

**Transcript of  
MicroVision, Inc. (NASDAQ:MVIS)  
Fourth Quarter and Full Year 2021 Earnings Call  
February 24, 2022**

**Company Participants**

Sumit Sharma – Chief Executive Officer  
Anubhav Verma - Chief Financial Officer  
Drew Markham – General Counsel

**Operator**

Good day, everyone, and welcome to the MicroVision Fourth Quarter and Full Year 2021 Financial and Operating Results Conference Call. [Operator Instructions] Please note that today's event is being recorded.

At this time, I'd like to turn the conference over to Drew Markham. Please go ahead.

**Drew Markham – General Counsel, MicroVision**

---

Thank you, Jamie. I am pleased to be joined today by our CEO, Sumit Sharma; and our CFO, Anubhav Verma. Following their prepared remarks, we will open the call to questions.

Please note that some of the information you'll hear in today's discussion will include forward-looking statements, including, but not limited to, statements regarding our product development, testing and performance, comparisons to our competitors, market opportunity, potential product sales and future demand, business and strategic opportunities, customer and partner engagement, projections of future operations and financial results, availability of funds as well as statements containing words like potential, believe, expects, plans and other similar expressions.

These statements are not guarantees of future performance. Actual results could differ materially from the future results implied or expressed in these forward-looking statements. We encourage you to review our SEC filings, including our most recently filed annual report on Form 10-K and quarterly reports on Form 10-Q. These filings describe risk factors that could cause our actual results to differ materially from those implied or expressed in our forward-looking statements.

All forward-looking statements are made as of the date of this call, and except as required by law, we undertake no obligation to update this information. In addition, we will present certain financial measures on this call that will be considered non-GAAP under the SEC's Regulation G. For reconciliations of each non-GAAP financial measure to the most directly comparable GAAP financial measure, as well as for all the financial data presented on this call, please refer to the information included in our press release and in our Form 8-K dated and submitted to the SEC

today, both of which can be found on our corporate website at [ir.microvision.com](http://ir.microvision.com) under the SEC Filings tab. This conference call will be available for audio replay on the Investor Relations section of our website at [www.microvision.com](http://www.microvision.com).

Now I would like to turn the call over to Sumit Sharma.

### **Sumit Sharma – Chief Executive Officer, MicroVision**

---

Thank you, Drew, and welcome, everyone, to this review of our 2021 fourth quarter and full year results. 2021 was an incredible year in MicroVision's history. Our team completed our best-in-class A sample, which is the foundation of our 4 products we announced in September in Munich. With that announcement, we solidified our OEM and Tier 1 engagements and started aligning to their program timelines for 2025 and beyond.

We enjoy a continued validation of our core technology and revenue with a major OEM as we disclosed last August, focused on AR market for commercial and military applications. MicroVision has real-world evidence that showcases our significant advancements over the competition, while being cost competitive at the same time, truly a win-win for the industry.

We also ended the year with the strongest balance sheet in our company's history. I expect 2022 to be another incredible year in our journey and I would like to update you on 3 topics. First, our technology platform; second, our go-to-market momentum; and third, our competitive outlook. We continue advancing our technology platform with the introduction of our edge perception software on a dynamic new LiDAR product. This is a very important extension of our intellectual property that we believe will give our ADAS solution an advantage over every other solution. By creating algorithms that would output obstacle versus free space clusters with associated velocities, we expect our solution to enable OEMs to significantly simplify their overall system architecture and reduce costs.

This year, in Q2, we expect to deploy LiDAR test vehicles in U.S. and Germany for track testing, high-speed highway pilot test scenarios. In Q3, we expect to complete Class 1 certification with external test facilities of our dynamic new LiDAR. In Q4, we expect to start strategic sample sales of this integrated hardware and software product to OEM and Tier 1 partners. Demonstrating a solution for a true highway pilot system at a competitive cost will clearly differentiate us from all other LiDAR companies and prove why we believe we will be delivering a best-in-class ADAS solution to the market. To put it simply, between Q2 and Q4, the performance and capabilities of our ADAS solution will come into focus and be ready for OEM adoption.

Now I would like to provide an update on our go-to-market momentum. We remain focused on promoting our solution directly to OEMs. The market has heard a lot of things about so-called partnerships between OEMs and other LiDAR companies. As we understand, these partnerships do not represent any purchase commitments for production in 2025 and beyond. We believe being an incumbent in the LiDAR sensor market does not offer an advantage if the solution that

is proposed would have a vehicle's resembling taxis with big notches in body styling or odd-looking cutout in the front grill design. The location in the grill reduces advantages of a LiDAR sensor. OEMs and Tier 1s continue to seek solutions that will solve LP problems at an acceptable cost.

Cars have always been about style, beauty and technology. Our low-profile sensor with its capability to enable highway pilot is setting a high bar for our competitors. We are focusing on developing our solution for OEMs needed rather than hype. Our company is the only one that has delivered to a global OEM a key product with actual experience scaling for cost and reliability. So far, OEMs and Tier 1s have provided positive feedback on our architecture and path. OEMs are very engaged in the ADAS market. They articulated to us the monumental shift in mobility that they are focusing on, what technology they need and how the path to success is still wide open. The recent multibillion-dollar transaction in the market for an ADAS company is indicative of the once-in-a-generation opportunity this represents for OEMs and MicroVision. I am confident that our go-to-market strategy remains sound and that we are positioned to capitalize on the growth in demand for ADAS solutions from OEMs.

Finally, I would like to update you on our competitive outlook. We've had the opportunity to present our technology to OEMs and Tier 1s and talk about our sustainable strategic advantages. We have learned through these conversations that the most important thing to every OEM is the ability to deliver a high cost competitive solution (correction: "low cost competitive solution") for L3 and L2+ with the most advanced features for ensuring safety. I can say with confidence that for every OEM meeting we have attended, the specifications of our sensor exceeded their requirements and the specifications offered by any other LiDAR company. With our technology, OEMs do not need to choose between high resolution at long range or high resolution in near field. This is unique to our technology. Our dynamic view LiDAR gives the highest resolution at range and the near field simultaneously. Our technology has additional advantages like low latency output with lateral and axial velocities all within a single system. No other LiDAR company can provide all the specification in a single sensor. Therefore, we feel confident that none of the partnerships for other LiDAR companies are set in stone.

Additionally, OEMs will also get our edge process point cloud, which is segmented for obstacle versus free space clusters. Our hardware is also built with standard components that are scaled and are not exotic. This is a charm of our technology and IP. We utilize automotive qualified cost-competitive components. With the addition of our MEMS modules, digital analog ASIC and software, can deliver the highest performance at the most cost competitive levels. So far, our competition does not meet the cost, size or performance needed to achieve high speed highway pilot features that OEMs are focused on. We continue to maintain a strong competitive edge.

I want to conclude my portion of the remarks by reiterating a few key points. One, 2021 was a very important and successful year for MicroVision in the delivery of our innovation, with OEM and Tier 1 engagements, real-world validation of our LiDAR and our very strong balance sheet. Two, we are gearing up for an important highway safety test track work in second quarter of

this year that will showcase exactly what our technology is capable of doing. We look forward to sharing this with you in the future. Three, we are very focused on our go-to-market strategy, making the necessary investment in talent, sales and marketing to showcase the technology to OEMs and spotlight just how significant our competitive differentiators are in the market.

I want to conclude today by saying how proud I am of our team for delivering throughout 2021 and allowing us to position well for the incredible 2022 and beyond. I would like to now turn the call over to Anubhav to talk about our financials.

### **Anubhav Verma – Chief Financial Officer, MicroVision**

---

Thanks, Sumit. Based on the continued interest from the OEMs, it is clear that the automotive LiDAR market is a very attractive space. We're confident that MicroVision will play a critical role with OEMs, and that we have a sound business model.

Today, I'm going to be spending time focusing on 2 key topics. Topic number one, our business model and the resulting financial profile. Topic number two, our 2021 financial results and 2022 outlook.

Let's start with topic number one, our business model and the resulting financial profile. My goal here is to help our investors model MicroVision and build the framework of our financial profile once the company signs up a few agreements. Let's start with Slide 5. The chart on Slide 5 represents the number of projected cars to be manufactured between now and 2030 that will include L2+ and L3 capabilities. If we assume that L2+ vehicles will require at least 1 LiDAR sensor and L3 vehicles to have at least 2, using this assumption and an average ASP or average selling price of \$800, which was the median of ASP estimates obtained after polling several industry experts, we estimate that the cumulative revenue opportunity for LiDAR sensors through 2030 is \$80 billion.

Let's turn to Slide 6. This slide summarizes our cumulative revenue could be between \$2 billion to \$4 billion through 2030, with a corresponding cumulative EBITDA profile of \$1 billion to \$2 billion once we're able to secure the partnership with the OEMs for our sensor units, to be included in their fleets. Both these numbers are potentially conservative and arrived at by assuming the ASP to be 500 instead of 800 for every LiDAR sensor unit for these estimates. We estimate that the market share of MicroVision can start from 15% and gradually rise to 40% depending on the adoption by the number of OEMs. As I mentioned earlier, the end customers for MicroVision will be Tier 1s, which, in turn, will be supplying these sensor units to the OEMs. The revenue from Tier 1s attributable to MicroVision will primarily come from 2 revenue streams: number one, hardware; number two, software.

Now let's discuss the stream number one hardware revenue. The hardware revenue stream starts once the directed by agreement has been secured with an OEM and a manufacturing partnership has been established between the OEM and Tier 1. This revenue stream can be modeled as a gross profit sharing arrangement with the Tier 1s and MicroVision. On an ASP of

\$500, we believe that the gross profits will be in the 10% to 15% range for Tier 1s, gradually tapering off to 2030 as the hardware becomes more and more commercialized after mass production. We believe that MicroVision could be expected to share 50% of these gross profits with the Tier 1 as revenue. This revenue stream is expected to grow with the number of LiDAR units being produced and delivered by the Tier 1s to the OEMs. The tapering of gross profit is very typical to any hardware product in its life cycle. Based on these parameters, we believe that the hardware revenue stream can be estimated to contribute approximately 1/4 of the total consolidated cumulative revenue of \$2 billion to \$4 billion through 2030.

Let's talk about stream number two, the software revenue. The revenue model for this stream can be expected to be a fixed fee for every LiDAR unit delivered by the Tier 1 to the OEMs for the proprietary software on MicroVision's custom ASIC. We expect to be able to command 15% to 25% of the ASP, 500 as this example, as this is the software engine that controls the hardware and associated sensor fusion with radar to build the world model for the OEM. The software revenue stream will be expected to contribute the remaining 3/4 of the total revenue. Unlike the hardware stream where gross profit would be expected to taper off with the increased adoption of LiDAR technology, software revenue per unit typically tends to remain consistent over time. To summarize, using these parameters, we estimate that the cumulative revenue could be potentially between \$2 billion to \$4 billion.

We believe that these estimates have 2 big potential upsides. Number one, the average ASP can be potentially higher than 500. And number two, if we add to this SAM, the LiDAR sensors that is just needed for L2 vehicles on top of the L2+ and L3 vehicles, the market size increases considerably over \$80 billion.

Let's talk about cost now. We believe that the largest cost for MicroVision to deliver the revenue is expected to be headcount as the business is expected to scale driven by the number of OEM partnerships as no associated production costs and related risks are expected to be assumed by MicroVision. The number of partnerships with OEMs is expected to be the most important driver in scaling of the engineering resources. In addition, there may be some increases required in sales and marketing efforts as the company scales this business. As a result of this, the EBITDA profile of the company is expected to quite resemble that of a typical software company. With these general guidelines and assumptions, we estimated the corresponding EBITDA to be \$1 billion to \$2 billion. These are illustrative figures should help you to quantify what success may look like for MicroVision through 2030.

Please note that while these are not forecasts, I hope these assumptions help you understand why we are really excited about the future. We are truly transforming MicroVision's core technology to make the most prolific and advanced LiDAR solution out there in the market.

Now let's move on to Slide 7 and 8 and recap the following 3 very significant ways that we believe our LiDAR sensor hardware and perception software outperforms the competition. Number one, the build in cost advantages. Number two, the highway pilot capabilities with dynamic view LiDAR product at low latency and high resolution at range. And lastly, the

proprietary software on custom ASIC powered by edge computing that provides free space clusters versus obstacles.

Moving on to Slides 9 and 10 that just gave you a peek into how we're investing in the growth of our company and positioning the business as we scale the efforts with OEMs and Tier 1s. Slide 9 shows the LiDAR test vehicle, which will be fitted with our LiDAR technology. Our team working to complete the track testing in Q2 2022 in both the U.S. and Germany. Slide 10 shows our investment in top-of-the-line R&D infrastructure and labs with the latest automation and reliability testing capabilities.

Now let's discuss the second topic I mentioned earlier that I wanted to cover: 2021 financial highlights and 2022 outlook. Let's walk through Slide 12. We finished the year with \$2.5 million of royalty revenue from Microsoft. As a reminder, this revenue is attributable to the contract executed in April 2017 with Microsoft for using our technology in their AR display product. No cash was received for this revenue in 2021 as we received an upfront payment of \$10 million at the contract signing. As of December 31, 2021, we had applied \$4.7 million against the contract liability. During the year ended December 31, 2021, we applied \$2.5 million against the contract liability with this customer.

For the revenue outlook for 2020, we anticipate that there will be another \$2.5 million revenue to be recognized this year as the remaining Microsoft contract liability winds down. In addition, we also plan to sell some LiDAR sensor units for strategic sales to OEMs and Tier 1s during the second half of this year. At the moment, we do not expect significant revenue from the direct sale of these LiDAR sensors.

R&D expenses totaled \$24.1 million compared to \$9.8 million last year. The increase was primarily driven by the higher noncash stock-based compensation. There was \$6.1 million in 2021 compared to \$0.7 million in 2020. Backing out the stock-based compensation, the R&D expense on a cash basis was \$18 million in 2021. This cash R&D spend was primarily due to our investment in adding more engineering resources to ramp up our effort with the OEMs and Tier 1s and the cost of direct materials to support the development of our products.

For the 2022 outlook on the R&D expense, we expect R&D on a cash basis to be slightly higher than \$18 million in 2021. An increase in cash R&D this year will be driven by already implemented inflation-based increases to the payroll of our nonexecutive employees across the board in the U.S. to compete with the local labor markets. Additionally, we also plan to add engineering resources as necessary to ramp up our efforts with OEMs. We expect that there may be new stock-based awards to incentivize employees following the company's policies. An important component as we invest in our talent pipeline and motivate our employees to share the upside in the growth of the company.

SG&A expense totaled \$22.3 million for 2021 as compared to \$5.9 million last year. The increase was primarily due to higher noncash stock-based compensation expense. It was \$9.2 million as compared to \$0.6 million in 2020. Another reason for higher SG&A was increased

investment in professional and consulting firms to accelerate our business development efforts and higher business insurance costs. For the fourth quarter of 2021, SG&A expense was \$6.5 million. During this quarter, we also invested over \$2.5 million in engaging professional firms, consulting firms and other executive activities to ramp up efforts to promote and expand our business development and marketing efforts. Additionally, after backing out the stock-based compensation of \$1.6 million from the Q4 SG&A, cash SG&A for the quarter was \$2.5 million, that translates into \$10 million to \$11 million for full year 2022. In addition to the above for SG&A, we will be investing our cash in several growth initiatives as discussed, including investments in business development in both the U.S. and Germany.

Cash used in operating activities for the year 2021 was \$29.4 million and cash used for additions to PP&E, i.e., CapEx was \$2.5 million. Higher CapEx in 2021 was mainly driven by the increased R&D activities for the LiDAR product development and investments to upgrade our IT and R&D infrastructure as the headcount almost doubled in H2 2021. We expect CapEx requirements to be lower in 2022 as compared to 2021.

As a company, we have always sought to be very disciplined about using our cash to execute our strategic objectives. Based on the 2022 outlook that I just described for cash burn and our current liquidity, I feel this positions us well compared to our peers whose burn rate is 3 to 4x than ours.

Now let me give you an update on our ATM facility. The company remains very strategic and focused on the shareholder value creation. In 2021, the ATM program was mainly used in the first half of 2021 when the company raised \$68 million of net proceeds issuing 4 million shares, taking advantage of the strong equity markets back then and strengthening the balance sheet. During the second half of 2021, there were no sales of shares that were executed under the ATM program as the broader LiDAR equity markets, including most of our peers experienced overall weakness in the stock prices. We finished the year with cash and cash equivalents of \$115 million, including investment securities that gives us a strong liquidity position. Given our current liquidity levels, we believe that we are well positioned to invest in some of the growth initiatives that Sumit and I have talked about.

Let me summarize the themes from this update call for all our investors in 3 key points. Number one, we're confident in our technology and looking forward to seeing it in the highway test track settings targeted in the next quarter. Number two, we're excited about the business model that we're working towards, the strategic partnerships that we are looking to execute that could help us build a \$1 billion to \$2 billion cumulative EBITDA business through 2030 in the future with a high growth profile. And lastly, number three, our current liquidity position and 2022 cash burn outlook positions us well with respect to our peers.

With this, I would like to open the line for questions.

### **Question And Answer**

## **Operator**

[Operator Instructions]. Our first question is from Andres Sheppard from Cantor Fitzgerald.

### **Andres Sheppard, Cantor Fitzgerald & Co.**

---

Congrats on the quarter. My question is, I'm wondering, can you give us a little more color on highway pilot feature track testing and the Class 1 certification. What are some things that we can look for that will be meaningful and to determine whether it's going well or it's not going well?

### **Sumit Sharma – Chief Executive Officer, MicroVision**

---

I think I'll start with the second part first. I think Class 1 is something that's part of our core technology. We've been at this for more than 20 years. As we develop our systems, Class 1 is one of the foundational pieces our team works on. To enable that in the automotive space using a 905-nanometer laser, we actually happen to have some very significant IP and patents filed for it. What we're expecting to do is to execute that in the product in the dynamic view LiDAR and actually go to an external party, not just a self-certification process, but go to an external third-party test site, get the full product qualification done in preparation for strategic sales -- to support strategic sales to OEMs and Tier 1s, as Anubhav and I have mentioned. So Class 1 is just an episodic thing where we're going to go through the process, the self-certification happens. And of course, as we go outside to a third-party lab, we're going to keep everybody in the market updated through Q3 when the certification is complete.

The first part of your question, I think about the track testing. So track testing is -- there is no finish to wait. There's a long period of time that you have to keep testing to whatever the OEMs and Tier 1s most critical scenarios are. We've done a lot of work to gather data from them and our team is focused on a set of scenarios that are incredibly challenging to be solved at 130 kilometers per hour to make a Level 3 system. For a truly highway pilot, high-speed highway pilot system. So they have that focus, and we continue to plan for starting that testing. And by June, a tranche of work is going to be done that they are expecting. But what I actually expect is beyond that, as a matter of fact, 5 a.m. this morning, that the work will be ongoing because there's interesting things that they always want to know. But we have a foundation of work that they feel is the most important to really differentiate our solution, LiDAR software hardware -- software solution from what they're seeing for highway pilot. So I hope that answers your question.

### **Andres Sheppard, Cantor Fitzgerald & Co.**

---

Yes, it does. That's very helpful. Maybe one quick follow-up, if I may. Regarding your go-to-market strategy. In the past, you've alluded to the 3 pillars. And today, you've kind of explained a little bit more about maybe the main one, which is the direct relationships with the OEMs. But



I'm wondering, can you maybe expand and give us a little more color on the other 2, the Tier 1 partnerships and the silicon partnerships? What are -- specifically, what are some things that you're going to be doing to pursue those partnerships? And what do you ultimately think will lead you to securing a lot of those partnerships?

---

**Sumit Sharma – Chief Executive Officer, MicroVision**

---

Okay. So again, I'll answer the second part first. Ultimately, the Tier 1s is who we're going to partner with. They are the ones that are going to provide the products directly to the OEMs, integrated in whatever form that's needed. The silicon partnerships are important because that enables us, whatever domain controller and OEM picks that a Tier 1 is implementing, our sensor would have to plug in and effectively play with it. All the software stacks would have to be figured out and where you -- how your software goes to the stack would have to be established. So silicon partnerships are important, absolutely important that anybody that's making a Level 3 domain controller, that your system plays nice with it, and it's all implemented and it's a fluid system.

Partnering and promoting directly to the OEM is actually very important. And I can personally tell you that it's a step that they want to see. The Tier 1s necessarily do not have the technology because they do not have internal R&D to go bring the best solutions to the OEM. So therefore, OEMs want to see the best solutions out there to enable their technology path. So the direct -- the go-to-market strategy we're doing directly marketing to the OEMs bears fruit when they actually start seeing what is it -- what's the best technology and how they could actually benefit from that and create a differentiated product for themselves compared to everybody else. But ultimately, as we've always said, they will essentially -- there will be a directed buy agreement or some sort of way to go towards where we are going to partner with the Tier 1 with the solution we're providing that the OEM wants. And the silicon domain partnerships, of course, OEMs and Tier 1s identify that as a parallel path for themselves for domain controller, but we want to secure to make sure when that decision happens in parallel, our solution will play nice with it.

**Operator**

And ladies and gentlemen, I'll now turn the call back over to Anubhav Verma to read questions submitted through the webcast.

---

**Anubhav Verma – Chief Financial Officer, MicroVision**

---

Thank you, Jamie. So we've got a list of questions. So let me just run through them. The first question is, can you give us a sense as to what level of cash you feel is necessary to support the business? And why continue to keep the ATM open?

So let me answer that question. As I described in my remarks earlier, our cash spent in operating activities was \$29.4 million and CapEx \$2.5 million in 2021. For 2022, we expect this cash basis -- R&D cash basis to be higher than \$18 million for 2022. And for 2020, the SG&A expense to be \$12 million plus some additional investment to pursue business development and marketing efforts. Now with a cash balance of \$115 million, we have always sought to be very disciplined than our competitors.

We view the ATM program is very strategic and focused on creating shareholder value. We raised ATM in first half of 2021 when the stock prices were high for the broader LiDAR market. We have not used the program since then. However, the availability of ATM gives us the required flexibility when we see active and interesting growth opportunities come our way.

The next question is, do you have sort of a target revenue level in mind? Or when you expect to reach maybe breakeven on the operating income line or EBITDA level? And is there a target revenue threshold that you're expecting or a time frame you're expecting to reach breakeven?

I'll take this question as well. As I walked through earlier in my remarks, how to build a framework for the revenue of \$2 billion to \$4 billion and the \$1 billion to \$2 billion EBITDA cumulatively through 2030, once the production commences, our business model will then resemble a software company, and hence as soon as production commences, revenue will quickly translate into EBITDA for MicroVision. In the meanwhile, we expect to pursue single and doubles through strategic sales of sensor samples to OEMs and pursuing core development deals.

What can we expect from the company's track testing by June 2022? Sumit, would you like to take that?

**Sumit Sharma – Chief Executive Officer, MicroVision**

---

I think as I just previously mentioned, I think what to expect in the track testing is we have some test scenarios that the team is going to -- is working on, actually validating on a test track. Additional testing as that comes along from OEMs and other parties, we will do that in Germany and in the U.S. So we can create a body of work, so they can have some ground proof testing data, front track testing, and then, of course, follow that up with additional testing at their preferred test tracks. But it's really targeted -- it's not open ended, but it's targeted towards specific test scenarios that will demonstrate why we are able to achieve Level 3 or we can support potentially Level 3 highway pilot features from our hardware directly.

**Anubhav Verma – Chief Financial Officer, MicroVision**

---

Sumit, next question is for you as well. How are OEMs thinking about the ADAS market?

**Sumit Sharma – Chief Executive Officer, MicroVision**

---

So I was actually pretty fortunate to be actually present in a lot of the OEM meetings with our business development team. I mean clearly said they're very engaged. Their teams are very active. All the teams are very responsive and engaged with us in the broader market as well, I'm pretty sure. But I think the best way to describe it is they see this as a very monumental, once-in-a-generation kind of opportunity to redefine mobility. And they recognize that as we start looking towards more EV vehicles coming out, the value proposition for them is shifting. And therefore, ADAS safety is going to be a big selling point in the future for vehicles.

If all the vehicles have the same level of performance, then the powertrain is not that important. A company that has diesel or any kind of internal combustion engine technology, as you can see publicly is being stated that they are going down, right? They're seeing the sunset timeline for their technologies and battery vehicles are coming up. ADAS starts becoming a sort of a main tent pole that they have to rally around.

And it is clear, just sitting there and talking and looking at the activity and looking at the interest that they are very, very active and they're very focused on understanding what's the best way to bring an ADAS solution to the vehicle. That's why the terms like cost competitive are actually ahead of your technology because the seriousness of it is not that prototype vehicle that's going to be done from marketing. This is production vehicle they're looking for in the next wave. So the current wave is just more trying out and understanding the market, but the next wave of decisions, I believe, are focused on true production vehicles on multiple product lines.

---

**Anubhav Verma – Chief Financial Officer, MicroVision**

---

The next question is also for you. Please share where are you in recent discussions with OEMs and Tier 1s? And do you have any RFIs, RFQs? Can you quantify in terms of top 10 OEMs and Tier 1s that you're having conversations? And where those are in terms of stage of advancement?

---

**Sumit Sharma – Chief Executive Officer, MicroVision**

---

Okay. So specifically, I don't think I'm going to name a name, but I think like as we've said, our focus is in Germany and in U.S. right now. The top OEMs in the European Union, Germany specifically and the U.S. That's a pretty big, pretty strong universe, a company that you're focused on, that we're focused on. As far as where we are, I think what I mentioned in our previous call was if you can look at it that the actual decision in RFQs and the hardcore work starts in early 2023, Q1, I suppose, I think I said that.

And in the meantime, what we're doing right now in 2022 is they're evaluating solutions. So track testing data, what we can do for a product, what's uniqueness about it, are we going to be cost competitive, what the strategy is going to be from manufacturing, who's our silicon partner, all those kinds of evaluations sort of like the homework before you actually start going

towards the decision is what we are in the middle of. And so I'm just going to say that in general, but I think as far things are concerned, I think we rather not mention names at this call, but you can imagine our expansion plans in Germany to be closer to the OEMs that are there. And of course, in the U.S., we've said that publicly. So that's the universe.

---

**Anubhav Verma – Chief Financial Officer, MicroVision**

---

The next question is also for you. My sense in the industry right now is that OEMs will soon be making decisions on LiDAR for production for the years 2024 or 2025. Is that your understanding as well?

---

**Sumit Sharma – Chief Executive Officer, MicroVision**

---

Yes. So I think the data that we have so far, I think the next wave of production-ready vehicles that are like high volume compared to like the numbers that we have in our corporate deck to support that is 2025 and beyond. As you know, Anubhav mentioned, right, we're modeling it out to 2030. But for model years out there is what the decision timelines are right now.

---

**Anubhav Verma – Chief Financial Officer, MicroVision**

---

I'll take the next question. This is, will MicroVision final sale be to Tier 1s?

So as we discussed during our go-to-market strategy discussions, this is an important piece of our business model. We're directly marketing our solution to OEMs to secure a directed buy agreement. Once that's secured, our LiDAR solution becomes a part of the broader ADAS solution that the Tier 1 is supplying to the OEMs. We're not going to assume production risks and costs as Tier 1 has already commercialized the broader ADAS solution, where our LiDAR product will become a part of it. This is why one of the competitive advantages of our product because our product will fit in within the requirement of what the OEM is looking to do to build a world model. We're not seeking to displace the Tier 1 or the OEM's desire to control the camera module and other non-LiDAR sensor perceptions.

Sumit, next question is for you. Will your software run on chip platforms like Qualcomm and NVIDIA? Or is there another appropriate architecture?

---

**Sumit Sharma – Chief Executive Officer, MicroVision**

---

I think that's also in the corporate deck we put out. Our -- and let me be more clear about that 1 slide that's there. Our software will actually run on our custom silicon digital SoC within our system. And that will take the streaming point cloud and effectively do the obstacle versus free space clustering, velocities and other features, but it will be within our software stack. And of course, the domain controller will have the world model generation, planning and maneuvering, which the OEMs and potentially Tier 1s will own.

The domain controller, of course, is the big silicon companies like NVIDIA, Qualcomm, NXP, TI, you can name it, there's [indiscernible] right? Those are Intel, of course. They're going to focus on that. But our software will run on our SoC, within our system, within our LiDAR.

### **Anubhav Verma – Chief Financial Officer, MicroVision**

---

I'll take the next question. Is MicroVision actively pursuing or investing in non-LiDAR technology?

This is a good one. We're actively pursuing and investing in the automotive LiDAR at this time, and we feel very confident about our strategy. We believe the \$80 billion revenue opportunity potential in the LiDAR space continues to be the most attractive space that will be monetizable. However, we believe there is significant value in our AR vertical as well. While AR remains to be an attractive market, at the moment, there is more focus on software than hardware. If there is an opportunity to tap into the AR market, we have products ready to go on that side and stand ready to support potential customers as and when needed.

I'll take the next question as well. What can you share about your process to identify potential strategic alternatives?

So being a public company with a \$115 million cash balance as of 12/31 and high average daily trading volumes, we're always focused on maximizing shareholder value. We work closely with our Board to address potential transactions at appropriate valuations. Global players and OEMs are aware of our capabilities and products in other verticals, and we stand ready to support their growth opportunities as and when they come along. But as we have previously disclosed, we currently have no agreements or commitments to engage in any specific strategic transaction.

I'll take the next question as well. Where is the focus of your spend? And does it unlock extra capabilities?

So as I discussed and highlighted in my remarks earlier as well, cash is being spent on growth. We increased our headcount to 97 people as of February 2022. This is almost double of what -- where we were in March 2021 last year. We're expanding our engineering, business development and marketing teams in Germany and U.S. to support potential customers to take us through the next phase of our growth as a company. So that's why I feel very excited about the future of MicroVision.

I think it looks like we're almost out of time. So these are all the questions we could get from online and from all the investor audiences. Thank you for your time, and we look forward to speaking with you on our next quarterly update call.

**Operator**

Thank you. This concludes today's conference. All parties may disconnect, and have a great day.  
Thank you.