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Link to accompanying slides and video used in this presentation:

Slides: <http://phx.corporate-ir.net/External.File?item=UGFyZW50SUQ9Njk5NTQ1fENoaWxkSUQ9NDExMDQ0fFR5cGU9MQ==&t=1>

Video: <http://www.microvision.com/advancing-smart-speaker-capabilities/>

Perry M. Mulligan, Chief Executive Officer

Good afternoon. Thank you for spending a few minutes with me. My name is Perry Mulligan. I'd like to introduce you to a wonderful company called MicroVision.

What are we talking about today? The global spend in AI is going to be approximately \$19 billion this year. Artificial intelligence platforms are becoming pretty pervasive and rampant. We expect that number to continue to grow to be over \$50 billion by 2021. And MicroVision is simply going to be the IO for that AI platform.

Let me help expand on that a little bit. If you think about artificial intelligence today and think of it is beautiful brain located in a block room somewhere, what can you do, I said you can ask at simple questions, that can answer simple questions, it will perform simple tasks, not very satisfying, not in and of itself adequate or sufficient. What we will do is, we will add to that brain the ability to display images to recognize gestures and touch and to provide 3D sensing in a facial awareness mode.

To enable the users to more easily interact with that technology to make it less about the technology and more about the user experience. And as we all know, if its easier to interact, it becomes easier to transact.

So, what does that mean for MicroVision. We're targeting five vertical markets in support of the AI platform. And those vertical markets are interactive display for the Internet of Things, consumer LiDAR solutions for smart home and security applications, automotive LiDAR for collision avoidance and 3D mapping, augmented and mixed reality and display only products.

Let's spend a minute as to why we fit into those spaces:

We know the smart speaker market is growing at a very alarming rate. It is listed as the fastest growing consumer segment today in technology and electronics. We also recognize that interactivity will help our customers monetize those investments in those platforms.

Within the consumer LiDAR space, we recognize that home security continues to expand. Our solution has the highest density available within consumer electronics today or near field 10-meter space, LiDAR with 20 million point per second as a part of our bit cloud output.

The automotive LiDAR solution requires our machine learning algorithms to be deployed with that sensing so that the autonomous or the ADA system within a car and the fusion of sensors start to leverage that predictive capability to understand collision avoidance as well as a 3D mapping and as well as our small form factors to unite yield to incorporate internally design of [indiscernible].

When you think of augmented and/or mixed reality versus virtual reality. Everything I've read says that technology will impact experience an inflection point sometime in the future 2020, 2021.

If you believe that's the case from the people who are developing those solutions, they tell me that a MEMS space laser beam scanning engine is the only technology that leads the form factor power and weight requirement to support augmented and mixed reality.

I talked about a vertical that was called display only and what have we done there just recently announced that \$10 million licensing agreement with a large worldwide manufacture of components. They paid \$5 million to us upon signing in June and will pay the second \$5 million installment in October. We expect to do development work nonrecurring engineering work of \$3 million to \$4 million. And that purchase – that agreement requires them to meet annual purchase requirements to sustain or maintain their exclusivity of that license once the transfer of the technology and manufacturing processes are established. Minimum purchase requirements to maintain that exclusivity have been estimated about \$20 million a year in component purchases from us once they're up and running.

Why do we select them, why now? They share our go to market strategy. So, they're focusing on the same ecosystem. The artificial intelligence providers that we are they have the right attributes to be successful, time to market, focus on flexibility and responsiveness. And that the volume component purchases will get me out of that chicken and egg scenario that MicroVision always had about getting the price right to sell in volume. This helps my suppliers be effective and cost effective for us to launch the other products.

So that's what I'm telling you about our products what are others saying about the market:

We know that the home security market continues to evolve with Amazon spending \$1 billion on Ring. We realize that's going to be relevant. We absolutely believe that we can supercharge that industry with our consumer light our solution, that sensing capability is fundamental to AI platforms. AI platforms will require depth perception and our silicon-based technology is a wonderful solution for it.

We see that Google in their last IO offerings said, to have a smart digital assistant you needed interactive display you see them announcing 8-inch and 10-inch versions of their device. But our research shows us that most people don't want more black screens in their house. They simply

don't want to commit their real estate to another LCD panel. We see that there is small form factors speakers and we think that substituting the 4-inch display on that device with a 15-inch projected image instant on, instant off might be a better solution for them.

And then my friends over at Apple spent a little bit of money last week buying a company to show that they too are interested in what's happening in augmented and mixed reality along with Facebook and Google and several others that are already playing in that space.

So, we know that things are evolving, we think we're focused on verticals that are relatively meaningful. More importantly the rest of the market seems to think that's a true statement, smart speakers are now the fastest growing consumer segment. We see China's quickly outpacing North America as the market that's growing the quickest. We also see that we expect this trend to continue over time. So, this is a solution that's not a fad, we think this is something that's going to continue to grow.

I had mentioned earlier in the presentation that we have embedded machine learning, so distributed architecture in our solution to allow us to do some object recognition and to allow us to interpret motions. And it's nice to see that our friends in the silicon industry are recognizing the importance of that as they start to carve out niche elements of their core processing capabilities to support the career for all devices with machine learning capabilities. So again, I offer this anecdotally to you to help you understand not only our perspective of the world. There are other people that are supporting the direction we're heading.

But let's spend a second and just really hash how our scanning beam technology works. We have a small mirror MEMS, we shine some lasers on it and we produced a wonderful raster pattern with that 2D mirror that gives us control of the light beam in a fashion. So, if you think of the display only we take a red and green and the blue laser and we paint a pretty picture with it. The wonderful thing about this picture is that it's constantly in focus as things like auto keystone correction and its agnostic orientation always in focus always ready to instant on instant off.

So how does our LiDAR capability work within that context? I add an IR laser to it, I add a photo detector to it and then I paint my picture and when I do so, I end up scanning that image and for whatever reason the animation is not working but with time of flight I detect what's in front of it and that's how I produce the LiDAR, there you go, something like that. And that produces our LiDAR, today we're talking about 20 million points per second coming off of that imagery. To put that in context, iPhone from Apple uses 30,000 points for facial recognition. So ,with 20 million points per second I think I can do a pretty good job of recognizing who's in this room.

Let's take a quick look to see what the latest demo looks like coming from the company. This is the product we'll be shipping to developers within the next 30 days.

[\[Video Presentation\]](#)

So, for those technically inclined in the group, please recognize there is no computer augmentation there that's connected to the Samsung Galaxy phone and the inputs and the outputs

are simply the cables that provide the video control and the voice recognition from that device. So, it's an Alexa developer that's running on that app. So, we think that we're going to get a little bit of traction with that. We think it makes it a lot easier for users to interact with the technology. Anybody that's tried to do any sort of ordering using voice only will recognize that's a pretty limited experience today. So, we think, we're getting some awareness from people like Google and Amazon about how they can make their experience better for their customers.

So why does everybody else in the world just do what we're doing? I don't say, they simply copy this, it's obviously easy. I just showed you that it works. Well, it's only taken us 22 years to get here. And we've taken that time to develop a fair amount of core IP. We have core ASIC developments, embedded software. We talked about machine learning algorithms and if anybody's trying to do any work with machine learning today, you realize those skills are hard to get and hard to acquire. We have custom hardware, all we've managed to develop a few advanced manufacturing processes that allow us to transport these capabilities to unless we need to any partner. We have over 500 patents issued in this space. And today, we'll recognize ourselves as probably significantly further advanced than anybody else with solid state MEMS technology and lasers.

Financial highlights, in our last Q, we announced that we had enough money to last us into the second half of next year. We had zero debt on hand and we have a number of different deliverables that were expected to recover this quarter including the second installment of the – in October of the \$5 million coming from our display licensing agreement, including monies coming to us for the NRE work that we're doing with the Tier 1 contract for \$14 million that we had announced last year. So that's all flowing as expected that work is being completed by the end of this year, early into Q1, as we announced on our last earnings call. That should secure the outstanding \$5 million. And we've heard from that Tier 1 customer that's the \$10 million prepay that they provided us for component purchases, they'll start to consume that as they launch product in 2019. So, there's still of that plan that they will execute that development, that launch, once the developments complete.

One other thing that we've done over the years is there have been times as a company, we have overcommitted and under delivered. I want to reaffirm to you that that is not the case now. We're doing, what we've said we are going to do. We have brought the technology at the pace required to make it relevant to the market as it's required. And we remain committed to strive to be profitable at some point in time in 2019. And I'm pleased to say that's the true statement today as well. When we think about the verticals, people often ask, how are you so ambitious to think that you can conquer five verticals, while not all of this is simultaneous. We recognize that these have different points of timing and maturity. I've told you, we're 22 years old and we've always had great technology, but it didn't matter. If you don't meet customer requirement at a price point, at a time that the market needs it, great technologies is not an interesting thing to have.

Here's an illustration of how we think those technologies coincide with market demand, customer needs and functionality and we really believe that the augmented or mixed reality volume play will happen in the future 2020, 2021. But I expect 2019 I will see increased activity there from an NRE development agreement perspective and/or selling sample kits to them to help large Tier 1 to developer solution. There's no doubt in my mind. We're going to see

revenues from our display. Our interactive display and our consumer LiDAR products in 2019 and I fully expect that our proof-of-concept in the automotive space, which we expect to have available in the summer of 2019 will generate some additional NRE opportunities and/or small revenue. So that's how we see 2019 shaping up for us.

In the past, we've demonstrated our willingness to explore just about every vehicle available to developing relationships with our customers. We are committed to providing module solutions. That's what we're marketing to the Street today. We have executed development of modules and components for others. We've also licensed some of our products ODM and OEM. And we've done engineering services works. And I commit to you that we will continue to invest in all of those vehicles, before we come and try to do any other dilution or any other form of equity raise, that isn't advantageous to us. So, we have lots of arrows in our quiver. We have a pretty experienced management team with large market in front of us. Our technology is that the maturity curve it needs to be to accomplish the task we set in front, which is to monetize that in these large markets today.

We are the leader in laser beam scanning technology. And we're in a position that we have a number of opportunities to seize with our \$10 million in the license agreement, the \$24 million contract that we signed 18 months ago and incremental work that we're doing to secure additional revenue streams for 2019.