
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K/A

Amendment No. 1

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

DATE OF REPORT (DATE OF EARLIEST EVENT REPORTED): January 31, 2023

MicroVision, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-34170
(Commission
File Number)

91-1600822
(I.R.S. Employer
Identification No.)

18390 NE 68th Street
Redmond, Washington 98052
(Address of principal executive offices) (Zip code)

(425) 936-6847
Registrant's telephone number, including area code

Not Applicable
(Former name or former address if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Common stock, par value \$0.001 per share	MVIS	The NASDAQ Stock Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

EXPLANATORY NOTE

On January 31, 2023, MicroVision GmbH, a company organized under the laws of The Federal Republic of Germany and wholly owned subsidiary of MicroVision, Inc., (together, “MicroVision” or the “Company”) completed the acquisition of certain assets from Ibeo Automotive Systems GmbH, a company organized under the laws of The Federal Republic of Germany (“Ibeo”) related to Ibeo’s lidar sensor business (the “Acquisition”) pursuant to the previously announced Asset Purchase Agreement, dated December 1, 2022 and amended as of January 31, 2023.

This Amendment No. 1 on Form 8-K/A (“Amendment No. 1”) is being filed by MicroVision to amend its Current Report on Form 8-K filed with the U.S. Securities and Exchange Commission (the “SEC”) on February 3, 2023 (the “Initial Report”) solely to provide the disclosures required by Item 9.01 of Form 8-K that were omitted from the Initial Report, including the required historical financial statements of Ibeo and the required pro forma financial information. Except as otherwise provided herein, the disclosures made in the Initial Report remain unchanged. This Amendment No. 1 should be read in conjunction with the Initial Report, which provides a more complete description of the Acquisition.

The pro forma financial information included in this Form 8-K/A has been presented for informational purposes only, is based on various adjustments and assumptions and is not necessarily indicative of what the Company’s consolidated financial statements would have been had the Acquisition and other adjustments been completed as of the dates indicated or will be for any future periods.

Item 9.01. Financial Statements and Exhibits.

(a) Financial Statements of Businesses or Funds Acquired.

The audited financial statements of Ibeo for the abridged reporting period from January 1 to November 30, 2022 are filed as Exhibit 99.2 hereto and incorporated herein by reference.

Under German GAAP, it is permissible to present the financial statements of a parent company without consolidating subsidiaries that the parent company controls. As MicroVision Inc. has not acquired substantially all assets of Ibeo Group, Ibeo is permitted to present carve-out financial statements of the parent company Ibeo Automotive Systems GmbH only. Such presentation is commonly referred to as carve-out financial statements. Therefore, both German GAAP and SEC Staff guidance permit the presentation of the financial statements of Ibeo Automotive Systems GmbH (“the Company”) excluding of subsidiary entities.

(b) Pro Forma Financial Information.

The unaudited pro forma condensed combined financial statements of the Company as of December 31, 2022 and for the year then ended are furnished as Exhibit 99.3 hereto and incorporated herein by reference. These unaudited pro forma financial statements give effect to the Acquisition.

(c) Shell Company Transactions.

Not applicable.

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
23.1	<u>Consent of Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft.</u>
99.2	<u>Audited financial statements of Ibeo Automotive Systems GmbH i.l. (“in bankruptcy proceedings”) for the stub reporting period from January 1 to November 30, 2022.</u>
99.3	<u>Unaudited pro forma financial information of MicroVision as of December 31, 2022 and for the year then ended.</u>
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

MICROVISION, INC.

By: /s/ Drew G. Markham
Drew G. Markham
Vice President, General Counsel and Secretary

Dated: April 18, 2023

Consent of Independent Auditors

We consent to the incorporation by reference in Registration Statements (No. 333-184703, No. 333-184702, No. 333-182462, No. 333-175419, No. 333-160577, No. 333-228113, and No. 333-253145) on Form S-3 and (No. 333-265489, No. 333-184701, No. 333-173114, No. 333-163929, No. 333-19011, No. 333-71373, No. 333-42276, No. 333-45534, No. 333-73652, No. 333-89176, No. 333-141458 and No. 333-249418) on Form S-8 of MicroVision, Inc. of our report dated April 18, 2023, relating to the financial statements of Ibeo Automotive Systems GmbH appearing in this Current Report on Form 8-K/A Amendment No. 1 of MicroVision, Inc.

/s/ Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft

Berlin, Germany
April 18, 2023

Report of Independent Auditors

To the Chief Executive Officer of Ibeo Automotive Systems GmbH i.l.

Opinion

We have audited the financial statements of Ibeo Automotive Systems GmbH i.l. (the Company), which comprise the balance sheets as of December 31, 2021 and November 30, 2022, and the related statements of profit and loss for the year ended December 31, 2021, and for the period from January 1, 2022 to November 30, 2022, and the related notes to the financial statements (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2021 and November 30, 2022 and the results of its operations for the year ended December 31, 2021 and for the period from January 1, 2022 to November 30, 2022, in accordance with accounting principles generally accepted in Germany.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Adoption of Liquidation Basis of Accounting

As discussed in Notes A, B and C to the financial statements, the Company commenced bankruptcy proceedings on December 1, 2022. As a result, the Company changed its basis of accounting on January 1, 2021 from the going concern basis to a liquidation basis. Our opinion is not modified with respect to this matter.

Emphasis of Matter – Accounting Principles

As discussed in Note F to the financial statements, the Company prepares its financial statements in accordance with generally accepted accounting principles in Germany, which differ from accounting principles generally accepted in the United States of America. Information relating to the nature and effect of such differences is presented in sections 1 to 11 of Note F to the financial statements. Our opinion is not modified with respect to this matter.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in Germany, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft

Berlin, Germany
18 April 2023

Ibeo Automotive Systems GmbH i.l. (“in bankruptcy proceedings”), Hamburg/Germany,

Financial Statements under German GAAP

for the abridged reporting period from January 1 to November 30, 2022

**Balance sheet of Ibeo Automotive Systems GmbH i.L., Hamburg/Germany,
for the stub reporting period from January 1 to November 30, 2022**

Assets	Nov. 30, 2022	Nov. 30, 2022	Dec. 31, 2021	Dec. 31, 2021
	EUR	EUR	EUR	EUR
A. Fixed assets				
I. Intangible assets				
1. Purchased industrial rights and similar rights and assets		1,269,116.03		1,868,067.00
II. Property, plant and equipment				
1. Technical equipment and machinery		549,015.62		771,794.00
2. Other equipment, operating and office equipment		2,184,525.84		2,769,963.23
		<u>2,733,541.46</u>		<u>3,541,757.23</u>
III. Long-term financial assets				
Shares in affiliated companies		20,000.00		20,000.00
		<u>4,022,657.49</u>		<u>5,429,824.23</u>
B. Current assets				
I. Inventories				
1. Work in progress less Advance payments received from orders	4,813,141.12		4,675,511.12	
	-4,813,141.12	0.00	-4,675,511.12	0.00
2. Merchandise		623,037.47		569,992.81
II. Receivables and other current assets				
1. Trade receivables		804,223.27		524,855.09
2. Receivables from affiliated companies		800.00		307,923.47
3. Other assets		1,271,798.04		2,211,206.69
		<u>2,076,821.31</u>		<u>3,043,985.25</u>
III. Cash-in-hand and bank balances		2,288,954.58		1,125,897.92
		<u>4,988,813.36</u>		<u>4,739,875.98</u>
C. Prepaid expenses		1,087,497.74		1,515,492.61
D. Deficit not covered by equity		141,683,110.08		86,746,922.05
		<u>151,782,078.67</u>		<u>98,432,114.87</u>

Equity and Liabilities	Nov. 30, 2022	Nov. 30, 2022	Dec. 31, 2021	Dec. 31, 2021
	EUR	EUR	EUR	EUR
A. Equity				
I. Subscribed capital		35,323.00		35,323.00
II. Capital reserves		59,653,723.50		59,653,723.50
III. Revenue reserves				
Other revenue reserves		2,629,616.79		2,629,616.79
IV. Accumulated losses	-204,001,773.37		-149,065,585.34	
Thereof: deficit not covered by equity	141,683,110.08	-62,318,663.29	86,746,922.05	-62,318,663.29
		<u>0.00</u>		<u>0.00</u>
B. Provisions				
Other provisions		15,129,897.35		17,955,461.26
C. Liabilities				
1. Liabilities to banks		0.00		62,968,386
2. Payments received on account of orders		339,303.16		417,066.32
3. Trade payables		5,829,720.65		4,324,606.74
4. Liabilities to affiliated companies		109,178,818.64		404,336.60
5. Liabilities to shareholders		9,375,750.00		9,000,000.00
6. Other liabilities		10,811,209.38		3,166,493.42
		<u>135,534,801.83</u>		<u>80,280,889.17</u>
D. Deferred income		1,117,379.49		195,764.44
		<u>151,782,078.67</u>		<u>98,432,114.87</u>

**Statement of profit and loss of
Ibeo Automotive Systems GmbH i.L., Hamburg/Germany,
for the stub reporting period from January 1 to November 30, 2022**

	<u>Jan-Nov 2022</u>	<u>2021</u>
	EUR	EUR
1. Revenue	4,304,184.25	4,873,038.03
2. Increase in work in progress	137,630.00	5,282,715.12
3. Other operating income	1,010,296.87	5,617,166.48
	<u>5,452,111.12</u>	<u>15,772,919.63</u>
4. Cost of materials		
a) Cost of purchased merchandise	1,965,762.67	1,556,291.42
b) Cost of purchased services	413,856.84	742,176.61
	<u>2,379,619.51</u>	<u>2,298,468.03</u>
5. Personnel expenses		
a) Wages and salaries	23,251,246.10	29,894,601.64
b) Social security and post-employment benefit expenses thereof post-employment costs EUR 97,964.85 (Prior year: EUR 146 thousands)	5,242,919.49	5,506,655.22
	<u>28,494,165.59</u>	<u>35,401,256.86</u>
6. Depreciation, amortisation and Impairments		
a) Amortisation and Impairments of intangible fixed assets and depreciation and Impairments of property, plant and equipment thereof Impairments EUR 0.00 (Prior year: EUR 49.059 thousands)	2,304,153.66	51,491,629.79
b) Depreciation of current assets, insofar as these exceed the depreciation common for a business corporation	72,611.96	1,342,177.00
	<u>2,376,765.62</u>	<u>52,833,806.79</u>
7. Other operating expenses	22,092,336.70	45,303,721.73
	<u>-49,890,776.30</u>	<u>-120,064,333.78</u>
8. Other interest and similar income	8,303.62	33,240.37
9. Impairments of long-term financial assets	0.00	267,807.85
10. Interest and similar expenses	5,049,142.35	3,469,483.69
11. Earnings after taxes	-54,931,615.03	-123,768,384.95
12. Other taxes	4,573.00	5,633.00
13. Loss for the year	-54,936,188.03	-123,774,017.95
14. Loss carry-forward	-149,065,585.34	-25,291,567.39
15. Accumulated losses	<u>-204,001,773.37</u>	<u>-149,065,585.34</u>

**Notes of Ibeo Automotive Systems GmbH i.l. (“in bankruptcy proceedings”), Hamburg/Germany,
for the abridged reporting period from January 1 to November 30, 2022**

A. General notes

On account of the opening of the insolvency proceedings with resolution of the local court Hamburg dated December 1, 2022, the Company prepared annual financial statements for the stub reporting period from January 1 to November 30, 2022.

In contrast to the previous year, the accounting and valuation methods applied to the annual financial statements of Ibeo Automotive Systems GmbH i.l. (“in bankruptcy proceedings”), Hamburg, Germany (Hamburg District Court, HRB 111950), were based on the provisions of the German Commercial Code (HGB) for medium-sized companies and the relevant provisions of the German Limited Liability Companies Act (GmbHG).

The nature of expense format has been applied to the statement of profit and loss.

B. Waiver of going-concern assumption

Following the notification by the main shareholder in September 2022 not to approve any further loan drawdowns on loans from the financing credit institution from the financing credit institution, Ibeo Automotive Systems GmbH i.l. filed a petition to open bankruptcy proceedings under self-administration on September 28, 2022. The Hamburg local court granted the petition on the same day. The bankruptcy proceedings were opened with resolution of Hamburg local court on December 1, 2022. Dr Tjark Thies, Hamburg/Germany, was appointed as administrator.

The company entered into a purchase agreement dated December 1, 2022, with MicroVision GmbH, Nuremberg/Germany, for the acquisition of certain assets, contracts and employees for a total purchase price of EUR 15.0 millions. The purchase agreement had economic effect as of December 1, 2022. The effectiveness of the purchase agreement was subject to the condition precedent of the approval of the German Federal Ministry of Economics and Climate Protection, which was granted on January 13, 2023. The purchase agreement was closed on January 31, 2023 with retrospective economic effect as of December 1, 2022.

As of the date of preparation of these financial statements, the ability of the Company to continue as a going concern is not probable. With the closing of purchase agreement as of January 31, 2023, the

operations of the Company have effectively ceased, and the liquidation activities have commenced. Since the liabilities of the Company far exceed the assets to be liquidated, there is a material uncertainty regarding an orderly liquidation of the Company (as defined by German law), as this would most probably not be possible.

C. Accounting principles

Due to the bankruptcy proceedings that commenced on December 1, 2022, and the subsequent discontinuation of the Company's operating activities on January 31, 2023, the annual financial statements as of November 30, 2022 have been prepared on the basis of liquidation values, whereby the amortized cost represents the upper valuation limit. Accordingly, the annual financial statements have been prepared in accordance with the pronouncement of the Main Technical Committee of the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer e.V.) "IDW RS HFA 17 - IDW Stellungnahme zur Rechnungslegung: Effects of a departure from the going concern premise on the annual financial statements under commercial law" of July 11, 2018. The deviation from the going concern principle resulted in expenses amounting to EUR 859 thousands (previous year: EUR 13,669 thousands).

Unless otherwise stated, the presentation, classification, recognition and measurement of the financial statements are consistent with those of the previous year.

Internally generated intangible assets are recognised when exercising the option under Sec. 248 (2) HGB, provided that the recoverability of these assets can be supported at the time the costs are incurred by means of discounted cash flow forecast. In prior years, these assets were recognised at production cost, direct material and manufacturing costs, and allocable overhead costs. If recoverability cannot be documented, the respective costs are expensed in the current account and inventories from prior years are impaired. As in the previous year, no additional amortisation of internally generated intangible assets was recognised in the year under review due to the deviation from the going concern principle.

Purchased intangible assets are recognised at acquisition cost less amortisation. Assets are amortized on a straight-line basis over the expected useful life. An average useful life of three years in average is assumed for purchased concessions, industrial rights and similar rights and assets.

Straight-line amortisation over the expected useful life was continued until the closing of the purchase agreement on January 31, 2023.

The residual carrying amount as of December 1, 2022 is covered by the pro rata net realizable value allocated as part of the purchase price allocation of the asset deal completed on January 31, 2023. The recoverability of the carrying amount was demonstrated by a retrospective valuation of the residual carrying amount as of November 30, 2022. Scheduled depreciation has been maintained.

Property, plant and equipment is measured at acquisition cost less depreciations on a straight-line basis over the assumed useful life. The useful life of buildings and of technical equipment and machinery is twelve years on average, and for other equipment of four, six or eight years on average depending on the asset class. Low-value items with acquisition costs between EUR 250 and up to EUR 800 are fully expensed in the year of acquisition.

Straight-line amortisation over the expected useful life was continued until the closing of the purchase agreement on January 31, 2023.

Long-term financial assets are stated at lower of acquisition cost or realizable value in the event of the liquidation of the affiliated companies (liquidation value).

Work in progress is measured at the lower of production costs or fair value on balance sheet date, which is corresponding to the values under liquidation accounting. The production costs include direct and indirect costs of materials as well as direct manufacturing costs and manufacturing overheads. The costs of general administration as well as adequate amounts for the fringe benefits of the Company, including voluntary social benefits and for the Company's pension scheme were capitalised in accordance with Sec. 255 (2) sentence 3 HGB. The deviation from the going concern principle did not have a significant quantitative impact, as the financial statements had already been prepared in the previous year under the assumption of the deviation from the going concern principle (previous year: expense of EUR 1,342 thousands).

Merchandise is measured at acquisition cost including incidental acquisition costs or, in accordance with the strict lower-of-cost-or-market principle, at lower market prices on balance sheet date. All inventory risks resulting from longer than average storage periods, impaired marketability and lower replacement costs have been accounted for using appropriate impairments. Apart from retention of title as is customary in the trade, inventories are free from third-party rights. Lower liquidation values led to impairment losses amounting to EUR 72 thousands (previous year: nil).

The purchase agreement provides for the sale of almost all inventories with economic effect as of December 1, 2022. The Company conducted a physical inventory for this purpose at the end of November 2022. Therefore, it was not necessary to consider lower liquidation values.

Receivables and other current assets are recognised at nominal value. To cover the risk of default on bad debt, appropriate specific allowances are made where necessary. Therefore, it was not necessary to consider lower liquidation values.

Cash and cash equivalents are measured at nominal value.

Amounts paid in advance for costs to be recognized after the balance sheet date are shown as prepaid. All prepaid expenses were reversed through profit or loss to the extent that the underlying contractual relationships were not transferred to MicroVision GmbH and would only have been utilized after the discontinuation of business activities on January 31, 2023. The deviation from the going concern principle led to recognition of additional expenses amounting to EUR 222 thousands (previous year: expense of EUR 2 thousands).

The **other provisions** cover all risks and contingent liabilities identifiable as at the reporting date and have been measured at settlement value on the basis of sound business judgement. Future price and cost increases are taken into account, provided that there are sufficient objective indications that these will occur.

In addition, all obligations that will inevitably follow due to the discontinuation of the Company's business activities (i.e. will also arise in the future) and which the Company cannot avoid were recorded as provisions. These were, in particular, severance payments for employees as well as continued salary payments due to leave of absence. Pending transactions for which services to be rendered and the consideration to be received have the same value are not recognized in the balance sheet. The deviation from the going concern principle resulted in additional expenses amounting to EUR 564 thousands (previous year: EUR 12,325 thousands).

Liabilities are recognised at settlement amount.

For the purpose of calculating **deferred taxes** resulting from temporary or quasi-permanent differences between the values of assets and liabilities, prepaid expenses and deferred income recognised in the financial statements and the corresponding tax bases or due to tax loss carry forwards, they are valued at the company-specific tax rate at the time these differences reverse; any resulting tax charge and credit are not discounted. Deferred tax assets and liabilities are disclosed net. Any deferred tax surplus resulting from the offsetting is not capitalised in accordance with the accounting option exercised.

Receivables and liabilities denominated in **foreign currency** with a residual term of up to one year are translated using the spot rate in effect on reporting date. The translation effects disclosed within the notes to the statement of profit and loss include realised as well as also unrealised translation differences. However, the translated amount of receivables cannot exceed the settlement value under liquidation accounting.

Deferred income according to Sec. 250 (2) HGB represents income which has not been earned on the balance sheet date.

D. Notes to the balance sheet and statement of profit and loss

I. Balance sheet

1. Fixed assets

The separate statement of movements in fixed assets is an integral part of the notes to the financial statements.

The **internally generated intangible assets**, which were impaired in the 2021 financial year, were disposed of in the stub reporting period 2022 due to the initiated bankruptcy proceedings.

For the stub reporting period from January 1 to November 30, 2022, external services purchased from third parties, and personnel and material costs attributable to projects were therefore expensed as research and development costs in the amount of EUR 10.8 millions and not capitalised.

The **shares in affiliated companies** were tested for impairment based on respective subsidiaries' financial statements and forecasts. A loan to a subsidiary of EUR 250 thousands recorded under the **loans to affiliated companies** as well as the shares in this subsidiary of EUR 18 thousands were impaired in the prior year.

2. Inventories

Impairments of EUR 1.3 million were recognised on **work in progress** from the prior year as a result of a lower fair value. The capitalised work in progress of EUR 4.8 million is already covered by down payments from customers and therefore offset against these payments received on account of orders. The payments received on account of orders were not subject to recoveries from the project partners.

3. Receivables and other current assets

As in the prior year, receivables and other current assets have a **residual term** of up to one year.

As of November 30, 2022, specific allowances were made on all trade receivables not settled until the date of preparation of the annual financial statements.

Unchanged from the prior year, restricted other assets are disclosed in the amount of EUR 337 thousands is disclosed under the other assets. These are contractually agreed deposits that were not yet due for repayment on the balance sheet date. At the time the annual financial statements were prepared, there were no indications to suggest that the value of the security deposits was not recoverable.

The **receivables from affiliated companies** (EUR 1 thousand; prior year: EUR 308 thousands) exclusively result from trade receivables that were completely settled until the date of preparation of the annual financial statements.

4. Prepaid expenses

The **prepaid expenses** (EUR 1,087 thousands; prior year: EUR 1,515 thousands) exclusively comprise prepayments for expenses for future periods, but at most until the discontinuation of the business activities on January 31, 2023. Included are licenses, insurances as well as other fees and contributions.

5. Other provisions

Other provisions include provisions for personnel-related obligations (EUR 9,526 thousands; prior year: EUR 7,400 thousands).

In addition, payments received on account of orders of EUR 136 thousands (prior year: EUR 3,873 thousands) were reclassified to the other provisions. The provision for an onerous contract of prior year amounting to EUR 5,483 thousands was fully used.

6. Liabilities

The maturity of the liabilities are as follows (prior period numbers are presented in brackets):

	Total EUR thousands	Maturity, thereof		
		up to 1 year EUR thousands	one to five years EUR thousands	of more than 5 years EUR thousands
1. Liabilities to banks	0	0	0	0
(Prior year)	(62,968)	(62,968)	(0)	(0)
2. Payments received on account of orders	339	339	0	0
(Prior year)	(417)	(417)	(0)	(0)
3. Trade payables	5,830	5,830	0	0
(Prior year)	(4,325)	(4,325)	(0)	(0)
4. Liabilities to affiliated companies	109,179	109,179	0	0
(Prior year)	(404)	(404)	(0)	(0)
5. Liabilities to shareholders	9,376	9,376	0	0
(Prior year)	(9,000)	(9,000)	(0)	(0)
6. Other liabilities	10,811	10,811	0	0
(Prior year)	(3,167)	(3,167)	(0)	(0)
thereof taxes	1,647	1,647	0	0
(Prior year)	(744)	(744)	(0)	(0)
thereof related to social security	1,046	1,046	0	0
(Prior year)	(119)	(119)	(0)	(0)
Total	135,535	135,535	0	0
(Prior year)	(80,281)	(80,281)	(0)	(0)

All liabilities presented above are unsecured at December 31, 2021 and November 30, 2022.

Trade payables are secured by customary retentions of title for deliveries of fixed assets and goods.

The **liabilities to shareholders** include shareholder loans including interest liabilities of EUR 3,126 thousands (prior year: EUR 3,000 thousands). As of November 30, 2022, there is also a convertible bond including accrued interest expenses in the amount of EUR 6,250 thousands (prior year: EUR 6,000 thousands). Ibeo grants of the convertible bondholder the right to convert the EUR 6 millions convertible bonds into shares of the company with a nominal value of EUR 1.00 during the exercise period, whereby the conversion ratio depends on the valuation of the shares at the time of conversion.

The bonds are convertible for the first time after May 31, 2022 if the legal requirements are met and the contractual provisions are observed. If no conversion takes place, half of the convertible bond is due for repayment on December 30, 2022, and half on December 30, 2024. Due to the insolvency proceedings that commenced on December 1, 2022, the convertible bond could not be repaid on December 30, 2022, and no repayment is expected for December 30, 2024, as the Company sold its significant assets effective January 31, 2023.

Liabilities to affiliated companies include amounts previously reported as liabilities to banks in the amount of EUR 108,895 thousands (previous year: EUR 62,968 thousands).

On October 12, 2022, the bank terminated all loans and the working capital credit line without notice and called in all outstanding amounts for immediate repayment. A company in the group of the Company's principal shareholder was called upon by the bank under a guarantee and settled the outstanding loans plus interest on November 8, 2022. Since then, the guarantor has had a subordinated right of recourse against the Company.

In addition, as in the previous year, **liabilities to affiliated companies** relate to trade accounts payable.

The other liabilities include **tax liabilities** and **liabilities related to social security** totalling EUR 1,647 thousands (prior year: EUR 744 thousands) and EUR 1,046 thousands (prior year: EUR 119 thousands), respectively.

II. Statement of profit and loss

1. Revenue

An analysis of revenue by business segments is as follows:

	Jan. 1 to Nov. 30, 2022		2021	
	EUR thousands	%	EUR thousands	%
NEXT Series	268	6%	795	16%
Scala Series	1,093	25%	750	15%
Reference Systems	1,542	36%	1,864	38%
Prototype Sales	541	13%	803	17%
AD / Fusion	845	20%	613	13%
Others	15	0%	48	1%
Total	4,304	100%	4,873	100%

53% (prior year: 71%) of the revenue was realised in Germany, 24% (prior year: 10%) in North America, 13 % (prior year: 10%) in Asia and 10% (prior year: 9%) in other countries.

2. Other operating income

The other operating income includes **income from other periods** of EUR 112 thousands (prior year: EUR 509 thousands). These are mainly credit notes for services received from prior years in the amount of EUR 69 thousands (prior year: EUR 83 thousands) and income from the reversal of provisions in the amount of EUR 26 thousands (prior year: EUR 426 thousands).

Income from currency translation amounts to EUR 48 thousands (prior year: EUR -2 thousands).

For further explanations we refer to Note 7 Extraordinary income.

3. Personnel expenses

The item “social security and post-employment benefit costs” includes **post-employment benefit expenses** in the amount of EUR 98 thousands (prior year: EUR 146 thousands). These in particular relate to voluntary support services for employees as well as to a corporate pension scheme.

4. Depreciation, amortisation, and impairments

Depreciation and amortization for the stub reporting period consists of scheduled amortization of intangible assets and depreciation of property, plant and equipment amounting to EUR 2.3 millions as well as of impairments of merchandise due to bankruptcy proceeding of EUR 72 thousands. In the prior year, depreciation and amortization included impairments of EUR 1.3 million on work in progress due to the bankruptcy proceedings opened on December 1, 2022 and the subsequent discontinuation of business activities as of January 31, 2023.

5. Other operating expenses

The other operating expenses of EUR 22.1 millions (prior year: EUR 45,3 millions) relate to research and development costs of EUR 10.8 millions (prior year: EUR 24.9 millions), legal and consultancy fees of EUR 3.2 millions (prior year: EUR 4.0 millions), external services of EUR 1.9 million (prior year: EUR 1.2 million), occupancy cost of EUR 1.3 million (prior year: EUR 1.4 million) as well as license expenses of EUR 1.2 million (prior year: EUR 0.9 million).

In the course of the deviation from the going concern principle, extraordinary expenses of EUR 564 thousands (previous year EUR 8,509 thousands) were incurred. These related to legal costs due to the bankruptcy and for the previous year to additions to personnel provisions for severance payments and salary continuation payments without consideration, which did not legally arise until after the balance sheet date.

The other operating expenses include **expenses from other periods** of EUR 44 thousands (prior year: EUR 237 thousands).

The other operating expenses include **expenses on currency translation** of unchanged EUR 17 thousands.

6. Net finance expense/income

Interest and similar expenses of EUR 8 thousands (prior year: EUR 7 thousands) relate to **interest to affiliated companies**.

The interest and similar expenses do not include any **expenses from the compounding of interest** (prior year: EUR 15 thousands).

7. Extraordinary income

The item "other operating income" includes **extraordinary income** of EUR 3.8 millions for the comparative period, which was received from an indirect shareholder as reimbursement for personnel expenses incurred in connection with the software development of a LiDAR-based sensor system. These transactions are to be regarded as non-arm's length in accordance with Sec. 285 no. 21 HGB, as only the expenses actually incurred were invoiced as part of the cost reimbursement.

8. Deferred taxes

Deferred taxes are calculated in particular for temporary differences between the commercial and tax values of internally generated intangible assets, property, plant and equipment, inventories and other provisions. In addition to timing differences in accounting, tax loss carry forwards are considered.

Temporary differences and tax loss carry forwards that can be offset within the next five years are measured at the applicable tax rate for corporation tax, solidarity surcharge and trade tax totalling 32.28%.

An overall arising tax burden would be recognised as deferred tax liabilities in the balance sheet, a future tax refund as deferred tax asset. Overall, an excess in deferred tax assets arises, which is not capitalised on account of the Company's loss situation.

E. Other disclosures

1. Shares in affiliated companies

On balance sheet date, the Company holds shares in affiliated companies in terms of Sec. 271 (1) HGB in the following companies (* disclosures prior year 2021):

<u>Name</u>	<u>Shareholding</u>	<u>Currency</u>	<u>Equity*</u>	<u>Annual result*</u>
Ibeo Automotive Eindhoven B.V., Eindhoven/Netherlands	100%	EUR thousands	940	365
Ibeo Automotive USA, Inc., Detroit/U.S.	100%	USD thousands	-222	-26

The investments have the following carrying amounts as of the balance sheet date:

<u>Investment</u>	2022 EUR thousands	2021 EUR thousands
Ibeo Automotive Eindhoven B.V., Eindhoven/Netherlands	20	20
Ibeo Automotive USA, Inc., Detroit/U.S.	0	0

2. Information on business with related parties according to Sec. 285 no. 21 HGB

The transactions with the wholly owned subsidiaries (see above) are excluded from the scope of Sec. 285 no. 21 HGB, as they are included in the consolidated financial statements of the Company.

The remuneration of the Executive Board is not disclosed here with reference to Sec. 286 (4) of the German Commercial Code (HGB).

3. Other financial commitments

The following financial commitments are disclosed as of the reporting date:

	Total EUR thousands	up to 1 year EUR thousands
Tenancy agreements	733	540
Vehicle lease	254	121
Bike lease	35	12
	<u>1,022</u>	<u>673</u>

These tenancy agreements and leases have terms that end between 2023 and 2025.

The share of the payment obligation after the end of the Company's business activity on January 31, 2023 totals EUR 349 thousands, of which EUR 193 thousands is attributable to tenancy agreements and EUR 156 thousands to vehicle and bike leases.

The purchase commitments from existing orders with suppliers, which are mainly attributable to the research and development activities, amounted to EUR 7.8 millions (prior year: EUR 9.7 millions) as of balance sheet date.

4. Personnel

Within the stub reporting period, the Company had an average of 441 employees (prior year: 423), of which 336 (prior year: 329) on average worked in development and 105 (prior year: 94) in administration, marketing and sales.

5. Management

Dr Ulrich Lages, Hamburg/Germany, was a member of the executive board in the stub reporting period from January 1 to November 30, 2022.

On January 31, 2022, Dr Stefan Gros, Valley, as well as Christophe Minster, Villennes-Sur-Seine/France, were appointed as further executive directors. Dr Stefan Gros was dismissed on June 30, 2022. The respective entries into the commercial register were made on October 27, 2022. Christoph Minster retired from his position as executive director on December 31, 2022.

6. Fees paid to the auditors of the financial statements

The auditor's fee recognized as an expense in accordance with Sec. 285 No. 17 HGB for the stub reporting period from January 1 to November 30, 2022 of Ibeo Automative GmbH i.l. totals EUR 117 thousands (previous year: EUR 954 thousands) and relates exclusively to audit services. The prior-year figure includes a partial amount of EUR 743 thousands for a voluntary audit of the consolidated financial statements in accordance with US GAAP for the 2019 and 2020 financial years.

7. Consolidated financial statements

As parent, the Company prepares consolidated financial statements for the largest and smallest group of consolidated entities. The consolidated financial statements are published within the Federal Gazette.

8. Subsequent events

Under a purchase agreement dated December 1, 2022, MicroVision GmbH, Nuremberg/Germany, entered into a purchase agreement with the Company for the acquisition of certain assets, contracts and employees for a total purchase price of EUR 15.0 million. The purchase agreement provided for an economic effect as of December 1, 2022. The effectiveness of the purchase agreement was subject to the condition precedent of approval by the German Federal Ministry of Economics and Climate Protection, which was granted on January 13, 2023. The purchase agreement was closed on January 31, 2023 with retroactive economic effect as of December 1, 2022.

For further explanations, please refer to section B. "Waiver of Going-concern assumption".

There were no other events of special significance after the end of the financial year that would have to be reported here.

**Movements in fixed assets of
Ibeo Automotive Systems GmbH i.L., Hamburg/Germany,
for the stub reporting period from January 1 to November 30, 2022**

	Acquisition / production cost				Accumulated depreciation, amortisation and impairments				Book values		
	Jan. 1, 2022	Additions	Disposals	Reclassifications	Nov. 30, 2022	Jan. 1, 2022	Additions	Disposals	Nov. 30, 2022	Nov. 30, 2022	Dec. 31, 2021
	EUR	EUR	EUR		EUR	EUR	EUR	EUR	EUR	EUR	EUR
I. Intangible fixed assets											
1. Internally generated industrial rights and similar rights and assets	42,408,519.67	0.00	42,408,519.67	0.00	0.00	42,408,519.67	0.00	42,408,519.67	0.00	0.00	0.00
2. Purchased industrial rights and similar rights and assets	4,389,990.38	300,643.04	0.00	-1,703.00	4,688,930.42	2,521,923.38	897,891.01	0.00	3,419,814.39	1,269,116.03	1,868,067.00
3. Prepayments made	6,650,000.00	0.00	0.00	0.00	6,650,000.00	6,650,000.00	0.00	0.00	6,650,000.00	0.00	0.00
	<u>53,448,510.05</u>	<u>300,643.04</u>	<u>42,408,519.67</u>	<u>-1,703.00</u>	<u>11,338,930.42</u>	<u>51,580,443.05</u>	<u>897,891.01</u>	<u>42,408,519.67</u>	<u>10,069,814.39</u>	<u>1,269,116.03</u>	<u>1,868,067.00</u>
II. Property, plant and equipment											
1. Technical equipment and machinery	1,412,747.56	0.00	0.00	0.00	1,412,747.56	640,953.56	222,778.38	0.00	863,731.94	549,015.62	771,794.00
2. Other equipment, operating and office equipment	8,878,399.52	598,555.88	268,986.26	1,703.00	9,209,672.14	6,108,436.29	1,183,484.27	266,774.26	7,025,146.30	2,184,525.84	2,769,963.23
	<u>10,291,147.08</u>	<u>598,555.88</u>	<u>268,986.26</u>	<u>1,703.00</u>	<u>10,622,419.70</u>	<u>6,749,389.85</u>	<u>1,406,262.65</u>	<u>266,774.26</u>	<u>7,888,878.24</u>	<u>2,733,541.46</u>	<u>3,541,757.23</u>
III. Long-term financial assets											
1. Shares in affiliated companies	37,807.85	0.00	0.00	0.00	37,807.85	17,807.85	0.00	0.00	17,807.85	20,000.00	20,000.00
2. Loans to affiliated companies	250,000.00	0.00	0.00	0.00	250,000.00	250,000.00	0.00	0.00	250,000.00	0.00	0.00
	<u>287,807.85</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>287,807.85</u>	<u>267,807.85</u>	<u>0.00</u>	<u>0.00</u>	<u>267,807.85</u>	<u>20,000.00</u>	<u>20,000.00</u>
	<u>64,027,464.98</u>	<u>899,198.92</u>	<u>42,677,505.93</u>	<u>0.00</u>	<u>22,249,157.97</u>	<u>58,597,640.75</u>	<u>2,304,153.66</u>	<u>42,675,293.93</u>	<u>18,226,500.48</u>	<u>4,022,657.49</u>	<u>5,429,824.23</u>

F. Reconciliation to Generally Accepted Accounting Principles in the United States of America

The Company's financial statements have been prepared in accordance with generally accepted accounting principles in Germany ("German GAAP"), which differ in certain material respects from generally accepted accounting principles in the United States of America ("US GAAP"). Such differences involve accounting principles, practices and methods used in preparing the financial statements. The principal differences between German GAAP and US GAAP, which affect the net loss and shareholders' deficit of the Company, are quantified, and described below:

Reconciliation of shareholders' deficit before liquidation and net liabilities in liquidation (German GAAP to US GAAP) (all amounts in Euros)

	Note	As of Dec 31, 2021	As of Nov 30, 2022
Shareholders' deficit reported under German GAAP		-86,746,922.05	-141,683,110.08
Reversal of bankruptcy accounting under German GAAP	1	9,844,943.77	3,231,356.35
Contracts with customers	2	-3,001,792.89	-1,782,178.72
Deferred taxes	8	0.00	-49,374.00
Other	9	-75,099.96	-66,257.97
Shareholders' deficit reported under US GAAP		-79,978,871.13	-140,349,564.41
Liquidation basis of accounting	10		11,880,231.59
Net liabilities in liquidation			-128,469,332.83

Reconciliation of net loss (German GAAP to US GAAP)
(all amounts in Euros)

	Note	Year Ended Dec 31, 2021	Eleven Months Ended Nov 30, 2022
Net loss reported under German GAAP		-123,774,017.95	-54,936,188.03
Reversal of bankruptcy accounting under German GAAP	1	9,844,943.77	-1,359,077.42
Contracts with customers	2	-2,310,079.06	-4,034,895.83
Convertible Loans	3	-145,697,149.00	0.00
Provision for retention bonus	4	-197,553.46	0.00
Cost reimbursements from shareholder	5	-3,813,950.00	0.00
Reversal of impairment on internally-generated intangible assets	6	42,526,527.92	0.00
Incremental costs of capital increase	7	768,485.84	0.00
Deferred taxes	8	0.00	-49,374.00
Other	9	29,077.66	8,824.02
Net loss reported under US GAAP		-222,623,714.27	-60,370,711.26

Reconciliation of cash flows (German GAAP to US GAAP) (all amounts in Euros)

Since there is no legal requirement in Germany for a mid-sized company according to Sec. 267 (2) German Commercial Code that does not meet the requirements of a capital market-oriented corporation (as defined in Sec. 264d German Commercial Code) to prepare and present a statement of cash flows, a statement of cash flows is not included in the Company's German GAAP financial statements.

Nonetheless, there are differences in the classification of items in a statement of cash flows between German GAAP and US GAAP. These classification differences between operating, investing, and financing activities are illustrated in the reconciliation below:

	Note	Year Ended Dec 31, 2021	Eleven Months Ended Nov 30, 2022
Net cash used in operating activities German GAAP		-60,243,207.21	-34,981,852.06
Cost reimbursements from shareholder	5	-3,813,950.00	0.00
Incremental costs of capital increase	7	768,485.84	0.00
Presentation of interest	11	-1,389,320.43	-2,958,104.36
Net cash used in operating activities under US GAAP		-64,677,991.80	-37,939,956.42

	Note	Year Ended Dec 31, 2021	Eleven Months Ended Nov 30, 2022
Net cash used in investing activities under German GAAP		-1,377,344.80	-888,683.30
Presentation of interest	11	-7,033.50	-8,303.62
Net cash used in investing activities under US GAAP		-1,384,378.30	-896,986.92

	Note	Year Ended Dec 31, 2021	Eleven Months Ended Nov 30, 2022
Net cash from financing activities under German GAAP		59,654,195.57	37,033,592.02
Cost reimbursements from shareholder	5	3,813,950.00	0.00
Incremental costs of capital increase	7	-768,485.84	0.00
Presentation of interest	11	1,396,353.93	2,966,407.98
Net cash from financing activities under US GAAP		64,096,013.66	40,000,000.00

Notes to reconciliation of German GAAP to US GAAP

1. *Reversal of bankruptcy accounting under German GAAP*

On September 28, 2022, Ibeo initiated preliminary bankruptcy proceedings. The court opened bankruptcy proceedings on December 1, 2022. According to German accounting regulations, the Company must comply with the requirements for bankruptcy accounting if the going concern condition is no longer met. These requirements are to be applied retrospectively to all financial statements to be published from the date on which the going concern assumption is no longer met. This date is September 28, 2022, the date on which Ibeo filed for preliminary bankruptcy; in this respect, under the German Commercial Code, the financial statements as of December 31, 2021 already had to be prepared under this assumption, as these have not yet been published before. In applying the bankruptcy accounting rules under German GAAP, liabilities are recognized that may result from the discontinuation of operations. In addition, assets are impaired to their net realizable value. Further, a provision for onerous contracts has been recognized. The reconciling item reverses all effects from the application of bankruptcy accounting under German GAAP for both years.

2. *Contracts with customers*

Under German GAAP, revenue is recognized when the goods or services have been delivered or rendered and the risks and rewards of ownership have been transferred. US GAAP requires the Company to identify the performance obligations for each contract within the scope of ASC 606. The transaction price must be allocated to each performance obligation based on stand-alone selling prices. Revenue for a performance obligation is recognized in accordance with the transfer of control to the customer, either at a point in time or over a period of time. US GAAP requires the recognition of contract assets and contract liabilities. Contract assets consist of unbilled revenue that arises when revenue is recognized in advance of invoicing for certain application-specific customer solutions contracts. Contract liabilities consist of prepayments received from customers in advance of revenue recognition.

Under German GAAP the Company recognizes revenues for certain engineering services, which consist primarily of product development and validation, at a point in time when the contract is completed. Until completion, costs incurred are capitalized and accounted for as inventories. Under US GAAP, revenue for the respective services is recognized over time, with the customer receiving and consuming the benefits of the services provided concurrently. Under these arrangements, revenue is recognized over the period in which the services are performed, upon transfer of control, using the percentage-of-completion method of measuring the stage of completion based on the costs incurred to date relative to the total expected costs (cost-to-cost) as the services are performed.

3. *Convertible Loans*

The Company has issued two Convertible loans in financial year 2021. Convertible loan I with a notional amount of EUR 5 million was converted to equity in 2021. Convertible loan II with a notional amount of EUR 6 million was not converted into equity as of November 30, 2022.

Under German GAAP, both convertible loans have been recognized at issuance date with their notional amounts. Convertible loan I was converted to equity with the notional amount of EUR 5 million plus the accrued interest.

Under US GAAP, the conversion feature included in the Convertible loan agreements (“CLA”) have been classified as derivatives and recorded in equity in 2021. For CLA I, a loss on settlement amounting to EUR 1.6 million has been recognized in profit and loss in 2021. For CLA II, a loss on modification has been recognized in profit and loss amounting to EUR 144 million in financial year 2021.

4. *Provision for retention bonus*

The Company granted its employees a retention bonus and recognized a provision under German GAAP at December 31, 2020. Under US GAAP, the provision considers forfeitures of benefits, while German GAAP does not. Due to the settlement of the bonus the difference in the provision between German GAAP and US GAAP was eliminated as of December 31, 2021.

5. Cost reimbursements from shareholder

The Company received cost reimbursement payments from one of its shareholders. While these payments are recorded as other operating income under German GAAP, they are recorded as equity transactions under US GAAP as the shareholder acted in its capacity as a shareholder.

6. Reversal of impairment on internally-generated intangible assets

Under German GAAP, internally generated non-current intangible assets may be recognized, at the Company's option, if certain criteria are met. Ibeo has capitalized development costs under German GAAP until December 31, 2020 as they fulfil the relevant criteria and the Company had exercised the option to recognize internally-generated intangible assets. In financial year 2021, all development costs capitalized until December 31, 2020 had been impaired under German GAAP. This impairment expense was reversed under US GAAP, as respective development costs have not qualified for capitalization under US GAAP and have therefore already been recognized as development expenses in prior periods under US GAAP.

7. Incremental costs of capital increase

As a result of the entry of a new shareholder, various costs were incurred which, in accordance with ASC 340, are incremental and directly attributable to the equity transaction. Under US GAAP, these costs are recorded as a reduction of the proceeds received (as a reduction of additional paid-in capital), whereas under German GAAP they are recorded in the income statement.

8. Tax related impact of US GAAP adjustments

Taking into account the German tax regulations and the valuation rules for deferred taxes under US GAAP, deferred tax liabilities of EUR 49 thousands resulting from the US GAAP adjustments are to be recognized as of November 30, 2022.

9. Other

This reconciling item contains several individually minor amounts with respect to differences between German GAAP and US GAAP relating to lease accounting, the recognition of credit losses and the accounting treatment of transaction costs related to debt.

10. Liquidation basis of accounting

Liquidation of Ibeo became imminent on November 28, 2022, when the preliminary creditors committee approved the contract with MicroVision and the insolvency administrator submitted its expert opinion on Ibeo's going concern prognosis to the court. The Company uses a convenience date and applied liquidation basis of accounting as of November 30, 2022.

Under liquidation basis of accounting all assets that are expected to be sold, including intangible assets that have not been recorded before the application of liquidation basis of accounting, are recognized. These assets are measured at the estimated amount of cash or other consideration that will be received upon settlement or disposal. Expected costs and income to be incurred or reimbursed are deferred until the liquidation is completed. Effects arising from the liquidation basis of accounting are not recognized in net loss.

Assets that have been identified and that have not been recorded before the application of liquidation basis of accounting mainly include a reference and a perception software which have been identified as intangible assets in the course of the acquisition of Ibeo's assets. Fixed assets and inventory have been recognized at their fair values as of November 30, 2022. Further, expected costs until the liquidation is completed have been accrued under liquidation accounting as of November 30, 2022 (e.g. custodian and legal advisor costs). The total adjustment gives rise to the Net Liabilities in Liquidation.

11. Presentation of interest

Under German GAAP, interest paid is included in cash flows from financing activities. Interest received is included in cash flows from investing activities.

Under US GAAP, both interest paid and interest received are included in cash flows from operating activities.

Hamburg/Germany, April 18, 2023

Ibeo Automotive Systems GmbH i.l.

Dr Ulrich Lages

Executive Director

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

The following unaudited pro forma condensed combined financial information gives effect to MicroVision, Inc.'s ("MicroVision") acquisition of certain assets of Ibeo Automotive Systems GmbH ("Ibeo").

As previously disclosed in our Current Report on Form 8-K filed on February 3, 2023 with the U.S. Securities and Exchange Commission (the "SEC"), MicroVision entered into an Asset Purchase Agreement (the "Asset Purchase Agreement") on December 1, 2022 with Ibeo pursuant to which MicroVision agreed to acquire from Ibeo certain assets related to Ibeo's lidar sensor business, subject to certain closing conditions (the "Ibeo acquisition"). On January 31, 2023, MicroVision and Ibeo amended the Asset Purchase Agreement pursuant to an Amendment Agreement to the Asset Purchase Agreement, which provided for an amended schedule of transferred contracts, modification to certain calculations, and establishment of a holdback in connection with the purchase price payment mechanics. Closing conditions were fulfilled and the transaction closed on January 31, 2023 (the "Closing"). See Note 2 below for additional details.

The unaudited pro forma condensed combined balance sheet as of December 31, 2022 (the "Pro Forma Balance Sheet") gives effect to the Ibeo acquisition as if it had occurred on December 31, 2022. The unaudited pro forma condensed combined statement of operations for the year ended December 31, 2022 (the "Pro Forma Statement of Operations") gives effect to the Ibeo acquisition as if it had occurred on January 1, 2022 (Pro Forma Balance Sheet and Pro Forma Statement of Operations collectively referred to as the "Pro Forma Financial Statements").

The unaudited Pro Forma Financial Statements are based upon the historical financial statements of MicroVision and Ibeo and were prepared using the acquisition method of accounting. Under the acquisition method of accounting, the purchase price is allocated to the assets acquired and the liabilities assumed based on their estimated fair values. The purchase price allocation is preliminary and is subject to change prior to finalization, which may result from additional information becoming available and additional analyses being performed on these acquired assets and assumed liabilities. The final purchase price allocation could result in material differences, which could have a material impact on the accompanying Pro Forma Financial Statements.

The unaudited pro forma condensed combined financial information has been derived from the audited historical consolidated financial statements of MicroVision as of and for the year ended December 31, 2022 prepared in accordance with generally accepted accounting principles in the United States ("U.S. GAAP"), which are included in MicroVision's Annual Report on Form 10-K for the year ended December 31, 2022. The unaudited pro forma condensed combined financial information has also been derived from the audited historical consolidated financial statements of Ibeo as of and for the 11-month period ended November 30, 2022 prepared in accordance with generally accepted accounting principles in Germany ("German GAAP") and reconciled to U.S. GAAP, which are filed with this Amendment No. 1 to Current Report on Form 8-K. As a result of Ibeo's insolvency process, and as the main phase of the insolvency proceedings was opened by the insolvency court on December 1, 2022, Ibeo carve-out historical financial statements as of and for the period ended November 30, 2022 were used to best reflect the acquired business pursuant to SEC Regulation S-X, Rule 3-06.

The unaudited pro forma condensed combined financial information is prepared, unless otherwise specified, on a basis that is consistent with the accounting policies used in the preparation of MicroVision's audited consolidated financial statements, which have been prepared in accordance with U.S. GAAP. The unaudited pro forma condensed combined financial information relating to Ibeo reflected in the unaudited pro forma condensed combined financial information has been derived from the consolidated financial statements prepared in accordance with German GAAP and reconciled to U.S. GAAP in the reconciliation footnote and the accounting policies as applied by MicroVision. Therefore, the unaudited pro forma condensed combined financial information relating to Ibeo is designed to include any material differences identified between U.S. GAAP and German GAAP.

The unaudited pro forma condensed combined financial information is presented in thousands of U.S. dollars. Accordingly, Ibeo's consolidated financial data has been converted from euros to U.S. dollars at the rates provided by the United States Federal Reserve for the relevant periods as disclosed below:

<u>Period</u>	<u>Euro to U.S. dollars</u>
Rate as of December 31, 2022	1.0698
Average rate for the period ended December 31, 2022	1.0534

The unaudited Pro Forma Financial Statements are presented for illustrative purposes only and are not necessarily indicative of the condensed combined results of operations in future periods or the results that would have been realized had MicroVision and Ibeo been a consolidated company during the specified period. The unaudited pro forma adjustments are based on information currently available, assumptions, and estimates underlying the pro forma adjustments and are described in the accompanying notes. Actual results may differ materially from the assumptions used to present the accompanying unaudited pro forma condensed combined financial information. The unaudited Pro Forma Financial Statements, including the notes thereto, are qualified in their entirety by reference to, and should be read in conjunction with, the historical financial statements of MicroVision, included in its Annual Report on Form 10-K for the year ended December 31, 2022.

MICROVISION, INC. AND SUBSIDIARIES
UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET
AS OF DECEMBER 31, 2022
(in thousands)

	MicroVision Historical	Ibeo Historical, As Adjusted Note (3) and (4)	Pro Forma Adjustments	Notes	Pro Forma Combined
Assets					
Current assets					
Cash and cash equivalents	\$ 20,536	\$ 2,449	\$ (13,847)	(a)	\$ 5,670
			(1,019)	(b)	
			(2,449)	(d)	
Investment securities, available-for-sale	62,173	—	—		62,173
Inventory	1,861	1,603	(936)	(c)	3,058
			530	(e)	
Advance to Ibeo	4,132	—	(4,132)	(a)	—
Other current assets	2,306	5,225	(4,507)	(d)	3,024
Total current assets	91,008	9,277	(26,360)		73,925
Property and equipment, net	6,830	4,318	(1,393)	(c)	12,160
			2,405	(e)	
Operating lease right-of-use asset	14,579	—	1,517	(c)	14,813
			(1,283)	(e)	
Restricted cash	1,418	—	3,263	(a)	4,681
Intangible assets, net	75	1,338	19	(c)	18,088
			16,656	(e)	
Other assets	1,086	17,967	(17,567)	(c)	1,086
			(400)	(d)	
Total assets	<u>\$ 114,996</u>	<u>\$ 32,900</u>	<u>\$ (23,143)</u>		<u>\$ 124,753</u>
Liabilities and shareholders' equity					
Current liabilities					
Accounts payable	2,061	126,326	(126,326)	(d)	2,061
Accrued liabilities	2,058	—	(372)	(b)	1,686
Contract liabilities	4,601	1,559	(381)	(e)	5,779
Other current liabilities	839	25,998	2,481	(a)	3,320
			(25,998)	(d)	
Current portion of long-term debt	—	6,821	(6,821)	(d)	—
Current portion of operating lease liability	1,846	—	61	(e)	1,907
Current portion of finance lease obligations	21	—	—		21
Total current liabilities	11,426	160,704	(157,356)		14,774
Operating lease liability, net of current portion	13,829	—	173	(e)	14,002
Deferred tax liabilities		1,936	(1,883)	(c)	—
			(53)	(d)	
Other liabilities		7,696	3,263	(a)	3,263
			(3,767)	(c)	
			(3,929)	(d)	
Total liabilities	25,255	170,336	(163,552)		32,039
Commitments and Contingencies					
Shareholders' equity					
Common stock	171	—	—		171
Additional paid-in capital	772,221	—	—		772,221
Accumulated other comprehensive loss	(127)	—	—		(127)
Accumulated deficit	(682,524)	—	(647)	(b)	(679,551)
			3,620	(f)	
Ibeo Net equity	—	(137,436)	(12,709)	(c)	—
			150,145	(d)	
Total shareholders' equity	89,741	(137,436)	140,409		92,714
Total liabilities and shareholders' equity	<u>\$ 114,996</u>	<u>\$ 32,900</u>	<u>\$ (23,143)</u>		<u>\$ 124,753</u>

See accompanying notes to unaudited pro forma condensed combined financial information

MICROVISION, INC. AND SUBSIDIARIES
UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2022
(in thousands)

	MicroVision Historical	Ibeo Historical, As Adjusted Note (3) and (4)	Pro Forma Adjustments	Notes	Pro Forma Combined
Total revenue	664	6,293	—		6,957
Total cost of revenue	(100)	(8,683)	(1,546)	(g)	(10,329)
Gross profit	564	(2,390)	(1,546)		(3,372)
Research and development expense	30,413	38,770	(905)	(g)	68,278
Sales, marketing, general and administrative expense	24,041	22,267	(156)	(g)	46,799
			647	(b)	
Total operating expenses	54,454	61,037	(414)		115,077
Loss from operations	(53,890)	(63,427)	(1,132)		(118,449)
Bargain purchase gain			3,620	(f)	3,620
Other income (expense), net	799	(4,415)	5,331	(h)	1,042
			(673)	(i)	
Income tax expense		(52)	52	(h)	
Net loss	\$ (53,091)	\$ (67,894)	\$ 7,198		\$ (113,787)
Net loss per share—basic and diluted	\$ (0.32)				\$ (0.69)
Weighted average shares outstanding—basic and diluted	165,958				165,958

See accompanying notes to unaudited pro forma condensed combined financial information

NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

1. BASIS OF PRESENTATION

The unaudited Pro Forma Balance Sheet as of December 31, 2022 gives effect to the Ibeo acquisition as if it had occurred on December 31, 2022. The unaudited Pro Forma Statement of Operations was prepared based on the assumption that the Ibeo acquisition occurred on January 1, 2022, consolidating the results of MicroVision with the results of Ibeo for the year ended December 31, 2022. As Ibeo's historical financial statements are as of and for the 11-month period ended November 30, 2022, the unaudited Pro Forma Statement of Operations includes an adjustment to include an additional month of preliminary activity. The Pro Forma Financial Statements are prepared in accordance with U.S. GAAP using the acquisition method of accounting for the business combination and are based on the historical financial statements of Ibeo and consolidated financial statements of MicroVision.

The acquisition method of accounting is based on ASC 805, *Business Combinations* ("ASC 805"), and uses the fair value concepts defined in ASC 820, *Fair Value Measurement* ("ASC 820").

ASC 805 requires, among other things, that most assets acquired and liabilities assumed be recognized at their fair values as of the acquisition date. In addition, ASC 805 requires that the consideration transferred be measured at the date the acquisitions are completed at the then-current market price. Definitive allocations of the purchase price may be performed after the transactions close. Any adjustments to the preliminary estimated fair value amounts could have a significant impact on the unaudited pro forma condensed combined financial information contained herein and our future results of operations and financial position.

ASC 820 defines the term "fair value," sets forth the valuation requirements for any asset or liability measured at fair value, expands related disclosure requirements and specifies a hierarchy of valuation techniques based on the nature of the inputs used to develop the fair value measures. Fair value is defined in ASC 820 as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date." This is an exit price concept for the valuation of the asset or liability. In addition, market participants are assumed to be buyers and sellers in the principal (or the most advantageous) market for the asset or liability. Fair value measurements for an asset assume the highest and best use by these market participants. As a result of these standards, MicroVision may be required to record the fair value of assets that are not intended to be used or sold and/or to value assets at fair value measures that do not reflect MicroVision's intended use of those assets. Many of these fair value measurements can be highly subjective, and it is possible that other professionals, applying reasonable judgment to the same facts and circumstances, could develop and support a range of alternative estimated amounts.

Applying the acquisition method of accounting, the assets acquired and liabilities assumed will be recorded, as of completion of the Ibeo acquisition, primarily at their respective fair values and added to those of MicroVision's. Financial statements and reported results of operations of MicroVision issued after completion of the acquisition will reflect these values but will not be retroactively restated to reflect the historical financial position or results of operations of Ibeo.

Pursuant to ASC 805, acquisition-related transaction costs (e.g., non-recurring advisory, legal and other professional fees) are not included as a component of consideration transferred but are accounted for as expenses in the periods in which such costs are incurred. Total acquisition-related transaction costs incurred for the Ibeo acquisition are estimated to be approximately \$1.1 million, of which \$0.5 million were incurred during the year ended December 31, 2022 and \$0.6 million are expected to be incurred thereafter.

The unaudited pro forma condensed combined financial information is required to include adjustments which give effect to events that are directly attributable to the acquisitions regardless of whether they are expected to have a continuing impact on the combined results or are non-recurring. As a result, acquisition-related transaction costs described above are presented in the unaudited Pro Forma Balance Sheet as if the transaction costs had been incurred as of December 31, 2022. Further, acquisition-related transaction costs described above are presented in the unaudited Pro Forma Statement of Operations as if transaction costs were incurred on January 1, 2022.

Management has made significant estimates and assumptions in its determination of the pro forma adjustments. As the unaudited pro forma condensed combined financial information has been prepared based on these preliminary estimates, the final amounts recorded may differ materially from the information presented. Further, the unaudited pro forma condensed combined financial information does not give effect to any anticipated synergies, operating efficiencies, or cost savings that may be associated with the Ibeo acquisition.

The pro forma adjustments reflecting the consummation of the Ibeo acquisition are based on certain currently available information and certain assumptions and methodologies that management believes are reasonable under the circumstances. The unaudited condensed pro forma adjustments, which are described in the accompanying notes, may be revised as additional information becomes available and is evaluated. Therefore, it is possible that the actual adjustments will differ from the pro forma adjustments, and it is possible the difference may be material. Management believes that these assumptions and methodologies provide a reasonable basis for presenting all of the significant effects of the acquisition based on information available to management at the time and that the pro forma adjustments give appropriate effect to those assumptions and are properly applied in the unaudited pro forma condensed combined financial information.

The unaudited pro forma condensed combined financial information is not necessarily indicative of what the actual results of operations and financial position would have been had the Ibeo acquisition taken place on the dates indicated, nor are they indicative of the future combined results of operations or financial position of MicroVision.

Ibeo will be included in MicroVision's condensed consolidated financial statements from the date of the Closing, which will be reported in MicroVision's Quarterly Report on Form 10-Q for the period ended March 31, 2023.

2. IBEO ACQUISITION

On January 31, 2023, MicroVision acquired certain assets of Ibeo, a company based in Hamburg, Germany. The terms of the transaction provided for cash consideration of EUR 15 million, subject to potential reduction, plus the advance of operating funds during the period between the signing of the Asset Purchase Agreement and the Closing. Pursuant to these terms, the total cash consideration of approximately \$20.5 million consists of (i) \$7.1 million paid to Ibeo prior to Closing, \$3.0 million of which was paid in 2023, (ii) \$7.6 million paid to Ibeo at Closing, (ii) \$3.3 million deposited in an escrow account to be held for a maximum period of 13 months post-Closing as partial security for potential claims arising out of or in connection with the transaction, from which any remaining balance will be paid to Ibeo, and (iii) \$2.5 million, which is expected to be paid in April 2023 and which will be funded with MicroVision's existing cash balances.

The unaudited pro forma condensed combined financial information includes various assumptions, including those related to the preliminary purchase price allocation of the assets acquired and liabilities assumed of Ibeo based on fair value measurement. The final purchase price allocation may vary based on final appraisals, valuations and analyses of the fair value of the assets acquired and liabilities assumed. Accordingly, the pro forma adjustments are preliminary and have been made solely for illustrative purposes.

The following table summarizes the preliminary allocation of the total consideration to the preliminary fair values of the assets acquired, liabilities assumed, and bargain purchase gain based on the MicroVision's current best estimates (in thousands):

	Amount (EUR)	Amount (USD)
Total purchase consideration	€18,910	\$20,460
Purchase price allocation:		
Inventory	1,106	1,197
Other current assets	663	718
Operating lease right-of-use asset	216	234
Property and equipment, net	4,925	5,330
Intangible assets	16,643	18,013
Contract liabilities	(1,088)	(1,178)
Operating lease liabilities	(216)	(234)
Total identifiable net assets	€22,249	\$24,080
Bargain purchase gain	€ 3,339	\$ 3,620

Acquired intangible assets are composed of the following, including the mapping of estimated amortization expense included in the respective unaudited Pro Forma Statement of Operations (in thousands):

Identifiable Intangible Assets	Estimated Fair Value (EUR)	Estimated Fair Value (USD)	Estimated Weighted Average Useful Life (in Years)	Amortization Classification within Statement of Operations
Acquired technology	€ 16,619	\$ 17,987	13	Cost of product revenue
Backlog	24	26	1	Sales, marketing, general and administrative expense
Total	€ 16,643	\$ 18,013		

3. ADJUSTED IBEO HISTORICAL FINANCIAL STATEMENTS

The historical financial information of Ibeo as of November 30, 2022 has been derived from Ibeo's audited financial statements as of and for the 1-month period ended November 30, 2022, which was prepared in accordance with German GAAP and reconciled to U.S. GAAP in accordance with the Item 17 requirements from SEC Form 20-F as presented in the footnotes to the audited consolidated financial statements which are included elsewhere in this Current Report on Form 8-K. As a result of Ibeo's insolvency process, and as the main phase of the insolvency proceedings were opened by the insolvency court on December 1, 2022, Ibeo carve-out historical financial statements as of and for the period ended November 30, 2022 were used to reflect the acquired business pursuant to SEC Regulation S-X Rule 3-06.

The following table reconciles the historical balance sheet of Ibeo in German GAAP to U.S. GAAP as of November 30, 2022, prepared in euros and converted to U.S. dollars:

<i>(in thousands)</i>	Unaudited Historical Ibeo German GAAP (EUR)	Unaudited Historical Adjusted Ibeo U.S. GAAP (EUR)	Unaudited Historical Adjusted Ibeo U.S. GAAP (USD)
Assets			
Current assets:			
Cash and cash equivalents	€ 2,289	€ 2,289	\$ 2,449
Accounts receivable, net	805	805	861
Contract assets	—	—	—
Inventories, net	623	1,498	1,603
Other assets	4,211	4,079	4,364
Total current assets	7,928	8,671	9,277
Non-current assets:			
Capitalized software and intangible assets	1,269	1,251	1,338
Property Plant & Equipment, net	2,734	4,036	4,318
Other assets	20	16,795	17,967
Total assets	11,951	30,753	32,900
Liabilities and shareholders' equity			
Current liabilities:			
Accounts Payable	122,094	118,084	126,326
Contract liabilities	1,457	1,457	1,559
Provisions	3,348	4,689	5,016
Other liabilities	14,336	19,613	20,982
Convertible loans	6,250	3,251	3,478
Shareholder loan	—	3,125	3,343
Total current liabilities	147,485	150,219	160,704
Non-current liabilities:			
Shareholder loan	3,125	—	—
Provisions	3,024	16	17
Deferred tax liabilities	—	1,810	1,936
Other liabilities	—	4,178	4,470
Convertible loan	—	3,000	3,209
Total liabilities	153,634	159,223	170,336
Ibeo Net equity	(141,683)	(128,470)	(137,436)
Total liabilities and equity	€ 11,951	€ 30,753	\$ 32,900

The following table reconciles the historical statement of operations of Ibeo in German GAAP to U.S. GAAP as of November 30, 2022, prepared in euros and converted to U.S. dollars. Additionally, as Ibeo's historical financial statements are as of and for the 11-month period ended November 30, 2022, the unaudited Pro Forma Statement of Operations includes an adjustment of an additional one month of activity to represent Ibeo's preliminary-historical full year 2022 statement of operations.

<i>(in thousands)</i>	Unaudited Historical Ibeo German GAAP 11 Months Ended November 30, 2022 (EUR)	Unaudited Historical Adjusted Ibeo U.S. GAAP 11 Months Ended November 30, 2022 (EUR)	Unaudited Preliminary Activity for Month Ended December 31, 2022 (EUR)	Unaudited Historical Adjusted Ibeo U.S. GAAP 12-Month Equivalent (EUR)	Unaudited Historical Adjusted Ibeo U.S. GAAP 12-Month Equivalent (USD)
Net revenue	€ 4,304	€ 5,524	€ 450	€ 5,974	\$ 6,293
Cost of revenue	(2,505)	(7,988)	(255)	(8,243)	(8,683)
Gross (loss) profit	1,799	(2,464)	195	(2,269)	(2,390)
Research and development expense	35,111	35,089	1,716	36,805	38,770
Sales, marketing, general and administrative expense	17,429	18,572	2,566	21,138	22,267
Operating (loss) profit	(50,741)	(56,125)	(4,087)	(60,212)	(63,427)
Other income (expense), net	845	845	25	870	916
Other (loss) income	845	845	25	870	916
Financial Result	(5,040)	(5,041)	(20)	(5,061)	(5,331)
Loss from operations before income tax	(54,936)	(60,321)	(4,082)	(64,403)	(67,842)
Income tax expense	—	(49)	—	(49)	(52)
Net loss	€ (54,936)	€ (60,370)	€ (4,082)	€ (64,452)	\$ (67,894)

4. ACCOUNTING POLICIES AND RECLASSIFICATIONS

The accounting policies used in the preparation of this unaudited pro forma condensed combined financial information are those set out in MicroVision's audited financial statements as of and for the year ended December 31, 2022. Upon consummation of the Ibeo acquisition, MicroVision began a comprehensive review of Ibeo's accounting policies. As a result of the completion of this review, MicroVision may identify additional differences between the accounting policies of the two companies which, when conformed, could have a material impact on the combined financial statements.

Certain reclassification and classification adjustments have been made to the unaudited pro forma condensed combined financial information to conform Ibeo's historical financial statements to MicroVision's financial statement presentation, as shown in the tables below. Unless otherwise indicated, defined line items included in the footnotes have the meanings given to them in the historical financial statements of MicroVision.

IBEO
HISTORICAL BALANCE SHEET
AS OF NOVEMBER 30, 2022
(in thousands)

<i>(in thousands)</i>	Unaudited Historical Adjusted Ibeo U.S. GAAP (USD)	Unaudited Reclassification Adjustments	Unaudited Ibeo Historical, As Adjusted
Assets			
Current assets:			
Cash and cash equivalents	\$ 2,449	\$ —	\$ 2,449
Accounts receivable, net	861	(861)	—
Contract assets	—	—	—
Inventories, net	1,603	(1,603)	—
Other assets	4,364	(4,364)	—
Other current assets	—	5,225	5,225
Inventory	—	1,603	1,603
Total current assets	9,277	—	9,277
Non-current assets:			
Capitalized software and intangible assets	1,338	(1,338)	—
Property Plant & Equipment, net	4,318	(4,318)	—
Other assets	17,967	—	17,967
Property and equipment, net	—	4,318	4,318
Intangible assets, net	—	1,338	1,338
Total assets	\$ 32,900	\$ —	\$ 32,900
Liabilities and shareholders' equity			
Current liabilities:			
Accounts Payable	126,326	—	126,326
Contract liabilities	1,559	—	1,559
Provisions	5,016	(5,016)	—
Other liabilities	20,982	(20,982)	—
Convertible loans	3,478	(3,478)	—
Shareholder loan	3,343	(3,343)	—
Other current liabilities	—	25,998	25,998
Current portion of long-term debt	—	6,821	6,821
Total current liabilities	160,704	—	160,704
Non-current liabilities:			
Provisions	17	(17)	—
Deferred tax liabilities	1,936	—	1,936
Other liabilities	4,470	(4,470)	—
Convertible loan	3,209	(3,209)	—
Other liabilities	—	7,696	7,696
Total liabilities	\$ 170,336	\$ —	\$ 170,336
Ibeo Net equity	(137,436)	—	(137,436)
Total liabilities and equity	\$ 32,900	\$ —	\$ 32,900

IBEO
HISTORICAL STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2022
(in thousands)

<i>(in thousands)</i>	Unaudited Historical Adjusted Ibeo U.S. GAAP 12-Month Equivalent (USD)	Unaudited Reclassification Adjustments	Ibeo Unaudited Historical, As Adjusted
Net revenue	\$ 6,293	\$ (6,293)	\$ —
Total revenue		6,293	6,293
Cost of revenue	(8,683)	8,683	—
Total cost of revenue		(8,683)	(8,683)
Gross (loss) profit	(2,390)	2,390	—
Gross profit		(2,390)	(2,390)
Research and development expense	38,770	—	38,770
Sales, marketing, general and administrative expense	22,267	—	22,267
Total operating expenses			61,037
Operating (loss) profit	(63,427)	63,427	—
Loss from operations		(63,427)	(63,427)
Other income (expense), net	916	(5,331)	(4,415)
Financial result	(5,331)	5,331	—
Income tax expense	(52)	—	(52)
Net Loss	<u>\$ (67,894)</u>	<u>\$ 63,427</u>	<u>\$ (67,894)</u>

5. PRO FORMA ADJUSTMENTS

The unaudited Pro Forma Financial Statements included herein were prepared using the acquisition method of accounting for the business combination and are based upon the historical financial statements of MicroVision and Ibeo and include certain adjustments to give effect to the Ibeo acquisition. As the adjustments are based upon currently available preliminary information, actual adjustments will likely differ from the pro forma adjustments presented herein. The unaudited Pro Forma Financial Statements are presented for illustrative purposes only and are not necessarily indicative of the condensed combined results of operations in future periods or the results that actually would have been realized had MicroVision and Ibeo been a consolidated company during the specified period.

After giving effect to the adjustments described below, we believe that Ibeo's historical accounting policies align with MicroVision's accounting policies in all material respects.

a. Purchase consideration

Represents the estimated purchase consideration of \$20.5 million, which consisted of \$7.6 million of cash paid at Closing, \$7.1 million advanced prior to Closing (of which \$4.1 was paid during the year ended December 31, 2022), \$3.3 million paid at Closing to an escrow account to be available to cover properly established claims by MicroVision (reflected as restricted cash and a long term liability), and \$2.5 million of cash consideration payable by MicroVision subsequent to Closing recognized in other current liabilities.

b. Acquisition-related costs

Represents adjustments to reflect the payment in cash of all unpaid transaction costs as of December 31, 2022 and amounts estimated to be incurred after December 31, 2022. Includes \$0.4 million recorded in accrued expenses as of December 31, 2022 and \$0.6 million of incremental acquisition-related costs incurred from January 1, 2023 through the date of this filing. This is a non-recurring item.

c. Liquidation-going concern basis

Represents adjustments to convert Ibeo's historical financial statements from a liquidation U.S. GAAP basis of accounting to going concern U.S. GAAP basis of accounting. As Ibeo underwent bankruptcy, its audited historical financial statements were prepared on a liquidation basis of accounting. To give effect to Ibeo's historical financial statements under the same going concern basis as MicroVision financial statements, adjustments were made to reverse the effects of liquidation basis of accounting.

d. Elimination of Ibeo's assets, liabilities, and shareholders' equity

Represents adjustments to exclude Ibeo assets and liabilities that were not assumed in the acquisition, and eliminate Ibeo's historical shareholders' equity in connection with the acquisition.

e. Purchase accounting adjustments

As a result of applying the acquisition method of accounting, the following preliminary adjustments have been presented in the unaudited pro forma condensed combined financial information:

- (1) Inventory was increased by \$0.5 million for adjustment to the estimated fair value of Ibeo's historically recorded inventory.
- (2) Property and equipment, net was increased by \$2.4 million for adjustments to the estimated fair value of Ibeo's historically recognized property and equipment, net. The historical carrying value of Ibeo's property and equipment, net, of \$2.9 million was eliminated as a result of estimating the fair value of Ibeo's property and equipment.
- (3) Operating lease right-of-use asset and lease liability historical carrying values were reduced by \$1.3 million and increased by \$0.2 million, respectively, to reflect the Closing estimate of Ibeo leases acquired.
- (4) Intangible assets, net have been increased by \$16.7 million to reflect the estimate of the fair value of the acquired intangible assets, including acquired technology and backlog. See Note 2 for further information on acquired intangible assets. The historical carrying value of Ibeo's other intangible assets, net, of \$1.4 million, was eliminated as a result of estimating the fair value of Ibeo's acquired technology.
- (5) Contract liabilities were reduced by \$0.4 million to reflect the Closing estimate of Ibeo contract liabilities acquired, recognized in accordance with ASC 606, *Revenue from contracts with customers* as if MicroVision had originated the contracts.

See Note 2 for further information on net assets acquired and liabilities assumed.

f. Bargain purchase gain

Represents adjustment to record estimated bargain purchase gain, calculated as the excess of the total net assets acquired over consideration transferred. See Note 2 for further information.

g. Amortization/depreciation expense related to acquired intangible assets and property and equipment

As disclosed in pro forma adjustment (e), the estimated fair value of intangible assets acquired was \$18.0 million. Accordingly, the unaudited Pro Forma Statement of Operations includes estimated amortization expense of \$1.6 million for acquired technology and backlog, of which the majority is classified as cost of product revenue and a nominal amount is classified as sales, marketing, general and administrative expense. The historical amortization expense for Ibeo's intangibles of \$1.0 million was eliminated, which included a nominal amount of cost of revenue, \$0.9 million of research and development expense, and \$0.1 million of sales, marketing, general and administrative expense.

As disclosed in pro forma adjustment (e), the estimated fair value of property and equipment acquired is \$5.3 million. Accordingly, the unaudited Pro Forma Statement of Operations includes estimated depreciation expense of \$1.5 million for property and equipment, \$1.0 million classified in research and development and \$0.5 million classified in sales, marketing, general and administrative expense. The historical depreciation expense for Ibeo's property and equipment of \$1.6 million was eliminated, which included \$1.0 million of research and development expense and \$0.6 million of sales, marketing, general and administrative expense.

h. Ibeo liabilities not assumed considerations

Represents adjustment to exclude: (1) \$5.3 million of Ibeo historical other expenses primarily related to debt, and (2) \$0.1 million of Ibeo historical income tax expense related to deferred tax liabilities, both not assumed by MicroVision in the Ibeo acquisition. See Note 2 for further information on liabilities assumed.

i. Other income (expense) related to contracts not acquired

Represents adjustment to exclude \$0.7 million of Ibeo historical other income related to Ibeo contracts and other investments not assumed in the Ibeo acquisition. See Note 2 for further information on assets assumed.