated to pay royalties for each unit of our products that we sell that incorporates such third-party technology. If we are unable to maintain our contractual relationships with the third-party licensors on which we depend, we may not be able to find replacement technology to integrate into our products on a timely basis or for a similar royalty fee, in which case our business, results of operations and financial condition would also be adversely affected.

Our aftermarket segment is subject to a number of risks, including our ability to forecast demand for our aftermarket products, our ability to market our aftermarket products effectively and risks related to the manufacture of our aftermarket products in China.

We sell our aftermarket products in part through independent dealers and distributors worldwide. If we and our dealers and distributors do not forecast demand accurately, we may not be able to supply them with sufficient products in a timely manner, which could cause our results of operations to suffer and adversely affect our relationships with our dealers and distributors. In the future, we may not be able to retain or attract a sufficient number of qualified dealers and distributors. Failure to maintain relationships with dealers and distributors, or to expand our aftermarket products distribution channels, could have an adverse effect on our business, results of operations and financial condition.

ADAS aftermarket products are also relatively new. We seek to sell our aftermarket products in bulk to commercial and governmental fleets, car importers and dealers, insurance companies and other potential bulk purchasers as a way for them to, depending on their particular needs, monitor and analyze driver behavior, set premiums, reduce costs and otherwise prevent accidents. If we are not able to market our aftermarket products effectively, our business, results of operations and financial condition could be adversely affected.

Furthermore, our aftermarket products are manufactured by contract manufacturers in China that provide surface-mount technology services as well as assembly, testing, packaging and logistics services. These Chinese contract manufacturers are subject to laws, regulations, duties and tariffs of the Chinese government. In the future China may eliminate, adjust or impose new quotas, duties, tariffs, safeguard measures, cargo restrictions to prevent terrorism, restrictions on the transfer of currency, product safety regulations or other charges or restrictions, any of which could affect our ability to procure our aftermarket products or sell our aftermarket products at affordable prices, which, in turn, could adversely affect our business, results of operations and financial condition. If we had to replace our Chinese contract manufacturers for any reason, we believe it could take between four to nine months to have a new manufacturer at full capacity. There is no assurance that the costs of such a new arrangement might not exceed our current costs, and during the transition period, it is possible that we might not have sufficient inventory and our aftermarket sales and results of operations could be adversely affected.

In addition, we use a broad range of manufactured components and raw materials in our aftermarket products, including electronic and electro-mechanical components, finished sub-components, molded plastic and rubber parts. Some of the parts for our aftermarket products, including the camera and certain mechanical parts, are provided by sole suppliers. Replacing those parts would take time and could also involve engineering efforts. Although we maintain inventory of product parts, it is possible that the amount of products needed at any given time will exceed our inventory levels, which would hinder our ability to sell aftermarket products. Moreover, if the costs for products components increase, and we cannot pass the increased costs on to our customers in whole or in part, the profitability of our aftermarket segment would decrease.

Our business would be adversely affected if certain OEMs were to change their ADAS technology and not include our products in future models.

In 2016, sales through our Tier 1 suppliers to each of four OEMs accounted for more than 10% of our OEM revenues. We are in production phase with more than 25 OEMs (including pre-launched design programs) through arrangements with Tier 1 companies. We have separate production programs for each vehicle model included in an RFQ that incorporates our products. However, if any OEM were to determine not to incorporate our technology in their future models generally, or if we fail to win a significant number of additional future models from one or more OEMs, our business, results of operations and financial condition would be adversely affected.

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If we do not maintain sufficient inventory, we could lose sales.

Changing consumer demands and uncertainty surrounding new vehicle model launches could expose us to inventory risk. Demand for ADAS technology, particularly vehicle models containing our products, could change unexpectedly, and it is possible that we will not be able to time our inventory purchases to coincide with OEM requirements. We cannot assure you that we can accurately predict OEM demand and avoid under-stocking our EyeQ® chips, which could cause us to lose sales.

We may not be able to adequately protect or enforce our intellectual property rights, and our efforts to do so may be costly.

If we are not able to adequately protect or enforce the proprietary aspects of our technology, competitors could be able to access our proprietary technology and our business, results of operations and financial condition could be adversely affected. We currently attempt to protect our technology through a combination of patent, copyright, trademark and trade secret laws, employee and third-party nondisclosure agreements and similar means. Despite our efforts, other parties may attempt to disclose, obtain or use our technologies or systems. Our competitors may also be able to independently develop similar products or design around our patents. In addition, the laws of some foreign countries do not protect our proprietary rights as fully as do the laws of the United States. As a result, we may not be able to protect our proprietary rights adequately in the United States or abroad.

In addition, any litigation initiated by us concerning the violation by third parties of our intellectual property rights is likely to be expensive and time-consuming and could lead to the invalidation of, or render unenforceable, our intellectual property, or it could otherwise have negative consequences for us. We have been, and in the future may be, a party to claims and litigation as a result of alleged infringement by third parties of our intellectual property. Even when we sue other parties for such infringement, that suit may have adverse consequences for our business. Any such suit may be time-consuming and expensive to resolve, and it may divert our management's time and attention from our business. Furthermore, it could result in a court or governmental agency invalidating or rendering unenforceable our patents or other intellectual property rights upon which the suit is based, which would seriously harm our business.

We may become subject to litigation brought by third parties claiming infringement by us of their intellectual property rights.

The industry in which our business operates is characterized by a large number of patents, some of which may be of questionable scope, validity or enforceability, and some of which may appear to overlap with other issued patents. As a result, there is a significant amount of uncertainty in the industry regarding patent protection and infringement. In recent years, there has been significant litigation globally involving patents and other intellectual property rights. We could become subject to claims and litigation alleging infringement by us of third-party patents and other intellectual property generally, including by academic institutions.

These claims and any resulting lawsuits, if resolved adversely to us, could subject us to significant liability for damages, impose temporary or permanent injunctions against our products or business operations, or invalidate or render unenforceable our intellectual property. In addition, because patent applications can take many years until the patents issue, there may be applications now pending of which we are unaware, which may later result in issued patents that our products may infringe. If any of our products infringes a valid and enforceable patent, or if we wish to avoid potential intellectual property litigation on any alleged infringement of such products, we could be prevented from selling, or elect not to sell, such products unless we obtain a license, which may be unavailable. Alternatively, we could be forced to pay substantial royalties or to redesign one or more of our products to avoid any infringement or allegations thereof. Additionally, we may face liability to our customers, business partners or third parties for indemnification or other remedies in the event that they are sued for infringement in connection with their use of our products.

We also may not be successful in any attempt to redesign our products to avoid any alleged infringement. A successful claim of infringement against us, or our failure or inability to develop and implement non-infringing technology, or license the infringed technology, on acceptable terms and on a

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timely basis, could materially adversely affect our business and results of operations. Furthermore, such lawsuits, regardless of their success, would likely be time-consuming and expensive to resolve and would divert management's time and attention from our business, which could seriously harm our business. Also, such lawsuits, regardless of their success, could seriously harm our reputation with our OEMs and Tier 1 customers and in the industry at large.

We may be required to pay monetary remuneration to employees for their inventions, even if the rights to such inventions have been assigned to us.

We enter into agreements with our employees pursuant to which such individuals agree that any inventions created in the scope of their employment are assigned to us or owned exclusively by us, depending on the jurisdiction, without the employee retaining any rights. A significant portion of our intellectual property has been developed by our employees during the course of their employment for us. Under the Israeli Patent Law, 5727-1967, or the "Patent Law", inventions conceived by an employee during the scope of his or her employment with a company, and as a consequence of such employment, are regarded as "service inventions," which belong to the employer by default, absent a specific agreement between the employee and employer giving the employee ownership rights. The Patent Law also provides that if there is no agreement between an employer and an employee, regarding the remuneration for the service inventions, even if the ownership rights were assigned to the employer, the Israeli Compensation and Royalties Committee, or the "Committee", a body constituted under the Patent Law, shall determine whether the employee is entitled to remuneration for these inventions. The Committee has not yet determined the method for calculating this Committee-enforced remuneration. While it has been held that an employee may waive his or her rights to remuneration, and that a waiver of such rights can be concluded like any other agreement, in writing, orally or by conduct, pending litigation in Israeli labor court is questioning whether such waiver under an employment agreement is enforceable. Although our employees have agreed that any rights related to their inventions are owned exclusively by us, we may face claims demanding remuneration in consideration for employees' service inventions. As a consequence of such claims, we could be required to pay additional remuneration or royalties to our current and/or former employees, or be forced to litigate such claims, which could negatively affect our business.

In addition to patented technology, we rely on our unpatented proprietary technology, trade secrets, processes and know-how.

We rely on proprietary information (such as trade secrets, know-how and confidential information) to protect intellectual property that may not be patentable or that we believe is best protected by means that do not require public disclosure. We generally seek to protect this proprietary information by entering into confidentiality agreements, or consulting, services or employment agreements that contain non-disclosure and non-use provisions with our employees, consultants, contractors, scientific advisors and third parties. However, we may fail to enter into the necessary agreements, and even if entered into, these agreements may be breached or may otherwise fail to prevent disclosure, third-party infringement or misappropriation of our proprietary information, may be limited as to their term and may not provide an adequate remedy in the event of unauthorized disclosure or use of proprietary information. We have limited control over the protection of trade secrets used by our third-party manufacturers and suppliers and could lose future trade secret protection if any unauthorized disclosure of such information occurs. In addition, our proprietary information may otherwise become known or be independently developed by our competitors or other third parties. To the extent that our employees, consultants, contractors, scientific advisors and other third parties use intellectual property owned by others in their work for us, disputes may arise as to the rights in related or resulting know-how and inventions. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our proprietary rights, and failure to obtain or maintain protection for our proprietary information could adversely affect our competitive business position. Furthermore, laws regarding trade secret rights in certain markets where we operate may afford little or no protection to our trade secrets.

We also rely on physical and electronic security measures to protect our proprietary information, but we cannot provide assurance that these security measures will not be breached or provide adequate protection for our property. There is a risk that third parties may obtain and improperly utilize our proprietary information to our competitive disadvantage. We may not be able to detect or prevent the unauthorized use of such information or take appropriate and timely steps to enforce our intellectual property rights.

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If we acquire companies, assets, products or technologies, we may face integration risks and costs associated with those acquisitions that could adversely affect our business, results of operations and financial condition.

If we are presented with appropriate opportunities, we may acquire or make investments in complementary companies, products or technologies. We do not have any present commitments to acquire any specific companies, assets, products or technologies, and there can be no assurance that we will be able to do so. Furthermore, any such acquisition may be subject to shareholder approval under the provisions of Dutch law or the requirements of the New York Stock Exchange ("NYSE"), which may not be obtained. If we acquire any such companies, assets, products or technologies, we may face risks, uncertainties and disruptions associated with the integration process, including difficulties in the integration of the operations of an acquired company, integration of acquired technology with our products, diversion of our management's attention from other business concerns, the potential loss of key employees or customers of the acquired business and impairment charges if future acquisitions are not as successful as we originally anticipate. In addition, our operating results may suffer because of acquisition-related costs or amortization expenses or charges relating to acquired intangible assets. Any failure to successfully integrate other companies, assets, products or technologies that we may acquire may have a material adverse effect on our business and results of operations. Furthermore, we may have to incur debt or issue equity securities to pay for any additional future acquisitions or investments, the issuance of which could be dilutive to our existing shareholders.

Disruptions to our IT system may disrupt our operations and materially adversely affect our business and results of operations.

Our servers and equipment may be subject to computer viruses, break-ins and similar disruptions from unauthorized tampering with computer systems. We can provide no assurance that our current information technology ("IT") system is fully protected against third-party intrusions, viruses, hacker attacks, information or data theft or other similar threats. A cyber-attack that bypasses our IT security systems causing an IT security breach may lead to a material disruption of our IT business systems and/or the loss of business information. Any such event could have a material adverse effect on our business until we recover using our back-up information. To the extent that such disruptions or uncertainties result in delays or cancellations of customer programs or misappropriation or release of our confidential data or our intellectual property, our business and results of operations could be materially and adversely affected.

We are exposed to currency fluctuations.

Most of our revenues and most purchases of materials and components are denominated in U.S. dollars. We believe that the currency of the primary economic environment in which our operations and those of our subsidiaries are conducted is the U.S. dollar. However, part of our operating expenses are accrued in New Israeli Shekels (primarily those related to payroll) and, to a much lesser extent, the Euro and other currencies. Although most of our purchases of materials and components are also made in U.S. dollars, foreign currency fluctuations may affect the prices of our products. We also generate revenues in New Israeli Shekels that partially offset this New Israeli Shekel exposure and to a lesser extent in Euro. Therefore, our profitability is affected by movements of the U.S. dollar against the New Israeli Shekel, and, to a much lesser extent, the Euro and other currencies in which we generate revenues, incur expenses and maintain cash balances. If there is a significant devaluation of a particular currency, the prices of our products will increase relative to the local currency and may be less competitive. Despite our efforts to minimize foreign currency risks, significant long-term fluctuations in relative currency values, in particular a significant change in the relative values of New Israeli Shekel and, to a much lesser extent, the Euro and other currencies against the U.S. dollar, could have an adverse effect on our profitability and financial condition. For example, an increase of 1% in the value of the New Israeli Shekel against the U.S. dollar would have decreased our operating profit by approximately $0.1 million in the year ended December 31, 2016. Although we seek to limit our exposure to currency exchange rate risk by maintaining similar levels of assets and liabilities in New Israeli Shekels and U.S. dollars, to the extent commercially feasible, we cannot fully eliminate the effects of currency fluctuations.

We are subject to risks associated with doing business globally.

Our operations are subject to risks inherent in conducting business globally and under the laws, regulations and customs of various jurisdictions and geographies. In addition to risks related to currency

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exchange rates, these risks include changes in exchange controls; changes in taxation; importation limitations; export control restrictions; changes in or violations of applicable laws, including the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act of 2010; economic and political instability; disputes between countries; diminished or insufficient protection of intellectual property; and disruption or destruction of operations in a significant geographic region regardless of cause, including war, terrorism, riot, civil insurrection or social unrest. Failure to comply with, or material changes to, the laws and regulations that affect our global operations could have an adverse effect on our business, results of operations and financial condition.

As autonomous driving technology continues to develop, regulators are considering various ways to adapt existing regulations and creating new ones in order to ensure the compatibility of autonomous vehicles and autonomous driving technology with regulatory expectations, requirements relating to safety, legal liability and privacy. We cannot anticipate the limitations, restrictions and controls nor the economic consequences flowing from such requirements. Should restrictive regulations apply, they could delay the introduction of autonomous driving technology, cause us to redesign aspects of our products, impose additional costs and adversely affect our results of operations.

Security breaches and related disruptions could compromise our information and expose us to liability, which would cause our business and reputation to suffer.

In connection with our business strategy and our REM mapping technology, which incorporates crowd-sourced, real-time data components, we expect to collect and store data, including intellectual property, certain of our proprietary business information and that of our OEM partners and personal and non-personal information of occupants of self-driving vehicles that are using our technology. The secure processing, maintenance and transmission of this information by us, our service providers and our OEM partners is critical to our operations and business strategy. Despite our security measures and those of our OEM partners, our information technology and infrastructure may be vulnerable to attacks by hackers or breached due to employee error, malfeasance or other disruptions. Any such breach could compromise our technology, including REM, and the information stored could be accessed, publicly disclosed, lost or stolen. Any such access, disclosure or other loss of information could result in legal claims or proceedings and regulatory penalties, disrupt our operations and the services we provide to our OEM partners and damage our reputation and cause a loss of confidence in our products and services, which could adversely affect our business, revenues and competitive position.

Our business is subject to a variety of U.S. and international laws, rules, policies and other obligations regarding data protection.

Concerns have been generally expressed about whether data collection technology, such as REM, compromises the privacy of users and others. As a result, regulatory authorities around the world are considering a number of legislative and regulatory proposals concerning collection, use, retention, security and transfer of personal and non-personal information. Several jurisdictions have already passed laws in this area including the United States, Europe and certain countries in Asia and South America. These laws and their interpretation and application continue to develop and may be inconsistent from jurisdiction to jurisdiction. It is possible that these laws may be interpreted and applied in a manner that may be inconsistent with our data practices. If so, in addition to the possibility of significant penalties and exposure to liability under data protection laws, this could result in an order requiring that we, our service providers or our OEM partners change our or their data practices, which could have an adverse effect on our business and results of operations. Furthermore, complying with these various data protection laws could cause us to incur substantial costs or require us, our service providers or our OEM partners to change our or their business practices in a manner adverse to our business. Additionally, any failure by us, our OEM partners or other parties with whom we or our OEM partners share personal and non-personal information to comply with existing and future federal, state or international privacy-related or data protection laws and regulations could result in proceedings against us by governmental entities or others.

We may need to raise additional capital in the future, which may not be available on terms acceptable to us, or at all.

A majority of our operating expenses are for research and development activities. Our capital requirements depend on many factors, including, but not limited to:

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- technological advancements;
- market acceptance of our products and product enhancements and the overall level of sales of our products;
- research and development expenses;
- our relationships with OEMs, Tier 1 customers and suppliers;
- our ability to control costs;
- sales and marketing expenses;
- enhancements to our infrastructure and systems and any capital improvements to our facilities;
- potential acquisitions of businesses and product lines; and
- general economic conditions, including the effects of international conflicts and their impact on the automotive industry in particular.

If our capital requirements are materially different from those currently planned, we may need additional capital sooner than anticipated. If additional funds are raised through the issuance of equity or convertible debt securities, the percentage ownership of our shareholders at that point in time will be reduced. Additional financing may not be available on favorable terms, on a timely basis or at all. If adequate funds are not available or are not available on acceptable terms, we may be unable to continue our operations as planned, develop or enhance our products, expand our sales and marketing programs, take advantage of future opportunities or respond to competitive pressures.

Risks Related to Our Industry

Autonomous driving is a complex set of technologies, and there is no assurance that additional autonomous driving applications will develop in the near future or that a market for fully autonomous driving will develop.

Autonomous driving is a complex set of technologies, which requires the continuing development of both sensing technology and control technology. Functions and capabilities are in different stages of development, and their reliability must continue to improve in order to meet the higher standards required for autonomous driving. Sensing technology provides information to the car and includes new sensors, communication and guidance technology and software. Although we have significant design wins from five OEMs for Level 3 and five OEMs for Level 4 autonomous driving and development programs for hands-free highway driving from other OEMs, there is no assurance that we can finalize the development and validation of our technology for fully autonomous driving from nine OEMs. Similarly, we are still in early development of our next generation self-driving features (namely, our country road capabilities and city traffic capabilities), which require significant algorithmic innovation by us. There can be no assurance that we can complete such development in a timely manner. If we cannot achieve design wins for these additional capabilities or if, following any such design win, our product is not fully validated and does not go into serial production, our future business prospects and results of operations could be materially adversely affected.

Further, we do not develop control technology for serial production, such as brakes and steering. Although control functions already are in production for such applications as Autonomous Emergency Braking, Lane Keeping and Assist and Adaptive Cruise Control, there can be no assurance that those applications can be developed and validated at the high reliability standard required and that this can be done in a cost-effective and timely manner. If the control technology is not ready to be deployed in vehicle models when our sensing technology is ready, launch of serial production could be delayed, perhaps for a significant time period, which could materially adversely affect our business, results of operations and financial condition.

There are a number of additional challenges to autonomous driving, all of which are outside of our control, including market acceptance of autonomous driving, particularly fully autonomous driving, state licensing requirements and other regulatory measures, concerns regarding electronic security and privacy,

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actual and threatened litigation and the general perception that a vehicle is not safe because there is no human driver. There can be no assurance that the market will accept any vehicle model, including a vehicle containing our technology, in which case our future business, results of operations and financial condition could be adversely affected.

Adverse conditions in the automotive industry or the global economy more generally could have adverse effects on our results of operations.

Our business depends on, and is directly affected by, the global automobile industry. Automotive production and sales are highly cyclical and depend on general economic conditions and other factors, including consumer spending and preferences, changes in interest rate levels and credit availability, consumer confidence, fuel costs, fuel availability, environmental impact, governmental incentives and regulatory requirements, and political volatility, especially in energy-producing countries and growth markets. In addition, automotive production and sales can be affected by our OEM customers' ability to continue operating in response to challenging economic conditions, such as the financial crisis that began in 2007, and in response to labor relations issues, regulatory requirements, trade agreements and other factors. Globally, OEMs and their suppliers continue to experience significant difficulties from weakened economies and tightened credit markets, and many are still recovering from the financial crisis. The volume of automotive production in North America, Europe and the rest of the world has fluctuated, sometimes significantly, from year to year, and such fluctuations give rise to fluctuations in the demand for our products. Any significant adverse change in any of these factors, including, but not limited to, general economic conditions and the resulting bankruptcy of an OEM customer or the closure of an OEM manufacturing facility, may result in a reduction in automotive sales and production by our OEM customers and could have a material adverse effect on our business, results of operations and financial condition.

If there is a slowing of the increasing requirements for active safety technology, our business, results of operations and financial condition would be adversely affected.

We have seen an increased demand for our technology and the growth of our business that correlates with driver awareness and acceptance of the safety features our ADAS provides. This acceptance and awareness is primarily due to the influence of regulators and safety organizations that provide both mandates and incentives, such as star ratings, to OEMs to include active safety technology in their vehicle models. We believe that this trend in regulation and ratings will continue and even accelerate over the next decade, thus increasing awareness and acceptance of, and consequently demand for, active safety technology. However, should there be a slowing of the increasing requirements for active safety technology, our growth might be limited, and our business, results of operations and financial condition would be adversely affected.

If our OEM customers are unable to maintain and increase consumer acceptance of ADAS technology, our business, results of operations and financial condition would be adversely affected.

Our future operating results will depend on the ability of OEMs to maintain and increase consumer acceptance of ADAS, generally, and of our camera-based and autonomous driving technologies, specifically. There is no assurance that OEMs can achieve these objectives. Market acceptance of ADAS, our camera-based technology and autonomous driving depends upon many factors, including regulatory requirements, evolving safety standards, cost and driver preferences. Market acceptance of our products also depends on the ability of market participants, including us, to resolve technical challenges for increasingly complex ADAS in a timely and cost-effective manner. Consumers will also need to be made aware of the advantages of our camera-based ADAS compared to competing technologies, specifically those with different sensor modalities, such as radar or lidar. If consumer acceptance of ADAS technology in the OEM market does not increase, sales of our aftermarket products could also be adversely affected.

We operate in a highly competitive market.

The ADAS industry is highly competitive. Competition is based primarily on technology, innovation, quality, delivery and price. Our future success will depend on our ability to develop superior advanced technology and to maintain our leading competitive position with respect to our technological advances

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over our existing and any new competitors. Although we believe that we are the only provider of ADAS with the validation data necessary to compete effectively in the ADAS industry and that there are significant other barriers to developing a feasible competing sensory modality, we face potential competition from Tier 1 companies and other technology companies, some of which have significantly greater resources than we do. For example, Alphabet Inc.'s autonomous car program has received significant public attention. It is possible that a competitor or potential competitor, including Alphabet Inc., could create a competitive autonomous car that gains significant market share. If we were to lose a significant number of design wins to a new entrant, our future business, results of operations and financial condition would be adversely affected.

Risks Related to Operations in Israel

Conditions in Israel affect our operations and may limit our ability to produce and sell our products.

Although we are incorporated under the laws of The Netherlands, our headquarters and research and development center are located in the State of Israel. Political, economic and military conditions in Israel directly affect our operations. Since the State of Israel was established in 1948, a number of armed conflicts have occurred between Israel and its Arab neighbors. Although Israel has entered into various agreements with Egypt, Jordan and the Palestinian Authority, there continues to be unrest and terrorist activity in Israel, which has continued with varying levels of severity, and ongoing hostilities and armed conflicts between Israel and the Palestinian Authority and other groups in the West Bank and Gaza Strip. The effects of these hostilities and violence on the Israeli economy and our operations are unclear, and we cannot predict the effect a further increase in these hostilities or any future armed conflict, political instability or violence in the region would have on us. We could be harmed by any major hostilities involving Israel, the interruption or curtailment of trade between Israel and its trading partners or a significant downturn in the economic or financial condition of Israel. In the event of war, we and our Israeli suppliers may cease operations, which may cause delays in the distribution and sale of our aftermarket products. In the event that our principal executive office is damaged as a result of hostile action, or hostilities otherwise disrupt the ongoing operation of our offices, our ability to operate could be materially adversely affected. Furthermore, since 2011, there has been civil war in Syria, and since early 2013, the region has seen the growth of the "Islamic State" and increased internal hostilities in Iraq. The impact of these circumstances on Israel's relations with its Arab neighbors, in general, or on our operations in the region, in particular, remains uncertain. The establishment of new fundamentalist Islamic regimes or governments more hostile to Israel could have serious consequences for the peace and stability in the region, place additional political, economic and military confines upon Israel, materially adversely affect our operations and limit our ability to sell our products to countries in the region.

Additionally, several countries, principally in the Middle East, still restrict doing business with Israel and Israeli companies, and additional countries and groups have imposed or may impose restrictions on doing business with Israel and Israeli companies if hostilities in Israel or political instability in the region continues or increases. These restrictions may limit materially our ability to obtain manufactured components and raw materials from these countries or sell our products to companies in these countries.

Any hostilities involving Israel or the interruption or curtailment of trade between Israel and its present trading partners, or significant downturn in the economic or financial condition of Israel, could adversely affect our business, results of operations and financial condition.

Our operations may be disrupted by the obligations of personnel to perform military service.

Some of our employees in Israel are obligated to perform annual reserve duty in the Israeli military and are subject to being called for additional active duty under emergency circumstances. In response to increased tension and hostilities, there have been occasional call-ups of military reservists, and it is possible that there will be additional call-ups in the future. We cannot predict the full impact of these conditions on us in the future, particularly if emergency circumstances or an escalation in the political situation occurs. If many of our employees are called for active duty, our operations in Israel and our business may not be able to function at full capacity, and our business, results of operations and financial condition could be adversely affected.

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The tax benefits that are available to us under Israeli law require us to meet various conditions and may be terminated or reduced in the future, which could increase our costs and taxes.

Our Israeli subsidiary was eligible for certain tax benefits provided to "Benefited Enterprises" under the Israeli Law for the Encouragement of Capital Investments, 1959, referred to as the Investment Law. In May 2014, our Israeli subsidiary made an election, effective as of January 1, 2014, under the Investment Law to change its tax status from a "Benefited Enterprise" to a "Preferred Enterprise" in connection with a July 2014 ruling we received from the Israeli Tax Authority. We believe this ruling will provide us with benefits, subject to the fulfillment of conditions stipulated in the Investment Law and in accordance with the terms and conditions of the law and of the ruling. Specifically, as a "Preferred Company," our Israeli subsidiary is entitled to the reduced tax rate of 9%, which is scheduled to decrease to 7.5% for 2017 and thereafter, under an amendment to the Investment Law enacted in December 2016. By contrast, the regular corporate tax rate for Israeli companies was 25% in 2012 and 2013, 26.5% for 2014 and 2015 and 25% in 2016; the regular corporate tax rate for Israeli companies is scheduled to decrease to 24% for 2017 and to 23% for 2018 and thereafter. If these tax benefits are reduced, cancelled or discontinued, for whatever reason including lack of compliance with the requirements of the law and the ruling, our Israeli taxable income would be subject to standard Israeli corporate tax rates, and we may be required to refund any tax benefits that we have already received, plus indexation, interest and penalties thereon. Additionally, if we increase our activities outside of Israel through acquisitions, for example, our expanded activities might not be eligible for inclusion in future Israeli tax benefit programs. See "Material Israeli Tax Considerations and Government Programs — Israeli Taxation and Government Programs — Law for Encouragement of Capital Investments, 1959." The Israeli government may furthermore independently determine to reduce, phase out or eliminate entirely the benefit programs under the Investment Law, regardless of whether we then qualify for benefits under those programs at the time, which would also adversely affect our global tax rate and our results of operations. See Note 9 to our audited consolidated financial statements included elsewhere in this Annual Report on Form 20-F for a discussion of our current tax obligations. See also "Item 5. Operating and Financial Review and Prospects — Corporate Information and Reorganization."

Our income tax rate is complex and subject to uncertainty.

Computations of our taxes on income and withholding obligations are complex because they are based on the laws of numerous taxing jurisdictions. These computations require significant judgment on the application of complicated rules governing accounting for tax provisions under GAAP. The international nature of our structure and operations creates uncertainties as to the allocation of our global results among the various jurisdictions in which we operate as a result of different rules regarding taxable presence and changes thereto, allocations and transfer pricing. Taxes on income for interim quarters are based on a forecast of our global tax rate for the year, which includes forward looking financial projections. Such financial projections are based on numerous assumptions, including the expectations of profit and loss by jurisdiction. We may not accurately forecast the various items that comprise the projections. In addition, in connection with our reorganization into Israel (see "Item 5. Operating and Financial Review and Prospects — Factors Affecting Our Operating Results — Reorganization"), although we have received opinions from Cyprus counsel and Dutch counsel that the reorganization should not result in any tax liabilities under the laws of Cyprus or The Netherlands, there can be no assurance that the relevant tax authorities might determine that such taxes are not owed.

Risks Related to Our Ordinary Shares

The market price of our ordinary shares may fluctuate, and you could lose all or part of your investment.

The stock market in general has been, and the market price of our ordinary shares in particular is, subject to fluctuation, whether due to, or irrespective of, our operating results and financial condition. The market price of our ordinary shares on the NYSE may fluctuate as a result of a number of factors, some of which are beyond our control, including, but not limited to:

- announcements by regulators, new car assessment programs and other safety organizations regarding ADAS and autonomous driving technology;

- development and market acceptance of our products, ADAS systems and autonomous driving;

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- announcements of the results of research and development projects by us or our competitors;
- announcements relating to ADAS technology and autonomous driving and their adoption by OEMs;
- partnerships and joint venture relationships concerning the development of ADAS systems and autonomous driving;
- development of new competitive systems and products by others;
- changes in earnings estimates or recommendations by securities analysts;
- developments concerning our intellectual property rights;
- loss of key personnel, particularly our Founders;
- changes in the cost of satisfying our warranty obligations;
- loss of key customers;
- delays between our expenditures to develop and market new or enhanced products and the generation of sales from those products;
- changes in the amount that we spend to develop, acquire or license new products, technologies or businesses;
- changes in our research and development and operating expenditures;
- variations in our and our competitors' results of operations and financial condition;
- our sale or proposed sale or the sale by our significant shareholders of our ordinary shares or other securities in the future; and
- general market conditions and other factors, including factors unrelated to our operating performance.

These factors and any corresponding price fluctuations may materially and adversely affect the market price of our ordinary shares and result in substantial losses being incurred by our investors. Market prices for securities of technology companies historically have been very volatile. The market for these securities has from time to time

experienced significant price and volume fluctuations for reasons unrelated to the operating performance of any one company. In the past, following periods of market volatility, public company shareholders have often instituted securities class action litigation in the United States. If we were involved in securities litigation, it could impose a substantial cost upon us and divert the resources and attention of our management from our business.

Our financial results may vary significantly from quarter to quarter due to a number of factors.

Our quarterly revenue and results of operations may vary significantly from quarter to quarter. These fluctuations are due to numerous factors, including:

- the timing of the introduction of new vehicle models containing our products;
- fluctuations in demand for our products;
- the sales mix of our products as between products with more complex features and older, less expensive programs;
- our ability to correlate our inventory purchases with OEM orders;
- seasonal cycles in consumer spending on vehicles;
- our ability to design, manufacture and deliver products in a timely and cost-effective manner;
- our ability to timely obtain adequate quantities of the components used in our products;
- unanticipated increases in costs or expenses; and
- fluctuations in foreign currency exchange rates.

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We typically experience our lowest sales in the first calendar quarter, but this apparent seasonality has been partially masked because of our overall revenue growth in recent years. The foregoing factors are difficult to forecast, and these, as well as other factors, could materially and adversely affect our quarterly and annual results of operations. In addition, a significant amount of our operating expenses are relatively fixed due to our research and development, manufacturing, sales and marketing and general administrative efforts. Any failure to adjust spending quickly enough to compensate for a revenue shortfall could magnify the adverse impact of such revenue shortfall on our results of operations.

Your rights and responsibilities as our shareholder will be governed by Dutch law, which may differ in some respects from the rights and responsibilities of shareholders of U.S. corporations.

We are incorporated under Dutch law, and the rights and responsibilities of our shareholders are governed by our articles of association and Dutch law. The rights of shareholders and the responsibilities of members of our board of directors may be different from the rights of shareholders and responsibilities of directors in companies governed by the laws of U.S jurisdictions. In the performance of its duties, our board of directors will be required by Dutch law to consider the interests of our company, its shareholders, its employees and other stakeholders, in all cases with due observation of the principles of reasonableness and fairness. It is possible that some of these parties will have interests that are different from, or in addition to, your interests as a shareholder. See “Item 6. Directors, Senior Management and Employees — Board Practices,” “Item 6. Directors, Senior Management and Employees — Directors and Senior Management” and “Item 10. Additional Information — Memorandum and Articles of Association — Differences in Corporate Law.”

Our Founders may have a significant level of control over most matters requiring shareholder approval.

At January 31, 2017, Professor Amnon Shashua and Mr. Ziv Aviram control 7.57% and 6.92%, respectively, of our ordinary shares, excluding an aggregate of 6.932 million ordinary shares subject to unvested options, respectively. If they were to act in concert, our Founders may be able to exercise a significant level of control over most matters requiring shareholder approval, including the election of directors, amendment of our articles of association and approval of significant corporate transactions. This control could have the effect of delaying or preventing a change of control of our company or changes in management and could make the approval of certain transactions difficult without their support, including transactions in which you might otherwise receive a premium for your shares over the then-current market price. Further, our Founders are not prohibited from selling their interests in us to a third party and may do so without shareholder approval and without providing for a purchase of other shareholders’ ordinary shares. For additional information on these shareholdings, see “Item 6. Directors, Senior Management and Employees — Directors and Senior Management” and “Item 7. Major Shareholders and Related Party Transactions — Major Shareholders.”

Our articles of association contain provisions that may discourage a takeover attempt.

Provisions of our articles of association impose various procedural and other requirements that may make it more difficult for shareholders to effect certain corporate actions and may make it more difficult for a third party to acquire us, even if doing so might be beneficial to our shareholders.

For example, our articles of association provide that our shareholders may only suspend or remove the members of our board of directors when two-thirds of the votes are cast in favor of the resolution for suspension or removal, provided that the votes cast in favor of the resolution represent more than 50% of all of our issued and outstanding shares. In addition, under our articles of association the following actions can only be taken by us when two-thirds of the votes are cast in favor of the resolution for taking the relevant action, provided that the votes cast in favor of the resolution represent more than 50% of all issued and outstanding shares:

- amendment of our articles of association;
- sale of all or substantially all of our business;
- certain joint ventures and divestitures that require shareholder approval under Dutch law;

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- statutory merger or statutory demerger of the Company;

- liquidation or dissolution of the Company; and

- acquisitions of, and investments in, other companies for an amount in excess of 20% of our average market capitalization during a period of up to 30 days (as determined by our board of directors) prior to execution of a definitive agreement for the acquisition or investment.

In addition, all of the actions described above, as well as any acquisition by us of, or investment by us in, another company which is required to be approved by shareholders under Dutch law, can only be taken pursuant to a proposal by our board of directors.

See “Item 10. Additional Information — Memorandum and Articles of Association — General Meeting of Shareholders” for more detailed information.

Moreover, our general meeting of shareholders has adopted a resolution delegating to our board of directors the power to issue shares and to grant options, warrants or other rights to acquire shares, and to exclude pre-emptive rights with respect to all issuances of shares and grants of the right to acquire shares. This resolution will continue in force until July 10, 2019. We may also propose similar resolutions for approval in future annual shareholders meetings. Based on the delegation of authority that is now in force, our board of directors will have the authority to issue shares at such prices (but generally not less than nominal value), and upon such terms and conditions, as our board of directors deems appropriate, based on its determination of what is in our best interests at the time shares are issued or the right to acquire shares is granted. Our board of directors also currently has the authority to exclude pre-emptive rights with respect to any issuance of shares or grant of the right to acquire shares, if, in its discretion, it believes that any such exclusion is in our best interests. Issuance of shares by our board of directors could, depending on the circumstances, have the effect of making it more difficult for a hostile acquirer to take control of the Company.

In evaluating a response to a takeover offer, whether hostile or friendly, our board of directors is required under Dutch law to take into account not only the interests of shareholders, but also the interests of all other stakeholders in the Company, including employees, creditors, customers and other contract parties. Under this legal standard, our board of directors would be authorized to reject a takeover offer that it views as less beneficial to the interests of our employees and other stakeholders than a competing offer, even if the rejected offer were for a higher price than the offer that is accepted. This rule would also apply in an “auction” situation where the Company is actively encouraging competing offers to acquire the Company or its business.

Only approximately one-third of our board of directors will be elected each year. The fact that not all of our directors will be elected each year could have the effect of delaying the date at which a hostile acquirer who acquires a controlling interest in our shares would be able to actually take control of the Company.

We are a holding company.

We are a holding company. Accordingly, our ability to conduct our operations, service any debt that we may incur in the future and pay dividends, if any, is dependent upon the earnings from the business conducted by our subsidiaries, particularly MVT, our Israeli subsidiary. The distribution of those earnings or advances or other distributions of funds by our subsidiaries to us, as well as our receipt of such funds, are contingent upon the earnings of our subsidiaries and are subject to various business considerations and applicable law, including the laws of The Netherlands and Israel. If our subsidiaries are unable to make sufficient distributions or advances to us, or if there are limitations on our ability to receive such distributions or advances, we may not have the cash resources necessary to conduct our corporate operations, which could have a material adverse effect on our business, results of operations and financial condition.

We do not expect to pay dividends in the near future.

We have not paid any dividends since our incorporation. Even if future operations were to lead to significant levels of profits that would allow us to pay dividends, we currently intend to retain all available funds for reinvestment in our business. Any decision to declare and pay dividends in the future will be made

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at the discretion of our general meeting of shareholders, acting pursuant to a proposal by our board of directors, and will depend on, among other things, our results of operations, financial condition, future prospects, contractual restrictions, restrictions imposed by applicable law and other factors our board of directors or general meeting of shareholders may deem relevant. Moreover, future dividend distribution may be subject to additional tax at MVT. Accordingly, investors cannot rely on dividend income from our ordinary shares, and any returns on an investment in our ordinary shares will likely depend entirely upon any future appreciation in the price of our ordinary shares.

We are a foreign private issuer and, as a result, we are not subject to U.S. proxy rules, and we are subject to Securities Exchange Act of 1934, as amended (the "Exchange Act"), reporting obligations that, to some extent, are more lenient and less frequent than those of a U.S. domestic public company.

We report under the Exchange Act as a non-U.S. company with foreign private issuer status. Because we qualify as a foreign private issuer under the Exchange Act and although we are subject to Dutch laws and regulations with regard to such matters and intend to furnish quarterly financial information to the SEC, we are exempt from certain provisions of the Exchange Act that are applicable to U.S. domestic public companies, including (i) the sections of the Exchange Act regulating the solicitation of proxies, consents or authorizations in respect of a security registered under the Exchange Act; (ii) the sections of the Exchange Act requiring insiders to file public reports of their stock ownership and trading activities and liability for insiders who profit from trades made in a short period of time; and (iii) the rules under the Exchange Act requiring the filing with the SEC of quarterly reports on Form 10-Q containing unaudited financial and other specified information (although we provide quarterly information on Form 6-K), or current reports on Form 8-K, upon the occurrence of specified significant events. We follow Dutch laws and regulations that are applicable to publicly traded Dutch companies listed outside the European Union (the "EU"). However, Dutch laws and regulations applicable to Dutch companies whose shares are not listed on an EU securities exchange do not contain any provisions comparable to the U.S. proxy rules, the U.S. rules relating to the filing of reports on Form 10-Q or Form 8-K, the U.S. rules requiring insiders to file public reports of their stock ownership and trading activities or the U.S. rules relating to liability for insiders who profit from trades made in a short period of time, as referred to above. In addition, foreign private issuers are not required to file their annual report on Form 20-F until 120 days after the end of each fiscal year, while U.S. domestic issuers that are accelerated filers are required to file their annual report on Form 10-K within 75 days after the end of each fiscal year. Foreign private issuers are also exempt from Regulation FD, which is intended to prevent issuers from making selective disclosures of material information. As a result of all of the above, you do not have the same protections afforded to shareholders of a company that is not a foreign private issuer.

As we are a "foreign private issuer" and follow certain home country corporate governance practices, our shareholders do not have the same protections afforded to shareholders of companies that are subject to all NYSE corporate governance requirements.

As a foreign private issuer, we have the option to follow certain Dutch corporate governance practices rather than those of the NYSE, provided that we disclose the requirements we are not following and describe the home country practices we are following. We rely on this "foreign private issuer exemption" with respect to the NYSE requirements to have the Audit Committee appoint our external auditors, NYSE rules relating to quorums and record dates for shareholder meetings and NYSE rules requiring shareholders to approve equity compensation plans and material revisions thereto. See "Item 16G. Corporate Governance." We may in the future elect to follow home country practices in The Netherlands with regard to other matters. As a result, our shareholders do not have the same protections afforded to shareholders of companies that are subject to all NYSE corporate governance requirements. For an overview of our corporate governance practices, see also "Item 6. Directors, Senior Management and Employees — Board Practices."

We do not comply with certain requirements of the Dutch Corporate Governance Code.

Dutch public companies are encouraged to comply with the provisions of the Dutch Corporate Governance Code adopted by the Dutch Corporate Governance Committee on December 9, 2003, as amended and restated in December 2008 and further amended and restated in December 2016 (the "Dutch

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Code"). However, companies may elect not to comply with some or all of the provisions of the Dutch Code, provided that such non-compliance and the reasons for the non-compliance are disclosed. Most of the provisions of the Dutch Code are identical to, or substantially the same as, provisions applicable to publicly traded U.S. companies, and we intend to comply with those provisions of the Dutch Code. Other provisions of the Dutch Code, however, are contrary to customary market practice in the United States for publicly traded companies or are otherwise in our judgment inappropriate. See "Item 6. Directors, Senior Management and Employees — Board Practices — Dutch Corporate Governance Code."

If we fail to maintain an effective system of internal control over financial reporting, we may not be able to accurately report our financial results or prevent fraud. As a result, shareholders could lose confidence in our financial and other public reporting, which would harm our business and the trading price of our ordinary shares.

Effective internal controls over financial reporting are necessary for us to provide reliable financial reports and, together with adequate disclosure controls and procedures, are designed to prevent fraud. Any failure to implement required new or improved controls, or difficulties encountered in their implementation, could cause us to fail to meet our reporting obligations. In addition, any testing by us conducted in connection with Section 404 of SOX, or any subsequent testing by our independent registered public accounting firm, may reveal deficiencies in our internal controls over financial reporting that are deemed to be material weaknesses or that may require prospective or retroactive changes to our financial statements or identify other areas for further attention or improvement. Inferior internal controls could also cause investors to lose confidence in our reported financial information, which could have a negative effect on the trading price of our ordinary shares.

If securities or industry analysts publish inaccurate or unfavorable research, or cease to publish research about our business, the price of our ordinary shares and our trading volume could decline.

The trading market for our ordinary shares depends in part on the research and reports that securities or industry analysts publish about us and our business. Securities or industry analysts commenced coverage of our company following our IPO, and the effects of their research reports could adversely affect the trading price for our ordinary shares. If one or more of the analysts who cover us downgrade our ordinary shares or publish inaccurate or unfavorable research about our business, the price of our ordinary shares would likely decline. Further, if one or more of these analysts cease coverage of our company or fail to publish reports on us regularly or too few analysts cover our company, demand for our ordinary shares could decrease, which might cause the price of our ordinary shares and trading volume to decline.

We may be classified as a passive foreign investment company and, as a result, our U.S. shareholders may suffer adverse tax consequences.

Generally, if (taking into account certain look-through rules with respect to the income and assets of our subsidiaries) for any taxable year 75% or more of our gross income is passive income, or at least 50% of our assets are held for the production of, or produce, passive income, we would be characterized as a "passive foreign investment company" ("PFIC") for U.S. federal income tax purposes. Such a characterization could result in adverse U.S. federal income tax consequences to our U.S. shareholders, including having gains realized on the sale of our ordinary shares be treated as ordinary income, as opposed to capital gain, and having interest charges apply to such sale proceeds. Because the value of our gross assets is likely to be determined in large part by reference to our market capitalization, a decline in the value of our ordinary shares may result in our becoming a PFIC. U.S. shareholders should consult with their own U.S. tax advisors with respect to the U.S. tax consequences of investing in our ordinary shares. Based on our calculations, we believe that we were not a PFIC in the taxable year ended December 31, 2016 and based on our most current estimates of our gross income and the value of our assets (which is based on our share price), we do not expect that we will be classified as a PFIC for the taxable year ending December 31, 2017. However, PFIC status is determined as of the end of a taxable year and depends on a number of factors, including the value of a corporation's assets and the amount and type of its gross income. Therefore, we cannot assure you that we will not be a PFIC for 2017 or in any future year.

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It may be difficult to enforce a U.S. judgment against us, our officers and directors in The Netherlands, Israel or the United States or to assert U.S. securities laws claims in The Netherlands or Israel or serve process on our officers and directors.

We are incorporated in The Netherlands. A limited number of our executive officers and directors are residents of the United States. Our principal offices and operations are located in the State of Israel. Most of our officers and some of our directors reside in the State of Israel, and all or a significant portion of the assets of such officers and directors and substantially all of our assets are located in the State of Israel. Therefore, it may be difficult for an investor, or any other person or entity, to enforce a U.S. court judgment based upon the civil liability provisions of the U.S. federal securities laws against us or any of these persons in a U.S., Israeli or Dutch court, or to effect service of process upon these persons in the United States. There is no treaty between the United States and The Netherlands for the mutual recognition and enforcement of judgments (other than arbitration awards) in civil and commercial matters. Therefore, a final judgment for the payment of money rendered by any federal or state court in the United States based on civil liability, whether or not predicated solely upon the U.S. federal securities laws, would not be enforceable in The Netherlands unless the underlying claim is relitigated before a Dutch court of competent jurisdiction. Under current practice, however, a Dutch court will generally, subject to compliance with certain procedural requirements, grant the same judgment without a review of the merits of the underlying claim if (i) the relevant judgment is a final and conclusive money judgment in personam (other than for multiple or punitive damages, or for a fine or a tax or a penalty); (ii) that judgment resulted from legal proceedings compatible with Dutch notions of due process; (iii) that judgment does not contravene public policy of The Netherlands; (iv) the jurisdiction of the U.S. federal or state court rendering the judgment was compatible with internationally accepted principles in respect of jurisdictional matters; (v) the judgment was not obtained by fraud; and (vi) no new admissible relevant evidence is admitted in the Dutch courts. Based on the foregoing, there can be no assurance that U.S. investors will be able to enforce any judgments obtained in U.S. courts in civil and commercial matters, including judgments under the U.S. federal securities laws, against us or members of our board of directors or officers or certain experts named herein who are residents of The Netherlands or countries other than the United States. In addition, there is doubt as to whether a Dutch court would impose civil liability on us, the members of our board of directors or officers or certain experts named herein in an original action predicated solely upon the U.S. federal securities laws brought in a court of competent jurisdiction in The Netherlands against us or such directors or officers, respectively. Similarly, there is doubt as to the enforceability in the State of Israel, either in original actions or in actions for enforcement of judgments of U.S. courts, of civil liabilities predicated on the U.S. federal securities laws. Israeli courts may refuse to hear a claim in an original action based on an alleged violation of U.S. securities laws, reasoning that Israel is not the most appropriate forum in which to bring such a claim. In addition, even if an Israeli court agrees to hear a claim, it may determine that Israeli law and not U.S. law is applicable to the claim. If U.S. law is found to be applicable, the content of applicable U.S. law must be proven as a fact by expert witnesses, which can be a time-consuming and costly process. Certain matters of procedure will also be governed by Israeli law. There is little binding case law in Israel that addresses the matters described above.

Subject to specified time limitations and legal procedures, Israeli courts may enforce a non-appealable judgment of a U.S. state or federal court in a civil matter, provided that, among other things, (i) the judgment has been obtained after due process before a court of competent jurisdiction according to the laws of the state in which the judgment was given and the rules of private international law currently prevailing in Israel; (ii) the prevailing law of the foreign state in which the judgment was rendered allows for the enforcement of judgments of Israeli courts; (iii) adequate service of process was effected and the defendant was given a reasonable opportunity to be heard and to present evidence; (iv) the judgment is not contrary to the public policy of Israel and its enforcement is not likely to impair the security or sovereignty of Israel; (v) the judgment was not obtained by fraud and does not conflict with any other valid judgment in the same matter between the same parties; (vi) an action between the same parties in the same matter was not pending in any Israeli court at the time the lawsuit was instituted in the foreign court; and (vii) the judgment is enforceable according to the laws of Israel and according to the law of the foreign state in which the relief was granted. As a result of the difficulty associated with enforcing a judgment against us in Israel, you may be able to collect only limited, or may be unable to collect any, damages awarded by either a U.S. or foreign court.

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Item 4.
INFORMATION ON THE COMPANY

A. History and Development of the Company

Our legal and commercial name is Mobileye N.V. We are a limited liability company (naamloze vennootschap) organized under the laws of The Netherlands. Our official registered office, principal executive offices and management headquarters are located at Har Hotzvim, 13 Hartom Street, P.O. Box 45157, Jerusalem 9777513, Israel, and our telephone number at that address is +972 2 541 7333.

We were founded in Israel in 1999 by Professor Amnon Shashua, our Chief Technology Officer, Chairman and a director, and Mr. Ziv Aviram, our President, Chief Executive Officer and a director, whom we refer to together as our Founders. In 2001, we incorporated Mobileye B.V. as the holding company in The Netherlands for all of our worldwide activities. In July 2003, Mobileye B.V. was converted into Mobileye N.V., a Dutch limited liability company. Our management is located in Israel.

On August 6, 2014, we closed our IPO in which we issued 8.325 million new ordinary shares for net proceeds of $197.4 million (including proceeds from options that were exercised in connection with our IPO). We also listed our ordinary shares on the NYSE, and they are traded under the symbol “MBLY.”

On March, 20, 2015, we closed a secondary public offering of 19,696,050 ordinary shares sold at a price of $41.75 per share by shareholders who acquired their shares prior to our IPO. We did not receive any proceeds from the offering.

Our capital expenditures for the years ended December 31, 2016, 2015 and 2014 were $11.4 million, $5.6 million and $5.6 million, respectively. Our capital expenditures relate mainly to data storage and computer equipment to support our growth as well as expenditures related to the acquisition of land to serve as the Company’s Research and Development (“R&D”) and innovation center in Jerusalem.

B. Business Overview

Please see the Introduction to this Annual Report on Form 20-F for a glossary of certain terms and acronyms used herein.

We are the global leader in the development of computer vision and machine learning-based sensing, mapping and driving policy technology for Advanced Driver Assistance Systems (“ADAS”) and autonomous driving technologies. Our sensing products are able to detect vehicles, pedestrians, general objects and roadway markings, such as lanes, road boundaries and barriers. The products can also identify and read traffic signs, directional signs and traffic lights. These sensing products are used to build an environmental model of the vehicle’s surroundings, which is the core information used by ADAS-equipped vehicles to avoid and/or mitigate dangerous situations and by autonomous vehicles to safely navigate the world’s roads. These core capabilities and technologies also enable us to create a RoadBook™ of localized drivable paths and visual landmarks using our proprietary REM technology. This is accomplished by crowdsourcing and processing data from vehicles equipped with camera-based ADAS systems, which data we intend to pursue through cooperation with our partners. Finally, we believe that proprietary reinforcement learnings algorithms in the area of driving policy will eventually result in autonomous vehicle systems having the capability to negotiate with other human-driven vehicles in complex situations.

Our technology keeps passengers safer on the roads, reduces the risks of traffic accidents, saves lives and has the potential to revolutionize the driving experience by enabling autonomous driving. Our proprietary software algorithms and EyeQ® chips perform detailed interpretations of the visual field in order to anticipate possible collisions with other vehicles, pedestrians, cyclists, animals, debris and other obstacles. Our system-on-chip products combine high performance, low energy consumption and low cost, with automotive-grade standards of accuracy, quality and functional safety and were included in serial production vehicle models since 2007. We estimate that our products were installed in approximately 15.7 million vehicles worldwide through December 31, 2016 and our technology is available with 21 OEMs. Furthermore, our products have been selected for implementation with more than 25 OEMs. We see meaningful barriers to entry in our field and believe our more than 18 years of research and development and data collected from millions of miles of driving experience give us a significant technological lead.

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We believe that we are well-positioned to take advantage of two key industry trends:

- The first trend is the evolution in the demand for ADAS, one of the fastest growing content areas within the automotive electronics industry. The rapid increase in ADAS demand is driven by growing public acceptance and awareness of active safety technologies, but it is mainly due to the rising influence of regulators and national and international safety organizations that issue safety ratings to encourage manufacturers to include safety features in their new or redesigned car models. As regulators and safety organizations continue to increase the types and functions of ADAS applications required to maintain high safety ratings, we believe that ADAS will likely become a standard technology included within the base price of more vehicle models, and the market for our products will continue to expand significantly. Our experience to date validates the increase in demand for ADAS technology. It took approximately five years from 2007 to ship the first 1.0 million EyeQ® chips. In the year ended December 31, 2016, we shipped approximately 6.0 million chips. In early 2010 our technology was sourced by seven OEMs. We also believe there is significant demand for ADAS applications from companies that operate fleets of vehicles where ADAS is not included as standard equipment. We are pursuing these opportunities with products sold through our Aftermarket division.

- The second trend is the accelerating desire of global automakers to develop autonomous vehicles. Full autonomous driving, where the driver is not actively engaged in driving the vehicle for extended periods of time, cannot be achieved in one step. In our view, there are three pillars necessary to enable fully autonomous driving. The first pillar is sensing, which will require current software used for ADAS systems to evolve to deal with more complex situations and to process data from more than one camera and more than one sensor-type. The second pillar is mapping, which will serve as redundancy to sensing. The third pillar is driving policy, which will add the ‘human behavior’ aspect to autonomous driving, allowing these vehicles to ‘negotiate’ with other cars in complex situations. In the near future, we believe that there will be at least two technological innovation steps beyond ADAS. The first innovation involves hands-free-capable driving at highway speeds and in congested traffic situations (also known as Level 3 autonomous driving). We have design wins from five OEMs to launch these features for Level 3 autonomous driving and are in development programs with other OEMs for potential future launches. The next innovation is the inclusion of country road and urban scenario capabilities to support autonomous driving (also known as Level 4/5 autonomous driving). We have design wins from five OEMs for Level 4 autonomous driving. We expect that this innovation will require only minor additional sensing hardware, but significant algorithmic advances, which we are currently developing. Importantly, we, along with our supplier and automaker partners, believe a viable technology path exists to enable both these innovation steps and expect hardware, software, packaging and related elements, will be within acceptable automotive industry levels.

Our leading position in the ADAS end-market is a result of our track record of innovation, high-accuracy validation and performance over millions of miles and the broad functionality offered by
our systems. We offer the only camera-based ADAS technology that covers all major safety and convenience-related functions available in the market today:

- Safety Functions

- Lane functions — Lane Departure Warning (LDW) and Lane Keeping and Support (LKS);

- Vehicle detection functions — Forward Collision Warning (FCW), Headway Monitoring and Warning (HMW), Adaptive Cruise Control (ACC), Traffic Jam Assist (TJA) and Automatic Emergency Braking (AEB-V);

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Pedestrian detection functions — Pedestrian Collision Warning (PDW) and Pedestrian Automatic Emergency Braking (AEB-P);

- Animal detection functions; and

- General objects detection features (AEB-GO).

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- Convenience and Driving Enhancement Functions — Adaptive High Beam Control (AHC), Traffic Sign Recognition (TSR) and Traffic Light Recognition (TFL).

Our success in achieving agreements for a core role in vehicle programs for Level 3 autonomy and beyond is due to our ability to demonstrate compelling products within the following key areas:

- Autonomous Driving Technologies — The Three Pillars of Autonomous Driving

- Sensing capabilities that, in addition to ADAS safety and convenience functions noted above, will contain drivable path delimiter capabilities, including detection of curbs, barriers, construction zone obstructions, general obstacles, road bumps, potholes and debris. Additional capabilities include path planning for determining the drivable path in situations where lane marks do not exist or are too weak to rely on, 3-dimensional object detection, 360-degree awareness and detection, as well as environmental mode that labels every pixel within the frame to extract semantic information to enhance interpretation of the driving scene for autonomous driving.

- Mapping to support fully autonomous driving. In January 2016 we announced a new mapping technology development, REM™, which is based on software running on our EyeQ®processing platforms that extracts landmarks and roadway information at extremely low bandwidths, approximately 10KB per kilometer of driving. Additionally, backend software running on the cloud integrates the segments of data sent by vehicles with the on-board software into a global database, which we refer to as the RoadBook™.

- Driving policy to enable autonomous cars to drive in a complex environment by taking into consideration the response of other road users to our own actions. This policy enables navigation in difficult scenarios, such as entering a busy roundabout, negotiating double-merge situations, merging into traffic in a 4-way junction and constructing a merge plan to take an exit ahead.

We have strong direct relationships with OEMs. Mobileye's products are or will be available in production vehicles from most of the global OEMs, including:

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|---|---|---|
| Adam Opel AG | General Motors Company — Buick, Cadillac, Chevrolet and GMC | Nissan Motor Co., Ltd. — Nissan and Infiniti |
| Audi AG | Honda Motor Company, Ltd | PSA Peugeot Citroën — Peugeot and Citroën |
| Bayerische Motoren Werke (BMW) AG — BMW, Mini and Rolls Royce | HKMC — Hyundai and Kia | Renault S.A. |
| Chrysler Group LLC — Chrysler, Dodge and Jeep | IVECO | Scania Aktiebolag (publ) |
| FAW Automotive | Lucid Motors Inc. | Ssangyong Motor Company |
| Fiat S.p.A. | MAN SE | SAIC Motor |
| Ford Motor Company — Ford and Lincoln | Mitsubishi Group | Soueast Motors |
| | Mazda Motor Corporation | Volkswagen |
| | NIO USA | Volvo Car Corporation |
| | | Yulon Motor Co., Ltd. |

We supply our technology to OEMs through automotive system integrators, known as Tier 1 suppliers, which are direct suppliers to vehicle manufacturers. Sales to OEMs (the "OEM segment") represented approximately 77% and 84% of our total revenues in the years ended December 31, 2016 and 2015, respectively. Our Tier 1 customers include Autoliv, Inc., Delphi Automotive Plc, Gentex Corporation, HiRain, Key Safety Systems, Leopold Kostal GmbH, Magna Electronics Inc., Mando Corporation, Mobis Transportation Alternatives, Inc., Nidec Elesys, Sony

Corporation, Taiwan Calsonic, WABCO Holdings Inc., ZF-TRW Automotive Holdings Corp. (“TRW”) and Valeo, as well as Bendix Corporation working jointly with TRW.

We also offer our technology as an aftermarket product in vehicles that do not come pre-equipped with such technology. Our aftermarket customers include commercial and governmental fleets, vehicle importers and dealers, insurance companies and end users. Aftermarket sales represented approximately 23% and 16% of our total revenues in the years ended December 31, 2016 and 2015, respectively.

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We have experienced significant revenue growth in the last three years. For the years ended December 31, 2016, 2015 and 2014, our total revenues were $358.2 million, $240.9 million and $143.6 million, respectively, representing year-over-year total revenue growth of 49% and 68% for our two most recent fiscal years. Our net income (loss) in accordance with U.S. GAAP was $108.4 million, $68.5 million, and $(30.1) million for 2016, 2015 and 2014, respectively.

Market Opportunity

Road traffic accidents and injuries remain a major unresolved problem worldwide. The World Health Organization (the "WHO") estimates that approximately 1.25 million people die each year as a result of road traffic crashes. The WHO also estimates that road traffic accidents cost governments approximately 3% of a country's gross domestic product. In 2011, AAA estimated that auto accidents cost the United States $300 billion annually. As a result, reducing traffic injuries has been a critical priority for governments, safety organizations and the automotive industry. Making vehicles safer has been critical to reducing road traffic injuries. These efforts began in the 1960s with seatbelts and expanded to include crumple zones, air bags, anti-lock brakes and electronic stability control, each of which began as optional equipment for an extra cost but are now ubiquitous and a standard part of the base price of developed market vehicles. The U.S. Insurance Institute for Highway Safety (the "IIHS") cites studies finding that more than 90% of vehicular accidents are due to human factors. Other organizations cite similar statistics. IIHS has estimated that if all vehicles were equipped with forward collision warning, lane departure warning, side-view assist and adaptive headlights, as many as 1.9 million crashes involving passenger vehicles could be prevented or mitigated each year, including about one of every three fatal crashes and one of every five serious or moderate injury crashes. The ADAS market is a growing market. We believe that major regulatory changes, together with increased customer awareness of the benefits of active safety technology, will drive ADAS adoption to the point where the vast majority of new cars produced will be equipped with one or more ADAS capabilities. We estimate that our total ADAS-related addressable market will reach $4.5 billion annually in the next several years.

In addition, there are an estimated one billion existing automobiles on the road worldwide that could be retrofitted with certain ADAS capabilities. We have noted increasing interest on the part of insurance companies, public transportation companies and other companies owning fleets of multiple vehicles to retrofit ADAS technologies, in order to reduce road traffic injuries and damage from collisions. We believe this represents a meaningful growth opportunity in future years. Moreover, our aftermarket Mobileye Shield+ product has the potential to reduce collisions of large trucks and buses with pedestrians and cyclists caused as a result of blind spots. Our aftermarket Mobileye Shield+ is connected to a telematics system that provides information allowing municipalities to anticipate hot-spots and take preventive measure to avoid accidents. The aftermarket Mobileye Shield+ is also a part of the U.S. Department of Transportation ("US DOT") Smart City initiative.

Regulations and Ratings Drive ADAS Market

Automobile safety is driven by both regulation and the availability to consumers of independent assessments of the safety performance of different car models, which have encouraged OEMs to produce cars that are safer than those required by law. In many countries these safety assessments, often known as New Car Assessment Programs ("NCAPs"), have created a "market for safety." Car manufacturers seek to demonstrate that their new and revamped car models satisfy the NCAP's highest rating, typically five stars, or can "tick the box" on the new car sticker. For example, in the first half of 2016, 97% of vehicles sold in the EU had been evaluated with a star rating, and 75% received a 5-star rating.

National NCAPs will continue to add specific ADAS applications to their evaluation items over the next several years, led by the European NCAP. We believe that this global rollout will lead to harmonized requirements across key geographic areas, exemplified by Australian, Japanese and Korean NCAPs' full harmonization with the European NCAP. On a global scale, all major NCAPs are introducing evaluation of ADAS applications, while a majority are including scoring factors based on fitment rates.

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Significant NCAP actions include the following:

- Europe — In 2014, the European NCAP increased its active safety requirements to achieve 4- and-5-star ratings. From 2014, a 5-star rating requires one or more active safety systems on each vehicle model. The active safety technologies include speed assistance system (also known as Intelligent Speed Assist, ISA), electronic stability control, LDW/ LKA and AEB. In 2016, the European NCAP announced its roadmap for 2020, with significant updates for 2018-2019, including: (i) adding AEB in front of cyclists; (ii) adding AEB in front of pedestrians at night; (iii) strengthening the weight of camera related features, such as lane support systems (LDW, LKA); (iv) introducing road edge detection (in the absence of lane marks), which requires more advanced monocular processing; and (v) introducing additional traffic sign types required for ISA. The next update to the European NCAP in 2020 will include (i) more complex variations of AEB for both vehicles and Vulnerable Road User (pedestrian and cyclist) scenarios; and (ii) junction assist scenarios, covering cross-traffic and turning collisions, which require more advanced object detection (i.e., from any viewing angle), emphasizing traits of angular resolution and accuracy, a camera based strength. We believe the standard fitment of a camera will be implicitly required in order to achieve 4- and 5-star ratings beginning in 2018, due to minimum scoring thresholds of vision technologies such as lane, road edge and traffic sign detection. Under EU regulations, AEB and LDW are mandatory for all new commercial vehicles (classes M2-3, N2-3) manufactured since November 2015. As a result of the above, we expect that the ADAS fitment rates in Europe will continue to increase based on NCAP. We believe that this trend could potentially be strengthened through the European Commission's continued assessment of safety features for mandatory inclusion in EU vehicle safety through new vehicle approvals, potentially as early as 2021. The Active Safety Measures being considered are: AEB, ISA, LKA, Driver drowsiness and distraction monitoring and reversing object detection.

- United States — In 2011, NHTSA, as a part of the Government 5-Star Safety Ratings program, provided consumers with information on effective crash avoidance technologies that can help reduce the risk of vehicle crashes including FCW systems, LDW systems and rearview video systems (RVS). In December 2015, NHTSA announced that it plans to adopt a new 5-Star Safety Ratings system, which will encompass assessment of crash-avoidance and advanced technologies as well as pedestrian protection into the overall star rating system effective 2019. In March 2016, NHTSA and the IIHS announced a commitment by 20 automakers representing more than 99% of the U.S. auto market to make automatic emergency braking a standard feature on virtually all new cars sold in the United States no later than the year which begins September 1, 2022. In addition, the IIHS has added collision avoidance technology, such as FCW, to its criteria for awarding a "Top Safety Pick+" rating. In September 2016, NHTSA and the U.S. DOT provided updated guidance on vehicle performance and announced the next steps to increase the safety of autonomous vehicles, including the publication of a template for manufacturers and other entities to submit safety assessments and the implementation of a rule mandating the submission of safety assessment letters.

- Japan — The Japanese Ministry of Land Infrastructure Transport and Tourism ("MLIT") instituted an AEB mandate for 2016, which included testing for AEB vehicles and pedestrians and LDW. In 2017, LKA is planned for testing. In 2018, AEB and Adaptive High Beam Control testing is planned in connection with pedestrians at night.

- Australia — Australia NCAP has had AEB testing rules in place since 2012, and starting in 2018, Australia NCAP will fully harmonize test and assessment protocols with European NCAP.

- Korea — In 2017, Korea NCAP introduced updated ratings and test protocols for 2017 – 2018, incentivizing adoption of active safety technologies, such as FCW and AEB for vehicles, LDW, and, to a lesser extent, LKA, ISA and AEB for pedestrians.

- China — CNCAP is developing a roadmap for 2018 – 2020, which is expected to introduce FCW and AEB for pedestrians and vehicles, while AEB fitment rates are expected to be factored into the scoring scheme.

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- Asia — ASEAN NCAP's 2017 – 2020 rating scheme highlights the first introduction of active safety technologies. Scores are awarded for inclusion of Safety Assist Technologies, including AEB Interurban, AEB City, AEB, VRU, FCW, LDW, and LKA.

The Autonomous Driving Revolution

In recent years, the automotive industry has accelerated the development of "autonomous," "automated" or "self-driving" vehicles. Self-driving vehicles are those in which some operation of the vehicle occurs without direct driver input to control the steering, acceleration and braking and are designed so that the driver is not expected to monitor the roadway constantly while operating in self-driving mode. Self-driving vehicles range from applications that perform some functions but the driver is required to continuously monitor traffic (i.e., ADAS, or SAE Level 1/2) to semi-autonomous or fully autonomous driving where the driver increasingly relinquishes control. Semi-autonomous driving, i.e., SAE Level 3, where the driver relinquishes control under certain conditions, such as highway driving, means the driver does not have to monitor traffic continuously but must be ready to control the vehicle within a specified period of time. Fully autonomous driving under all situations will not require any driver input (i.e., SAE Level 4/5).

In January 2016, the U.S. DOT revealed part of a presidential FY2017 budget proposal that would provide a nearly $4 billion investment over ten years to accelerate the development and adoption of safe vehicle automation through real-world pilot projects. In September 2016, the U.S. DOT and NHTSA announced preliminary guidelines intended to direct policy-making with respect to self-driving vehicles and to address and remove potential roadblocks to the integration of innovative, transformational automotive technology that can significantly improve safety, mobility and sustainability. This included a 15-point self-certification plan as well as suggestions for a harmonized policy among the individual states.

The move to the autonomous vehicle is expected to introduce significant potential economic savings as well as further reduce traffic accidents. In October 2013, the ENO Center for Transportation, a neutral, non-partisan think tank that promotes policy innovation in the transportation industry, identified potential savings from fully autonomous vehicles. Assuming half of U.S. vehicles are autonomous, the ENO Center's analysis, which is subject to significant assumptions, estimates that the transition from manual driving to autonomous driving would save 9,600 lives per year and reduce car crashes by 1.9 million per year while generating crash cost savings of $158 billion and $37 billion in fuel cost savings from more efficient route selections.

While Level 4/5 autonomous driving is not expected in significant volumes in the near future, we believe that there will be near-term and ongoing introductions of Level 3 capabilities. We believe these capabilities will start with hands-free highway driving and then will gradually extend to other types of roadways, such as country and city driving. ADAS applications that have been validated to automotive-grade standards are important building blocks for these more advanced systems. We believe the key factors in the growth of autonomous driving will be increased safety, consumer demand and other economic and social benefits, such as increased mobility for elderly and disabled, less traffic congestion, reduced use of land for parking and others. Controlling the costs of the systems is also critical as many studies have shown that consumers are interested in safety but also are very sensitive to costs. We believe our total addressable market for camera-based ADAS systems for autonomous driving could reach $15 billion in the next several years, due to, among other things, the use of multiple cameras and sensors required to enable this technology.

Available ADAS Sensors

Developers have largely approached the challenges of ADAS and autonomous driving through the use of multiple sensors and imaging devices, including radar, lidar and cameras.

Radar. In the early 2000s, ADAS applications were based on radar. Radar-based sensors compare microwaves of emitted and reflected signals and are generally unaffected by weather. However, unlike cameras, radar is not as sensitive to non-metal objects and cannot detect lane markings and traffic signs. Radar has improved in resolution, performance and cost over the years. A short- or medium-range radar system performing adaptive cruise control ("ACC") is price competitive to a monocular camera. Radar

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resolution and sensitivity have also improved to the level of possibly detecting pedestrians under certain scenarios. We believe that the biggest challenge for radar processing is the ability to detect stationary objects (where the Doppler Effect cannot be exploited to filter out "clutter"). As a result, all radar-based ACC to date does not respond to stationary targets (including pedestrians, who are essentially stationary relative to the speed of a car). Radar-only automatic emergency braking ("AEB") systems to date have also resulted in false braking scenarios, which in some cases have led to vehicle recalls. We believe that as safety testing becomes more reflective of real-world conditions, radar's inherent limitations with respect to stationary targets will limit its ability to achieve the highest safety rating as a standalone AEB sensor.

Lidar. Lidar is a sensor that measures distance by illuminating a target with laser and analyzing the reflected light. In automotive applications, lidars with a small number of beams (typically three) have been used in low-speed AEB applications. Given the growing role of the monocular camera in AEB applications, we believe that triple-beam lidars are not expected to maintain their position in the low-speed AEB category. Future lidar development includes commercialization of scanning-beam lidars, which could cover a dense field of view (like a camera) by scanning a single beam throughout a predefined field of view. We believe the cost for a 360 degree scanning-beam lidar currently is and will remain too expensive for standard production vehicles. However, we believe that a scanning-beam lidar with a more modest field of view, covering 145 degrees horizontal and a few degrees vertical, is currently being developed that could be more rationally priced for mass production. We also believe that due to their limited vertical field of view, such new lidars are not likely to replace the camera as the primary sensor, but, instead, they could be used as a third front facing sensor for additional redundancy in autonomous vehicles. We believe that limiting the use of lidar in this manner is also likely to help productize and enable relatively low-cost solid state lidar.

Growth of Camera Use. A camera, similar to the human eye, gathers a richer amount of data than either a radar or a lidar sensor due to higher resolution. However, processing and interpreting this data requires immense computing power and sophisticated software. To counteract that camera precision weakens in poor weather, sophisticated fail-safe measures that deactivate the system when visibility drops below the functioning limit of the camera are also necessary. Following improvements in camera-sensing technologies, especially our pioneering visual processing improvements over the years, the camera has gradually gained prominence in ADAS, particularly the monocular camera. Over time, the camera has demonstrated its ability to perform ADAS applications formerly accomplished only by radar, including FCW, ACC and AEB. Significant milestones in camera-based applications, all accomplished by Mobileye, include:

There is a clear trend towards the primacy of the camera sensor, increasingly as the only sensor in an ADAS system. This primacy is driven by the lower cost and packaging benefits of the "bundling effect" of having a single camera performing multiple ADAS (all other sensor modalities specialize in ADAS subsets), the relative ease of adding functionality through simple software updates and the versatility of the camera in terms of being able to identify textural cues, such as lane markings, road sign text and color, in addition to detecting shape.

Stereo Camera. The growth of the camera as the leading ADAS sensor led to a view that having two cameras acting in tandem would provide better protection. We believe real world experience has demonstrated that "stereo camera" sensors are not as effective as a monocular camera sensor. In the automotive context, "stereo" is a system that uses a depth map throughout the processing chain of target detection, object separation and range estimation, and it cannot function if one camera is deactivated.

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Stereo systems can best analyze a field of between 40 and 50 meters (compared to 150 meters for our monocular camera), but small errors in triangulation can lead to disproportionate errors in the analysis necessary to provide effective warnings. Stereo-based systems are also more expensive than monocular systems, use more power and occupy more space on the windshield, which is a critical factor given the limited available space. Stereo systems also have more problems separating objects from background.

Monocular Camera. Our technology is based on the monocular camera sensor. Monocular camera systems, similar to human vision, measure the rate of the increase in the size of the image, which we believe offers the best imaging of the circumstances surrounding a vehicle with less of the "noise" that can lead to errors in the analysis. Monocular camera technology is not reliant on a depth map and avoids the triangulation errors inherent in the stereo camera model. Unlike radar, monocular camera technology is unaffected by the metallic or non-metallic composition of an object or whether the object is stationary or moving.

Multiple Sensors. We believe autonomous driving applications beyond Level 2 will require front-facing cameras with more extensive fields of view (relative to the cameras used in most current ADAS systems), sensors in the side and rear of the vehicle, and redundant modalities (i.e., more than one sensor type). Increases in the necessary field of view and required robustness of the detection process will require redundancy beyond that of current ADAS applications. Mobileye has developed both a tri-focal camera configuration (three cameras with different fields of view placed side-by-side but not working together in "stereo") and an Ultra-High Resolution camera, with a very broad and deep field of view from one camera, but generating five times the samples per second as current cameras. These advanced systems enable a wide field of view while maintaining a sufficient number of image pixels per degree. The multiplicity of cameras and/or increased overall pixels also allows for depth through triangulation, which will provide additional redundancy cues within the detection process. The additional redundancy is necessary for self-driving applications where there is an urgent need both to reduce false braking to a minimum and reduce false negatives (missing a true target) to zero. Fusion between an advanced front-facing camera and multiple radars will also be a necessary part of self-driving due to the needed redundancy. We also believe that lidar will have a meaningful role in terms of providing additional redundancy for distance verification and road contour analysis.

Our advanced cameras are already in series development with seven OEMs, with the first program targeted for production launch in 2018.

Our Solutions

Our core products are in the category of Sensing. We believe that our sophisticated software algorithms perform at automotive-grade standards, providing drivers with high-accuracy interpretations of a scene in real-time and an immediate response based on the analysis. This software is deployed on our proprietary family of EyeQ® system on a chip ("SoC") products which combine high computational performance, low energy consumption and low cost all at an automotive-grade functional safety standard. Our technology keeps passengers safer on the roads, reduces the risks of traffic accidents, saves lives and has the potential to revolutionize the driving experience by enabling autonomous driving. Our products use monocular camera processing that works accurately alone or together with radar for redundancy. We expect to launch products that work with advanced multi-focal and ultra-high resolution cameras for automated driving applications with the same high performance, low energy consumption and low cost.

In recent years, we have expanded our product offerings beyond pure sensing solutions to crowd-sourced, high-definition mapping and reinforcement learning algorithms for driving policy.

Road Experience Management™: Most in the auto industry agree that to safely enable autonomous driving beyond Level 2, a map significantly more accurate than GPS-based maps is required. Our proprietary mapping product, Road Experience Management (REM™), generates and updates such a map through crowd-sourcing. We use camera-equipped Level 1 and 2 vehicles with our software as "the crowd." Considering these cameras already support ADAS functions, using them to crowdsource a map represents very little incremental cost. Our software expertise helps us use real-time geometrical and semantic analysis to compress the camera data into a form that can be communicated over wireless. The REM technology is

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based on our EyeQ® processing platforms that on-board the vehicle and collect landmark and roadway information at extremely low bandwidths (approximately 10KB per kilometer of driving). Finally, potentially large-scale camera-equipped vehicles give us confidence that the map can be updated rapidly, leading to low Time to Reflect Reality ("TTRR").

Driving Policy: Once multiple sensors and localization mapping are used to build a full environmental model of the driving scene, one piece of the autonomous driving puzzle that remains missing is Driving Policy. Driving Policy for the autonomous vehicle can be compared to the driving lessons that humans take before they are allowed to drive on the road. We do not take driving lessons in order to train our perception (i.e. our sensors), we take driving lessons in order to learn how to merge into traffic and execute other maneuvers that require "negotiating" with other vehicles. Many situations can be dealt with by rules-based software by our partners, but certain situations are too complex to be solved by rigid, rules-based systems, such as busy roundabouts or double-merge situations. These situations require "drivers" to plan ahead, indicate their merge plans to other drivers through visual cues and, ultimately, negotiate. So long as autonomous vehicles share the road with human drivers – as is anticipated to be the case – this aspect is critical to make fully autonomous driving a reality. We are teaching vehicles how to manage complex situations through the development of deep reinforcement learning.

Led by Professor Amnon Shashua, our co-Founder, Chief Technology Officer, Chairman and a director, our more than 470 engineers and other research and development personnel have a history of innovation. We began developing vehicle detection from a single camera in 2000 and pedestrian detection in 2002.

We believe our position as the camera-based ADAS market leader is based on the following competitive strengths:

- All applications in one camera system, resulting in cost savings and greater convenience — We have always understood that it was essential to develop and enable the entire spectrum of ADAS functionalities with a single-camera system in order to position the camera as the primary sensor due to its cost and packaging convenience. Due to limitations of resolution and inability to see texture, radar and lidar sensors are unable to support many ADAS functionalities alone. We can provide all applications in a single system and camera, in many cases with no redundancy from radar. In addition to demonstrated quality and accuracy, this makes our solution also compelling to OEMs from a cost perspective. Given recent NCAP rules as a result of which OEMs are adding AEB function as standard fitment (as opposed to an optional function), having all applications on the same system offers up-sale opportunities to OEMs that work with us and can sell the full suite of applications on the same hardware that is already within the car as standard fitment given AEB rules. Further, in the long-term, many of our planned, additional applications will require a simple update to the software rather than costly and time-consuming changes to the hardware itself.

- Large validation datasets train and optimize our complex proprietary algorithms — Our more than 18 years of ADAS research and development, largest number of programs launched on the roads in the industry and experience with most global OEMs have yielded tens of millions of miles of real-world user profile data covering more than 60 countries at all times of day and in multiple scenarios — highway, country, city — across hundreds of vehicle models. Our large datasets, gained from OEM prototype testing and unbiased as to any OEM, we believe, give us a significant advantage in the ability to train and optimize our proprietary algorithms. We can also fully validate safety functions, which is crucial in order to avoid false-positive actuations. For example, our FCW algorithm has a demonstrated 99.99% accuracy. We believe that no other company in the world has road experience datasets as deep and as broad as ours.

- We seek to work with all OEMs and Tier 1 companies — We seek to work with all OEMs as well as Tier 1 companies. We believe our hybrid approach of working directly with OEMs to customize and validate our products for a specific product program and then making that product available to multiple Tier 1 companies that may respond to an RFQ for the same serial production contract, offers us the opportunity for the greatest market share. OEMs often source from multiple Tier 1 companies. Because we provide the technology itself, an OEM can choose to work with its

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preferred Tier 1 company while having our technology powering their ADAS application. We have a very strong track record of winning business with OEMs. For the past nine years, we have won more than 85% of the serial productions for which we have been requested to provide a quotation.

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Long-standing relationships with OEMs and Tier 1 companies provide for a leading and defensible market position — Our market leadership results from many years of review and validation from more than 25 of the global OEMs and our relationship with most of the leading Tier 1 companies. We expect that as regulations and ratings require more active safety features, more cars and more car models will have a camera. As the leading provider of camera-based ADAS, we are well positioned to benefit from this trend in several ways: (i) we believe that our many long-standing relationships, proven track record of accuracy and quality over millions of miles and the investments in validation that OEMs have made create significant barriers to entry to the ADAS market; (ii) our continued development of advanced, innovative technology that satisfies our customers' needs for advanced ADAS and autonomous driving technology is another barrier to entry; (iii) we believe that we are the only technology company with the domain and field expertise in the development of automotive applications of computer vision and machine learning with the capability to reach the 99.99% performance accuracy that is required to win meaningful production programs, and as the market shifts toward autonomous driving, we believe reaching this performance level is even more challenging and requires the domain expertise that we have developed over the years; and (iv) this leading position in the supply of camera-based ADAS systems also makes us well positioned to be a collector and provider of crowd-sourced maps through our proprietary REM technology. We believe that autonomous driving requires additional redundancy from high-definition maps, continuously updated by millions of drivers.

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Self-designed, cost effective EyeQ® microchip — We have designed our own microprocessor chip that has the computing power to run LDW, FCW, AEB (for vehicles and pedestrians), TSR, AHC, ACC, Free-Space Analysis, debris detection, 360 degree awareness, environmental mode, REM and more – at a frame rate of 36 frames per second for our EyeQ3®. We believe this kind of computational load is unusually high on a portable device. Our EyeQ® SoC is capable of achieving very high throughput at very low power consumption and very low cost. Each new generation of the EyeQ® SoC is many times faster than its predecessor, allowing for more and better image analysis. EyeQ2® was approximately six times faster than the original EyeQ®; EyeQ3®, launched in vehicles in the fourth quarter of 2014, is approximately eight times faster than EyeQ2®. We believe that our next generation chip, the EyeQ4®, is the most advanced application-specific vision computing SoC in our market. EyeQ4® has computing power that is eight times more powerful than EyeQ3® and will have the capabilities to process data from at least 12 sensors, including radars and lidars. All the while, the EyeQ4® power consumption is below four watts which is important in terms of avoiding active cooling within vehicles. EyeQ4® engineering samples are available, and we have many sourced production programs starting 2018 that will be using our EyeQ4®. In May 2016, we announced our development of the fifth generation of EyeQ5® to act as the central processor for fully autonomous driving vehicles starting in 2020. The fifth generation SoC is scheduled to sample in the 2018. EyeQ5® is expected to achieve computational power of 7x-8x EyeQ4® at five watts or less and be able to process data from at least 18 sensors.

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Highly scalable business model — Our business model results in strong operating margins, and in 2016 we generated operating income, net income and positive cash flow from operations. We believe that our business can continue to grow significantly without corresponding increases in fixed and capital expenditures because we have strong existing relationships with the majority of all OEMs and Tier 1 companies, and we are not reliant on traditional sales and marketing processes to develop the OEM business. Further, we believe that STMicroelectronics N.V., a leading provider of integrated circuits, is capable to increase production of our EyeQ® chips as sales increase.

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Our Growth Strategies

We intend to expand our operations and continue to lead the ADAS and autonomous driving market by:

- Capitalizing on regulatory and safety rating changes promoting standard feature ADAS — We believe that in order to attain a 4-star or 5-star safety rating in most countries that issue ratings, a vehicle will need to be equipped with camera-based ADAS sometime in the next several years. As a result, OEMs have been moving to adopt ADAS technology as standard equipment on the majority of new launches of existing models as well as of most new models. We believe we are strongly positioned to benefit from the increased demand for ADAS and we have already been sourced for standard feature programs by global OEMs. Further, we work with the European NCAP, NHTSA and other NCAPs to demonstrate the capabilities and reliability of our technology and to help ensure that they develop regulations and ratings that address the full range of benefits that we believe ADAS can offer. Currently NCAP ratings that include AEB exist in Europe, Japan and Australia. Recently, NHTSA announced that it will adopt a new 5-Star Safety Ratings system, which will encompass AEB into the overall star rating system effective for 2019 car models. In addition, NHTSA and IIHS announced a commitment by 20 automakers representing more than 99 percent of the U.S. vehicle sales to make AEB a standard feature on virtually all new cars sold in the United States no later than the year that begins September 1, 2022.

- Exploiting the advantages of camera-only ADAS — We believe the camera sensor is key for mass adoption of active safety features because only a camera can perform the full suite of ADAS functions at a reliability level that can ensure both real world performance in complex cluttered environments and offer acceptable levels of false-positive actuations. Unlike other sensor modalities, such as radar and lidar, which do not incorporate the full panoply of ADAS functions, camera-only ADAS reduces cost and package constraints.

- Leading the development of ADAS and automated driving — The move towards hands-free driving necessitates additional capabilities, such as traffic-light detection, detection of obstacles outside the driving path and significant growth of scene understanding in order to support automatic lateral control of the vehicle. We believe the camera is the sensor best suited to address the functionalities necessary for automated driving. Effective automated driving requires three pillars: the first is sensing that will build on current ADAS technology, incorporating the coordination of multiple cameras around the vehicle to provide both a wide field of vision and protective redundancy. We have been designing new multiple camera configurations to support the higher safety standards required for vehicles systems beyond Level 2. In addition, we have developed “Deep Layered Learning” algorithms to handle free space estimation capabilities and path detection and planning, even on roads with no lane markings and/or unconventional boundary delimiters (i.e., stand of trees, line of parked cars, gravel, etc.). These algorithms use our EyeQ3® and EyeQ4® architecture to provide real time performance at low power consumption levels. The second pillar is precise high-definition mapping to serve as the required redundancy to sensing. We have developed our REM technology, which uses continuously updated high-definition data and precise localization to determine the safe drivable path. REM technology is based on software running on our EyeQ® processing platforms. The third pillar is driving policy, which uses novel technology that we developed in order to enable autonomous cars to drive among human drivers and other autonomous cars and make “human-like” decisions, which are needed for autonomous driving. We expect that the continued experience gained in this area will enhance our ability to maintain a leadership position in ADAS technology and further enhance our already-strong position in full autonomous driving. Our broad product offering across these three pillars of automated driving is an important driver of recent production program wins with five OEMs for Level 3 autonomous driving and five OEM wins for Level 4 autonomous driving.

- Creating additional and enhanced applications — Full-braking, camera-only AEB was launched in 2015 by Audi, and, based on won programs, we expect other OEMs will follow. We expect to launch additional and enhanced functionalities in the coming years, including animal detection, general object detection, free space or construction

zone assist, traffic light detection, pothole

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detection, boundary detection, road marking and debris detection. Some of these are necessary for OEMs to continue to generate acceptable safety ratings under more stringent European NCAP rules for 2020. We also plan to collaborate with WABCO Holdings Inc., a leading global supplier of technologies that improve the safety, efficiency and connectivity of commercial vehicles, to develop solutions for commercial vehicles that leverage advanced emergency braking ADAS functionalities. As we continue to expand the suite of ADAS we offer, we believe our technological advantages over our competitors will continue to grow.

- Winning additional serial productions with existing and new OEMs — We intend to leverage our technology leadership and strong relationships with existing OEM customers to win additional serial production contracts in order to make ourselves a fundamental component of our OEMs' global platforms. We also believe our superior product and demonstrated ability to work with OEMs and Tier 1 companies will enable us to win serial production contracts from additional global and smaller OEMs for automobiles, as well as buses, trucks and other vehicles, which may require specialized customization.

- Creating partnerships with our customers — We have evolved from an ADAS technology supplier into a full autonomous driving technology partner by proving the three pillars of autonomous driving. This new role opens a door to meaningful strategic partnerships with our customers — partnerships such as those announced with BMW and Delphi in 2016. These collaborations have the potential to position our EyeQ® as the central processor within the autonomous car. Our EyeQ®, algorithms and software provide powerful and sophisticated infrastructure that we will open to our OEM partners to insert their own specific value into the system, unrelated to ADAS and autonomous driving pillars, and accelerate their plans for fully autonomous driving. We believe that in this way our EyeQ® will be integrating all sensors for the sensing tasks, incorporate REM and driving policy and serve as the infrastructure for OEMs to bring their own value to autonomous driving.

- Creating Global RoadBook in collaboration with our partners — We believe that a prerequisite to the successful enabling of autonomous driving is an ability to create and maintain precise high-definition maps and scale them at low cost. This is the primary purpose of our REM technology that results in a RoadBook of precise drivable paths generated through crowd-sourcing. BMW and Volkswagen have entered into agreements with us to develop this system. We believe that scale is important and the merging of data from multiple automakers will enhance both the geographic comprehensiveness of the map as well as how quickly it is updated. We expect other OEMs to join in this partnership and provide a framework for industry-wide cooperation to jointly produce the map contents that are needed for autonomous driving through REM technology. We expect that these agreements will allow us to combine data required from these OEMs to create the RoadBook and share revenues generated between us and the contributing OEMs. We believe this framework can result in an incremental revenue stream for us and our OEM partners from selling the map and associated maintenance services, as well as other data that can provide dynamic information about a variety of road conditions.

- Expanding our aftermarket product sales — Our aftermarket products can be fitted for both automotive and truck uses. We believe there is significant opportunity for growth in our sales to commercial and governmental fleets, insurance companies, vehicle importers and dealers, public transportation providers, taxi operators and OEMs that may seek to offer our aftermarket product for vehicles that do not contain ADAS technology as a standard feature. In addition, we have developed a product called Mobileye Shield+ that is designed to assist in blind-spot detection of large trucks and buses and empowers drivers to avoid and mitigate imminent collisions, protecting the most vulnerable and difficult to observe road users: cyclists, pedestrians and motorcyclists. The Mobileye Shield+ is connected to a telematics system and also provides meaningful information based on the Mobileye Shield+ alerts to fleet managers and municipalities who can anticipate hot-spots based on such alerts and effect changes that can meaningfully reduce road accidents. The Mobileye Shield+ is in the pilot stage within approximately 41 municipal bodies around the world. We have accepted

the U.S. DOT's invitation to collaborate with its Smart City Challenge, and, as a result, we will equip several hundred buses in the winning city with our

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Mobileye Shield+, free of charge. We believe that we can leverage the growing public acceptance and awareness of driver safety technologies and the rising influence of "5-star" quality ratings in new car models to market our ADAS aftermarket products as well. We also seek to promote regulation that will mandate or encourage aftermarket installation of ADAS technology for certain usages, such as fleets, public transportation or certain drivers, such as young drivers. In addition, we believe that, with our Mobileye Shield+ product, we can promote aftermarket sales by aligning the interests of fleets and municipalities in reducing city casualties resulting from large trucks' and buses' blind-spots as well as their interest in anticipating road accidents before they occur.

Our Technology

Our technology rests on three layers. The first layer is software, particularly our visual processing algorithms that extract meaningful information from a video camera. In the context of ADAS, meaningful information consists of high-level information that is used by the car control systems to avoid collisions and unintended road departure (such as AEB), to perform longitudinal control (such as ACC) and lateral control (LKA, hands-free driving), to control lighting (such as AHC) and to provide the driver with relevant information about traffic signs and traffic lights. The second layer is our silicon core designs that run on our EyeQ® family of SoCs. We designed vector accelerators (called VMP, PMA and MPC) that per silicon area are an order of magnitude more efficient than off-the-shelf vector accelerators (like DSPs, GPUs, FPGAs) for the purpose of computer vision algorithms. Our EyeQ® family is planned according to safety standards and is ISO26262 compliant with the Safety Element Out of Context. Security defense is built based on integrated hardware security module and enables system integrators to support over the air software updates, secure-in vehicle communication and more. Over our more than 15 years of silicon design, we have acquired crucial know-how and developed innovations that give our EyeQ® SoC high levels of computing intensity in a low-power and low-cost package. The third layer is our electronic circuitry design, which we use for our aftermarket products and as reference designs for our Tier 1 customers.

Software

Our software activity is divided into algorithms, which are the engines for extracting meaningful information from video; application software, which supports development with tools for data analysis and validation; and embedded software on our EyeQ® SoC.

Our visual interpretation algorithms consist of the following:

- Road signs interpretation — lane markings, curbs, road edge, barriers and other information that allows high-level control systems to make sense of where the host car is located relative to the roadway. The most basic example of this technology is the LDW feature (launched in 2007), which was followed by LKA (launched in 2012). Further growth of this technology is designed to support hands-free driving in challenging roadway situations.

- Object detection — pattern recognition of vehicles, pedestrians and (large) animals for collision avoidance. Object detection is one of our "signature" strengths, with a development history of 18 years. We were the first company to launch pedestrian detection from a monocular camera (fused with radar) in 2010 on the Volvo S60. We subsequently launched camera-only pedestrian detection in 2013 on BMW and Nissan models. We were also the first to launch camera-only FCW on vehicles in 2011 and camera-only AEB with partial braking in 2013 and full braking in early 2015. The latest addition to this domain is the ability to detect vehicles at any angle and/or when partially obscured, including semantic information delineating different sides of the vehicle. This enables the sophisticated functionality of addressing potential collision with crossing and turning vehicles. Furthermore, this can be enabled also from side cameras to enable 360-degree protection that is critical for autonomous driving.

- Range and Time-to-Contact ("TTC") to targets — actuation (alert or braking) to avoid a collision requires knowledge of the range (or distance) and TTC to the target object. Measuring range and TTC accurately from a monocular signal requires innovation and know-how that we have acquired over many years of development.

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- Motion-based measurements — the flow of pixels along a sequence of images due to camera motion provides three-dimensional (3D) cues that are analyzed in many levels of the system. This analysis includes validation filters for object detection engines (vehicles, pedestrians, animals); separating moving objects from the background; detecting general (not model-based) objects; detecting debris (of at least 10 centimeters in height) from 50 meters away; reconstructing the road profile in order to detect bumps and potholes; generating a 3D map of the visual field using the principle of "structure from motion," which is the process of estimating 3D structures from 2D image sequences, and which may be coupled with local motion signals; and fusing 3D and image pattern recognition to aid in scene interpretation, all of which will also support automated-driving functionality.

- Pattern Recognition — we have developed state-of-the-art multiclass classifiers to enable speed limit indications (first launched worldwide in 2008 on BMW and later by many other OEMs) and detection of various other traffic signs. Traffic light detection is another important layer in this realm as it necessitates not only the accurate detection of the traffic light's existence, and the demonstrated active light, but also the relevancy of the traffic light to the current driving path. Furthermore, in order to complete the information, the detection of the stop-line and the matching stop-sign are required. The complete understanding of the scene in this respect is useful for supporting hands-free driving.

- Lighting functions — our AHC is enabled by an innovative set of algorithms that read and interpret the spots of light in the night scene to determine when to turn the high beam on or off. We launched this feature in 2008. It was the first worldwide in the sense of implementation on a camera (rather than a specialized sensor) and first worldwide in conjunction with other functions (LDW and TSR).

- Semantic Free-Space — we have developed "Deep Layered Learning" algorithms that determine a label for every pixel in the image. The purpose of the label is to determine the free-space zone of the drivable path and the types of objects that are at the boundary of the free space. The object categories include vehicles of all types and at all angles, barriers, guard rails and curbs. We launched this feature in 2015.

- Holistic Path Planning — our "Deep Layered Learning" algorithms determine the path forward in situations where road lane markings are non-existent or too weak to support determining the path. This technology enables active hands-free driving on general roads as well as country and city roads. We launched this feature in 2015.

- 360-degree driving scene interpretation — given that vision is the richest source of information on the driving scene, it is required to have 360 degrees of the field of view covered by visual information. We see eight cameras covering the 360-degree field of view around the vehicle. In order to exploit this source of information efficiently, it is required to be able to detect and respond to all objects and scenarios addressed by the front looking cameras. This includes, for example, vehicles, pedestrians, hazards, lanes, free-space and much more. The combination of all that information is essential for full autonomous driving.

- Environmental models — we have developed the notion of an environmental model that is crucial for high-level understanding of a scene. It provides a full vocabulary of the road ahead: how many lanes exist, where is the current path among these lanes, what is expected on the road ahead in terms of merges/splitting/highway exits, what are the path delimiters, etc. This information is essential for enabling full autonomous driving.

- REM technology — we are developing a new mapping technology called REM, which enables crowd-sourced real time data for precise localization and high-definition lane data. The localization is based on accurate detection of visual landmarks such as traffic signs, marking on the road, poles, traffic lights and more. The accuracy of REM is such that it forms an important layer of information to support fully autonomous driving and provide a complementary source for redundancy. The fact that REM data is sourced from “normal” camera-equipped ADAS vehicles provides the scale to generate and update the map with low Time to Reflect Reality and to do so at low cost as no specialized hardware or vehicles are needed.

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Silicon Core Design – EyeQ® Chips

Our technology addresses an important challenge: to run all the above algorithms, and the functions they support, simultaneously at a frame rate between 10 to 36 frames per second (depending on the EyeQ® generation). Running this kind of computational load on a low-power microprocessor calls upon the second layer of our technological innovation: the EyeQ® family of SoCs.

Each generation of the EyeQ® SoC consists of a combination of central processing unit (CPU) cores (licensed from third parties) and dedicated vector accelerators that we have designed and own. Each generation of the EyeQ® SoC has been six to eight times more powerful (yet maintains approximately the same power profile) than its predecessor and is designed to support the increasing functional demands of our customers, which drive the need to run greater numbers of different algorithms, as well as process data from greater numbers of sensors, simultaneously. The EyeQ® generations support the following functional bundles:

- EyeQ1® — launched in 2007, supported two bundle types: (i) LDW, TSR and IHC; and (ii) LDW and Vehicle AEB fusion with radar.

- EyeQ2® — launched in 2010, supported a variety of functional bundles, including LDW, TSR, IHC, FCW and AEB for vehicles and pedestrians (partial braking).

- EyeQ3® — launched in the fourth quarter of 2014 with one OEM, with other OEMs launched in 2015 and 2016. We also have design wins with six OEMs for launches expected in 2017. In addition to significant upgrades of all of the above functions, EyeQ3® supports full braking AEB, structure from motion functionalities, road profile reconstruction, debris detection, general object detection, traffic light detection and REM.

- EyeQ4® — engineering samples are available now showing complete functionality with first production planned for late 2017. We have many production nominations running on EyeQ4® for 2018 launch with multiple automakers and many different functionalities. We anticipate further production wins based on EyeQ4®. EyeQ4® is being designed to support processing from multiple cameras (including multi-focal or ultra-high resolution front facing and side/rear), as well as other sensor modalities. Some of our first design wins for 2018 include a scalable portfolio of functions from monocular camera supporting AEB and standard fit functions for star-rating compliance up to advanced multi-camera configurations supporting high-end capabilities, including Level 3 autonomous driving.

- EyeQ5® — designed to act as the central computing processor to enable fully autonomous driving. Engineering samples are expected to be available in 2018 with first production expected to begin in 2020. We expect that the EyeQ5® will be designed in advanced 7nm FinFET technology node and will feature eight multithreaded CPU cores coupled with 18 cores of our next-generation, innovative, and well-proven vision processors. Taken together, these enhancements will support processing of data from at least 18 sensors and will increase computational performance 7x – 8x times over the EyeQ4®. We expect that the EyeQ5® will produce more than 12 Tera operations per second, while keeping power consumption at five watts or less, to maintain passive cooling at extraordinary performance. We also integrate certain technologies developed and owned by third parties into our products, including the central processing unit core of our EyeQ® chips, through license and technology transfer agreements.

Electronic Circuitry

The third layer of our technology consists of the electronic circuitry design that surrounds our SoCs, which serves both as a reference design to guide our Tier 1 customers when responding to RFQs and as the basis of our aftermarket products. This technological layer is key to our position in the OEM market as it gives us the maturity and know-how of a Tier 1 company and thereby allows us to make a significant impact on the entire product chain rather than being

limited to the position of a component provider. A secondary benefit is our ability to work with less experienced Tier 1 companies (in the field of ADAS) and bring them up to the required level of knowledge in a relatively short time.

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Our Products

Functions

We offer the only camera-based ADAS technology that covers all of the following applications:

- Safety Functions

- Lane functions — Lane Departure Warning (LDW) and Lane Keeping and Support (LKS);

- Vehicle detection functions — Forward Collision Warning (FCW), Headway Monitoring and Warning (HMW), Adaptive Cruise Control (ACC), Traffic Jam Assist and Automatic Emergency Braking (AEB);

- Pedestrian detection functions — Pedestrian Collision Warning (PDW) and Pedestrian Automatic Emergency Braking;

- Convenience and Driving Enhancement Functions — Adaptive High Beam Control (AHC), Traffic Sign Recognition (TSR) and Speed Limit Indicator (SLI); and

- Autonomous Driving Technologies — Drivable path delimiter capabilities, including detection of curbs, barriers, construction zone obstructions, general obstacles, road bumps, potholes and debris. Additional capabilities include path planning for determining the drivable path in situations where the lane marks do not exist or are too weak to rely on. In addition, our REM technology serves as redundancy to such sensing capabilities. Our REM technology uses continuously updated high-definition data using crowdsourcing. Our driving policy technology enables autonomous driving among human drivers and other autonomous cars.

Each OEM will require a different bundle of applications for a particular model. Similarly, purchasers of larger amounts of our aftermarket products, such as fleet owners, will also usually designate the specific bundle of applications they need. The price for our products depends on the particular bundle of applications and their relative complexity.

The following are illustrations of the capabilities of the functions of our products:

The image above shows some of the detected objects within the 50-degree horizontal field of view of a monocular camera. Integrated with our EyeQ® SoC, a monocular camera can detect pedestrians, vehicles, lanes, traffic signs and more.

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To support autonomous driving applications, we use three cameras with different fields of view. While basic ADAS functionality is performed by a 50-degree monocular camera ([2] in the above image), two other cameras extend the system's ability. The 150-degree field of view ([1] in the above image) enables early detection of close objects such as close cut-in vehicles, crossing pedestrians and cyclists. The 30-degree camera ([3] in the above image) enables an extended detection range for small objects such as traffic lights and obstacles on the road.

For Level 4 autonomous driving, our OEM customers require a configuration of 360-degree full-surround vision to interpret the driving scene and build an environmental modeling. In addition to the three fields of view looking forward as explained in the above image, two cameras are placed at each side looking to the side and forward and to the side and backwards, enabling detection of vehicles, pedestrians, lanes, road markings, free space guardrails, traffic signs and directional signs at every angle; and the eighth camera is placed in the back looking backwards enabling detection of vehicles, pedestrians, lanes, road markings, free space guardrails, traffic signs and directional signs.

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Our REM technology is based on software running on our EyeQ® processing platforms, and it extracts landmarks and roadway information at extremely low bandwidths, approximately 10KB per kilometer of driving. We arrive at such low bandwidth by 3D detection of traffic signs, directional signs, general signs, lampposts and reflectors, which serve as landmarks, while additional families of landmarks will be added if needed (see above image). We use 1D recording of a drivable path by creating a road model using the location of the lanes and ego-motion technology. Such sparse 3D and dense 1D recording that utilizes our monocular vision capabilities reduces the required bandwidths to approximately 10KB per kilometer and enables use of crowdsourcing to obtain continuously updated high-definition data for drivable paths with precise-localization. We achieve high accuracy of localization by using "tail alignment" to get precise fit between recording and sensing. Additionally, backend software running on the cloud integrates the segments of data sent by the vehicles with the on-board software into a global map.

OEM Products

Mobileye provides the software and the EyeQ® SoC to the Tier 1 companies. Typically, after we work with the OEM so that it can validate our product, the OEM issues an RFQ. We create a reference design for the camera sensor and electronics that are built around our SoC to each Tier 1 company that determines to respond to the RFQ. The Tier 1 company, based on our reference design, builds a module for the complete sensor system that includes the windshield-mounted camera, our proprietary EyeQ® SoC and our application software using our software algorithms. This complete sensor system with the required ADAS functionalities is then integrated into new cars by the OEM. We also give the Tier 1 company the pricing of our product per bundle of applications, which is incorporated into its RFQ and is set for the duration of the program. Although our direct customers are the Tier 1 companies, we view the OEM as our ultimate customer and maintain strong direct relationships with the OEMs.

Aftermarket Products

We have sold our products in the aftermarket since 2007. In the aftermarket, we offer the Mobileye 6-Series product, which incorporates the Mobileye EyeQ® SoC and related algorithms and software on a windshield-mounted vision sensor unit with a compact High Dynamic Range CMOS (HDRC) camera and related hardware (together, Mobileye's SeeQ2® image processing board) as well as a display unit ("EyeWatch"). The Mobileye 6-Series product complies with NHTSA standards for collision avoidance systems and offers the following complete ADAS function set:

- Lane Departure Warning (LDW)
- Forward Collision Warning (FCW)
-

Headway Monitoring and Warning (HMW)

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- Pedestrian Collision Warning (PCW)

- Adaptive High Beam Control (AHC)

- Traffic Sign Recognition (TSR)

We also offer additional features, such as Enhanced Cruise Control, pre-lighting of brake lights and Bluetooth connectivity as well as a related smartphone application.

In addition, in January 2015 we launched our Mobileye Shield+ product, which is a sophisticated blind spot detection, a “vision zero” solution that includes a main camera that has all Mobileye 5 series alerts and two additional side cameras that recognize pedestrians and cyclists. This solution warns drivers of Large Goods Vehicles (LGVs) and buses by utilizing optical and audio alerts if a collision is about to occur with a pedestrian or cyclist from the side of the long vehicle. By filtering out other objects, the system eliminates unnecessary distractions for the drivers. The Mobileye Shield+ is connected to a telematics system and provides meaningful information based on the Mobileye Shield+ alerts to fleet managers and municipalities who can anticipate hot-spots based on such alerts and effect changes that can meaningfully reduce road accidents.

Our Customers

Our customers include OEMs, Tier 1 system integrators, fleets and fleet management systems providers (telematics), insurance companies, leasing companies and others.

The Tier 1 company, based on our reference design, builds a module for the sensor system that includes the windshield-mounted camera, our proprietary EyeQ® SoC and our application software using our software algorithms. This complete sensor system with the required ADAS functionality is then integrated into new cars by the OEM. In connection with its response to the RFQ, the Tier 1 company receives a quotation from us in which we determine the price of our product for the following years as well as the NRE fees, as discussed above.

If the OEM awards the design to the Tier 1 company that incorporates our product, we will start production development with the Tier 1 company and the Tier 1 company is responsible for paying our invoices for the products we supply to it.

We offer our ADAS aftermarket product line to commercial and fleet customers and through distributors to fleet management systems (FMS) providers in more than 30 countries. We sell our aftermarket products to smaller OEMs and to OEMs that want an aftermarket solution for their models that do not have ADAS as a factory option. Our aftermarket products also give OEMs the flexibility to offer these solutions at different levels throughout their logistics network. We also sell to importers or dealers that add our aftermarket product to vehicles that did not come with our product as a factory option.

OEMs

Our products were first included in production vehicles in 2007 with three manufacturers – BMW, General Motors and Volvo. As of December 31, 2016, our technology is available with 21 OEMs worldwide, either as an option or a standard feature. Further, our products have been selected for implementation in serial production with more than 25 OEMs. We currently have production agreements with respect to the following OEMs:

| | | |
|---|---|---|
| Adam Opel AG | General Motors Company — Buick, | Nissan Motor Co., Ltd. — |
| Audi AG | Cadillac, Chevrolet and GMC | Nissan and Infiniti |
| Bayerische Motoren Werke (BMW) AG — | Honda Motor Company, Ltd | PSA Peugeot Citroën — |
| BMW, Mini and Rolls Royce | HKMC — Hyundai and Kia IVECO | Peugeot and Citroën |
| Chrysler Group LLC — Chrysler, | Lucid Motors Inc. | Renault S.A. |
| Dodge and Jeep | MAN SE | Scania Aktiebolag (publ) |
| FAW Automotive | Mitsubishi Group | Ssangyong Motor Company |
| Fiat S.p.A. | Mazda Motor Corporation | SAIC Motor |

Ford Motor Company — Ford and Lincoln
NIO USA
Soueast Motors
Volkswagen
Volvo Car Corporation
Yulon Motor Co., Ltd.

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There is usually a several year period from the time at which we are first introduced to an OEM until our product is included in serial production. During the first several years, we educate the OEM about our technology, including our sophisticated algorithms and the EyeQ® SoC platform and its capabilities, and the OEM evaluates and validates our technology in its testing facilities. During this period, we receive revenues from the OEM for selling testing equipment for its evaluation purposes. If the OEM requires specific developments pursuant to its evaluation, we may charge the OEM certain fees, which are best efforts, nonrefundable Non Recurring Engineering arrangements, in which we are reimbursed for a portion of the research and development expenses attributable to specific development program ("NRE") regardless of whether we achieve a subsequent design win. After the OEM has evaluated our technology, it may issue an RFQ to Tier 1 companies of its own choice. The RFQ will identify, among other items, the applicable bundle of applications required and the expected size of the production run for the particular automobile model. The OEM will send the RFQ to Tier 1 companies that are working with us on the basis that these Tier 1 companies will quote Mobileye technology and also to other Tier 1 companies that may have their own technology. If a Tier 1 company includes our technology, we will provide a quotation (we provide a different quotation for each different RFQ) for the NRE fees we will charge the Tier 1 for the work we are doing for the specific program and the EyeQ® price for the duration of the program. The prices are differentiated by the applicable bundle within the program. All intellectual property generated from these NRE arrangements are owned exclusively by us. An OEM may also send an RFQ only to Tier 1 companies that are working with Mobileye, which means that we will be selected as the technology provider irrespective of the winning Tier 1 company. If we, through a Tier 1 company, win the RFQ and a production program is initiated, there is typically approximately two to three years of production development before the product is included in a car model. This long design and validation process results in our having a strong direct relationship with an OEM, which we believe offers us advantages when ADAS are being proposed for additional car models. We generally provide our products to a Tier 1 company for serial production pursuant to the Tier 1 company's standard purchase order and our customary terms and condition.

All of our working relationships with the OEMs listed above are in the production development or serial production phases. We believe that we win new serial production in respect of the RFQs in which we participate by a ratio exceeding 85% in the past approximately nine years.

Tier 1 Companies

We supply OEMs with the EyeQ® platform through our arrangements with automotive system integrators, known as Tier 1 companies, which are direct suppliers to vehicle manufacturers. Our Tier 1 customers include Autoliv, Inc., Delphi Automotive Plc, Gentex Corporation, HiRain, Key Safety Systems, Leopold Kostal GmbH, Magna Electronics Inc., Mando Corporation, Nidec Elesys, Sony Corporation, Taiwan Calsonic, ZF-TRW and Valeo as well as Bendix Corporation and Mobis Transportation Alternatives, Inc. working jointly with TRW.

The Tier 1 company, based on our reference design, builds a module for the sensor system that includes the windshield-mounted camera, our proprietary EyeQ® SoC and our application software using our software algorithms. This complete sensor system with the required ADAS functionality is then integrated into new cars by the OEM. In connection with its response to the RFQ, the Tier 1 company receives a quotation from us in which we determine the price of our product for the following years as well as the NRE fees, as discussed above.