UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended March 31, 2026

OR

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

For the transition period from ________to _________

Commission file number 001-34170

MicroVision, Inc.
(Exact name of registrant as specified in its charter)

Delaware	**91-1600822**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification Number)

18390 NE 68th Street
Redmond, Washington 98052
(Address of Principal Executive Offices, including Zip Code)

(425) 936-6847
(Registrant's Telephone Number, including Area Code)

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, $0.001 par value per share	**MVIS**	**The Nasdaq Stock Market LLC**

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).
YES ☒ NO ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
		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. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
YES ☐ NO ☒

The number of shares of the registrant's common stock outstanding as of May 6, 2026 was 331,615,285.

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PART I.

ITEM 1. FINANCIAL STATEMENTS

MicroVision, Inc.
Condensed Consolidated Balance Sheets
(In thousands, except per share data)
(Unaudited)

	March 31, 2026	December 31, 2025
Assets		
Current assets		
Cash and cash equivalents	$ 46,120	$ 32,363
Investment securities, available-for-sale	-	42,471
Restricted cash, current	485	497
Accounts receivable, net of allowances	732	47
Inventory	4,028	745
Other current assets	2,858	4,989
Total current assets	54,223	81,112
Property and equipment, net	17,300	4,280
Operating lease right-of-use assets	17,929	14,075
Restricted cash, net of current portion	1,189	1,204
Intangible assets, net	13,662	32
Goodwill	3,677	-
Other assets	2,224	2,416
Total assets	$ 110,204	$ 103,119
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable	$ 4,537	$ 1,628
Accrued liabilities	7,542	5,426
Deferred revenue	411	-
Derivative liability	2,035	-
Notes payable	32,141	19,212
Operating lease liabilities, current	4,985	3,481
Finance lease liabilities, current	13	14
Other current liabilities	99	388
Total current liabilities	51,763	30,149
Warrant liability	1,271	1,875
Operating lease liabilities, net of current portion	16,259	14,034
Finance lease liabilities, net of current portion	21	27
Other long-term liabilities	1,347	1,486
Total liabilities	70,661	47,571
Commitments and contingencies (Note 12)		
Shareholders' equity		
Preferred stock, par value $0.001; 25,000 shares authorized; zero and zero shares issued and outstanding	-	-
Common stock, par value $0.001; 510,000 shares authorized; 322,110 and 306,509 shares issued and outstanding at March 31, 2026 and December 31, 2025, respectively	322	306
Additional paid-in capital	1,021,218	1,011,835
Accumulated other comprehensive income	559	669
Accumulated deficit	(982,556)	(957,262)
Total shareholders' equity	39,543	55,548
Total liabilities and shareholders' equity	$ 110,204	$ 103,119

The accompanying notes are an integral part of these financial statements.

MicroVision, Inc.
Condensed Consolidated Statements of Operations
(In thousands, except per share data)
(Unaudited)

	Three Months Ended March 31, 2026	Three Months Ended March 31, 2025
Revenue	$ 935	$ 589
Cost of revenue	572	550
Gross profit	363	39
Research and development expense	14,445	7,403
Sales, marketing, general and administrative expense	9,511	6,676
Impairment loss on operating lease right-of-use assets	9	-
Gain on disposal of fixed assets	(108)	-
Total operating expenses	23,857	14,079
Loss from operations	(23,494)	(14,040)
Interest expense	(2,753)	(12,903)
Unrealized gain on derivative liability	3,380	842
Unrealized gain on warrant liability	604	1,761
Realized loss on debt extinguishment	(3,083)	(4,654)
Bargain purchase gain	147	-
Other income	87	288
Net loss before taxes	(25,112)	(28,706)
Income tax expense	(182)	(73)
Net loss	$ (25,294)	$ (28,779)
Net loss per share - basic and diluted	$ (0.08)	$ (0.12)
Weighted-average shares outstanding - basic and diluted	308,650	235,933

The accompanying notes are an integral part of these financial statements.

MicroVision, Inc.
Condensed Consolidated Statements of Comprehensive Loss
(In thousands)
(Unaudited)

	Three Months Ended March 31,	
	2026	**2025**
Net loss	$ (25,294)	$ (28,779)
Other comprehensive loss		
Unrealized loss on investment securities, available for sale	(24)	(19)
Unrealized gain (loss) on translation	(86)	138
Comprehensive loss	$ (25,404)	$ (28,660)

The accompanying notes are an integral part of these financial statements.

MicroVision, Inc.
Condensed Consolidated Statements of Shareholders' Equity
(In thousands)
(Unaudited)

	Common Stock		Additional paid-in capital	Accumulated other comprehensive income (loss)	Accumulated deficit	Total shareholders' equity
	Shares	Par value				
Balance at January 1, 2025	224,993	$ 225	$ 910,825	$ -	$ (862,281)	$ 48,769
Share-based compensation expense	464	-	1,921	-	-	1,921
Sales of common stock, net and warrants	5,913	6	9,188	-	-	9,194
Conversions of notes payable	14,070	14	21,966	-	-	21,980
Net loss	-	-	-	-	(28,779)	(28,779)
Other comprehensive income	-	-	-	119	-	119
Balance at March 31, 2025	245,440	$ 245	$ 943,900	$ 119	$ (891,060)	$ 53,204
Balance at January 1, 2026	306,509	$ 306	$ 1,011,835	$ 669	$ (957,262)	$ 55,548
Share-based compensation expense	692	1	982	-	-	983
Sales of common stock, net	582	1	310	-	-	311
Conversions of notes payable	14,327	14	8,091	-	-	8,105
Net loss	-	-	-	-	(25,294)	(25,294)
Other comprehensive loss	-	-	-	(110)	-	(110)
Balance at March 31, 2026	322,110	$ 322	$ 1,021,218	$ 559	$ (982,556)	$ 39,543

The accompanying notes are an integral part of these financial statements.

MicroVision, Inc.
Condensed Consolidated Statements of Cash Flows
(In thousands)
(Unaudited)

	Three Months Ended March 31, 2026	Three Months Ended March 31, 2025
Cash flows from operating activities		
Net loss	$ (25,294)	$ (28,779)
Adjustments to reconcile net loss to net cash used in operations:		
Depreciation and amortization	2,368	1,408
Unrealized gain on derivative liability	(3,380)	(842)
Unrealized gain on warrant liability	(604)	(1,761)
Loss on debt extinguishment	3,083	4,654
Bargain purchase gain	(147)	-
Gain on disposal of fixed assets	(108)	-
Impairment of operating lease right-of-use assets	9	-
Inventory write-downs	27	-
Non-cash interest expense	-	7,325
Amortization of debt discount and issuance costs on notes payable	2,743	5,559
Share-based compensation expense	983	1,921
Net accretion of premium on short-term investments	(81)	(118)
Change in:		
Accounts receivable	(685)	674
Inventory	490	(228)
Other current and non-current assets	308	(2,713)
Accounts payable	2,800	95
Accrued liabilities	2,116	(348)
Contract liabilities and other current liabilities	122	(342)
Operating lease liabilities	(1,086)	(556)
Other long-term liabilities	(107)	(47)
Net cash used in operating activities	(16,443)	(14,098)
Cash flows from investing activities		
Sales of investment securities	42,528	13,522
Purchases of investment securities	-	(10,333)
Purchases of property and equipment	(143)	(99)
Cash paid for business combination	(33,178)	-
Net cash provided by investing activities	9,207	3,090
Cash flows from financing activities		
Principal payments under finance leases	(3)	(2)
Principal proceeds from notes payable, net of debt discount and issuance costs	20,732	-
Net proceeds from issuance of common stock and warrants	311	8,207
Net cash provided by financing activities	21,040	8,205
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	(74)	81
Change in cash, cash equivalents, and restricted cash	13,730	(2,722)
Cash, cash equivalents, and restricted cash at beginning of period	34,064	56,247
Cash, cash equivalents, and restricted cash at end of period	$ 47,794	$ 53,525
Supplemental schedule of non-cash investing and financing activities		
Common stock issued in conversions of notes payable	$ 8,105	$ 21,980
Issuance of warrants	$ -	$ 6,297
Acquisition of right-of-use asset	$ 4,733	$ (107)
Accrued financing fees	$ -	$ 41
Foreign currency translation adjustment	$ (86)	$ 138
Unrealized loss on investment securities, available-for-sale	$ (24)	$ (19)

The following table provides a reconciliation of the cash, cash equivalents, and restricted cash balances as of March 31, 2026 and March 31, 2025:

	March 31, 2026	March 31, 2025
Cash and cash equivalents	$ 46,120	$ 51,918
Restricted cash, current	485	70
Restricted cash, net of current portion	1,189	1,537
Cash, cash equivalents, and restricted cash	$ 47,794	$ 53,525

The accompanying notes are an integral part of these financial statements.

MicroVision, Inc.
Notes to Condensed Consolidated Financial Statements
(Unaudited)

1. DESCRIPTION OF BUSINESS

MicroVision, Inc. is defining the next generation of lidar-based perception solutions for automotive, industrial, and security & defense markets. The Company delivers integrated hardware and software solutions designed for real-world performance, automotive-grade reliability, and economic scalability. The Company's diverse portfolio of lidar sensors, with both short- and long-range lidar solutions, feature solid-state sensors with varying wavelengths, advanced sensor architectures, design-to-cost engineering, and open software solutions.

The Company's solutions enable advanced driver assistance systems, or ADAS, and autonomy features for customers in a wide range of markets, including automotive, industrial, and security & defense. Target industrial sectors include robotics, automated warehouse, agriculture, and mining. The Company's integrated hardware and software solutions enable intelligent autonomous, active safety, and automation systems which depend on secure, cost-effective, and energy-efficient solutions. Software has been developed in close collaboration with automotive customers and also has broad application in industrial, defense, and commercial vehicle sectors.

With engineering teams in the U.S. and Germany, the Company develops and supplies integrated solutions, incorporating application software and processing data from differentiated sensor systems. The Company's extensive experience in developing and productizing core lidar hardware and software components, along with expertise in edge computing, positions the Company as a valuable commercial partner capable of delivering high-value, low-power products.

Liquidity

The Company has incurred significant losses since inception. Operations to date have been funded primarily through the sale of common stock, convertible preferred stock, warrants, the issuance of convertible debt and, to a lesser extent, from development contract revenues, product sales, and licensing activities.

As of March 31, 2026, the Company had total liquidity of $46.1 million comprised of cash and cash equivalents, which excludes restricted cash, and approximately $42.0 million availability under its current at-the-market ("ATM") facility as of March 31, 2026, subject to certain conditions, including ongoing listing on The Nasdaq Global Market. On October 23, 2024, the Company issued $45.0 million in senior secured convertible notes for gross proceeds of $41.4 million. Additionally, in February 2026, the Company entered into a securities purchase and exchange agreement with an institutional investor, pursuant to which the Company issued two senior secured convertible notes due March 2028 – one for approximately $20.6 million in exchange for the previously existing senior secured convertible note due March 2026 and the other for approximately $22.4 million. See *Note 7. Notes Payable and Derivative Liability* for additional discussion. Pursuant to terms of the securities purchase and exchange agreement, the Company will maintain minimum cash liquidity of the lesser of $21.5 million or 110% of the then outstanding balance of the senior secured convertible notes for the remaining duration of their term.

Based on the current operating plan, including expected financing activities, the Company anticipates having sufficient cash and cash equivalents to fund operations for at least the next 12 months from the issuance of these consolidated financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation and Basis of Presentation

The unaudited condensed consolidated financial statements and accompanying notes include the accounts of the Company and its wholly owned subsidiaries, after elimination of all intercompany balances and transactions. The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("US GAAP") and the requirements of the U.S. Securities and Exchange Commission (the "SEC") for interim financial information. Certain information and disclosures normally included in consolidated financial statements prepared in accordance with GAAP have been condensed or omitted. Accordingly, these unaudited condensed consolidated financial statements should be read in conjunction with the audited financial statements and notes thereto for the year ended December 31, 2025. The information as of December 31, 2025 included in the condensed consolidated balance sheets was derived from those audited financial statements.

The unaudited condensed consolidated financial statements have been prepared on the same basis as the annual consolidated financial statements and, in the opinion of management, reflect all adjustments, which include only normal recurring adjustments, necessary for the fair statement of the Company's financial information for the interim periods presented. The unaudited condensed consolidated results of operations for the interim period are not necessarily indicative of the results to be expected for the year ending December 31, 2026 or for any other future annual or interim period.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires the Company to make estimates and assumptions that affect the reported amounts therein. The most significant estimates and assumptions relate to valuations of intangibles, derivatives and warrants, revenue recognition, inventory valuation, valuation of share-based payments, income taxes, depreciable lives assessment and related disclosure of contingent assets and liabilities. Due to the inherent uncertainty involved, actual results reported in future periods could differ from those estimates.

Foreign Currency Translation

Foreign currency transaction gains and losses are a result of the effect of exchange rate changes on transactions denominated in currencies other than the functional currency. Realized gains and losses on those foreign currency transactions are included in determining net loss for the period of exchange and are recorded in other income in the condensed consolidated statements of operations.

Segment Information

The Company determines operating segments based on how the chief operating decision maker ("CODM") manages the business, makes operating decisions around the allocation of resources, and evaluates operating performance. The CODM is the Chief Executive Officer. The Company has determined that it operates in one operating segment and one reportable segment, relating to the sale and servicing of lidar hardware and software, as the CODM regularly reviews financial information presented on a consolidated basis. Financial information regularly reviewed by the CODM includes revenue, income or loss from operations, and net income or loss.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk are primarily cash, cash equivalents, and investment securities. As of March 31, 2026, cash and cash equivalents are comprised of operating checking accounts and short-term highly rated money market savings accounts. Short-term investments are comprised of highly rated corporate bonds and U.S. Treasury securities.

For the three months ended March 31, 2026, $0.5 million, or 54%, of total revenue was derived from a top-ten global automotive OEM customer, $0.2 million, or 22%, of total revenue was derived from a leading global manufacturer of construction and mining equipment, and $0.2 million, or 17%, of total revenue was derived from an EU-based robotics company delivering autonomy systems in the Security & Defense sector. For the same period in 2025, a leading manufacturer of agricultural equipment and an automotive supplier accounted for $0.5 million and $0.1 million of total revenue, respectively, representing 80% and 14% of total revenue, respectively.

As of March 31, 2026, accounts receivable related to the top customers accounted for 76% of total accounts receivable, net of allowances on the condensed consolidated balance sheets.

Typically, a significant concentration of components and the products sold are manufactured and obtained from single or limited-source suppliers. The loss of any single or limited-source supplier, the failure of any of these suppliers to perform as expected, or the disruption in the supply chain of components from these suppliers could subject the Company to risks and uncertainties including, but not limited to, increased cost of sales, possible loss of revenues, or significant delays in product development or product deliveries, any of which could adversely affect the Company's financial condition and operating results.

Recently Adopted Accounting Pronouncements

In November 2024, the FASB issued ASU No. 2024-04, Debt—Debt with Conversion and Other Options (Subtopic 470-20). The amendments in this ASU clarify the requirements for determining whether certain settlements of convertible debt instruments should be accounted for as an induced conversion. The Company prospectively adopted ASU 2024-04 beginning January 1, 2026. The ASU did not have a material impact on the Company's financial statements or disclosures.

Recently Issued Accounting Pronouncements

In November 2024, the FASB issued ASU No. 2024-03, Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40). The amendments in this ASU require additional disclosure of specified information about certain costs and expenses in the notes to the financial statements. ASU 2024-03 is effective for annual periods for the Company beginning January 1, 2027, with early adoption permitted. The Company is currently evaluating the impact this ASU may have on its financial statement disclosures.

In December 2025, the FASB issued ASU 2025-11, Interim Reporting (Topic 270): Narrow-Scope Improvements, which provides clarity about current interim disclosure requirements and introduces a disclosure principle requiring entities to disclose events since the end of the last annual reporting period that have a material impact on the entity. ASU 2025-11 will be effective for interim reporting periods beginning after December 15, 2027. The Company is currently evaluating the impact that the adoption of ASU 2025-11 will have on the consolidated financial statements, but does not expect a material impact upon adoption.

3. NET LOSS PER SHARE

Basic net loss per share is calculated using the weighted-average number of common shares outstanding during the period. Diluted net loss per share is calculated using the weighted-average number of common shares outstanding and the dilutive effect of all potentially dilutive securities, including common stock equivalents and convertible securities. As the effect of dilutive securities outstanding during the period is anti-dilutive, diluted net loss per share is equal to basic net loss per share.

The components of basic and diluted net loss per share are as follows (in thousands, except loss per share data):

	Three Months Ended March 31, 2026	Three Months Ended March 31, 2025
Numerator:		
Net loss available for common shareholders - basic and diluted	$ (25,294)	$ (28,779)
Denominator:		
Weighted-average common shares outstanding - basic and diluted	308,650	235,933
Net loss per share - basic and diluted	$ (0.08)	$ (0.12)

For the three months ended March 31, 2026 and 2025, the following securities from net loss per share have been excluded as the effect of including them would have been anti-dilutive:

(in millions)	March 31, 2026	March 31, 2025
Outstanding options exercisable	0.6	0.7
Nonvested restricted and performance stock units	7.1	12.4
Shares of common stock that may be issued through conversion of the derivative liability	72.8	20.5
Shares of common stock that may be issued through the exercise of warrants	5.8	5.8

4. BUSINESS COMBINATIONS

Scantinel

On January 1, 2026, the Company completed the acquisition of certain assets from Scantinel Photonics GmbH ("Scantinel") related to Scantinel's 1550nm FMCW ultra-long-range lidar sensor business. Total purchase consideration related to the transaction, comprised primarily of the purchase price and funding of operations during the period between signing and closing, was $2.2 million, which was paid prior to the closing of the transaction during the three months ended December 31, 2025.

Additionally, the Company incurred $0.1 million of acquisition-related costs associated with the acquisition during the three months ended March 31, 2026, which are included in sales, marketing, general and administrative expense on the condensed consolidated statements of operations.

The transaction has been accounted for as a business combination. The results of operations for the acquisition are included in the condensed consolidated financial statements from the date of acquisition onwards.

The following table summarizes the preliminary purchase price allocation to assets acquired (in thousands):

	Amount	Weighted Average Useful Life (in years)
Total purchase consideration	$ 2,244	
Property and equipment, net	$ 514	
Intangible assets:		
Developed technology	1,877	7
Total identifiable net assets	$ 2,391	
Bargain purchase gain(1)	(147)	

(1) The bargain purchase gain represents the excess of the fair value of the underlying net assets acquired over the purchase consideration and is included in bargain purchase gain in the condensed consolidated statements of operations. The bargain purchase gain was attributable to the negotiation process with Scantinel during its insolvency proceedings resulting in cash consideration paid being less than the fair value of the net assets.

The estimated fair value of acquired technology was calculated through the income approach using the multi-period excess earnings method.

The initial allocation of the purchase price was based on preliminary valuations and assumptions and is subject to change within the measurement period, pending final asset valuations related to property and equipment, net and intangible assets. The Company expects to finalize the allocation of the purchase price as soon as practicable and no later than one year from the acquisition date.

Revenue and net loss from the acquisition included in the condensed consolidated statements of operations for the three months ended March 31, 2026 is $0.0 million and $1.1 million, respectively.

Luminar

On January 26, 2026, the Company entered into an agreement with Luminar Technologies, Inc. ("Luminar"), pursuant to which MicroVision agreed to acquire from Luminar certain assets related to Luminar's worldwide lidar sensor business, including intellectual property and inventory related to its IRIS and HALO 1550nm ToF solid-state long-range sensors. The acquisition was approved by the U.S. Bankruptcy Court on January 27, 2026. On February 3, 2026, the acquisition closed and MicroVision paid Luminar the purchase price of $33.0 million (less the previously paid 10% deposit) plus cure costs of $0.2 million, funded through cash on hand.

In addition to total purchase consideration of $33.2 million, the Company incurred $1.7 million of acquisition-related costs associated with the acquisition during the three months ended March 31, 2026, which are included in sales, marketing, general and administrative expense on the condensed consolidated statements of operations.

The transaction has been accounted for as a business combination. The results of operations for the acquisition are included in the condensed consolidated financial statements from the date of acquisition onwards.

The following table summarizes the preliminary purchase price allocation to assets acquired (in thousands):

	Amount	Weighted Average Useful Life (in years)
Total purchase consideration	$ 33,177	
Inventory	$ 3,800	
Property and equipment, net	13,200	
Intangible assets:		
Developed technology	9,400	10
Customer relationships	3,100	10
Goodwill	3,677	
Total identifiable net assets	$ 33,177	

The estimated fair value of developed technology was calculated through the income approach using the multi-period excess earnings method. The estimated fair value of customer relationships was calculated through the income approach using the distributor method.

The initial allocation of the purchase price was based on preliminary valuations and assumptions and is subject to change within the measurement period, pending final asset valuations related to inventory, property and equipment, net, and intangible assets. The Company expects to finalize the allocation of the purchase price as soon as practicable and no later than one year from the acquisition date.

Revenue and net loss from the acquisition included in the condensed consolidated statements of operations for the three months ended March 31, 2026 is $0.7 million and $2.3 million, respectively.

Supplemental Unaudited Pro Forma Information

The below unaudited pro forma financial information summarizes the combined results of operations for the Company and the Luminar lidar business as if the acquisition had been completed on January 1, 2025. The unaudited pro forma information presented below is for informational purposes only and is not necessarily indicative of the consolidated results of operations of the combined business had the acquisition actually occurred at the beginning of fiscal year 2025, nor is it necessarily indicative of the results of future operations of the combined businesses. Nonrecurring pro forma adjustments include acquisition-related costs of $1.7 million that are assumed to have been incurred on January 1, 2025.

The following table summarizes the unaudited pro forma results (in thousands):

	Three Months Ended March 31, 2026	Three Months Ended March 31, 2025
Total revenue	$ 935	$ 14,346
Net loss	(26,329)	(106,845)

5. REVENUE RECOGNITION

Disaggregation of Revenue

The following table provides information about disaggregated revenue by timing of revenue recognition (in thousands):

	Three Months Ended March 31, 2026			
	Product Revenue	License and Royalty Revenue	Contract Revenue	Total
Timing of revenue recognition:				
Transferred at a point in time	$ 909	$ -	$ -	$ 909
Transferred over time	-	26	-	26
Total	$ 909	$ 26	$ -	$ 935

	Three Months Ended March 31, 2025			
	Product Revenue	License and Royalty Revenue	Contract Revenue	Total
Timing of revenue recognition:				
Transferred at a point in time	$ 504	$ 85	$ -	$ 589
Total	$ 504	$ 85	$ -	$ 589

Contract Acquisition Costs

The Company is required to capitalize certain contract acquisition costs consisting primarily of commissions paid when contracts are signed. As the Company currently does not pay any commissions upon the signing of a contract, no commission cost has been incurred as of March 31, 2026 and 2025.

6. INVESTMENT SECURITIES, AVAILABLE-FOR-SALE AND FAIR VALUE MEASUREMENTS

Investment securities, available-for-sale is comprised of corporate and government debt securities. The principal markets for the debt securities are dealer markets which have a high level of price transparency. The market participants for debt securities are typically large money center banks and regional banks, brokers, dealers, pension funds, and other entities with debt investment portfolios.

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, the authoritative guidance establishes a three level fair value inputs hierarchy and requires an entity to maximize the use of observable valuation inputs and minimize the use of unobservable inputs. The Company uses market data, assumptions, and risks that market participants would use in measuring the fair value of the asset or liability, including the risks inherent in the inputs and the valuation techniques. The hierarchy is summarized below.

Level 1 - Quoted prices in active markets for identical assets and liabilities at the measurement date that the reporting entity has the ability to access.

Level 2 - Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 - Unobservable inputs for which there is little or no market data, which requires us to develop our own assumptions, which are significant to the measurement of the fair values.

The valuation inputs hierarchy classification for assets measured at fair value on a recurring basis are summarized below as of December 31, 2025 (in thousands). The table does not include cash held in money market savings accounts.

	Level 1	Level 2	Level 3	Total
As of December 31, 2025				
Assets				
Corporate debt securities	$ -	$ 26,882	$ -	$ 26,882
U.S. Treasury securities	-	15,589	-	15,589
	$ -	$ 42,471	$ -	$ 42,471

Short-term investments are summarized below as of December 31, 2025 (in thousands).

	Cost/ Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Investment Securities, Available-For-Sale
As of December 31, 2025				
Assets				
Corporate debt securities	$ 26,869	$ 13	$ -	$ 26,882
U.S. Treasury securities	15,577	12	-	15,589
	$ 42,446	$ 25	$ -	$ 42,471

The maturities of the investment securities, available-for-sale as of December 31, 2025 are shown below (in thousands):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
As of December 31, 2025				
Maturity date				
Less than one year	$ 42,446	$ 25	$ -	$ 42,471
	$ 42,446			$ 42,471

The following table summarizes investments that have been in a continuous unrealized loss position for less than 12 months and those that have been in a continuous unrealized loss position for more than 12 months as of December 31, 2025 (in thousands):

	Less than Twelve Months		Twelve Months or Greater		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
As of December 31, 2025						
Corporate debt securities	$ 1,042	$ -	$ -	$ -	$ 1,042	$ -
	$ 1,042	$ -	$ -	$ -	$ 1,042	$ -

7. NOTES PAYABLE AND DERIVATIVE LIABILITY

Background

On October 14, 2024, the Company entered into a Securities Purchase Agreement (the "Purchase Agreement") for the purchase of senior secured convertible notes (the "Note" or the "Prior Note") with an institutional investor (the "Holder"). The principal amount for the initial note is $45.0 million (the "Initial Principal Amount") of convertible notes to the Holder, subject to certain limitations. On October 23, 2024, the Purchase Agreement closed and the Note was issued for net proceeds of approximately $38.1 million, inclusive of all discounts, fees, and expenses related to the transaction.

On February 3, 2025, the Company entered into a Letter Agreement with the Holder related to the Note. As a result of the Letter Agreement, the Holder elected to early convert $8.8 million of outstanding principal into 11,725,337 shares of the Company's common stock. Additionally, as a result of the Letter Agreement, the Holder agreed to defer $11.6 million of principal repayments to seven monthly payments of $1.7 million beginning on September 1, 2025 and concluding on March 1, 2026. The Letter Agreement represented a modification requiring extinguishment accounting in accordance with Accounting Standards Codification ("ASC") 470, *Debt*. As a result of the modification, a realized loss on debt modification of $4.7 million and interest expense of $2.1 million were recorded on the condensed consolidated statement of operations during the three months ended March 31, 2025.

On February 23, 2026, the Company entered into a Securities Purchase and Exchange Agreement (the "2026 Purchase Agreement") with the same investor, pursuant to which the Company issued two senior secured convertible notes – one for approximately $20.6 million in exchange for the previously existing Note due March 2026 and the other for approximately $22.4 million (combined, the "2026 Convertible Notes"). Net cash proceeds from the issuance were approximately $20.6 million, inclusive of initial discounts, fees, and expenses related to the transaction.

The exchange of the Prior Note qualifies for extinguishment accounting in accordance with ASC 470. As a result of the exchange, a realized loss on debt extinguishment of $3.1 million was recorded on the condensed consolidated statement of operations during the three months ended March 31, 2026.

The 2026 Convertible Notes will rank senior to all outstanding and future indebtedness of the Company. Immediately upon closing and monthly beginning on April 1, 2026, the Holder may elect to require the Company to partially redeem the Notes. The Company has the right to optionally convert any partial redemption of the Notes to shares of the Company's common stock, subject to certain conditions. If conversion is elected by the Company, the partial repayment amount is the greater of $3.0 million monthly, plus a 10% premium, or 110% of 7% of the aggregate daily volume of common stock for all volume-weighted average price ("VWAP") trading days over a specified period. If cash settlement is elected by the Company, the partial repayment amount is $3.0 million monthly, plus a 10% premium. The end of term maturity balance is the outstanding principal balance of the Notes multiplied by 110% and matures on March 1, 2028. The Notes bear zero coupon.

On March 16, 2026, pursuant to terms of the Notes, the Holder elected to convert $0.5 million of outstanding principal, inclusive of the 10% repayment premium, into 984,292 shares of the Company's common stock. On March 20, 2026, the Holder elected to convert $6.7 million of outstanding principal, inclusive of the 10% repayment premium, into 13,342,613 shares of the Company's common stock.

As of March 31, 2026, there was $40.1 million outstanding principal, inclusive of the 10% repayment premium, on the Notes.

Subsequent to the date of these financial statements, on April 20, 2026, the Holder elected to convert $2.8 million of outstanding principal, inclusive of the 10% repayment premium, into 4,857,985 shares of the Company's common stock. Additionally, on May 5, 2026, the Holder elected to convert $2.6 million of outstanding principal, inclusive of the 10% repayment premium, into 4,423,468 shares of the Company's common stock. On May 5, 2026, immediately after this conversion, outstanding principal on the Notes was $34.7 million, inclusive of the 10% repayment premium.

Components

The Notes are convertible debt instruments with multiple redemption, conversion, and put features. Certain features qualify as embedded derivatives requiring bifurcation. Therefore, the bifurcated features are accounted for separately as compound embedded derivatives in accordance with ASC 815, *Derivatives and Hedging,* and are included in derivative liability on the condensed consolidated balance sheets. The host contracts, which represent the Notes excluding the derivative liability, are accounted for as non-convertible debt under ASC 470 and are included in notes payable, current on the condensed consolidated balance sheets.

Notes Payable

The host contracts are recorded at the total aggregate amount repayable at maturity of $40.1 million as of March 31, 2026, less any unamortized debt discount and debt issuance costs. The debt discount is equal to the amount repayable at maturity, net of the initial fair value of the bifurcated derivative liability. Debt issuance costs are comprised of qualifying expenses resulting directly from the transaction.

Supplemental balance sheet information is as follows:

(in thousands)	**March 31, 2026**	**December 31, 2025**
Amount repayable at maturity	$ 40,095	$ 19,525
Unamortized debt discount	(7,462)	(313)
Unamortized issuance costs	(492)	-
Net carrying amount	32,141	19,212

Interest expense related to the amortization of the debt discount and issuance costs was $2.7 million and $3.5 million for the three months ended March 31, 2026 and 2025, respectively. Total interest expense of $2.8 million and $12.9 million for the three months ended March 31, 2026 and 2025, respectively is comprised of the following components:

(in thousands)	March 31, 2026	March 31, 2025
Amortization of debt discount and issuance costs	$ 2,743	$ 3,502
Interest expense from modification of notes payable	-	2,057
Discount on warrants (see *Note 8. Warrant Liability*)	-	7,325
Other	10	19
Total interest expense	$ 2,753	$ 12,903

The monthly effective interest rate implicit in the Notes as of March 31, 2026 under the interest method was 6.3%.

Maturities of partial repayments, if elected by the Holder, are as follows:

(in thousands)	Maturities
Years Ended December 31,	
2026 (remainder)	$ 31,629
2027	8,466
Total partial repayments	$ 40,095

Derivative Liability

The derivative liability was initially recorded at its fair value of $6.3 million as of the issuance date of February 23, 2026. The derivative liability is subsequently remeasured and reported at fair value each reporting period, with the changes in fair value recorded as an unrealized gain or loss and recognized in earnings.

The fair value of derivatives not designated as hedging instruments are as follows:

(in thousands)	March 31, 2026	December 31, 2025
Derivative liability	$ 2,035	$ -
Total	$ 2,035	$ -

Unrealized gains and losses associated with derivatives not designated as hedging instruments are as follows:

(in thousands)	March 31, 2026	March 31, 2025
Unrealized gain on derivative liability	$ 3,380	$ 842
Total	$ 3,380	$ 842

Fair Value Measurements

The fair value of the derivative liability is determined utilizing a "with and without" method, in which the fair value is calculated as the difference in the fair value of the entire hybrid instrument and the fair value of the instrument excluding the bifurcated derivative features.

The valuation inputs hierarchy classification for liabilities measured at fair value on a recurring basis are summarized below as of March 31, 2026 and December 31, 2025 (in thousands). See *Note 6. Investment Securities, Available-For-Sale and Fair Value Measurements*, for discussion of the fair value level hierarchy.

As of March 31, 2026	Level 1	Level 2	Level 3
Derivative liability	$ -	$ -	$ 2,035
Total	$ -	$ -	$ 2,035

As of December 31, 2025	Level 1	Level 2	Level 3
Derivative liability	$ -	$ -	$ -
Total	$ -	$ -	$ -

Activity related to the derivative liability during the three months ended March 31, 2026 is as follows:

		March 31, 2026
Beginning balance	$	-
Initial valuation associated with new debt		6,315
Fair value associated with conversions during the period		(900)
Change in fair value during the period		(3,380)
Ending balance	$	2,035

Activity related to the derivative liability during the three months ended March 31, 2025 is as follows:

		March 31, 2025
Beginning balance	$	14,581
Fair value associated with conversions during the period		(1,701)
Reclassification of derivative on debt modification		(186)
Extinguishment of derivative liability on debt modification		(14,199)
Initial valuation associated with new debt		7,214
Change in fair value during the period		(842)
Ending balance	$	4,867

The table below lists the inputs and assumptions for the Company's valuations of the 2026 Convertible Notes as of March 31, 2026 and February 23, 2026 and of the Prior Note as of December 31, 2025:

	March 31, 2026	February 23, 2026	December 31, 2025
Expected term (years)	1.9	2.0	0.8
Risk-free interest rate	3.75%	3.40%	3.50%
Dividend yield	0%	0%	0%
Volatility	60.20%	55.93%	67.16%
Discount rate	58.8%	58.4%	50.0%

8. WARRANT LIABILITY

On February 3, 2025, the Company entered into a new Securities Purchase Agreement (the "2025 Purchase Agreement") with an institutional investor. In exchange for $8.0 million, the Holder agreed to purchase 5,750,225 shares of common stock (the "closing shares") and warrants to purchase up to 5,750,225 shares of common stock at an exercise price of $1.57 per share (the "warrants"). On February 4, 2025, the 2025 Purchase Agreement closed for net proceeds of approximately $7.8 million, inclusive of all fees and expenses related to the transaction. The warrants were exercisable beginning August 4, 2025 and expire on August 4, 2030.

The warrants are accounted for as a liability under ASC 480, *Distinguishing Liabilities from Equity*. Both the closing shares and the warrants are initially recorded at their fair values of $9.0 million and $6.3 million, respectively. The warrant liability is subsequently remeasured and reported at fair value each reporting period, with the changes in fair value recorded as an unrealized gain or loss and recognized in earnings.

The fair value of warrants is as follows:

(in thousands)		March 31, 2026		December 31, 2025
Warrant liability	$	1,271	$	1,875
Total	$	1,271	$	1,875

Unrealized gains and losses associated with warrants are as follows:

(in thousands)		March 31, 2026		March 31, 2025
Unrealized gain on warrant liability	$	604	$	1,761
Total	$	604	$	1,761

Interest expense of $7.3 million representing the discount on the transaction was recorded on the condensed consolidated financial statements for the three months ended March 31, 2025.

The valuation inputs hierarchy classification for liabilities measured at fair value on a recurring basis are summarized below as of March 31, 2026 and December 31, 2025 (in thousands). See *Note 6. Investment Securities, Available-For-Sale and Fair Value Measurements*, for discussion of the fair value level hierarchy.

As of March 31, 2026		Level 1		Level 2		Level 3
Warrant liability	$	-	$	-	$	1,271
Total	$	-	$	-	$	1,271

As of December 31, 2025		Level 1		Level 2		Level 3
Warrant liability	$	-	$	-	$	1,875
Total	$	-	$	-	$	1,875

Activity related to the warrant liability during the three months ended March 31, 2026 and 2025 is as follows:

	March 31,	March 31,

	2026	2025
Beginning balance	$ 1,875	$ -
Initial valuation associated with the warrants	-	6,297
Change in fair value during the period	(604)	(1,761)
Ending balance	$ 1,271	$ 4,536

The fair value of the warrants is measured using the Black-Scholes option pricing model as of the measurement dates. The table below lists the inputs and assumptions for the Company's valuations as of March 31, 2026 and December 31, 2025:

	March 31, 2026	December 31, 2025
Expected term (years)	4.3	4.6
Risk-free interest rate	3.88%	3.69%
Dividend yield	0%	0%
Volatility	65.37%	62.27%

9. FINANCIAL STATEMENT COMPONENTS

Inventory

Inventory consists of the following (in thousands):

	March 31, 2026	December 31, 2025
Raw materials	$ 2,098	$ -
Finished goods	1,930	745
	$ 4,028	$ 745

Inventory is computed using the first-in, first-out (FIFO) method and is stated at the lower of cost and net realizable value. Management periodically assesses the need to account for obsolescence of inventory and adjusts the carrying value of inventory to its net realizable value when required.

Property and Equipment

Property and equipment consists of the following (in thousands):

	March 31, 2026	December 31, 2025
Production equipment	$ 6,140	$ 6,140
Leasehold improvements	5,863	4,067
Computer hardware and software/lab equipment	22,009	10,364
Office furniture and equipment	6,223	5,575
	40,235	26,146
Less: Accumulated depreciation	(22,935)	(21,866)
	$ 17,300	$ 4,280

Depreciation expense was $1.2 million and $0.4 million for the three months ended March 31, 2026 and 2025, respectively.

Intangible Assets

The components of intangible assets were as follows (in thousands):

As of March 31, 2026	Gross Carrying Amount	Accumulated Amortization	Impairment Expense	Net Carrying Amount	Weighted Average Remaining Period (Years)
Acquired technology	$ 16,028	2,366	-	13,662	4
Total	$ 16,028	$ 2,366	$ -	$ 13,662	

As of December 31, 2025	Gross Carrying Amount	Accumulated Amortization	Impairment Expense	Net Carrying Amount	Weighted Average Remaining Period (Years)
Acquired technology	$ 16,027	$ 5,938	$ 10,057	$ 32	1
Total	$ 16,027	$ 5,938	$ 10,057	$ 32	

Amortization expense was $0.2 million and $0.2 million during the three months ended March 31, 2026 and 2025, respectively.

The following table outlines our estimated future amortization expense related to intangible assets held as of March 31, 2026 by line item on the condensed consolidated statement of operations (in thousands):

Years Ended December 31,	Research and Development Expense
2026 (remainder of the year)	$ 929
2027	1,459
2028	1,458
2029	1,457
2030	1,457
Thereafter	6,902
Total	$ 13,662

Accounts Payable

Accounts payable consists of the following (in thousands):

	March 31, 2026	December 31, 2025
Software licenses	$ 1,091	$ 58
Legal fees	1,000	74
Purchased accounting services	923	-
Inventory	490	543
Audit fees	143	13
Other	890	940
	$ 4,537	$ 1,628

Accrued Liabilities

Accrued liabilities consists of the following (in thousands):

	March 31, 2026	December 31, 2025
Bonuses	$ 494	$ 445
Payroll and payroll taxes	2,426	1,124
Restructuring charges	1,139	-
Income taxes payable	-	21
Accrued professional fees	223	366
Liabilities to suppliers	48	117
Adverse purchase commitment	2,862	3,158
Other	350	195
	$ 7,542	$ 5,426

10. SHARE-BASED COMPENSATION

The Company issues share-based compensation to employees in the form of restricted stock units (RSUs), performance stock units (PSUs), and stock options. Share-based awards are accounted for by recognizing the fair value of share-based compensation expense on a straight-line basis over the service period of the award, net of estimated forfeitures. The fair value of RSUs and PSUs is determined by the closing price of common stock on the date of grant. The fair value of stock options is estimated on the grant date using the Black-Scholes option pricing model. Changes in estimated inputs or using other option valuation methods may result in materially different option values and share-based compensation expense.

The following table summarizes the amount of share-based compensation expense by line item on the condensed consolidated statements of operations:

	Three Months Ended March 31,	
Share-based compensation expense	**2026**	**2025**
Research and development expense	$ 227	$ 508
Sales, marketing, general and administrative expense	756	1,413
	$ 983	$ 1,921

Options Activity and Positions

The following table summarizes shares, weighted-average exercise price, weighted-average remaining contractual term, and aggregate intrinsic value of options outstanding and options exercisable as of March 31, 2026 (in thousands, except per share data):

Options	**Shares**	**Weighted- Average Exercise Price**	**Weighted-Average Remaining Contractual Term (years)**	**Aggregate Intrinsic Value**
Outstanding as of March 31, 2026	602	$ 1.40	1.8	$ 5
Exercisable as of March 31, 2026	602	$ 1.40	1.8	$ 5

As of March 31, 2026, there is no unrecognized share-based employee compensation related to stock options.

Restricted Stock Activity and Positions

The following table summarizes activity and positions with respect to RSUs and PSUs for the three months ended March 31, 2026 (in thousands, except per share data):

	Shares	**Weighted-average price**
Unvested as of December 31, 2025	9,862	$ 1.24
Granted	49	0.84
Vested	(692)	1.21
Forfeited	(2,122)	1.38
Unvested as of March 31, 2026	7,097	$ 1.20

During the three months ended March 31, 2026, the Company granted 49,000 shares to non-executive employees. These shares were valued based on the closing price of our common stock on the dates of grant and vest immediately or over three years.

As of March 31, 2026, unrecognized share-based compensation related to RSUs was $4.4 million, which will be expensed over the next 1.8 years. Unrecognized share-based compensation related to executive PSUs was $0.5 million, which will be expensed over the next 0.2 years, of which $0.1 million relates to shares probable to vest.

11. LEASES

The Company leases office space and certain equipment under operating and finance leases. All leases have remaining lease terms of one to seven years. Office lease agreements include both lease and non-lease components, which are accounted for separately. Finance leases contain options to purchase the leased property. The depreciable life of assets and leasehold improvements are limited by the expected lease term, unless the Company is reasonably certain to exercise the purchase option.

In September 2021, the Company entered into a lease agreement for product testing and lab space in Redmond, Washington which commenced in November 2021. In addition to base rent, the Company pays additional rent comprised of a proportionate share of any operating expenses, real estate taxes, and management fees. The lease, which expires in July 2032, includes an option to extend the term for one ten-year renewal period.

In September 2021, the Company entered into a lease agreement for office space in Redmond, Washington which commenced in December 2022. In addition to base rent, the Company will pay additional rent comprised of a proportionate share of any operating expenses, real estate taxes, and management fees. The lease, which expires in December 2032, contains an option to extend the term for one ten-year renewal period. On April 21, 2025, the Company signed an agreement with a third party to sublease a portion of this office space. The sublease commenced on July 15, 2025 and provides monthly rent of $0.1 million. The sublease expires on April 1, 2030 and contains one 32-month extension option.

In December 2023, the Company entered into a lease agreement for office space in Hamburg, Germany which commenced in November 2024. The lease, which expires in October 2029, includes an option to extend the term for two three-year renewal periods.

In September 2025, the Company entered into a lease agreement for an airplane runway strip in Warrenton, Virginia which commenced in October 2025. In addition to base rent, the Company pays additional rent comprised of a proportionate share of any operating expenses and real estate taxes. The lease, which expires in September 2026, includes an option to extend the term for two one-year renewal periods.

In November 2025, the Company entered into a lease agreement for office space in Chantilly, Virginia which commenced in January 2026. In addition to base rent, the Company pays additional rent comprised of a proportionate share of any operating expenses. The lease, which expires in February 2028, includes an option to extend the term for one five-year renewal period.

In February 2026, the Company assumed a lease agreement for office space in Colorado Springs, Colorado from Luminar (see *Note 4. Business Combinations*). In addition to base rent, the Company pays additional rent comprised of a proportionate share of operating expenses. The lease, which expires on May 31, 2028, includes an option to extend the term for one three-year renewal period.

Also in February 2026, the Company assumed a lease agreement on office and lab space in Orlando, Florida from Luminar. Subsequent to the date of these financial statements, on April 8, 2026, the Company extended the lease. The lease extension is scheduled to commence on July 1, 2026. In addition to base rent, the Company pays additional rent comprised of a proportionate share of operating expenses. The lease, which expires on July 30, 2029, includes an option to extend the term for one three-year renewal period.

The components of lease expense are as follows:

	Three Months Ended March 31,	
(in thousands)	**2026**	**2025**
Operating lease expense	$ 1,132	$ 859
Finance lease expense:		
Amortization of leased assets	3	2
Interest on lease liabilities	-	1
Total finance lease expense	3	3
Sublease income	(135)	-
Total lease expense	$ 1,000	$ 862

Supplemental cash flow information related to leases was as follows:

	Three Months Ended March 31,	
(in thousands)	**2026**	**2025**
Cash paid for amounts included in measurement of lease liabilities:		
Operating cash flows from operating leases	$ 1,086	$ 554
Operating cash flows from finance leases	3	2

Supplemental balance sheet information related to leases was as follows:

(in thousands)	March 31, 2026	December 31, 2025
Operating leases		
Operating lease right-of-use assets	$ 17,929	$ 14,075
Current portion of operating lease liabilities	4,985	3,481
Operating lease liabilities, net of current portion	16,259	14,034
Total operating lease liabilities	$ 21,244	$ 17,515
Finance leases		
Property and equipment, at cost	$ 159	$ 157
Accumulated depreciation	(125)	(120)
Property and equipment, net	$ 34	$ 37
Weighted Average Remaining Lease Term		
Operating leases	5.0 years	5.7 years
Finance leases	2.2 years	2.3 years
Weighted Average Discount Rate		
Operating leases	5.7%	4.9%
Finance leases	5.5%	5.5%

As of March 31, 2025, maturities of lease liabilities were as follows:

(in thousands) **Years Ended December 31,**	Operating Leases	Finance Leases
2026 (remainder of the year)	$ 3,931	$ 12
2027	5,166	15
2028	5,009	7
2029	4,092	5
2030	2,225	-
Thereafter	3,682	-
Total minimum lease payments	24,105	39
Less: amount representing interest	(2,861)	(5)
Present value of lease liabilities	$ 21,244	$ 34

12. COMMITMENTS AND CONTINGENCIES

Purchase Commitments

During the quarter ended September 30, 2023, the Company entered into a $9.3 million purchase commitment with a contract manufacturing partner for the production of MOVIA L sensor inventory to support direct sales to both automotive and non-automotive customers. During the quarter ended December 31, 2024, the Company entered into an additional purchase commitment with the existing contract manufacturing partner of $1.8 million. As of March 31, 2026, the Company had open purchase commitments to the partner of $2.3 million that were included within the adverse purchase commitment record within accrued liabilities on the consolidated balance sheets. See *Note 9. Financial Statement Components* for additional discussion.

Litigation

The Company is subject to various claims and pending or threatened lawsuits in the normal course of business. The Company is not currently party to any legal proceedings that management believes are reasonably possible to have a material adverse effect on financial position, results of operations, or cash flows.

13. COMMON STOCK

In March 2024, the Company entered into a $150 million ATM equity offering agreement with Deutsche Bank Securities, Inc., Mizuho Securities USA LLC, and Craig-Hallum Capital Group LLC (collectively, the “Agents”). Under the agreement, the Company is able, with discretion, to offer and sell shares of common stock having an aggregate value of up to $150.0 million through or directly to the Agents. As of March 31, 2026, the sale of 80.6 million shares for net proceeds of $104.0 million had been completed. As of March 31, 2026, approximately $42.0 million is available under this sales agreement, subject to authorized shares available for sale.

14. INCOME TAXES

The Company recognized income tax expense of $0.2 million and $0.1 million during the three months ended March 31, 2026 and 2025, respectively.

As of March 31, 2026, the Company continues to have no unrecognized tax positions.

15. RESTRUCTURING CHARGES

On February 27, 2026, the Company committed to a plan to consolidate its Redmond, Washington-based engineering, manufacturing, supply chain, and quality activities into the Company’s new Orlando, Florida facility (the “Consolidation Plan”). The decision is part of the Company’s ongoing efforts to reduce operating expenses and cash usage, improve organizational efficiency, and align resources to support strategic priorities.

In connection with the Consolidation Plan, in order to reduce operating expenses, during the first quarter of 2026 the Company commenced plans to reduce its Redmond-based workforce resulting in an approximately 15% reduction in the Company’s total global workforce. The reduction is expected to be substantially completed by the end of the second quarter of 2026.

As a result, during the first quarter of 2026, the Company recognized approximately $1.1 million in charges associated with employee severance and related employee costs, as well as non-cash share-based compensation expense, which is recorded within research and development expense and sales, marketing, general and administrative expense on the consolidated statements of operations. Approximately $1.1 million was unpaid and included within accrued liabilities as of March 31, 2026.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward-looking statements

The information set forth in this report in Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations," and Item 3, "Quantitative and Qualitative Disclosures about Market Risk," includes "Forward-Looking Statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and is subject to the safe harbor created by those sections. Such statements may include, but are not limited to, projections of revenues and expenses, and measures of income or loss, status of product development and performance, market opportunity and future demand, partner and customer engagement, cooperative arrangements, strategic plans, future operations, financing needs or plans of MicroVision, Inc. ("we," "our," or "us"), as well as assumptions relating to the foregoing. The words "anticipate," "could," "believe," "estimate," "expect," "goal," "may," "plan," "will" and similar expressions identify forward-looking statements. Factors that could cause actual results to differ materially from those projected in our forward-looking statements include risk factors identified below in Item 1A.

Overview

MicroVision, Inc. is defining the next generation of lidar-based perception solutions for automotive, industrial, and security & defense markets. We deliver integrated hardware and software solutions designed for real-world performance, automotive-grade reliability, and economic scalability. Our diverse portfolio of lidar sensors, with both short- and long-range lidar solutions, feature solid-state sensors with varying wavelengths, advanced sensor architectures, design-to-cost engineering, and open software solutions.

Our solutions enable advanced driver assistance systems, or ADAS, and autonomy features for customers in a wide range of markets, including automotive, industrial, and security & defense. Target industrial sectors include robotics, automated warehouse, agriculture, and mining. Our integrated hardware and software solutions enable intelligent autonomous, active safety, and automation systems which depend on secure, cost-effective, and energy-efficient solutions. Our software has been developed in close collaboration with automotive customers and also has broad application in industrial, defense, and commercial vehicle sectors.

We have incurred substantial losses since inception and expect to incur significant losses in the near term. We have funded operations to date primarily through the sale of common stock, convertible preferred stock, warrants, the issuance of convertible debt and, to a lesser extent, from development contract revenues, product sales and licensing activities. In October 2024, we entered into a securities purchase agreement with an institutional investor for the purchase of senior secured convertible notes of up to $75.0 million. See *Part I, Item 1, Note 7. Notes Payable and Derivative Liability*. In February 2025, we entered into another securities purchase agreement with the same institutional investor for the issuance and sale of $8.0 million in shares of common stock, plus warrants to purchase additional shares of common stock for approximately $9.0 million. See *Part I, Item 1, Note 8. Warrant Liability*. In February 2026, we entered into a securities purchase and exchange agreement with the same investor, pursuant to which we issued two senior secured convertible notes due March 2028 – one for approximately $20.6 million in exchange for the previously existing senior secured convertible note due March 2026 and the other for approximately $22.4 million. See *Part I, Item 1, Note 7. Notes Payable and Derivative Liability* for additional discussion.

There can be no assurance that additional capital will be available or that, if available, it will be available on terms acceptable to us on a timely basis. We cannot be certain that we will succeed in commercializing our technology or products.

Our discussion and analysis of our financial condition and results of operations are based upon our condensed consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and judgments that materially affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent liabilities. We evaluate our estimates on a continuous basis. We base our estimates on historical data, terms of existing contracts, our evaluation of trends in the industries relevant to our strategic plan, information provided by our current and prospective customers and strategic partners, information available from other outside sources and on various other assumptions we believe to be reasonable under the circumstances. The results form the basis for making judgments regarding the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. There have been no significant changes to our critical accounting judgments, policies, and estimates as described in our Annual Report on Form 10-K for the year ended December 31, 2025.

Results of Operations

Revenue

(in thousands)	**2026**	**2025**	**$ change**	**% change**
Three Months Ended March 31,	$ 935	$ 589	$ 346	58.7

Revenues are recognized when control of the promised goods or services are transferred to our customers, in an amount that reflects the consideration that we expect to receive in exchange for those goods or services. We recognize revenue either at a point in time, or over time, depending upon the characteristics of the individual contract. If control of the deliverable(s) occurs over time, the revenue is recognized in proportion to the transfer of control. If control passes to the customer only upon completion and transfer of the asset, revenue is recognized at the completion of the contract.

The increase in revenue for the three months ended March 31, 2026 compared to the same period in 2025 was primarily due to shipments of our long-range IRIS sensors to automotive and industrial customers and shipments of our short-range MOVIA L sensors to a security and defense customer, among others.

Cost of revenue

(in thousands)	**2026**	**% of Revenue**	**2025**	**% of Revenue**	**$ change**	**% change**
Three Months Ended March 31,	$ 572	61.2	$ 550	93.4	$ 22	4.0

Cost of revenue includes both direct and allocated indirect costs of products and services sold to customers. Direct costs include labor, materials, reserves for estimated warranty expenses, and other costs incurred directly, or charged to us by our contract manufacturers, in the manufacture of these products. Indirect costs include labor, overhead, and other costs associated with operating our manufacturing capabilities and our research and development department. Overhead includes the costs of procuring, inspecting and storing material, facility and other costs, and is allocated to cost of revenue based on the proportion of indirect labor which supported revenue activities.

Cost of revenue can fluctuate significantly from period to period, depending on the product mix and volume, the level of overhead expense and the volume of direct material purchased.

Research and development expense

(in thousands)		**2026**		**2025**		**$ change**	**% change**
Three Months Ended March 31,	$	14,445	$	7,403	$	7,042	95.1

Research and development expense consists of compensation related costs of employees and contractors engaged in internal research and product development activities, direct material to support development programs, laboratory operations, outsourced development and processing work, and other operating expenses. We assign our research and development resources based on the business opportunity of the available projects, the skill mix of the resources available and the contractual commitments we have made to our customers. We believe that a substantial level of continuing research and development expense will be required to further develop our scanning technology.

The increase in research and development expense during the three months ended March 31, 2026 compared to the same period in 2025 was primarily due to higher salary and benefits expense of $3.7 million due to increased headcount from acquisitions (see *Part I, Item 1, Note 4. Business Combinations*), higher one-time employee-related restructuring charges of $1.0 million stemming from the Luminar acquisition and Consolidation Plan, higher building expenses of $0.7 million, higher direct materials and equipment costs of $0.5 million, and higher IT and software costs of $0.3 million. These increases were partially offset by lower share-based compensation expense of $0.3 million.

Sales, marketing, general and administrative expense

(in thousands)		**2026**		**2025**		**$ change**	**% change**
Three Months Ended March 31,	$	9,511	$	6,676	$	2,835	42.5

Sales, marketing, general and administrative expense includes compensation and support costs for marketing, sales, management and administrative staff, and for other general and administrative costs, including legal and accounting services, consultants and other operating expenses.

The increase in sales, marketing, general and administrative expense during the three months ended March 31, 2026 compared to the same period in 2025 was primarily due to higher salary and benefits expense of approximately $1.4 million due to increased headcount from acquisitions, higher professional and purchased service fees of $2.6 million primarily related to acquisitions (see *Part I, Item 1, Note 4. Business Combinations*), and higher employee-related restructuring charges of $0.1 million. These increases were partially offset by lower share-based compensation expense of $0.7 million and lower building expenses of $0.3 million.

Interest expense

(in thousands)		**2026**		**2025**		**$ change**	**% change**
Three Months Ended March 31,	$	(2,753)	$	(12,903)	$	10,150	(78.7)

The decrease in interest expense during the three months ended March 31, 2026 compared to the same period in 2025 primarily relates to $7.3 million of non-cash interest expense representing the discount on the 2025 Purchase Agreement for warrants and shares of common stock (see *Part I, Item 1, Note 8. Warrant Liability)* and $2.1 million of non-cash interest expense related to the modification of notes payable during the three months ended March 31, 2025 (see *Part I, Item 1, Note 7. Notes Payable and Derivative Liability*).

Unrealized gain on derivative liability

(in thousands)		**2026**		**2025**		**$ change**	**% change**
Three Months Ended March 31,	$	3,380	$	842	$	2,538	301.4

Unrealized gain on derivative liability reflects the revaluation of our derivative liability associated with notes payable as of March 31, 2026. Due to the decrease in the fair value of the derivative liability as of March 31, 2026 driven primarily by the decrease in our stock price, we recognized an unrealized gain. See *Part I, Item 1, Note 7. Notes Payable and Derivative Liability* for additional discussion.

Unrealized gain on warrant liability

(in thousands)	**2026**	**2025**	**$ change**	**% change**
Three Months Ended March 31,	$ 604	$ 1,761	$ (1,157)	(65.7)

Unrealized gain on warrant liability reflects the revaluation of our warrant liability as of March 31, 2026. Due to the decrease in the fair value of the warrant liability as of March 31, 2026 driven primarily by the decrease in our stock price, we recognized an unrealized gain. See *Part I, Item 1, Note 8. Warrant Liability* for additional discussion.

Realized loss on debt extinguishment

(in thousands)	**2026**	**2025**	**$ change**	**% change**
Three Months Ended March 31,	$ (3,083)	$ (4,654)	$ 1,571	(33.8)

As a result of the debt exchange during the three months ended March 31, 2026 and the debt modification during the three months ended March 31, 2025, we recognized losses on the extinguishment of notes payable. See *Part I, Item 1, Note 7. Notes Payable and Derivative Liability* for additional discussion.

Liquidity and Capital Resources

We have incurred significant losses since inception. We have funded operations to date primarily through the sale of common stock, convertible preferred stock, warrants, the issuance of convertible debt and, to a lesser extent, from development contract revenues, product sales, and licensing activities. As of March 31, 2026, the Company had $46.1 million in cash and cash equivalents. In addition to cash and cash equivalents, the Company also has potential availability of $42.0 million left on our existing $150.0 million ATM facility that was put in place in the first quarter of 2024, subject to certain limitations, including ongoing listing on The Nasdaq Global Market.

In consideration of the $46.1 million in cash and cash equivalents and $42.0 million on our existing ATM, the Company has total liquidity of $88.1 million. Pursuant to terms of the securities purchase and exchange agreement entered into in February 2026, we will maintain minimum cash liquidity of the lesser of $21.5 million or 110% of the then outstanding balance of the Note for the remaining duration of the Note term. Based on our current operating plan, including expected financing activities, we anticipate that we have sufficient cash and cash equivalents to fund our operations for at least the next 12 months.

Operating activities

Cash used in operating activities totaled $16.4 million during the three months ended March 31, 2026 compared to cash used in operating activities of $14.1 million during the same period in 2025. Cash used in operating activities resulted primarily from cash used to fund our net loss, after adjusting for non-cash charges such as interest expense, share-based compensation, depreciation and amortization charges, unrealized and realized gains and losses, and changes in operating assets and liabilities. The changes in cash used in operating activities were primarily attributed to increased operating expenses related to personnel and operations; see *Part I, Item 1, Note 4. Business Combinations*.

Investing activities

During the three months ended March 31, 2026, net cash provided by investing activities was $9.2 million compared to net cash provided by investing activities of $3.1 million during the three months ended March 31, 2025. During the three months ended March 31, 2026, we sold short-term investment securities totaling $42.5 million to, in part, fund the $33.2 million purchase price to acquire from Luminar Technology, Inc. ("Luminar") certain assets related to Luminar's worldwide lidar sensor business (see *Part I, Item 1, Note 4. Business Combinations*). During the three months ended March 31, 2025, we purchased short-term investment securities totaling $10.3 million and sold short-term investment securities totaling $13.5 million.

Financing activities

Cash provided by financing activities totaled $21.0 million during the three months ended March 31, 2026, compared to net cash provided by financing activities of $8.2 million during the same period of 2025. During the three months ended March 31, 2026, we received approximately $20.7 million in net proceeds, inclusive of certain debt issuance costs, from the issuance of a $22.4 million senior secured convertible note (see *Part I, Item 1, Note 7. Notes Payable and Derivative Liability*). Net proceeds from issuance of common stock and warrants were $0.3 million during the three months ended March 31, 2026 compared to $8.2 million during the three months ended March 31, 2025.

The following is a list of our financing activities during 2026 and 2025.

- In February 2026, we entered into a securities purchase and exchange agreement with an institutional investor, pursuant to which we issued two senior secured convertible notes due March 2028 – one for approximately $20.6 million in exchange for the previously existing senior secured convertible note due March 2026 and the other for approximately $22.4 million.
- In February 2025, we entered into a securities purchase agreement for the purchase of 5,750,225 shares of our common stock and warrants to purchase 5,750,225 shares of our common stock for $1.57 per share. We received proceeds, net of all costs, of $7.8 million.
- In October 2024, we entered into a Securities Purchase Agreement (the "Purchase Agreement") for the purchase of senior secured convertible notes (the "Note") with an institutional investor (the "Holder"). The principal amount for the initial note was $45.0 million. We received proceeds, net of all costs, of $38.1 million.
- In March 2024, we entered into a $150.0 million ATM equity offering agreement with Deutsche Bank Securities, Inc., Mizuho Securities USA LLC and Craig-Hallum Capital Group LLC (collectively, the "Agents"). Under the agreement, we are able, at our discretion, to offer and sell shares of our common stock having an aggregate value of up to $150.0 million through or directly to the Agents. As of March 31, 2026, we completed sales under such sales agreement of 80.6 million shares for net proceeds of $104.0 million. As of March 31, 2026, we have approximately $42.0 million available under this sales agreement.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate and Market Liquidity Risks

As of March 31, 2026, all of our cash and cash equivalents have variable interest rates; however, we believe our exposure to market and interest rate risks is not material. We do not believe that inflation has had a material effect on our business, financial condition or results of operations; however, we do anticipate our labor costs to increase as a result of inflationary pressures. In the current macroeconomic environment, interests rate changes are unpredictable and inflationary pressures uncertain.

Our investment policy generally directs that the investment managers should select investments to achieve the following goals: principal preservation, adequate liquidity, and return. As of March 31, 2026, our cash and cash equivalents are comprised of short-term highly rated (A rated securities and above) money market savings accounts. The value of cash and cash equivalents as of March 31, 2026 is $46.1 million.

Foreign Exchange Rate Risk

Our major contract and collaborative research and development agreements, product sales, and licensing activity payments are currently made in U.S. dollars or Euros. Changes in the relative value of the U.S. dollar to the Euro and other currencies may affect revenue and other operating results as expressed in U.S. dollars. In addition, our international subsidiary financial statements are denominated in Euros. As such, the consolidated financial statements will continue to remain subject to the impact of foreign currency translation as our international operations continue to expand. In the future, we may enter into foreign currency hedges to offset material exposure to currency fluctuations when we can adequately determine the timing and amounts of the exposure.

U.S. policy changes and uncertainty about such changes may increase market volatility and currency exchange rate fluctuations. Given the relative significance of our European operations, unfavorable fluctuations in relevant exchange rates will negatively impact our financial condition and results of operations.

ITEM 4. CONTROLS AND PROCEDURES

Under the supervision and with the participation of our management, including our Principal Executive Officer and Principal Financial Officer, we have evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934) as of the end of the period covered by this report and, based on this evaluation, our Principal Executive Officer and Principal Financial Officer have concluded that these disclosure controls and procedures are effective. There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Securities Exchange Act of 1934) that occurred during the quarter ended March 31, 2026 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II.

ITEM 1. LEGAL PROCEEDINGS

We are subject to various claims and pending or threatened lawsuits in the normal course of business. We are not currently party to any other legal proceedings that management believes are reasonably possible to have a material adverse effect on our financial position, results of operations or cash flows.

ITEM 1A. RISK FACTORS

You should carefully consider the risks described below together with the other information set forth in this report, which could materially affect our business, financial condition and future results. The risks described below are not the only risks facing our company. Risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and operating results.

Risk Factors Related to Our Business

We have a history of operating losses and expect to incur significant losses in the future.

We have had substantial losses since our inception. We cannot assure you that we will ever become or remain profitable.

- As of March 31, 2026, we had an accumulated deficit of $982.6 million.
- We incurred net losses of $957.3 million from inception through 2025, and a net loss of $25.3 million during the three months ended March 31, 2026.

The likelihood of our success must be considered in light of the expenses, difficulties and delays frequently encountered by companies formed to develop and commercialize new technologies. In particular, our operations to date have focused primarily on research and development, initially of our Laser Beam Scanning, or LBS, technology system, including products built around that technology, and more recently of other core technologies around which our automotive lidar sensors are built. We are unable to accurately estimate future revenues and operating expenses based upon historical performance.

We cannot be certain that we will succeed in obtaining additional development revenue or commercializing our technology or products at scale. In light of these factors, we expect to continue to incur significant losses and negative cash flow through the remainder of 2026 and the foreseeable future. There is significant risk that we will not achieve positive cash flow at any time in the future.

We will require additional capital to fund our operations at the level necessary to implement our business plan. Raising additional capital will dilute the value of current shareholders' investment in us. Additionally, we may be unable to raise capital at the level we expect or on terms acceptable to us.

Based on our current operating plan, including expected financing activities, we anticipate that we have sufficient cash and cash equivalents to fund our operations for at least the next 12 months. We will, however, require additional capital to fund our operating plan past that time. We will seek to obtain additional capital through the issuance of equity or debt securities, development revenue, product sales, and/or licensing activities. There can be no assurance that any such efforts to obtain additional capital would be successful.

We are currently focused on developing and commercializing our lidar sensors and perception solutions. This involves introducing new technologies into an emerging market which creates significant uncertainty about our ability to accurately project the amounts and timing of revenue, costs, and cash flows. Our capital requirements will depend on many factors, including, but not limited to, the commercial success of our technologies, the rate at which OEMs and other customers introduce systems incorporating our solutions and technologies and the market acceptance and competitive position of such systems. Our expenses have increased significantly as a result of recent asset acquisitions, including Ibeo in January 2023, Scantinel Photonics in January 2026, and Luminar Technologies in February 2026, and related headcount increases with each acquisition. If revenues continue to be less than we anticipate, if the mix of revenues and the associated margins vary from anticipated amounts, or if expenses exceed the amounts budgeted, we may require additional capital earlier than expected to fund our operations. In addition, our operating plan provides for the development of strategic relationships with suppliers of components, products and systems, and equipment manufacturers that may require additional investment by us.

Additional capital may not be available to us or, if available, may not be available at a level or on terms acceptable to us or on a timely basis. Raising additional capital may involve issuing securities with rights and preferences that are senior to our common stock and may dilute the value of our current shareholders' investment in us. Moreover, raising capital through the sale of our equity securities is dependent upon the availability of the requisite shares of authorized stock, which is driven by the market price of our stock and the approval of our stockholders. If adequate capital resources are not available on a timely basis, we may consider limiting our operations substantially and we may be unable to continue as a going concern. This limitation of operations could include reducing investments in our research and development projects, staff, operating costs, and capital expenditures which could jeopardize our ability to achieve our business goals or satisfy our customer requirements.

Risks Related to our Financial Statements and Results

Our revenue is generated from a small number of customers, and as we have experienced recently and in the past, losing a significant customer negatively impacts our revenue.

For the three months ended March 31, 2026, a top-ten global automotive OEM accounted for $0.5 million, or 54%, of total revenue, a leading construction manufacturer accounted for $0.2 million, or 22%, of total revenue, and an EU-based autonomous robotics developer accounted for $0.2 million, or 17%, of total revenue. For the three months ended March 31, 2025, a leading manufacturer of agricultural equipment accounted for $0.5 million in revenue and an automotive supplier accounted for $0.1 million in revenue, representing 80% and 14% of our total revenue, respectively. Our revenue has been negatively affected by the loss of certain of these customers and could continue to be if not retained or replaced with new, materially equivalent customer wins.

Our stock price has fluctuated in the past, has recently been volatile and may be volatile in the future, and as a result, investors in our common stock could incur substantial losses.

Our stock price has fluctuated significantly in the past, has recently been volatile, and may be volatile in the future. Over the 52-week period ending May 6, 2026, our common stock has traded at a low of $0.51 and a high of $1.73. We may continue to experience sustained depression or substantial volatility in our stock price in the foreseeable future unrelated to our operating performance or prospects. For the three months ended March 31, 2026, we incurred a loss per share of $0.08.

As a result of this volatility, investors may experience losses on their investment in our common stock. The market price for our common stock may be influenced by many factors, including the following:

- investor reaction to our business strategy;
- the success of competitive products or technologies;
- strategic developments;
- the timing and results of our development and commercialization efforts with respect to our perception solutions and lidar sensors;
- changes in regulatory or industry standards applicable to our solutions or technologies;
- variations in our or our competitors' financial and operating results;
- developments concerning our collaborations or partners;
- developments or disputes with any third parties that supply, manufacture, sell or market any of our products or component parts;
- developments or disputes concerning patents or other proprietary rights, including patents, litigation matters and our ability to obtain patent protection for our technology;
- actual or perceived defects in any of our products, if commercialized, and any related product liability claims;
- our ability or inability to raise additional capital and the terms on which we raise it;
- declines in the market prices of stocks generally;
- trading volume of our common stock;
- sales of our common stock by us or our stockholders;
- general economic, industry and market conditions; and
- the effects of other events or factors, including war, terrorism and other international conflicts, public health issues including health epidemics or pandemics, and natural disasters such as fire, hurricanes, earthquakes, tornados or other adverse weather and climate conditions, whether occurring in the United States or elsewhere.

Since the price of our common stock has fluctuated in the past, has suffered recent declines and may be volatile in the future, investors in our common stock could incur substantial losses. In the past, following periods of volatility in the market, securities class-action litigation has often been instituted against companies. Such litigation, if instituted against us, could result in substantial costs and diversion of management's attention and resources, which could materially and adversely affect our business, financial condition, results of operations and growth prospects. There can be no guarantee that our stock price will remain at current levels or that future sales of our common stock will not be at prices lower than those sold to investors.

Additionally, securities of certain companies have in the past few years experienced significant and extreme volatility in stock price due to short sellers of shares of common stock, known as a "short squeeze." These short squeezes have caused extreme volatility in both the stock prices of those companies and in the market and have led to the price per share of those companies to trade at a significantly inflated rate that is disconnected from the underlying value of the company. Many investors who have purchased shares in those companies at an inflated rate face the risk of losing a significant portion of their original investment, as in many cases the price per share has declined steadily as interest in those stocks has abated. There can be no assurance that our shares will not be subject to a short squeeze in the future, and investors may lose a significant portion or all of their investment if they purchase our shares at a rate that is significantly disconnected from our underlying value.

If we are unable to maintain our listing on The Nasdaq Global Market, it could become more difficult to sell our stock in the public market.

Our common stock is listed on The Nasdaq Global Market. To maintain our listing on this market, we must meet Nasdaq's listing maintenance standards. On January 12, 2026, we received a notification letter from Nasdaq advising that, based upon the closing bid price for the last 30 consecutive business days, the Company no longer met the continued listing requirement to maintain a minimum bid price of $1 per share, as set forth in Nasdaq Listing Rule 5450(a)(1).

As a result of recent declines and volatility in our stock price, there is a significant risk that we could fail to regain compliance with the minimum bid price requirement. If we are unable to regain compliance within the 180-day period and then continue to meet Nasdaq's listing maintenance standards for any reason, such as our minimum bid price falling below $1 for 30 consecutive trading days, our common stock could be delisted from The Nasdaq Global Market. If our common stock were delisted, we may seek to list our common stock on The Nasdaq Capital Market, the NYSE American or on a regional stock exchange or, if one or more broker-dealer market makers comply with applicable requirements, the over-the-counter, or OTC, market. Listing on such other market or exchange could reduce the liquidity of our common stock. If our common stock were to trade in the OTC market, an investor would find it more difficult to dispose of, or to obtain accurate quotations for the price of, the common stock.

A delisting from The Nasdaq Global Market and failure to obtain listing on another market or exchange would subject our common stock to so-called penny stock rules that impose additional sales practice and market-making requirements on broker-dealers who sell or make a market in such securities. Consequently, removal from The Nasdaq Global Market and failure to obtain listing on another market or exchange could affect the ability or willingness of broker-dealers to sell or make a market in our common stock and the ability of purchasers of our common stock to sell their securities in the secondary market.

On May 6, 2026, the closing price of our common stock was $0.66 per share.

Our lack of significant financial resources may limit our revenues, potential profits, overall market share, or value.

Our products and solutions compete with other pureplay lidar developers, most of which have raised and exhausted significant capital in their development and production efforts. We also face competition from OEMs and Tier 1 suppliers that have internally developed lidar sensors. All of these OEMS and Tier 1s are significantly larger, more well-resourced, have long operating histories and enjoy relevant brand recognition. With greater resources over the past several years, our pureplay lidar competitors have in the past developed and commercialized products more quickly than us and may now have access to more entrenched sales channels. This historical imbalance in financial resources and access could result for us in reduced revenues, lower margins or loss of market share, any of which could reduce the value of our business. Additionally, for a variety of reasons, customers may choose to purchase from suppliers that have substantially greater financial or other resources than we have.

Risks Related to Fundraising Transactions and the Convertible Note

Our stockholders will experience further dilution if we issue additional equity securities in future fundraising transactions.

We are generally not restricted from issuing additional common stock, including any securities that are convertible into or exchangeable for, or that represent the right to receive, common stock. Pursuant to the terms of our outstanding convertible notes, however, we are required to reserve a certain number of shares of common stock for potential issuance under the notes. If we issue additional common stock, or securities convertible into or exchangeable or exercisable for common stock (such as the recent issuance by us pursuant to the securities purchase and exchange agreement dated February 23, 2026), our stockholders could experience additional dilution, and any such issuances may result in downward pressure on the price of our common stock.

Sales of shares of our common stock by the holder of the February 2026 convertible note may cause our stock price to decline.

Sales of substantial amounts of our shares of common stock in the public market by the holder of the convertible note issued by us in February 2026, or the perception that those sales may occur, could cause the market price of shares of our common stock to decline and impair our ability to raise capital through the sale of additional shares of our common stock.

We do not currently intend to pay dividends on our common stock, and any return to investors is expected to come, if at all, only from potential increases in the price of our common stock.

At the present time, we intend to use available funds to finance our operations. Accordingly, while any payment of dividends would be at the discretion of our board of directors, no cash dividends on our common shares have been declared or paid by us and we have no intention of paying any such dividends in the foreseeable future. Any return to investors is expected to come, if at all, only from potential increases in the price of our common stock.

There are risks associated with our outstanding convertible note that could adversely affect our business and financial condition.

On February 23, 2026, we issued two senior secured convertible notes in the aggregate principal amount of $43.0 million pursuant to the securities purchase and exchange agreement dated February 23, 2026.The convertible notes provide for certain events of default, such as our failing to make timely payments under the note and failing to timely comply with the reporting requirements of the Exchange Act. The February 2026 securities purchase and exchange agreement and the convertible notes also contain customary affirmative and negative covenants, including limitations on incurring additional indebtedness, the creation of additional liens on our assets, and entering into investments, as well as a minimum liquidity requirement.

Our ability to remain in compliance with the covenants under the convertible notes depends on, among other things, our operating performance, competitive developments, financial market conditions and stock exchange listing of our common stock, all of which are significantly affected by financial, business, economic and other factors. We are not able to control many of these factors. Accordingly, our cash flow may not be sufficient to allow us to pay principal on the notes or meet our other obligations thereunder. Our level of indebtedness under the securities purchase and exchange agreement could have other important consequences, including the following:

- we may need to use a substantial portion of our cash flow from operations to pay principal on the convertible notes, which would reduce funds available to us for other purposes such as working capital, capital expenditures, potential acquisitions and other general corporate purposes;
- we may be unable to refinance our indebtedness under the securities purchase and exchange agreement or to obtain additional financing for working capital, capital expenditures, acquisitions, or general corporate purposes;
- we may be unable to comply with financial and other covenants related to the convertible notes, which could result in an event of default that, if not cured or waived, may result in acceleration of the notes and would have an adverse effect on our business and prospects, could cause us to lose the rights to our intellectual property, and could force us into bankruptcy or liquidation;
- the conversion of the convertible notes could result in significant dilution of our common stock, which could result in significant dilution to our existing stockholders and cause the market price of our common stock to decline; and
- we may be more vulnerable to an economic downturn or recession and adverse developments in our business.

There can be no assurance that we will be able to manage any of these risks successfully.

Our obligations to the holder pursuant to the February 2026 convertible notes are secured by a security interest in all of our bank and securities accounts, now owned and hereafter created or acquired, and if we default on those obligations, the holder could foreclose on our bank and securities accounts.

Our obligations under the convertible notes and the related transaction documents, are secured by a security interest in all of our bank and securities accounts, now owned and hereafter created or acquired. As a result, if we default on our obligations under the convertible note the collateral agent on behalf of the holder could foreclose on the security interests and liquidate some or all of our bank and securities accounts, which would harm our business, financial condition and results of operations and could require us to reduce or cease operations and investors may lose all or part of your investment.

Risks Related to Our Operations

Difficulty in qualifying a contract manufacturer, Tier 1 partner, or foundry for our products, or experiencing challenges in our supply chain, could cause delays that may result in lost future revenues and damaged customer relationships.

Historically, we have relied on single or limited-source suppliers to manufacture our products. Establishing and maintaining a relationship with a contract manufacturer, automotive Tier 1 partner, or foundry is a time-consuming process, as our unique technologies may require significant manufacturing process adaptation to achieve full manufacturing capacity. To the extent that we are not able to maintain our existing or establish a new relationship with a contract manufacturer, Tier 1 partner, or foundry in a timely manner or at prices or on other terms that are acceptable to us, we may be unable to meet contract or production milestones. Moreover, changes or challenges in our supply chain could result in increased cost and delays and subject us to risks and uncertainties regarding, but not limited to, product warranty, product liability and quality control standards. The loss of any single or limited-source supplier, the failure of any of these suppliers to perform as expected or the disruption in the supply chain of components from these suppliers could cause significant delays in product deliveries, which could result in lost future revenues and damaged customer relationships.

Historically, we have been dependent on third parties to develop, manufacture, sell and market products incorporating our technology.

Our business strategy for commercializing our technology in products has historically included entering into development, manufacturing, licensing, sales and marketing arrangements with OEMs, ODMs and other third parties. These arrangements reduce our level of control over production and distribution and may subject us to risks and uncertainties regarding, but not limited to, product warranty, product liability and quality control standards.

We cannot be certain that we will be able to negotiate arrangements on acceptable terms, if at all, or that these arrangements will be successful in yielding commercially viable products. If we cannot establish or maintain these arrangements, we would require additional capital to undertake such activities on our own and would require extensive manufacturing, sales and marketing expertise that we do not currently possess and that may be difficult to obtain.

The production of our sensors is dependent on producing or sourcing certain key components and raw materials at acceptable price levels. If we are unable to adequately reduce and control the costs of such key components, we will be unable to realize manufacturing cost targets, which could reduce the market adoption of our products, damage our reputation with current or prospective customers, and harm our brand, business, prospects, financial condition and operating results.

In addition, we could encounter significant delays in introducing our products and technology or find that the development, manufacture or sale of products incorporating our technology would not be feasible. To the extent that we enter into development, manufacturing, licensing, sales and marketing or other arrangements, our revenues will depend upon the performance of third parties. We cannot be certain that any such arrangements will be successful.

We could face lawsuits related to our use of our core technologies, which would be costly, and any adverse outcome could limit our ability to commercialize our technologies or products.

There could be patents held by third parties that relate to certain aspects of technologies that are core to our sensor hardware. Such patents could be used as a basis to challenge the validity, limit the scope or limit our ability to obtain additional or broader patent rights of our patents. A successful challenge to the validity of our patents could limit our ability to commercialize our technology or products incorporating the relevant technologies and, consequently, materially reduce our ability to generate revenues. Moreover, we cannot be certain that patent holders or other third parties will not claim infringement by us with respect to current and future technology. Because U.S. patent applications are held and examined in secrecy, it is also possible that presently pending U.S. applications could eventually be issued with claims that could be infringed by our products or our technology.

The defense and prosecution of a patent suit would be costly and time-consuming, even if the outcome were ultimately favorable to us. An adverse outcome in the defense of a patent suit could subject us to significant costs, require others and us to cease selling products incorporating our technology, require us to cease licensing our technology or require disputed rights to be licensed from third parties. Such licenses, if available, would increase our operating expenses. Moreover, if claims of infringement are asserted against our future co-development partners or customers, those partners or customers may seek indemnification from us for any damages or expenses they incur.

If we fail to manage expansion effectively, our revenue and expenses could be adversely affected.

Our ability to successfully offer products and solutions incorporating our technologies and implement our business plan in a rapidly evolving market requires an effective planning and management process. In particular following our recent asset acquisitions, the growth in business and relationships with customers and other third parties has placed, and will continue to place, a significant strain on our management systems and resources. We will need to continue to improve our financial and managerial controls, reporting systems and procedures, and will need to continue to train and manage our workforce. We continue to strengthen our compliance programs, including our compliance programs related to product certifications (in particular, certifications applicable to the automotive market), export controls, privacy, cybersecurity, and anti-corruption. We may not be able to implement improvements in an efficient or timely manner and may discover deficiencies in existing controls, programs, systems and procedures, which could have an adverse effect on our business, reputation and financial results.

We target customers that are large companies with substantial negotiating power and potentially competitive internal solutions; if we are unable to sell our products to these customers, our prospects will be adversely affected.

Our potential customers, including industrial and automotive OEMs, are large, multinational companies with substantial negotiating power relative to us and, in some instances, may have internal solutions that are competitive to our products. These large, multinational companies also have significant resources, which may allow them to acquire or develop competitive technologies either independently or in partnership with others. Accordingly, even after investing significant resources to develop a product, we may not secure a series production award or, even after securing a series production award, may not be able to commercialize a product on profitable terms or scale. If our products are not selected by these large companies or if these companies develop or acquire competitive technology or negotiate terms that are disadvantageous to us, it will have an adverse effect on our business prospects.

Our technology and products may be subject to environmental, health and safety regulations that could increase our development and production costs.

Our technologies and products could become subject to environmental, health and safety regulations or amendments that could negatively impact our ability to commercialize our technologies and products. Compliance with any such current or new regulations would likely increase the cost to develop and commercialize products, and violations may result in fines, penalties or suspension of production. If we become subject to any environmental, health, or safety laws or regulations that require us to cease or significantly change our operations to comply, our business, financial condition and operating results could be adversely affected.

Our operating results may be adversely impacted by worldwide political and economic uncertainties and specific conditions in the markets we address.

At various times in our history, including currently and in the recent past, general worldwide economic conditions have experienced downturns due instability in global tariffs, to slower economic activity, concerns about inflation, increased energy costs, decreased consumer confidence, reduced corporate profits and capital spending, and adverse business conditions. Any continuation or worsening of global economic and financial conditions could materially adversely affect: (i) our ability to raise, or the cost of, needed capital, (ii) demand for our current and future products, and (iii) our ability to commercialize products. Additionally, prolonged military confrontations, or the outbreak of wars or infectious diseases, as experienced currently and in the recent past, may cause an unexpected deterioration in economic conditions. We cannot predict the timing, strength, or duration of any economic slowdown or subsequent economic recovery, worldwide, regionally or in automotive, industrial, or security & defense sectors.

Because a significant proportion of our company is outside of the U.S. and we utilize foreign suppliers and manufacturers, our operating results could be harmed by economic, political, regulatory and other factors in foreign countries.

During 2021, we established an office in Germany and on January 31, 2023, we completed our acquisition of certain assets of Ibeo, with the result that we now have more employees and operations in Germany than in the U.S. In addition, we currently use foreign suppliers and partners and plan to continue to do so to manufacture current and future components and products, where appropriate. These international operations are subject to inherent risks, which may adversely affect us, including, but not limited to:

- Political and economic instability, international terrorism and the outbreak of war, such as recent aggressions and ongoing conflict in the Middle East and the Russian invasion and continuing war against Ukraine;
- High levels of inflation, as has historically been the case in a number of countries in Asia;
- Burdens and costs of compliance with a variety of foreign laws, regulations and sanctions;
- Foreign taxes and duties;
- Significant instability in tariff rates or other trade, tax or monetary policies;
- Changes or volatility in currency exchange rates and interest rates;
- Global or regional health crises and epidemics; and
- Disruptions in global supply chains.

We have recently made and may in the future make acquisitions. If we fail to successfully select, execute or integrate our acquisitions, then our business, results of operations and financial condition could be materially adversely affected.

In January 2023, January 2026, and February 2026, we completed acquisitions of certain assets from Ibeo Automotive Systems GmbH, Scantinel Photonics GmbH, and Luminar Technologies, Inc., respectively. For each of these acquisitions, we expended significant management time and effort, as well as capital, identifying, evaluating, negotiating, and executing these transactions. We have also invested, and continue to invest, time and capital working to integrate employees and operations from each of these acquisitions into our global organization. We cannot guarantee that these integration efforts will be successful, that the goals of the acquisitions will be realized, or that the increase to our operating expenses or cash requirements will be manageable.

In the future, we may again undertake acquisitions to add new products and technologies, acquire talent, gain new sales channels or enter into new markets or sales territories. In addition to possible stockholder approval, we may need approvals and licenses from relevant government authorities for the acquisitions and to comply with any applicable laws and regulations, which could result in increased delay and costs, and may disrupt our business strategy if we fail to do so. Furthermore, acquisitions and the subsequent integration of new assets, businesses, key personnel, customers, vendors and suppliers require significant attention from our management and could result in a diversion of resources from our existing business, which in turn could have an adverse effect on our operations. Acquired assets or businesses may not generate the financial results we expect. Acquisitions could result in the use of substantial amounts of cash, potentially dilutive issuances of equity securities, the occurrence of significant goodwill and other acquired-asset impairment charges, amortization expenses for other intangible assets, and exposure to potential unknown liabilities of the acquired business. Moreover, the costs of identifying and consummating acquisitions may be significant.

Before our acquisition of assets from Ibeo, we had no experience with acquisitions or the integration of acquired technology and personnel. Failure to successfully identify, complete, manage, and integrate acquisitions could materially and adversely affect our business, financial condition, and results of operations and could cause our stock price to decline.

Our suppliers' or manufacturing partners' facilities could be damaged or disrupted by a natural disaster or labor strike, either of which would materially affect our financial position, results of operations and cash flows.

A major catastrophe, such as an earthquake, monsoon, or flood; infectious disease outbreak, such as the COVID-19 virus; or other natural disasters, labor strikes, or work stoppages at our suppliers' or manufacturers partners' facilities or our customers, could result in a prolonged interruption of our business. A disruption resulting from any one of these events could cause significant delays in product shipments and the loss of sales and customers, which could have a material adverse effect on our financial condition, results of operations, and cash flows.

If we are unable to obtain effective intellectual property protection for our products, processes and technologies, we may be unable to compete with other companies.

Intellectual property protection for our products, processes and technologies is important and uncertain. If we do not obtain effective intellectual property protection for our products, processes and technologies, we may be subject to increased competition. Our commercial success will depend, in part, on our ability to maintain the proprietary nature of our key technologies by securing valid and enforceable patents and effectively maintaining unpatented technologies as trade secrets.

We protect our proprietary technologies by seeking to obtain United States and foreign patents in our name, or licenses to third party patents, related to proprietary technologies, inventions, and improvements that may be important to the development of our business. However, our patent position involves complex legal and factual questions. The standards that the United States Patent and Trademark Office and its foreign counterparts use to grant patents are not always applied predictably or uniformly and can change.

Additionally, the scope of patents is subject to interpretation by courts and their validity can be subject to challenges and defenses, including challenges and defenses based on the existence of prior art. Consequently, we cannot be certain as to the extent to which we will be able to obtain patents for our new products and technologies or the extent to which the patents that we already own protect our products and technologies. Reduction in scope of protection or invalidation of our licensed or owned patents, or our inability to obtain new patents, may enable other companies to develop products that compete directly with ours on the basis of the same or similar technologies.

We also rely on the law of trade secrets to protect unpatented know-how and technologies to maintain our competitive position. We try to protect this know-how and our technologies by limiting access to the trade secrets to those of our employees, contractors and partners, with a need-to-know such information and by entering into confidentiality agreements with parties that have access to it, such as our employees, consultants and business partners. Any of these parties could breach the agreements and disclose our trade secrets or confidential information, or our competitors might learn of the information in some other way. If any trade secret not protected by a patent were to be disclosed to or independently developed by a competitor, our competitive position could be negatively affected.

We could be subject to significant product liability claims that could be time consuming and costly, divert management attention and adversely affect our ability to obtain and maintain insurance coverage.

We could be subject to product liability claims if any of the product applications are alleged to be defective or cause harmful effects. For example, because some of the scanning modules incorporating our LBS technology could scan a low power beam of colored light into the user's eye, the testing, manufacture, marketing and sale of these products involve an inherent risk that product liability claims will be asserted against us.

Additionally, any misuse of our technologies or products incorporating our technologies by end users or third parties that obtain access to our technologies could result in negative publicity and could harm our brand and reputation. Product liability claims or other claims related to our products or our technologies, regardless of their outcome, could require us to spend significant time and money in litigation, divert management time and attention, require us to pay significant damages, harm our reputation or hinder acceptance of our products. Any successful product liability claim may prevent us from obtaining adequate product liability insurance in the future on commercially desirable or reasonable terms. An inability to obtain sufficient insurance coverage at an acceptable cost or otherwise to protect against potential product liability claims could prevent or inhibit the commercialization of our products and technologies.

Our operations could be adversely impacted by information technology system failures, network disruptions, or cybersecurity incidents.

We rely on information technology systems to process, transmit, store, and protect electronic data between our employees, customers, manufacturing partners and suppliers. Our systems and the third parties we rely on for related services are vulnerable to actual or attempted cybersecurity incidents, such as attacks by hackers, acts of vandalism, malware, social engineering, denial or degradation of service attacks, computer viruses, software bugs or vulnerabilities, supply chain attacks, phishing attacks, ransomware attacks, misplaced or lost data, human errors, malicious insiders or other similar events. Such systems are also susceptible to other disruptions due to events beyond our control, including, but are not limited to, natural disasters, power loss, and telecommunications failures. Our system redundancy may be inadequate and our disaster recovery planning may be ineffective or insufficient to account for all eventualities.

As security incidents have become more prevalent across industries we will need to continually examine, modify and update our systems. These updates or improvements may require implementation costs. In addition, we may not be able to monitor and react to all developments in a timely manner. The measures we do adopt may prove ineffective.

Any failure, or perceived failure, by us to comply with current and future regulatory or customer-driven privacy, data protection, and information security requirements, or to prevent or mitigate cyber incidents, could harm our business and expose us to potential litigation, liability, remediation costs, investigation costs, loss of revenue, damage to our reputation and loss of customers. While we maintain insurance coverage to address certain aspects of cyber risks, such insurance coverage may be insufficient to cover all losses or all claims that may arise, should such an event occur.

We, and certain of our third-party vendors, collect and store personal information in connection with human resources operations and other aspects of our business. While we obtain assurances that any third parties we provide data to will protect this information and, where we believe appropriate, monitor the protections employed by these third parties, there is a risk the confidentiality of data held by us or by third parties may be compromised and expose us to liability for such breach.

Loss of any of our key personnel or inability to attract new personnel could have a negative effect on the operation of our business.
Our success depends on our executive officers and other key personnel and on our ability to attract and retain qualified new personnel. Achievement of our business objectives will require substantial additional expertise in the areas of sales and marketing, engineering, project management, operations, and manufacturing. Competition for qualified personnel in these fields is intense, and the inability to attract and retain additional highly skilled personnel, or the loss of key personnel, could hinder our ability to compete effectively in the automotive or technology markets and adversely affect our business strategy execution and results of operations.

We are exposed to risks related to the use of AI tools by us and others.

Although we are evaluating and, where we believe appropriate, incorporating the use of AI tools into our operations, such as the use of generative AI tools to assist in the development of code, our use of such tools may subject us to significant competitive, legal, regulatory and other risks, and there can be no assurance that our use of AI tools will enhance our business operations or result in a benefit to us. Our competitors may be more successful in their use of AI tools, including by developing superior products or improving their operations with the assistance of AI. Additionally, there could be adverse impacts from inaccurate or flawed algorithms. Our use of AI tools could also result in the loss of confidential information or intellectual property or an inability to claim or enforce intellectual property rights, as well as subject us to risks related to intellectual property infringement or misappropriation, data privacy, cybersecurity, and the unauthorized use of our data.

Risks Related to Development for our Target Markets

We invest significant time and resources seeking OEM selection of our products and solutions. If our products and solutions are not selected for inclusion in ADAS systems by automotive OEMs or automotive Tier 1 suppliers after incurring substantial expenditures in these efforts, our future business prospects, results of operations, and financial condition will be materially and adversely affected.

Automotive OEMs and Tier 1 suppliers design and develop ADAS technology over several years, undertaking extensive testing and qualification processes prior to selecting a product such as our lidar sensors and software for use in a particular system, product or vehicle model because such products will function as part of a larger system or platform and must meet certain other specifications. We have invested and will continue to invest significant time and resources to have our products considered and possibly selected by OEMs or Tier 1 suppliers for use in a particular system, product or vehicle model, which is known as a “series production win” or a “series production award.” In the case of ADAS technology, a series production award would mean that our lidar sensor and/or ADAS solution had been selected for use in a particular vehicle model. However, if we are unable to achieve a series production award with respect to a particular vehicle model, we may not have an opportunity to supply our products to the automotive OEM for that vehicle model for a period of many years. In many cases, this period can be as long as five to seven or more years. If our products are not selected by an automotive OEM or our suppliers for one vehicle model or if our products are not successful in that vehicle model, it is unlikely that our product will be deployed in other vehicle models of that OEM. If we fail to win a significant number of vehicle models from one or more automotive OEMs or their suppliers, our future business prospects, results of operations, and financial conditions will be materially and adversely affected.

The complexity of our products and the limited visibility into the various environmental and other conditions under which potential customers may use the products could result in unforeseen delays or expenses from undetected defects, errors or reliability issues in hardware or software which could reduce the market adoption of our products, damage our reputation with prospective customers, expose us to product liability and other claims, and adversely affect our operating costs.

Our products are highly technical and complex and require high standards to manufacture and may experience defects, errors or reliability issues at various stages of development and production. We may be unable to timely manufacture or release products, or correct problems that have arisen or correct such problems to the customer's satisfaction. Additionally, undetected errors, defects or security vulnerabilities could result in serious injury to the end users or bystanders of technology incorporating our products, inability of customers to commercialize technology incorporating our products, litigation against us, negative publicity and other consequences. These risks are particularly prevalent in the highly competitive ADAS market. These problems may also result in claims, including class actions, against us that could be costly to defend. Our reputation or brand may be damaged as a result of these problems and potential customers may be reluctant to buy our products, which could adversely affect our financial results.

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

While we make our strategic planning decisions based on the assumption that the markets we are targeting will grow, our business is dependent, in large part on, and directly affected by, business cycles and other factors affecting industrial autonomy, the global automobile industry, and the global economy generally. Automotive production and sales are highly cyclical and depend on general economic conditions and other factors, including consumer spending and preferences, changes in interest rates and credit availability, consumer confidence, fuel costs, fuel availability, environmental impact, governmental incentives and regulatory requirements, and political volatility, especially in energy-producing countries and growth markets. In addition, automotive production and sales can be affected by our automotive OEM customers' ability to continue operating in response to challenging economic conditions and in response to labor relations issues, regulatory requirements, trade agreements and other factors. The volume of automotive production in North America, Europe and the rest of the world has fluctuated, sometimes significantly, from year to year, and we expect such fluctuations to give rise to fluctuations in the demand for our products. Any significant adverse change in any of these factors may result in a reduction in automotive sales and production by our automotive OEM customers and could have a material adverse effect on our business, results of operations and financial condition.

Developments in alternative technology may adversely affect the demand for our lidar technology.

Significant developments in alternative technologies, such as cameras and radar, may materially and adversely affect our business prospects in ways we do not currently anticipate. Existing and other camera and radar technologies may emerge as OEMs' preferred alternative to our solution, which would result in the loss of competitiveness of our lidar solution. Our R&D efforts may not be sufficient to adapt to these changes in technology and our solution may not compete effectively with these alternative systems.

ADAS features may be delayed in adoption by OEMs, which would negatively impact our long-term business prospects.

The ADAS market is fast evolving and there is generally a lack of an established regulatory framework. Vehicle regulators globally continue to consider new and enhanced emissions requirements, including electrification, to meet environmental and economic needs as well as pursue new safety standards to address emerging traffic risks. For instance, in May 2024, the National Highway Traffic Safety Administration, or NHTSA, published a new rule requiring automatic emergency braking systems in U.S. light vehicles and trucks by September 2029, and in December 2024, NHTSA proposed a voluntary program to improve evaluation and oversight of certain vehicles equipped with automated driving systems. To control new vehicle prices, among other concerns, OEMs may need to dedicate technology and cost additions to new vehicle designs to meet these emissions and safety requirements and postpone the consumer cost pressures of new ADAS features. As additional safety requirements are imposed on vehicle manufacturers, our business prospects may be materially impacted. Alternatively, if safety regulations in the U.S. were to become less stringent due to oversight reduction efforts, OEMs could be less inclined to pay for higher cost redundant safety systems and technologies, which could negatively impact the uptake of our sensor solutions.

Because the lidar and ADAS markets are rapidly evolving, it is difficult to forecast customer adoption rates, demand, and selling prices for our products and solutions.

We are pursuing opportunities in rapidly evolving markets, including technological and regulatory changes, and it is difficult to predict the timing and size of the opportunities. For example, lidar-based ADAS solutions require complex technology and because these automotive systems depend on technology from many companies, commercialization of ADAS products could be delayed or impaired on account of certain technological components of ours or others not being ready to be deployed in vehicles.

In addition, the selling prices we are able to ultimately charge in the future for the products we are currently developing may be less than what we currently project. We expect to be subject to substantial pressure from automotive OEMs and Tier 1 suppliers to reduce the price of our products. It is possible that pricing pressures beyond our expectations could intensify as automotive OEMs pursue restructuring, consolidation, and cost-cutting initiatives. If we are unable to generate sufficient production cost savings in the future to offset price reductions, our gross margin and profitability would be adversely affected.

Our future financial performance will depend on our ability to make timely investments in the correct market opportunities. If one or more of these markets experience a shift in prospective customer demand, our products may not compete as effectively, if at all, and they may not be designed into commercialized products. Given the evolving nature of the markets in which we operate, it is difficult to predict customer demand or adoption rates for our products, selling prices or the future growth of our target markets. If demand does not develop or if we cannot accurately forecast it, the size of our markets, inventory requirements or future financial results will be adversely affected.

Because perception solutions involving lidar are new in the markets we are seeking to enter, opportunities in those market and related forecasts may not materialize as anticipated.

In addition to automotive markets, we are investing in and pursuing market opportunities in industrial and security & defense markets. We believe that our future revenue growth, if any, will depend in part on our ability to expand within new markets such as these and to enter new markets as they emerge. Each of these markets presents distinct risks and, in many cases, requires us to address the particular requirements of that market.

Addressing the unique requirements of adjacent markets can be time-consuming and costly. The market for lidar technology and perception solutions outside of automotive applications is relatively new, rapidly developing, and unproven in many markets or industries. Many of our customers and potential customers outside of the automotive industry remain in the testing and development phases, and we cannot be certain that they will commercialize products or systems with our products or at all. Additionally, we cannot be certain that lidar-based solutions will be sold into these markets at prices or scale needed to achieve profitability.

Our market opportunity estimates and growth forecasts are subject to significant uncertainty and are based on assumptions and estimates that may not materialize as anticipated. These estimates and forecasts relating to the expected size and growth of the markets for lidar-based technology may prove to be inaccurate. Even if these markets experience the forecasted growth we anticipate, we may not grow our business at similar rates, or at all. Our future growth is subject to many factors, including market adoption of our products, which is subject to many risks and uncertainties. Accordingly, we cannot assure you that these forecasts will not be materially inaccurate.

ITEM 5. OTHER INFORMATION

(c) During the three months ended March 31, 2026, none of our directors or officers (as defined in Rule 16a-1(f) under the Securities Exchange Act of 1934, as amended) adopted or terminated a Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement (as such terms are defined in Item 408 of Regulation S-K of the Securities Act of 1933, as amended).

ITEM 6. EXHIBITS

2.1	Asset Purchase Agreement, dated January 26, 2026, by and between Luminar Technologies, Inc. and MicroVision, Inc. (incorporated by reference from Exhibit 10.1 to the Current Report on Form 8-K filed on January 30, 2026)
10.1	Securities Purchase and Exchange Agreement dated February 23, 2026 (incorporated by reference from Exhibit 10.1 to the Current Report on Form 8-K filed February 24, 2026)
10.2	Form of Senior Secured Convertible Note (incorporated by reference from Exhibit 10.2 to the Current Report on Form 8-K filed February 24, 2026)
10.3	Amendment to Lease Agreement between Alidade Discovery Lakes II, LLC and MicroVision, Inc. dated April 8, 2026
31.1	Principal Executive Officer Certification pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Principal Financial Officer Certification pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Principal Executive Officer Certification pursuant to Rule 13a-14(b) or Rule 15d-14(b) and Section 1350, Chapter 63 of Title 18, United States Code (18 U.S.C. 1350), as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Principal Financial Officer Certification pursuant to Rule 13a-14(b) or Rule 15d-14(b) and Section 1350, Chapter 63 of Title 18, United States Code (18 U.S.C. 1350), as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document)
101.SCH	Inline XBRL Taxonomy Extension Schema
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

SIGNATURES

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, thereunto duly authorized.

	MicroVision, Inc.
Date: May 15, 2026	By *<u>/s/ Glen DeVos</u>* Glen Devos Chief Executive Officer and Director (Principal Executive Officer)
Date: May 15, 2026	By *<u>/s/ Stephen Hrynewich</u>* Stephen Hrynewich Interim Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)

Third Amendment To Lease Agreement

This Third Amendment to Lease Agreement (the "**Third Amendment**") is effective as of 4/8/2026 | 7:06 PM EDT, 2026 by and between ALIDADE DISCOVERY LAKES II, LLC, a Florida limited liability company, ("**Landlord**") and MICROVISION, INC., a Delaware corporation ("**Tenant**").

WHEREAS, Landlord's predecessor in interest, 2603 Discovery Lakes, LLC, and Tenant's predecessor in interest, Luminar Technologies, Inc. ("Luminar"), entered into that certain Lease Agreement dated February 15, 2018 as amended by that certain First Amendment to Lease Agreement dated January 13, 2020 (the "**First Amendment**"), and as amended by that certain Second Agreement to Lease Agreement dated February 25, 2021 hereinafter collectively referred to as "**Lease**", pursuant to which Landlord leases to Tenant, and Tenant leases from Landlord, that certain property known as 2603 Discovery Drive, Orlando, FL, 32826 containing an agreed upon 67,883 rentable square feet ("**Premises**").

WHEREAS, Tenant acquired Luminar's interest in the Lease as its successor-in-interest pursuant to that certain Order (i) Approving the Sale of the LIDAR Assets Free and Clear of Liens, Claims, Interests and Encumbrances, and (ii) Granting Related Relief, entered January 30, 2026 by the United States Bankruptcy Court for the Southern District of Texas in Case No. 25-90807 (CML).

WHEREAS, it is the mutual desire of the Landlord and Tenant to extend the term of the Lease an additional three (3) years.

NOW, THEREFORE, in consideration of the foregoing and mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant Agree as follows:

1. The Lease Term shall be extended thirty-six (36) full calendar months commencing July 1, 2026 and expiring on June 30, 2029.

2. Commencing July 1, 2026, the Base Rent for the Premises shall be as follows:

Term	Annual Rent*	Per Month*
7/1/26 - 6/30/27	$1,240,222.41	$103,351.87
7/1/27 – 6/30/28	$1,277,429.08	$106,452.42
7/1/28 – 6/30/29	$1,315,751.95	$109,646.00

**Plus applicable state sales tax, if any, and Tenant's proportionate share of Operating Expenses.*

3. Security Deposit. Landlord and Tenant agree that, as of the date hereof, there is no Security Deposit under the Lease, and Tenant shall not be required to provide any Security Deposit in connection with this Amendment.

4. Tenant Improvements. Tenant is leasing the Premises on an AS-IS, WHERE IS basis. No promise of Landlord to alter, remodel, repair, or improve the Premises or the Building, and no representation, express or implied, respecting any matter or thing relating to the Premises or the Building or this Lease (including, without limitation, the condition thereof) have been made to Tenant by Landlord or its broker.

5. Brokerage: Tenant represents and warrants that it has dealt with no broker, agent or other person in connection with this transaction and that no broker, agent or other person brought about this transaction, other than Savills representing Tenant. Tenant agrees to indemnify and hold Landlord harmless from and against any claims by any other broker, agent or other person claiming a commission or other form of compensation by virtue of having dealt with Tenant with regard to this Amendment. The provisions of this Section shall survive the termination of the Lease.

6. Condition of Premises. Tenant acknowledges that (a) it has been occupying and continues to occupy the Premises, (b) it is familiar with the condition of the Premises, (c) it accepts the Premises in its "as-is, where-is and with all faults" condition without improvement or allowance, and (d) Landlord has made no representation or warranty regarding the condition of the Premises or the suitability thereof for Tenant's business.

7. Tenant's Acknowledgement. As of the Effective Date, Tenant hereby acknowledges: (a) Landlord is not in default under the Lease; (b) Landlord has performed all of its obligations under the Lease and is not holding any rents or other monies payable or paid to Landlord under the Lease; (c) no event has occurred which, with the passage of time or the giving of notice or both, would constitute an event of default by Landlord under the Lease; and (d) Tenant has no current defenses or claims against Landlord or rights of offset against any rents payable to Landlord under the Lease.

8. Ratification of Lease. Except as expressly amended by this Amendment, the Lease shall remain in full force and effect in accordance with its original terms, and the Lease, as amended pursuant to this Amendment, is hereby ratified by Landlord and Tenant. In the event of inconsistencies between any term of this Amendment and any terms of the Lease, the term of this Amendment shall control.

9. Authority: Landlord and Tenant and the persons signing this Amendment on their behalf represent and warrant each to the other that they have full right and authority to execute and perform its obligations under the Lease as amended hereby, and that such persons are duly authorized to execute this Amendment on behalf of Landlord and Tenant without further consent or approval by anyone, including, but not limited to, any mortgagee. Landlord and Tenant shall deliver each to the other promptly upon request all documents reasonably requested by the other to evidence such authority.

10. Counterparts. This Amendment may be executed in counterparts, all such executed counterparts shall constitute the same Amendment, and the signature of any party to any counterpart shall be deemed a signature to, and may be appended to, any other counterpart.

IN WITNESS WHEREOF, the parties hereto have executed this Third Amendment on the date and year first written above.

Landlord:

ALIDADE DISCOVERY LAKES II, LLC,
a Florida limited liability company

Signed by:
By: Steve Faliski
BFDB2007C87D48C...
Steven J. Faliski
Its: Authorized Signatory

Tenant:

MICROVISION, INC.,
a Delaware corporation

Signed by:
By: Drew G. Markham
8D3E38847299-5C...

Its: SVP, General Counsel

Exhibit 31.1

CERTIFICATION PURSUANT TO RULE 13a-14(a) and 15d-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Glen DeVos, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the period ended March 31, 2026 of MicroVision, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 15, 2026

/s/ Glen DeVos

Glen DeVos

Chief Executive Officer

Exhibit 31.2

CERTIFICATION PURSUANT TO RULE 13a-14(a) and 15d-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Stephen Hrynewich, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the period ended March 31, 2026 of MicroVision, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 15, 2026

/s/ Stephen Hrynewich
Stephen Hrynewich
Interim Chief Financial Officer

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of MicroVision, Inc. (the “Company”) on Form 10-Q for the quarter ended March 31, 2026 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Glen DeVos, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 15, 2026

/s/ Glen DeVos
Glen DeVos
Chief Executive Officer

Exhibit 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of MicroVision, Inc. (the "Company") on Form 10-Q for the quarter ended March 31, 2026 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Stephen Hrynewich, Interim Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 15, 2026

/s/ Stephen Hrynewich
Stephen Hrynewich
Interim Chief Financial Officer