

**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 September 30, 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
(State or Other Jurisdiction
of Incorporation or Organization)

91-1600822
(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:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
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 ☐
Non-accelerated filer ☒

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 October 21, 2026 was 34,047,688.

TABLE OF CONTENTS

	Page
<u>PART I. FINANCIAL INFORMATION</u>	
<u>Item 1. Financial Statements (unaudited)</u>	
Condensed Consolidated Balance Sheets as of September 30, 2026 and December 31, 2025	3
Condensed Consolidated Statements of Operations for the three and nine months ended September 30, 2026 and 2025	4
Condensed Consolidated Statements of Comprehensive Loss for the three and nine months ended September 30, 2026 and 2025	5
Condensed Consolidated Statements of Shareholders' Equity for the three and nine months ended September 30, 2026 and 2025	6
Condensed Consolidated Statements of Cash Flows for the nine months ended September 30, 2026 and 2025	7
Notes to Condensed Consolidated Financial Statements	8
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	26
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u>	31
<u>Item 4. Controls and Procedures</u>	31
<u>PART II. OTHER INFORMATION</u>	
<u>Item 1. Legal Proceedings</u>	32
<u>Item 1A. Risk Factors</u>	32
<u>Item 5. Other Information</u>	42
<u>Item 6. Exhibits</u>	43
<u>Signatures</u>	44

PART I.

ITEM 1. FINANCIAL STATEMENTS

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

	September 30, 2026	December 31, 2025
Assets		
Current assets		
Cash and cash equivalents	\$ 28,890	\$ 32,363
Investment securities, available-for-sale	-	42,471
Restricted cash, current	264	497
Accounts receivable, net of allowances	1,404	47
Inventory	4,403	745
Other current assets	2,887	4,989
Total current assets	37,848	81,112
Property and equipment, net	15,736	4,280
Operating lease right-of-use assets	16,840	14,075
Restricted cash, net of current portion	1,182	1,204
Intangible assets, net	13,358	32
Goodwill	3,677	-
Other assets	2,188	2,416
Total assets	\$ 90,829	\$ 103,119
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable	\$ 6,356	\$ 1,628
Accrued liabilities	5,664	5,426
Deferred revenue	132	-
Derivative liability	6,331	-
Notes payable	22,595	19,212
Operating lease liabilities, current	5,243	3,481
Finance lease liabilities, current	12	14
Other current liabilities	805	388
Total current liabilities	47,138	30,149
Warrant liability	4,928	1,875
Operating lease liabilities, net of current portion	14,682	14,034
Finance lease liabilities, net of current portion	14	27
Other long-term liabilities	1,321	1,486
Total liabilities	68,083	47,571
Commitments and contingencies (Note 12)		
Shareholders' equity (Note 2)		
Preferred stock, par value \$0.001; 25,000 shares authorized; zero and zero shares issued and outstanding as of September 30, 2026 and December 31, 2025, respectively	-	-
Common stock, par value \$0.001; 150,000 shares authorized; 32,430 and 20,434 shares issued and outstanding as of September 30, 2026 and December 31, 2025, respectively	33	20
Additional paid-in capital	1,053,830	1,012,121
Accumulated other comprehensive income	610	669
Accumulated deficit	(1,031,727)	(957,262)
Total shareholders' equity	22,746	55,548
Total liabilities and shareholders' equity	\$ 90,829	\$ 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 September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Revenue	\$ 2,400	\$ 241	\$ 4,808	\$ 985
Cost of revenue	1,201	957	2,604	2,223
Gross profit (loss)	1,199	(716)	2,204	(1,238)
Research and development expense	13,180	7,978	43,327	23,039
Sales, marketing, general and administrative expense	9,359	4,027	28,081	17,140
Impairment loss on operating lease right-of-use assets	-	-	9	-
Gain on disposal of fixed assets	(3)	-	(171)	-
Total operating expenses	22,536	12,005	71,246	40,179
Loss from operations	(21,337)	(12,721)	(69,042)	(41,417)
Interest expense	(1,907)	(2,197)	(10,140)	(17,270)
Unrealized gain (loss) on derivative liability	(491)	1,059	(5,146)	3,853
Unrealized gain (loss) on warrant liability	3,566	(326)	5,061	2,238
Realized loss on debt extinguishment	-	-	(3,083)	(4,654)
Bargain purchase gain	-	-	147	-
Other income	7,974	140	8,134	363
Net loss before taxes	(12,195)	(14,045)	(74,069)	(56,887)
Income tax expense	(33)	(172)	(396)	(338)
Net loss	<u>\$ (12,228)</u>	<u>\$ (14,217)</u>	<u>\$ (74,465)</u>	<u>\$ (57,225)</u>
Net loss per share - basic and diluted	<u>\$ (0.45)</u>	<u>\$ (0.72)</u>	<u>\$ (3.18)</u>	<u>\$ (3.27)</u>
Weighted-average shares outstanding - basic and diluted	<u>27,388</u>	<u>19,697</u>	<u>23,445</u>	<u>17,482</u>

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 September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Net loss	\$ (12,228)	\$ (14,217)	\$ (74,465)	\$ (57,225)
Other comprehensive income (loss):				
Unrealized gain (loss) on investment securities, available-for-sale	-	8	(24)	(14)
Unrealized gain (loss) on translation	(127)	125	(35)	665
Total comprehensive income (loss)	(127)	133	(59)	651
Comprehensive loss	<u>\$ (12,355)</u>	<u>\$ (14,084)</u>	<u>\$ (74,524)</u>	<u>\$ (56,574)</u>

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	Accumulated		Total
	Shares	Par value	paid-in capital	other comprehensive income	Accumulated deficit	shareholders' equity
Balance as of June 30, 2025	18,535	\$ 19	\$ 981,857	\$ 518	\$ (905,289)	\$ 77,105
Share-based compensation expense	104	-	(1,603)	-	-	(1,603)
Sales of common stock, net	1,520	2	29,299	-	-	29,301
Net loss	-	-	-	-	(14,217)	(14,217)
Other comprehensive income	-	-	-	133	-	133
Balance as of September 30, 2025	<u>20,159</u>	<u>\$ 21</u>	<u>\$ 1,009,553</u>	<u>\$ 651</u>	<u>\$ (919,506)</u>	<u>\$ 90,719</u>
Balance as of June 30, 2026	23,350	\$ 23	\$ 1,039,358	\$ 737	\$ (1,019,499)	\$ 20,619
Share-based compensation expense	225	-	1,163	-	-	1,163
Sales of common stock, net	6,871	8	8,251	-	-	8,259
Conversions of notes payable	1,984	2	5,058	-	-	5,060
Net loss	-	-	-	-	(12,228)	(12,228)
Other comprehensive loss	-	-	-	(127)	-	(127)
Balance as of September 30, 2026	<u>32,430</u>	<u>\$ 33</u>	<u>\$ 1,053,830</u>	<u>\$ 610</u>	<u>\$ (1,031,727)</u>	<u>\$ 22,746</u>
Balance as of January 1, 2025	15,000	\$ 15	\$ 911,034	\$ -	\$ (862,281)	\$ 48,768
Share-based compensation expense	259	-	2,248	-	-	2,248
Sales of common stock, net	3,962	5	74,291	-	-	74,296
Conversions of notes payable	938	1	21,980	-	-	21,981
Net loss	-	-	-	-	(57,225)	(57,225)
Other comprehensive income	-	-	-	651	-	651
Balance as of September 30, 2025	<u>20,159</u>	<u>\$ 21</u>	<u>\$ 1,009,553</u>	<u>\$ 651</u>	<u>\$ (919,506)</u>	<u>\$ 90,719</u>
Balance as of January 1, 2026	20,434	\$ 20	\$ 1,012,121	\$ 669	\$ (957,262)	\$ 55,548
Share-based compensation expense	378	-	3,449	-	-	3,449
Sales of common stock, net	7,014	8	9,021	-	-	9,029
Conversions of notes payable	4,604	5	29,239	-	-	29,244
Net loss	-	-	-	-	(74,465)	(74,465)
Other comprehensive loss	-	-	-	(59)	-	(59)
Balance as of September 30, 2026	<u>32,430</u>	<u>\$ 33</u>	<u>\$ 1,053,830</u>	<u>\$ 610</u>	<u>\$ (1,031,727)</u>	<u>\$ 22,746</u>

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

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

	Nine Months Ended September 30,	
	2026	2025
Cash flows from operating activities		
Net loss	\$ (74,465)	\$ (57,225)
Adjustments to reconcile net loss to net cash used in operations:		
Depreciation and amortization	8,274	4,347
Unrealized (gain) loss on derivative liability	5,146	(3,853)
Unrealized gain on warrant liability	(5,061)	(2,238)
Loss on debt extinguishment	3,083	4,654
Bargain purchase gain	(147)	-
Gain on disposal of fixed assets	(171)	-
Impairment of operating lease right-of-use assets	9	-
Inventory write-downs	116	-
Non-cash interest expense	-	7,325
Amortization of debt discount and issuance costs on notes payable	10,105	9,915
Share-based compensation expense	3,449	2,248
Net accretion of premium on short-term investments	(81)	(284)
Change in:		
Accounts receivable	(1,357)	886
Inventory	26	(5,798)
Other current and non-current assets	355	(2,170)
Accounts payable	4,525	207
Accrued liabilities	238	1,087
Contract liabilities and other current liabilities	549	32
Operating lease liabilities	(3,697)	(2,188)
Other long-term liabilities	(120)	(260)
Net cash used in operating activities	(49,224)	(43,315)
Cash flows from investing activities		
Sales of investment securities	42,528	26,688
Purchases of investment securities	-	(32,878)
Cash paid for business combination	(33,178)	-
Purchases of property and equipment	(1,815)	(435)
Net cash provided by (used in) investing activities	7,535	(6,625)
Cash flows from financing activities		
Principal payments under finance leases	(9)	(10)
Principal payments under notes payable	-	(5,500)
Principal proceeds from notes payable, net of debt discount and issuance costs	20,624	-
Net proceeds from issuance of common stock and warrants	17,346	73,268
Net cash provided by financing activities	37,961	67,758
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	-	469
Change in cash, cash equivalents, and restricted cash	(3,728)	18,287
Cash, cash equivalents, and restricted cash at beginning of period	34,064	56,247
Cash, cash equivalents, and restricted cash at end of period	\$ 30,336	\$ 74,534
Supplemental schedule of non-cash investing and financing activities		
Common stock issued in conversions of notes payable	\$ 29,244	\$ 21,980
Issuance of warrants	\$ 8,114	\$ 6,297
Acquisition of right-of-use asset	\$ 5,637	\$ 139
Foreign currency translation adjustment	\$ (35)	\$ 665
Unrealized (loss) gain on investment securities, available-for-sale	\$ (24)	\$ (14)
Accrued financing fees	\$ 203	\$ -

The following table provides a reconciliation of the cash, cash equivalents, and restricted cash balances as of September 30, 2026 and September 30, 2025:

	September 30, 2026	September 30, 2025
Cash and cash equivalents	\$ 28,890	\$ 72,832
Restricted cash, current	264	328
Restricted cash, net of current portion	1,182	1,374
Cash, cash equivalents, and restricted cash	\$ 30,336	\$ 74,534

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 September 30, 2026, the Company had total liquidity comprised of \$28.9 million of cash and cash equivalents, which excludes restricted cash, and approximately \$41.1 million availability under its current at-the-market ("ATM") facility as of September 30, 2026, subject to certain conditions. In October 2024, the Company issued to an institutional investor \$45.0 million in senior secured convertible notes due March 2026 for gross proceeds of \$41.4 million (the "Prior Note"). In February 2026, the Company entered into a securities purchase and exchange agreement with the same institutional investor, pursuant to which the Company issued two senior secured convertible notes due March 2028 (the "2026 Notes Financing") – one for approximately \$20.6 million in exchange for the Prior Note 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, as amended, the Company must maintain minimum cash liquidity of the lesser of \$17.5 million (which was reduced to \$10.9 million subsequent to September 30, 2026; see *Note 16. Subsequent Events*) or 110% of the then outstanding balance of the senior secured convertible notes for the remaining duration of their term.

During the first quarter of 2026, the Company completed the strategic acquisition of certain assets related to the worldwide lidar business of Luminar Technologies, Inc. ("Luminar"). The purchase price of \$33.0 million was funded with cash on hand and, following the closing of the acquisition, the Company completed the 2026 Notes Financing to support the cash funding. The acquisition resulted in a near-term increase in headcount and leased properties, thereby significantly increasing cash usage and decreasing available liquidity. In light of this increase in operating expenses and cash usage, in March 2026 the Company began the implementation of a consolidation plan, which included a workforce reduction and other operational efficiencies, thereby partially offsetting the increase in cash usage that resulted from the Luminar acquisition. See *Note 4. Business Combinations* and *Note 15. Restructuring Charges* for additional discussion. The operating expense and cash usage improvements resulting from the consolidation plan are expected to continue taking effect during the fourth quarter of 2026. In the meantime, however, the combination of the higher cash burn during the first half of 2026 with historical losses and current liquidity, when analyzed in the aggregate in accordance with Accounting Standards Codification ("ASC") 205-40, raises substantial doubt about the Company's ability to continue as a going concern through at least twelve months from the date the condensed consolidated financial statements are issued.

Bolstering its strategic plan driven by revenue generation and achievement of operational efficiencies, with such efficiencies stemming from both the March 2026 consolidation plan and further restructuring activities commencing October 2026 (see *Note 15. Restructuring Charges*), the Company intends to increase liquidity through financing activities, which could include utilization of the ATM facility or the issuance of equity, debt, or convertible securities. Notwithstanding such plans, there can be no assurance that financing activities will be successful or timely, or that capital can be raised on commercially acceptable terms, or at all. If the Company is unable to raise additional capital within the expected timeframe, it may be required to take additional measures to conserve liquidity, which could include, but not necessarily be limited to, streamlining operations and otherwise severely reducing operating expenses. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

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.

On July 22, 2026, the Company filed a Certificate of Amendment to its Amended and Restated Certificate of Incorporation (the “Amendment”) with the Secretary of State of the State of Delaware to effect a 1-for-15 reverse stock split (the “Reverse Stock Split”) of the Company’s shares of common stock, \$0.001 par value (the “common stock”). Pursuant to the Reverse Stock Split, every fifteen shares of issued and outstanding shares of common stock were combined into one share of common stock. Simultaneously, the Company reduced the total authorized number of shares of capital stock to 175,000,000 shares consisting of 150,000,000 shares of common stock and 25,000,000 shares of preferred stock, \$0.001 par value. There was no change in the par value per share of common stock of \$0.001.

On August 1, 2026, the Reverse Stock Split was effectuated. Accordingly, all the current period and historical per share data, number of shares issued and outstanding, stock awards, and other common stock equivalents for the periods presented in this Form 10-Q have been adjusted retroactively, where applicable, to reflect the Reverse Stock Split.

The Reverse Stock Split affected all shareholders uniformly and did not alter any shareholder’s percentage interest in the Company’s equity. No fractional shares were issued in connection with the Reverse Stock Split. Shareholders of record who would otherwise be entitled to receive a fractional share had their fractional share rounded up to the nearest whole share. Proportionate adjustments were made to the number of shares of Common Stock issuable upon the exercise or conversion of the Company’s outstanding stock options, warrants, and convertible notes, as well as the exercise or conversion prices thereof, and to the number of shares reserved for issuance under the Company’s equity plans. See *Note 7. Notes Payable and Derivative Liability*, *Note 8. Warrant Liability* and *Note 10. Share-Based Compensation*.

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 September 30, 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 September 30, 2026, 39%, 35%, and 10% of total revenue was derived from three customers in the Security & Defense sector, respectively. For the same period in 2025, an automotive manufacturer and an automotive supplier accounted for 80% and 12% of total revenue, respectively.

For the nine months ended September 30, 2026, 31% and 20% of total revenue was derived from two customers in the Security & Defense sector, respectively, 15% was derived from an industrial customer, and 10% was derived from an automotive manufacturer. For the same period in 2025, an industrial customer, an automotive supplier, and an automotive manufacturer accounted for 51%, 20%, and 18% of total revenue, respectively.

As of September 30, 2026, accounts receivable related to these customers accounted for 90% 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 Financial Accounting Standards Board (“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 September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Numerator:				
Net loss available for common shareholders - basic and diluted	\$ (12,228)	\$ (14,217)	\$ (74,465)	\$ (57,225)
Denominator:				
Weighted-average common shares outstanding - basic and diluted	27,388	19,697	23,445	17,482
Net loss per share - basic and diluted	\$ (0.45)	\$ (0.72)	\$ (3.18)	\$ (3.27)

For the three and nine months ended September 30, 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 thousands):

	September 30,	
	2026	2025
Outstanding options exercisable	19	44
Nonvested restricted and performance stock units	1,517	944
Shares of common stock that may be issued through conversion of the derivative liability	15,457	1,159
Shares of common stock that may be issued through the exercise of warrants	7,183	383
Total	24,176	2,530

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 nine months ended September 30, 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 September 30, 2026 is \$0.0 million and \$0.9 million, respectively, and for the nine months ended September 30, 2026 is \$0.0 and \$3.3 million, respectively.

Luminar

On January 26, 2026, the Company entered into an agreement with 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 time-of-flight 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 \$2.8 million of acquisition-related costs associated with the acquisition during the nine months ended September 30, 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 acquired operations, excluding nonrecurring acquisition-related costs incurred directly by the Company and not by the acquired operations, included in the condensed consolidated statements of operations for the three months ended September 30, 2026 is approximately \$0.5 million and \$3.7 million, respectively, and for the nine months ended September 30, 2026 is \$2.1 million and \$9.7 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 September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Total revenue	\$ 2,400	\$ 11,622	\$ 4,808	\$ 36,428
Net loss	(12,228)	(93,935)	(74,465)	(270,023)

5. REVENUE RECOGNITION

Disaggregation of Revenue

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

	Three Months Ended September 30, 2026			
	Product Revenue	License and Royalty Revenue	Contract Revenue	Total
Timing of revenue recognition:				
Transferred at a point in time	\$ 2,236	\$ -	\$ -	\$ 2,236
Transferred over time	-	12	152	164
Total	<u>\$ 2,236</u>	<u>\$ 12</u>	<u>\$ 152</u>	<u>\$ 2,400</u>
	Nine Months Ended September 30, 2026			
	Product Revenue	License and Royalty Revenue	Contract Revenue	Total
Timing of revenue recognition:				
Transferred at a point in time	\$ 4,246	\$ -	\$ -	\$ 4,246
Transferred over time	-	56	506	562
Total	<u>\$ 4,246</u>	<u>\$ 56</u>	<u>\$ 506</u>	<u>\$ 4,808</u>

Three Months Ended September 30, 2025				
	Product Revenue	License and Royalty Revenue	Contract Revenue	Total
Timing of revenue recognition:				
Transferred at a point in time	\$ 28	\$ 213	\$ -	\$ 241
Total	<u>\$ 28</u>	<u>\$ 213</u>	<u>\$ -</u>	<u>\$ 241</u>

Nine Months Ended September 30, 2025				
	Product Revenue	License and Royalty Revenue	Contract Revenue	Total
Timing of revenue recognition:				
Transferred at a point in time	\$ 566	\$ 379	\$ -	\$ 945
Transferred over time	-	-	40	40
Total	<u>\$ 566</u>	<u>\$ 379</u>	<u>\$ 40</u>	<u>\$ 985</u>

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 September 30, 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 the reporting entity to develop 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). These tables do not include cash held in money market savings accounts.

As of December 31, 2025	Level 1	Level 2	Level 3	Total
Investment securities, available for sale:				
Corporate debt securities	\$ -	\$ 26,882	\$ -	\$ 26,882
U.S. Treasury securities	-	15,589	-	15,589
	<u>\$ -</u>	<u>\$ 42,471</u>	<u>\$ -</u>	<u>\$ 42,471</u>

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				
Investment securities, available for sale:				
Corporate debt securities	\$ 26,869	\$ 13	\$ -	\$ 26,882
U.S. Treasury securities	15,577	12	-	15,589
	<u>\$ 42,446</u>	<u>\$ 25</u>	<u>\$ -</u>	<u>\$ 42,471</u>

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
	<u>\$ 42,446</u>			<u>\$ 42,471</u>

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	\$ -
U.S. Treasury securities	-	-	-	-	-	-
	<u>\$ 1,042</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,042</u>	<u>\$ -</u>

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 781,690 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 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 & Exchange Agreement”) with the Holder, pursuant to which the Company issued two senior secured convertible notes – one for approximately \$20.6 million in exchange for the Prior Note due March 2026 and the other for approximately \$22.4 million (combined, the “2026 Convertible Notes”). Net cash proceeds from the issuance, after allowing for the exchange of the Prior Note, 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.

During the three months ended March 31, 2026, pursuant to terms of the Notes, the Holder elected to convert \$7.2 million of outstanding principal, inclusive of the 10% repayment premium, into 955,128 shares of the Company's common stock.

During the three months ended June 30, 2026, pursuant to terms of the Notes, the Holder elected to convert \$13.1 million of outstanding principal, inclusive of the 10% repayment premium, into 1,664,411 shares of the Company's common stock.

During the three months ended September 30, 2026, pursuant to terms of the Notes, the Holder elected to convert \$3.9 million of outstanding principal, inclusive of the 10% repayment premium, into 1,984,131 shares of the Company's common stock.

As of September 30, 2026, there was \$23.2 million outstanding principal, inclusive of the 10% repayment premium, on the Notes. Refer to *Note 16. Subsequent Events* for discussion of conversions and repayments occurring subsequent to September 30, 2026.

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 \$23.2 million as of September 30, 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:

<i>(in thousands)</i>	September 30, 2026	December 31, 2025
Amount repayable at maturity	\$ 23,186	\$ 19,525
Unamortized debt discount	(525)	(313)
Unamortized issuance costs	(66)	-
Net carrying amount	<u>\$ 22,595</u>	<u>\$ 19,212</u>

Interest expense related to the amortization of the debt discount and issuance costs was \$1.9 million and \$2.2 million for the three months ended September 30, 2026 and 2025, respectively, and \$10.1 million and \$7.9 million for the nine months ended September 30, 2026 and 2025, respectively. Total interest expense for the three and nine months ended September 30, 2026 and 2025 is comprised of the following components:

(in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Amortization of debt discount and issuance costs	\$ (1,886)	\$ (2,191)	\$ (10,105)	\$ (7,858)
Interest expense from modification of notes payable	-	-	-	(2,057)
Discount on warrants (see Note 8. Warrant Liability)	-	-	-	(7,325)
Other expense	(21)	(6)	(35)	(30)
Total interest expense	<u>\$ (1,907)</u>	<u>\$ (2,197)</u>	<u>\$ (10,140)</u>	<u>\$ (17,270)</u>

The monthly effective interest rate implicit in the Note as of September 30, 2026 under the interest method was 1.4%.

Maturities of partial repayments, if elected by the Holder, are as follows as of September 30, 2026:

(in thousands)	
Years Ended December 31,	Maturities
2026 (remainder)	\$ 9,900
2027	13,286
Total partial repayments	<u>\$ 23,186</u>

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 as of September 30, 2026 and December 31, 2025 are as follows:

(in thousands)	September 30, 2026	December 31, 2025
Derivative liability	\$ 6,331	\$ -
Total	<u>\$ 6,331</u>	<u>\$ -</u>

Unrealized gains and losses associated with derivatives not designated as hedging instruments for the three and nine months ended September 30, 2026 and 2025 are as follows:

(in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Unrealized gain (loss) on derivative liability	\$ (491)	\$ 1,059	\$ (5,146)	\$ 3,853

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 September 30, 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 September 30, 2026	Level 1	Level 2	Level 3
Derivative liability	\$ -	\$ -	\$ 6,331
Total	\$ -	\$ -	\$ 6,331
As of December 31, 2025	Level 1	Level 2	Level 3
Derivative liability	\$ -	\$ -	\$ -
Total	\$ -	\$ -	\$ -

Activity related to the derivative liability during the three and nine months ended September 30, 2026 and 2025 is as follows:

<i>(in thousands)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Beginning balance	\$ 7,050	\$ 2,915	\$ -	\$ 14,581
Initial valuation associated with new debt	-	-	6,315	7,214
Fair value associated with conversions during the period	(1,210)	-	(5,130)	(1,701)
Reclassification of derivative on debt modification	-	-	-	(186)
Extinguishment of derivative liability on debt modification	-	-	-	(14,199)
Change in fair value during the period	491	(1,059)	5,146	(3,853)
Ending balance	\$ 6,331	\$ 1,856	\$ 6,331	\$ 1,856

The table below lists the inputs and assumptions for the Company's valuations of the 2026 Convertible Notes as of September 30, 2026 and February 23, 2026 and of the Prior Note as of December 31, 2025:

	September 30, 2026	February 23, 2026	December 31, 2025
Expected term (years)	1.4	2.0	0.8
Risk-free interest rate	4.63%	3.40%	3.50%
Dividend yield	0%	0%	0%
Volatility	77.27%	55.93%	67.16%
Discount rate	59.6%	58.4%	50.0%
Contingent call threshold price	\$ 34.36	\$ 41.32	\$ 45.00

8. WARRANT LIABILITY

2025 Warrants

On February 3, 2025, the Company entered into a Securities Purchase Agreement (the "2025 Purchase Agreement") with an institutional investor. In exchange for \$8.0 million, the Holder agreed to purchase 383,349 shares of common stock (the "2025 closing shares") and warrants to purchase up to 383,349 shares of common stock at an exercise price of \$23.55 per share (the "2025 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 2025 warrants are exercisable beginning August 4, 2025 and expire on August 4, 2030. There have been no exercises of 2025 warrants as of September 30, 2026.

The warrants are accounted for as a liability under ASC 480, *Distinguishing Liabilities from Equity*, as they may require settlement in cash upon the occurrence of certain events. Both the closing shares and the warrants are initially recorded on February 4, 2025 at their fair values of \$9.0 million and \$6.3 million, respectively. Interest expense of \$7.3 million representing the discount on the 2025 Purchase Agreement transaction was recorded on the condensed consolidated financial statements for the nine months ended September 30, 2025. 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.

2026 Warrants

On August 14, 2026, the Company entered into a Securities Purchase Agreement (the “2026 Purchase Agreement”) with certain institutional investors. In exchange for \$17.0 million, the Holders agreed to purchase 6.8 million shares of common stock (the “2026 closing shares”) and warrants to purchase up to 6.8 million shares of common stock at an exercise price of \$2.50 per share (the “2026 warrants”). On August 17, 2026, the 2026 Purchase Agreement closed for net proceeds of approximately \$15.6 million, inclusive of all fees and expenses related to the transaction. The warrants are exercisable immediately and expire on August 17, 2031. There have been no exercises of warrants as of September 30, 2026.

The warrants are accounted for as a liability under ASC 480, *Distinguishing Liabilities from Equity*, as they may require settlement in cash upon the occurrence of certain events. The warrants are initially recorded on August 17, 2026 at their fair value of \$8.1 million, with the residual value allocated to the closing shares. 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:

	September 30, 2026	December 31, 2025
(in thousands)		
2025 warrants	\$ 43	\$ 1,875
2026 warrants	4,885	-
Total	<u>\$ 4,928</u>	<u>\$ 1,875</u>

Unrealized gains and losses associated with warrants are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands)	2026	2025	2026	2025
2025 warrants	\$ 338	\$ (326)	\$ 1,833	\$ 2,238
2026 warrants	3,228	-	3,228	-
Total	<u>\$ 3,566</u>	<u>\$ (326)</u>	<u>\$ 5,061</u>	<u>\$ 2,238</u>

The valuation inputs hierarchy classification for liabilities measured at fair value on a recurring basis are summarized below as of September 30, 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 September 30, 2026	Level 1	Level 2	Level 3
Warrant liability	\$ -	\$ -	\$ 4,928
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,928</u>
As of December 31, 2025	Level 1	Level 2	Level 3
Warrant liability	\$ -	\$ -	\$ 1,875
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,875</u>

Activity related to the warrant liability during the three and nine months ended September 30, 2026 and 2025 is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands)	2026	2025	2026	2025
Beginning balance	\$ 380	\$ 3,733	\$ 1,875	\$ -
Initial valuation associated with warrants	8,114	-	8,114	6,297
Change in fair value during the period	(3,566)	326	(5,061)	(2,238)
Ending balance	<u>\$ 4,928</u>	<u>\$ 4,059</u>	<u>\$ 4,928</u>	<u>\$ 4,059</u>

The fair value of warrants is measured using the Black-Scholes option pricing model as of the measurement dates, and is further weighted based on the probability of occurrence of certain events requiring cash settlement. The table below lists the inputs and assumptions for the Company's valuations of the 2025 warrants as of September 30, 2026 and December 31, 2025:

	September 30, 2026	December 31, 2025
Expected term (years)	3.9	4.6
Risk-free interest rate	5.04%	3.69%
Dividend yield	0%	0%
Volatility	72.65%	62.27%

The table below lists the inputs and assumptions for the Company's valuations of the 2026 warrants as of September 30, 2026 and as of initial measurement on August 17, 2026:

	September 30, 2026	August 17, 2026
Expected term (years)	4.9	5.0
Risk-free interest rate	5.08%	4.38%
Dividend yield	0%	0%
Volatility	64.28%	64.08%

9. FINANCIAL STATEMENT COMPONENTS

Inventory

Inventory consists of the following (in thousands):

	September 30, 2026	December 31, 2025
Raw materials	\$ 2,331	\$ -
Finished goods	2,072	745
	<u>\$ 4,403</u>	<u>\$ 745</u>

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.

Inventory includes assets acquired from Luminar, the fair value of which is based on preliminary valuations and assumptions and is subject to change within the measurement period, pending final asset valuations.

Property and Equipment

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

	September 30, 2026	December 31, 2025
Production equipment	\$ 6,770	\$ 6,140
Leasehold improvements	5,862	4,067
Computer hardware and software/lab equipment	22,581	10,364
Office furniture and equipment	6,287	5,575
	<u>41,500</u>	<u>26,146</u>
Less: Accumulated depreciation	<u>(25,764)</u>	<u>(21,866)</u>
	<u>\$ 15,736</u>	<u>\$ 4,280</u>

Property and equipment, as well as related depreciation expense, includes assets acquired from Luminar, the fair value of which is based on preliminary valuations and assumptions and is subject to change within the measurement period, pending final asset valuations.

Depreciation expense was \$1.4 million and \$0.4 million for the three months ended September 30, 2026 and 2025, respectively, and \$4.0 million and \$1.1 million for the nine months ended September 30, 2026 and 2025, respectively.

Intangible Assets

The components of intangible assets were as follows as of September 30, 2026 and December 31, 2025:

As of September 30, 2026

	Gross Carrying Amount	Accumulated Amortization	Impairment Expense	Net Carrying Amount	Weighted Average Remaining Period (Years)
Acquired technology	\$ 16,370	\$ 3,012	\$ -	\$ 13,358	6
	<u>\$ 16,370</u>	<u>\$ 3,012</u>	<u>\$ -</u>	<u>\$ 13,358</u>	

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
	<u>\$ 16,027</u>	<u>\$ 5,938</u>	<u>\$ 10,057</u>	<u>\$ 32</u>	

Intangible assets, as well as related amortization expense, includes assets acquired from Luminar, the fair value of which is based on preliminary valuations and assumptions and is subject to change within the measurement period, pending final asset valuations.

Amortization expense was \$0.4 million and \$0.2 million for the three months ended September 30, 2026 and 2025, and \$0.9 million and \$0.7 million for the nine months ended September 30, 2026 and 2025, respectively.

The following table outlines estimated future amortization expense related to intangible assets held as of September 30, 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)	\$ 386
2027	1,524
2028	1,524
2029	1,523
2030	1,523
Thereafter	6,878
	<u>\$ 13,358</u>

Accounts Payable

Accounts payable consists of the following (in thousands):

	September 30, 2026	December 31, 2025
Software licenses	\$ 220	\$ 58
Legal fees	1,087	74
Inventory	1,012	570
Other	4,037	926
	<u>\$ 6,356</u>	<u>\$ 1,628</u>

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:

Share-based compensation expense <i>(in thousands)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Research and development expense	\$ 597	\$ 833	\$ 1,627	\$ 1,862
Sales, marketing, general and administrative expense	565	(2,436)	1,822	386
	<u>\$ 1,162</u>	<u>\$ (1,603)</u>	<u>\$ 3,449</u>	<u>\$ 2,248</u>

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 September 30, 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 September 30, 2026	19	\$ 24.11	2.0	\$ -
Exercisable as of September 30, 2026	19	\$ 24.11	2.0	\$ -

As of September 30, 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 nine months ended September 30, 2026 (in thousands, except per share data):

	Shares	Weighted-Average Price
Unvested as of December 31, 2025	573	\$ 18.75
Granted	1,379	2.01
Vested	(241)	15.70
Forfeited	(194)	19.66
Unvested as of September 30, 2026	<u>1,517</u>	<u>\$ 3.91</u>

During the nine months ended September 30, 2026, the Company granted 25,000 shares to non-executive employees and 1,330,000 shares to executive employees and directors for annual and short-term incentive awards. These shares are valued based on the closing price of common stock on the dates of grant and vest immediately or over three or four years.

During the nine months ended September 30, 2026, the Company granted 24,000 shares to non-employees as compensation for services. These shares are valued based on the closing price of common stock on the dates of grant and vest immediately.

As of September 30, 2026, unrecognized share-based compensation related to RSUs was \$4.8 million, which will be expensed over the next 2.6 years.

11. LEASES

The Company leases office space and certain equipment under operating and finance leases. All leases have remaining lease terms of less than 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. 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:

(in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Operating lease expense	\$ 1,307	\$ 797	\$ 3,808	\$ 2,559
Finance lease expense:				
Amortization of leased assets	4	3	10	9
Interest on lease liabilities	-	1	1	1
Total finance lease expense	4	4	11	10
Sublease income	(135)	-	(406)	-
Total lease expense	\$ 1,176	\$ 801	\$ 3,413	\$ 2,569

Supplemental cash flow information related to leases is as follows:

(in thousands)	Nine Months Ended September 30,	
	2026	2025
Cash paid for amounts included in measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 3,697	\$ 2,188
Operating cash flows from finance leases	9	10

Supplemental balance sheet information related to leases is as follows:

<i>(in thousands)</i>	September 30, 2026	December 31, 2025
Operating leases		
Operating lease right-of-use assets	\$ 16,840	\$ 14,075
Operating lease liabilities, current	5,243	3,481
Operating lease liabilities, net of current portion	14,682	14,034
Total operating lease liabilities	\$ 19,925	\$ 17,515
Finance leases		
Property and equipment, at cost	\$ 159	\$ 157
Accumulated depreciation	(133)	(120)
Property and equipment, net	\$ 26	\$ 37
Weighted Average Remaining Lease Term		
Operating leases	4.6 years	5.7 years
Finance leases	2.4 years	2.3 years
Weighted Average Discount Rate		
Operating leases	5.6%	4.9%
Finance leases	5.5%	5.5%

As of September 30, 2026, maturities of lease liabilities are as follows (in thousands):

<i>(in thousands)</i>	Operating Leases	Finance Leases
Years Ended December 31,		
2026 (remainder of year)	\$ 1,325	\$ 3
2027	5,461	14
2028	5,163	6
2029	4,247	5
2030	2,393	-
Thereafter	3,682	-
Total minimum lease payments	22,271	28
Less: amount representing interest	(2,346)	(2)
Present value of capital lease liabilities	\$ 19,925	\$ 26

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. During the quarter ended September 30, 2026, the Company entered into a settlement agreement with the partner, whereby the Company agreed to pay \$0.6 million to settle open purchase commitments to the partner of approximately \$2.3 million. The open purchase commitments were previously recorded as an adverse purchase commitment within accrued liabilities on the consolidated balance sheets for the year ended December 31, 2025. The corresponding settlement gain of \$1.7 million is included within other income on the condensed consolidated statement of operations for the three and nine months ended September 30, 2026.

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 September 30, 2026, the sale of 5.5 million shares for net proceeds of \$104.8 million had been completed. As of September 30, 2026, approximately \$41.1 million was available under this sales agreement.

In August 2026, the Company entered into the 2026 Purchase Agreement, whereby, in exchange for \$17.0 million, the Company sold 6.8 million shares of common stock and warrants to purchase up to 6.8 million shares of common stock at an exercise price of \$2.50 per share. See *Note 6. Warrant Liability* for additional discussion of the issued warrants.

14. INCOME TAXES

The Company recognized income tax expense of \$0.1 million and \$0.2 million during the three months ended September 30, 2026 and 2025, respectively, and \$0.4 million and \$0.3 million during the nine months ended September 30, 2026 and 2025, respectively.

As of September 30, 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 13% reduction in the Company’s total global workforce. The reduction was substantially completed prior to September 30, 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 condensed consolidated statements of operations. Accrued restructuring charges are included within accrued liabilities as of September 30, 2026 as follows (in thousands):

	Three Months Ended September 30, 2026	Nine Months Ended September 30, 2026
Accrued restructuring charges at beginning of period	\$ 586	\$ 1,139
Change in estimate	(69)	(29)
Cash paid	(420)	(1,013)
Accrued restructuring charges at end of period	<u>\$ 97</u>	<u>\$ 97</u>

Subsequent to the date of these financial statements, on October 26, 2026, the Company began implementation of a separate, incremental plan to reduce operating expenses and cash usage, which included an approximate 28% reduction in the Company’s global workforce, predominantly impacting its office in Hamburg, Germany. The global reduction is expected to be largely effectuated by the end of the first quarter of 2027. The Company expects to incur approximately \$4.0 million in charges associated with employee severance and related employee costs, as well as non-cash share-based compensation expense.

16. SUBSEQUENT EVENTS

Subsequent to the dates of these financial statements, pursuant to terms of the Notes, the Holder elected to convert \$1.5 million of outstanding principal, inclusive of the 10% repayment premium, into 1,329,385 shares of the Company’s common stock on various dates. On October 5, 2026, the Company repaid from cash on hand \$6.6 million of outstanding principal, inclusive of the 10% repayment premium. Immediately after the conversions and cash repayment, outstanding principal on the Notes was \$15.0 million, inclusive of the 10% repayment premium. In connection with the cash repayment, the terms of the securities purchase and exchange agreement were amended so as to decrease the minimum cash liquidity amount (as discussed in *Note 7. Notes Payable and Derivative Liability*) from the lesser of \$17.5 million to the lesser of \$10.9 million, or 110% of the then outstanding balance of the Notes for so long as the Notes remain outstanding.

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.

On July 22, 2026, we filed a Certificate of Amendment to our Amended and Restated Certificate of Incorporation (the "Amendment") with the Secretary of State of the State of Delaware to effect a 1-for-15 reverse stock split (the "Reverse Stock Split") of shares of common stock, \$0.001 par value. Effective August 1, 2026, pursuant to the Reverse Stock Split, every fifteen shares of issued and outstanding shares of common stock were combined into one share of common stock. Simultaneously, we reduced the total authorized number of shares of capital stock to 175,000,000 shares consisting of 150,000,000 shares of common stock and 25,000,000 shares of preferred stock, \$0.001 par value. There was no change in the par value per share of common stock of \$0.001.

The historical share and per share information included herein have been adjusted to reflect the Reverse Stock Split.

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 due March 2026 of up to \$75.0 million (the "Prior Note"). 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 (the "2026 Notes Financing") – one for approximately \$20.6 million in exchange for the Prior Note and the other for approximately \$22.4 million. See *Part I, Item 1, Note 7. Notes Payable and Derivative Liability* for additional discussion. In August 2026, we entered into a securities purchase agreement with certain investors for the issuance and sale of \$17.0 million in shares of common stock, plus warrants to purchase up to 6.8 million additional shares of common stock. See *Part I, Item 1, Note 8. Warrant Liability*.

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 September 30,	\$ 2,400	\$ 241	\$ 2,159	895.9
Nine Months Ended September 30,	4,808	985	3,823	388.1

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 and nine months ended September 30, 2026 compared to the same period in 2025 was primarily due to shipments of our long-range IRIS sensors to 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 September 30,	\$ 1,201	50.0	\$ 957	397.1	\$ 244	25.5
Nine Months Ended September 30,	2,604	54.2	2,223	225.7	381	17.1

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. For the first three and nine months of 2026, cost of revenue was positively impacted by sensor sales out of IRIS inventories acquired at favorable costs, sensor sales out of existing MOVIA L inventories, along with higher production volumes.

Research and Development Expense

(in thousands)

	2026	2025	\$ change	% change
Three Months Ended September 30,	\$ 13,180	\$ 7,978	\$ 5,202	65.2
Nine Months Ended September 30,	43,327	23,039	20,288	88.1

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 September 30, 2026 compared to the same period in 2025 was primarily due to higher salary and benefits expense of \$2.0 million due to increased headcount from acquisitions (see *Part I, Item 1, Note 4. Business Combinations*), higher purchased services of \$0.7 million, higher IT and software costs of \$0.6 million, and higher building expenses of \$0.5 million.

The increase in research and development expense during the nine months ended September 30, 2026 compared to the same period in 2025 was primarily due to higher salary and benefits expense of \$9.5 million due to increased headcount from acquisitions, higher purchased services of \$1.7 million, higher building expenses of \$1.6 million, higher IT and software costs of \$1.5 million, higher direct materials and equipment costs of \$1.0 million, higher one-time employee-related restructuring charges of \$1.0 million stemming from the Luminar acquisition and Consolidation Plan, and higher travel expenses of \$0.3 million. In connection with the Consolidation Plan, the Redmond-based reductions were substantially complete prior to September 30, 2026; accordingly, the upward trend in research and development expense seen in the first three quarters of 2026 is not expected to continue.

Sales, marketing, general and administrative expense

(in thousands)

	2026	2025	\$ change	% change
Three Months Ended September 30,	\$ 9,359	\$ 4,027	\$ 5,332	132.4
Nine Months Ended September 30,	28,081	17,140	10,941	63.8

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 September 30, 2026 compared to the same period in 2025 was primarily due to higher salary and benefits expense of \$2.4 million primarily due to the reversal during three months ended September 30, 2025 of previously recognized non-cash expense related to the forfeiture of awards in connection with the CEO separation that occurred in the same period, and higher professional and purchased service fees of \$2.3 million primarily related to nonrecurring financing costs.

The increase in sales, marketing, general and administrative expense during the nine months ended September 30, 2026 compared to the same period in 2025 was primarily due to higher professional and purchased services fees of \$7.2 million primarily related to acquisitions (see *Part I, Item 1, Note 4. Business Combinations*), higher salary and benefits expense of \$2.9 million due to increased headcount from acquisitions, higher recruiting costs of \$0.3 million, and higher restructuring charges of \$0.1 million. These increases were partially offset by lower IT and software costs of \$0.4 million.

Interest expense

(in thousands)

	2026	2025	\$ change	% change
Three Months Ended September 30,	\$ (1,907)	\$ (2,197)	\$ 290	(13.2)
Nine Months Ended September 30,	(10,140)	(17,270)	7,130	(41.3)

The decrease in interest expense during the nine months ended September 30, 2026 compared to the same period in 2025 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 during the nine months ended September 30, 2025 (see *Part I, Item 1, Note 8. Warrant Liability*) and \$2.1 million non-cash interest expense related to the modification of notes payable during the nine months ended September 30, 2025 (see *Part I, Item 1, Note 7. Notes Payable and Derivative Liability*). These decreases were partially offset by accelerated non-cash interest expense related to the conversions of notes payable during the nine months ended September 30, 2026.

Unrealized gain (loss) on derivative liability

(in thousands)

	2026	2025	\$ change	% change
Three Months Ended September 30,	\$ (491)	\$ 1,059	\$ (1,550)	(146.4)
Nine Months Ended September 30,	(5,146)	3,853	(8,999)	(233.6)

Unrealized gain (loss) on derivative liability reflects the revaluation of our derivative liability associated with notes payable as of September 30, 2026. Due to the decrease in the fair value of the derivative liability as of September 30, 2026 driven primarily by the value of equity conversions, we recognized an unrealized loss. See *Part I, Item 1, Note 7. Notes Payable and Derivative Liability* for additional discussion.

Unrealized gain (loss) on warrant liability

(in thousands)

	2026	2025	\$ change	% change
Three Months Ended September 30,	\$ 3,566	\$ (326)	\$ 3,892	(1,193.9)
Nine Months Ended September 30,	5,061	2,238	2,823	126.1

Unrealized gain (loss) on warrant liability reflects the revaluation of our warrant liability as of September 30, 2026. The increase during the three and nine months ended September 30, 2026 primarily relates to the decrease in fair value of the 2026 warrants as of September 30, 2026 relative to their initial measurement on August 17, 2026 due to a decline in our stock price during the same time period. 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 September 30,	\$ -	\$ -	\$ -	-
Nine Months Ended September 30,	(3,083)	(4,654)	1,571	(33.8)

As a result of the debt exchange during the nine months ended September 30, 2026 and the debt modification during the nine months ended September 30, 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.

Other income

(in thousands)

	2026	2025	\$ change	% change
Three Months Ended September 30,	\$ 7,974	\$ 140	\$ 7,834	5,595.7
Nine Months Ended September 30,	8,134	363	7,771	2,140.8

During the three months ended September 30, 2026, the increase in other income primarily relates to a grant of \$6.3 million received from the German government related to research and development activities of our wholly owned German subsidiary. Additionally, during the three months ended September 30, 2026, we entered into a settlement agreement with an existing contract manufacturing partner, whereby we agreed to pay \$0.6 million to settle open purchase commitments to the partner of approximately \$2.3 million. We recognized a corresponding non-cash settlement gain of \$1.7 million during the three months ended September 30, 2026. See *Part I, Item 1, Note 12. Commitments and Contingencies* 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 September 30, 2026, we had \$28.9 million in cash and cash equivalents. In addition to cash and cash equivalents, we also have potential availability of \$41.1 million on our existing \$150.0 million ATM facility that was put in place in the first quarter of 2024, subject to certain conditions.

Considering the \$28.9 million in cash and cash equivalents and \$41.1 million available capacity on our existing ATM, we have potential total liquidity of \$70.0 million. Pursuant to terms of the securities purchase and exchange agreement entered into in February 2026, as amended, we are required to maintain minimum cash liquidity of the lesser of \$17.5 million (which was reduced to \$10.9 million subsequent to September 30, 2026) or 110% of the then outstanding balance of the Notes for so long as the Notes remain outstanding.

During the first quarter of 2026, we completed the strategic acquisition of certain assets related to the worldwide lidar business of Luminar Technologies, Inc. (“Luminar”). The purchase price of \$33.0 million was funded with cash on hand and, following the closing of the acquisition, we completed the 2026 Notes Financing to support the cash funding. The acquisition resulted in a near-term increase in headcount and leased properties, thereby significantly increasing cash usage and decreasing available liquidity. In light of this increase in operating expenses and cash usage, in March 2026 we began the implementation of a consolidation plan, which included a workforce reduction and other operational efficiencies, thereby partially offsetting the increase in cash usage that resulted from the Luminar acquisition. See *Part I, Item 1, Note 4. Business Combinations* and *Note 15. Restructuring Charges* for additional discussion. The operating expense and cash usage improvements resulting from the consolidation plan are expected to continue taking effect during the fourth quarter of 2026. In the meantime, however, the combination of the higher cash burn during the first half of 2026 with historical losses and current liquidity, when analyzed in the aggregate in accordance with Accounting Standards Codification (“ASC”) 205-40, raises substantial doubt about our ability to continue as a going concern through at least twelve months from the date the condensed consolidated financial statements are issued.

Bolstering our strategic plan driven by revenue generation and achievement of operational efficiencies, with such efficiencies stemming from both the March 2026 consolidation plan and further restructuring activities commencing October 2026, we intend to increase liquidity through near-term financing activities, including utilization of the ATM facility. Notwithstanding such plans, there can be no assurance that financing activities will be successful or timely, or that capital can be raised on commercially acceptable terms, or at all. If we are unable to raise additional capital within the expected timeframe, we may be required to take additional measures to conserve liquidity, which could include, but not necessarily be limited to, streamlining operations and otherwise reducing operating expenses. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Operating activities

Cash used in operating activities totaled \$49.2 million during the nine months ended September 30, 2026 compared to cash used in operating activities of \$43.3 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 overall increase in cash used in operating activities for the first three quarters of 2026 compared to the same period of the prior year is primarily attributable to increased operating expenses related to personnel and operations following the acquisitions closed in January 2026, as well as separation costs stemming from the Redmond-based workforce reduction; see *Part I, Item 1, Note 4. Business Combinations*.

Investing activities

During the nine months ended September 30, 2026, net cash provided by investing activities was \$7.5 million compared to net cash used in investing activities of \$6.6 million during the same period in 2025. During the nine months ended September 30, 2026, we sold short-term investment securities totaling \$42.5 million, in part, to 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 nine months ended September 30, 2025, we purchased short-term investment securities totaling \$32.9 million and sold short-term investment securities totaling \$26.7 million.

Financing activities

Net cash provided by financing activities totaled \$38.0 million during the nine months ended September 30, 2026, compared to net cash provided by financing activities of \$67.8 million during the same period of 2025. During the nine months ended September 30, 2026, we received approximately \$20.6 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*). During the nine months ended September 30, 2025, we repaid \$5.0 million principal on our outstanding note payable plus a 10% repayment premium. Net proceeds from issuance of common stock and warrants were \$17.3 million during the nine months ended September 30, 2026 compared to \$73.3 million during the same period of 2025.

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

- In August 2026, we entered into a securities purchase agreement for the purchase of 6,800,000 shares of our common stock and warrants to purchase 6,800,000 shares of our common stock for \$2.50 per share. We received proceeds, net of all costs, of \$15.6 million.
- 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 383,349 shares of our common stock and warrants to purchase 383,349 shares of our common stock for \$23.55 per share. We received proceeds, net of all costs, of \$7.8 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 September 30, 2026, we completed sales under such sales agreement of 5.5 million shares for net proceeds of \$104.8 million, of which 3.8 million shares for net proceeds of \$69.3 million were sold during 2025 and 0.2 million shares for net proceeds of \$0.7 million were sold during 2026. As of September 30, 2026, we had approximately \$41.1 million available under this sales agreement.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate and Market Liquidity Risk

As of September 30, 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 September 30, 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 September 30, 2026 is \$28.9 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 September 30, 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.

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 September 30, 2026, we had an accumulated deficit of \$1.0 billion.
- We incurred net losses of \$957.3 million from inception through 2025, and a net loss of \$74.5 million during the nine months ended September 30, 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 portfolio of 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 securing sustained levels of 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, within the timeframe needed, or on terms acceptable to us.

Based on our current resources, we require additional capital to fund our operating plan for at least the next 12 months. Currently, the Company has plans to increase liquidity through financing activities, which could include utilization of the ATM facility or the issuance of equity, debt, or convertible securities. Notwithstanding such plans, there can be no assurance that financing activities will be successful or timely, or that capital can be raised on commercially acceptable terms, or at all. See *Part I, Item 1, Note 1. Description of Business* for additional discussion.

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 will involve issuing securities with rights and preferences that are senior to our common stock and will 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 nine months ended September 30, 2026, 31% and 20% of total revenue was derived from two customers in the Security & Defense sector, respectively, 15% was derived from an industrial customer, and 10% was derived from an automotive manufacturer. For the same period in 2025, an industrial customer, an automotive supplier, and an automotive manufacturer accounted for 51%, 20%, and 18% of 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. Adjusting for the 1-for-15 reverse stock split that became effective on August 1, 2026, over the 52-week period ending October 21, 2026, our common stock has traded at a low of \$1.08 and a high of \$18.75. 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 nine months ended September 30, 2026, we incurred a loss per share of \$3.18 (as adjusted to reflect the 1-for-15 reverse stock split).

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 when needed 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.

Additionally, securities of certain companies have in past 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 Stock Market, it could become more difficult to sell our stock in the public market.

Our common stock is listed on The Nasdaq Stock Market, which requires that we meet Nasdaq's continued listing requirements. 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), and granted the Company 180 days to regain compliance. Prior to the July 13, 2026 compliance deadline, Nasdaq approved our application to transfer our listing from The Global Market to The Capital Market, which was effective July 20, 2026, and determined that the Company was eligible for an additional 180-day compliance period. On August 1, 2026, a 1-for-15 reverse stock split became effective, as approved by our Board of Directors on July 21st and by our shareholders at our 2026 Annual Meeting of Shareholders on July 10th. On August 26, 2026, we received notice from Nasdaq advising that the Company had regained compliance.

As a result of severe declines and volatility in our stock price, there is a significant risk that our stock price could again fall below the \$1 minimum bid price requirement for 30 consecutive trading days. In this event, we would expect to receive a notice of noncompliance from Nasdaq and it is uncertain whether Nasdaq would grant a grace period to regain compliance. Accordingly, there is risk that, in the event of noncompliance and an unfavorable Nasdaq position, our common stock could be delisted from The Nasdaq Stock Market. If our common stock were delisted, we may seek to list our common stock on 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 Stock 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 Stock 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 October 21, 2026, the closing price of our common stock was \$1.20 per share.

Our lack of financial resources may limit our ability to achieve target revenues, potential profits, overall market share, or value.

A certain level of capital is required for us to be successful in attaining our revenue and gross margin goals. To achieve these goals, we must invest in appropriate development resources, acquire necessary components, establish sufficient inventory levels, and build sales channels and partnerships. In the event that our financial resources are insufficient to fund these requirements, it is unlikely that we will be able to deliver target revenues and gross margins, which would significantly impair our performance and viability.

In addition, 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 an inability to achieve target revenues, lower-than-anticipated margins, or the failure to attain sufficient 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 Notes

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 notes 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 notes 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 notes 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 notes 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 notes 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 and defense markets), 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 to instability in global tariffs, 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.

In 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 a significant portion of our employees and operations outside of 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 September 30, 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

1.1	<u>Placement Agency Agreement, dated August 14, 2026, by and between MicroVision, Inc. and WestPark Capital, Inc. (1)</u>
3.1	<u>Certificate of Amendment to the Company's Amended and Restated Certificate of Incorporation, as amended, dated July 22, 2026 (2)</u>
4.1	<u>Form of Warrant issued pursuant to the Purchase Agreement dated August 14, 2026, by and among the Company and the purchasers on the signatures pages thereto (1)</u>
10.1*	<u>Form of Securities Purchase Agreement, dated as of August 14, 2026, by and among the Company and the purchasers on the signatures pages thereto (1)</u>
31.1	<u>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</u>
31.2	<u>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</u>
32.1	<u>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</u>
32.2	<u>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</u>
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)

(1) Incorporated by reference to the Company's Current Report on Form 8-K filed on August 17, 2026

(2) Incorporated by reference to the Company's Current Report on Form 8-K filed on July 22, 2026

* Certain of the schedules (and similar attachments) to this exhibit have been omitted in accordance with Item 601(a)(5) of Regulation S-K under the Securities Act of 1933, as amended, because they do not contain information material to an investment or voting decision and that information is not otherwise disclosed in the exhibit or disclosure document. The Company agrees to furnish a copy of all omitted schedules (or similar attachments) to the SEC upon its request.

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.

Date: October 29, 2026

MicroVision, Inc.

By /s/ Glen DeVos
Glen DeVos
Chief Executive Officer and Director (Principal Executive Officer)

Date: October 29, 2026

By /s/ Christine Chambers
Christine Chambers
Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)

44

**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 September 30, 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: October 29, 2026

/s/ Glen DeVos
Glen DeVos
Chief Executive Officer

**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, Christine Chambers, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the period ended September 30, 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: October 29, 2026

/s/ Christine Chambers
Christine Chambers
Chief Financial Officer

**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 September 30, 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: October 29, 2026

/s/ Glen DeVos
Glen DeVos
Chief Executive Officer

**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 September 30, 2026 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Christine Chambers, 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: October 29, 2026

/s/ Christine Chambers

Christine Chambers
Chief Financial Officer