



May 19, 2020
Annual Shareholder Meeting Transcript

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NOTE: The information and statements in this transcript of MicroVision's presentation at the annual shareholder meeting including statements related to exploration of strategic alternatives, sale of product verticals or technology, sale or merger of the Company, ability to generate cash following an acquisition, potential growth in product verticals, potential addressable markets and shipment forecasts for product verticals, ability to monetize products and investments, potential features and capabilities of products in market verticals, protection of intellectual property, reverse stock split, unlocking revenue, potential valuation of company and market verticals, and those statements including words such as "believe," "expect," "could," "would," "potential," "outlook," and "hope" are forward-looking statements that involve a number of risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those projected in our forward-looking statements include the risk that the company may not succeed in finding strategic solutions, including a potential sale of the company, with acceptable timing, benefits or costs, the company may be unable to evidence compliance with Nasdaq criteria within the period of time that was granted by the Nasdaq panel, our ability to operate with limited cash or to raise additional capital when needed; market acceptance of our technologies and products; and for products incorporating our technologies; the failure of our commercial partners to perform as expected under our agreements, including from the impact of the COVID-19 (coronavirus); our ability to identify parties interested in paying any amounts or amounts we deem desirable for the purchase or license of intellectual property assets; our or our customers' failure to perform under open purchase orders, our financial and technical resources relative to those of our competitors; our ability to keep up with rapid technological change; government regulation of our technologies; our ability to enforce our intellectual property rights and protect our proprietary technologies; the ability to obtain additional contract awards and develop partnership opportunities; the timing of commercial product launches and delays in product development; the ability to achieve key technical milestones in key products; dependence on third parties to develop, manufacture, sell and market our products; potential product liability claims; our ability to maintain our listing on the Nasdaq Stock Market, and other risk factors identified from time to time in the company's SEC reports, including the company's Annual Report on Form 10-K filed with the SEC. These factors are not intended to represent a complete list of the general or specific factors that may affect us. It should be recognized that other factors, including general economic factors and business strategies, may be significant, now or in the future, and the factors set forth in this release may affect us to a greater extent than indicated. Except as expressly required by federal securities laws, we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, changes in circumstances or any other reason.

OPERATOR: Ladies and gentlemen, thank you for standing by, and welcome to the MicroVision, Inc. Annual Meeting.

I would now like to hand the conference over to your speaker today, Brian Turner. Sir, please go ahead.

BRIAN TURNER: Good morning, and welcome to the Annual Meeting of MicroVision, Inc. I am Brian Turner, Chairman of the Board, and I will be the Chairman

of this meeting. Thank you for joining us today. We're excited to be hosting our first virtual shareholder meeting, which allows more shareholders to attend via the web portal.

As is our custom, we will conduct the business portion of our meeting first and have some time to answer your written questions that are germane to the meeting at the end. We may not be able to answer every question, but we'll do our best to provide a response to as many as possible.

Validated stockholders as of March 25 record date may submit written questions using the designated field on the web portal. You will need the 16-digit proxy control number found on your proxy notice to vote or ask questions.

In keeping with the digital approach to this year's meeting, it will now shortly -- it's now shortly after 9 a.m. Pacific Time on May 19, and this meeting is officially called to order.

And now I'd like to turn the meeting over to Sumit Sharma, MicroVision's Chief Executive Officer and Board member to introduce the other members of the Board and management at today's meeting. Sumit?

SUMIT SHARMA: Thank you, Brian. I would like to introduce our other directors who are all attending the meeting today.

Simon Biddiscombe. Simon is currently CEO of MobileIron, the mobile security backbone of protecting corporate data. Simon is a member of the Audit, Compensation and Nominee Committee.

Bob Carlile. Bob is a retired partner of KPMG LLP. Bob is the Chair of the Audit Committee and member of the Compensation Committee.

Yahlon Farhi. Yahlon is a colonel in the Israeli Defense Force reserves and has served as a motivation lecturer and educator.

Perry Mulligan. Perry was Chief Executive Officer of MicroVision from November 2017 until last February and has been a member of the Board since 2007.

Berneer Strom. Berneer is Chairman and CEO of Strom Group, a management consulting and business advisory firm focused on high-technology companies. Berneer serves as Chair of our Compensation Committee and is a member of our Nominating and Audit Committee.

I would also like to introduce each of our other executive officers.

Steve Holt. Steve is Chief Financial Officer and has been with the Company since 2013.

David Westgor. David is Vice President, General Counsel and Corporate Secretary, and has been with the Company since 2007.

Also, with us today are Robb McEachran and Lisa Dion of our independent auditors, Moss Adams LLP.

The agenda for today, we will conduct our annual meeting with balloting first, followed by report on the voting, then meeting part will be adjourned. Then I'll do a short presentation to introduce our Company, products and objectives. And finally, questions and answer.

Determining that the quorum is present, I would like to introduce David Westgor, our Corporate Secretary. I will turn to him with any procedural issues that may arise. David will establish that the meeting has been duly called and that the quorum is present. David?

DAVID WESTGOR: Thank you, Sumit. This meeting is being held pursuant to the printed notice mailed beginning on April 3, 2020, to each shareholder of record at the close of business on March 25, 2020. The Board fixed March 25 as a record date for determining shareholders entitled to vote at this meeting. Holders of more than 33.33% of the shares of the Company's common stock outstanding at that date are present by proxy. Therefore, a quorum is present for the purposes of transacting business. A copy of the notice has been placed in the corporate minute book. And I will also serve as the Inspector of Elections for this meeting.

Sumit?

SUMIT SHARMA: As notice was properly given and a quorum is present, I declare the meeting is formally open. After the formal meeting has been adjourned, we will provide some time for general questions that relate to this meeting. Only validated stockholders as of March 25 record date may ask questions in the designated field on the web portal. You will need the 16-digit proxy control number found on your proxy notice, to vote or ask questions.

Out of consideration for others, please limit yourselves to one question. Please note that this meeting is being recorded. However, no one attending via the webcast or telephone is permitted to use any audio recording devices.

We will consider and vote on the matters as stated.

Proposal 1. Election of directors. The first proposal on the agenda is to elect individuals to the Company's Board of Directors. The current Board of Directors nominated seven individuals to be the directors of the Company for one-year term. These include Simon Biddiscombe, Robert Carlile, Yahlon Farhi, Perry Mulligan, Sumit Sharma, Bernee Strom and Brian Turner. Directors elected will begin their term at the end of this meeting

and will hold the position until the successors shall have been elected and qualified at next year's annual meeting.

Proposal 2. Approve an amendment of the restated certificate of incorporation to amend the total number of shares of the Company's authorized common stock. I now move to vote on the second proposal to approve any amendment to the amended and restated certificate of incorporation to amend the total number of shares of the Company's authorized common stock.

Proposal 3. Approve an amendment to the amended and restated certificate of incorporation to enable a reverse stock split of the Company's common stock. I now move to vote on the third proposal on the agenda to approve an amendment to the amended and restated certificate of incorporation to enable a reverse stock split of the Company's common stock.

Proposal 4. Approve the 2020 MicroVision, Inc. Incentive Plan. I now move to vote on the fourth proposal on the agenda to approve the 2020 MicroVision, Inc. Incentive Plan.

Proposal 5. Ratify the selection of Moss Adams LLP as the Company's independent registered public accounting firm. I now move to vote for the fifth proposal on the agenda to ratify the selection of Moss Adams LLP as the Company's independent registered public accounting firm for the current fiscal year.

Proposal 6. Advisory vote on executive compensation. I now move to vote for the sixth proposal on the agenda to approve on an advisory basis, the compensation of the Company's named executive officers.

It is 9:10 a.m. Pacific Time on May 19, 2020, and the polls are now open. Any shareholders who hasn't yet voted or wishes to change their vote, may do so by clicking on the voting button on the web portal and following the instructions there. You will need your 16-digit proxy control number from your proxy notice to be able to vote. Shareholders who have sent in proxies or voted via telephone or Internet and do not want to change their vote do not need to take any further actions.

BRIAN TURNER: We will now pause for two to three minutes while people have a chance to vote. So, you will hear silence for a couple of minutes.

For those of you listening in, votes are still coming in. We can see them on the Broadridge app. We will wait till people have voted.

DAVID WESTGOR: As Inspector of Elections, it appears that the last vote was cast a while ago. Oh, no. Another one just came in, never mind.

Again, for the people on the phone, votes are still being cast. We will wait till the votes are cast.

David?

DAVID WESTGOR: Yes.

BRIAN TURNER: As Inspector of Elections, it looks like the last vote was cast a while ago. Are we able to proceed?

DAVID WESTGOR: Yes.

BRIAN TURNER: Okay. Now that everyone has an opportunity to vote, I declare the polls for the 2020 MicroVision, Inc. Annual Shareholder Meeting closed at 9:20 a.m. Pacific Time on May 19, 2020. Inspector of Elections, do we have the preliminary voting results?

DAVID WESTGOR: We do. Broadridge will be tabulating the votes that were cast at the meeting today. But the preliminary results of the vote show that Proposal 1, all nominees for election to the Board have been duly elected.

Proposal 2, the amendment to the amended and restated certificate of incorporation to amend the total number of shares of the Company's authorized common stock, has not been approved.

Proposal 3, the amendment to the amended and restated certificate of incorporation to enable a reverse stock split of the Company's common stock, has been approved.

Proposal 4, the 2020 MicroVision, Inc. Incentive Plan, has been approved.

Proposal 5, to ratify the selection of Moss Adams LLP as the Company's independent registered public accounting firm for the current fiscal year, has been approved.

Proposal 6, the advisory vote regarding compensation of the named executive officers, has been approved.

These are the preliminary results, and we will be reporting the final vote results in the [Form 8-K](#) following confirmation of the votes entered at the meeting today.

BRIAN TURNER: Thank you. There being no further business come before the meeting, the 2020 Annual Meeting of Shareholders of MicroVision is now adjourned.

Now the CEO will talk to you briefly about the Company, its business and operations and its prospects in the coming months, followed by your question-and-answer session. Sumit?

SUMIT SHARMA: Thank you, Brian. First, I have to follow our lawyer's instructions and advise you that I will be making some forward-looking statements during our discussion about the Company and that our actual results may differ from the predictions

and statements that we make today. Information regarding factors that could cause such differences are included in [our SEC filings](#), including our annual report on [Form 10-K](#) and our quarterly report on [Form 10-Q](#).

I've talked about my personal belief that long term, MicroVision technology will unlock billions of dollars of market revenue for us and our OEM partners. I would like to share [some slides that are posted on our website](#) and talk about this vision.

With the help of our investors, over the last 20-plus years, we have developed the deepest body of work in laser beam scanning from MEMS, ASICS to full system modules. The high-risk core technology development is complete. We stand at an inflection point where we expect to -- and now a potential acquiring company could launch products with our technology and monetize the long investment path.

Our highly capable team has created not only 484 issued and pending patents, but also the full story of intellectual properties that includes source code and know-how to apply the core technology to multiple verticals that are seeing interest in markets. We've also launched several generations of MEMS, ASICS that apply to various product verticals and product modules.

Our Company started 20 years ago in developing augmented reality microdisplay for military. In the future, we expect growth in the AR market. MicroVision could enable headset products for multiple OEMS. Our proprietary technology will allow OEMs to develop products that could offer wide high fields of view, high-resolution displays that work in full sunlight.

With our interactive display vertical, we took the same core technology and developed our first-generation module product prepared to launch on an automated production line for 2020.

Our module product would enable smart speaker AI-assisted products with smart displays, again, positioning the market that is seeing high growth according to industry data. For investors new to the Company story, I've added some video links for this. This category has the potential to have future impact in mobile gaming as well.

With our future automotive LiDAR module, we expected to apply the same core technology blocks and produce a module that would enable active collision-avoidance systems. MicroVision would have delivered a sensor that will finally provide the capability currently required -- requires an array of very expensive sensors in a single sensor from us. The outlook for this product line extends decades into a big, addressable automotive market.

With our consumer LiDAR product vertical, we hope to tackle smart home security. We focus on user privacy without transporting private data to the cloud. This, again, could have the capacity to enable smart speaker AI assistance to further enhance user experience.

As the Company focuses on finding and working with interested parties for an acquisition of whole or part of the Company and any other structure suitable for them, we work to bring their focus on the width and the depth of what your investments have enabled our team to develop and highlight how their path to generate cash with their investment exists. I look forward to updating you in the future at the appropriate time on our progress. Thank you.

[As I mentioned, the presentation is posted on our website.](#) We will now open things up for shareholder questions and comments that are being entered today on the web portal. Please note, we will attempt to answer as many questions as time allows. But only questions that are germane to the meeting will be addressed, and we will not answer multiple questions on the same topic.

While we'll try to address each of your questions, we are limited by public disclosure laws, including Regulation FD, from providing in this forum material nonpublic information, examples of which include affirming financial guidance or providing updates on existing material contracts, potential new contracts for potential strategic options. We will now open for questions.

DAVID WESTGOR: Thank you, Sumit. As you mentioned, we seem to have several questions on similar topics, and we'll try to address them as they come in. One question, the preliminary approval of the reverse stock split. Can you give us some color on that? And can you give us an idea of what management is planning with respect to a reverse stock split? And whether or not you feel it's necessary?

SUMIT SHARMA: I think I'll ask Brian Turner to address this question.

BRIAN TURNER: Good question. For the Board and management, it is important to maintain the Company's listing on NASDAQ. The Board has 90 days to implement a reverse stock split, if needed, to regain compliance, which provides us time for the Company to regain compliance without a reverse stock split. If the Company does implement a stock split, the ratio would be determined at that time. Back to you, Sumit.

DAVID WESTGOR: So, we have a question regarding the process of selling the Company. Sumit, you've mentioned that in the past. And can you give us an update on where we are in the process of pursuing these strategic alternatives that you've spoken about?

SUMIT SHARMA: As everybody knows, we have retained Craig-Hallum as our financial adviser and are actively engaged, as we reported, in exploring strategic alternatives, which include the sale of the Company. That remains our focus, and we're exploring opportunities that we can't comment on specifics at this time.

DAVID WESTGOR: We have a question. Can you give us some insight on -- we note that the approval of authorized shares did not appear to pass? Can you give us a sense of whether or not the Company will be seeking additional shares in the future?

SUMIT SHARMA: We currently do not have a plan to seek additional shares for common stock. I think that's plainly all I can say.

DAVID WESTGOR: Okay. Thank you. Can you -- apparently, there was a video that was posted yesterday, showing a teardown of the product. Do you have any comment on that?

SUMIT SHARMA: While we typically do not comment on videos posted online by third parties, we did see this homemade teardown video. And our only comment is the product marked with the MicroVision name and logo is our part. I think that's the extent of what we're going to discuss.

DAVID WESTGOR: Thank you. The question is with respect to MicroVision's intellectual property. And can you comment on what the Company is doing to protect its intellectual property, and given movement of employees in the technology space in the Seattle area?

SUMIT SHARMA: Good question. We're not going to comment on specific IP matters. However, we believe that we do a pretty good job of protecting our IP, whether we hire new employees from other companies, or our employees go elsewhere. We have confidentiality and invention agreements in place with all our employees, current and past. So, I feel very confident that we have protected the IP adequately.

DAVID WESTGOR: Thank you. I have a few questions about -- regarding the status of the display-only licensee partnership. Do you have any comments on that?

SUMIT SHARMA: The licensee partner is still able to develop business, but do not have comments on their efforts. Beyond that, we're able to support them as needed.

DAVID WESTGOR: Thank you. With the ongoing state of the -- your pursuit of strategic alternatives, do you find it difficult to be able to continue with business?

SUMIT SHARMA: Actually, not really. I think our focus is pretty solitary towards selling the Company. I think we continue to just create the runway that we need that we believe will be adequate to perhaps complete the transaction. So therefore, the distraction level is actually low, and we just focus on the mission at hand.

DAVID WESTGOR: Thank you. Can you -- there's a question with respect to the private call with retail investors last week. Can you give information or color on that?

SUMIT SHARMA: I think there's no secret. I think majority of our investors are retail holders now, as we know. We thought it would be a good opportunity for me, as new

CEO, to really hear the feedback directly from them and to have a communication. I think it was nothing more than just getting to know our diverse investor base personally.

DAVID WESTGOR: I have a couple of questions regarding the OEM that we were working with, and we were looking at a launch in 2020. Can you give us any color on what happened there and what the status of that was?

SUMIT SHARMA: As we've said in our earnings call earlier, we were surprised by the decision by them. And there may have been many internal considerations behind their decision. Some of them I've mentioned in the [last earnings call](#) from, obviously, COVID-19, global economic headwinds, everything. But we do believe the decision was related to the -- was related to the capabilities that they wanted to project into the market and had not a whole lot to do with anything beyond that.

So, I think beyond that, I think what I've already said publicly, I can't really comment any more on that.

DAVID WESTGOR: Thank you. Looking to see if we have any more questions. I think we can probably take one more. You had commented or you had [a press release about the transfer of production to a customer](#). Can you provide some color on that -- the production to a different customer?

SUMIT SHARMA: I'm going to have Steve Holt to cover that question. Steve?

STEVE HOLT: Yes, we had the customer take over production of the agreement, the production. And as a result, MicroVision now receives a royalty on each unit they ship. It's approximately equal to the amount of gross profit that we would have gotten had we maintained production. And if the production levels increase and the volume of that product takes off, we still preserved some upside on that ability.

DAVID WESTGOR: We have a question about the -- I think this may be the last, time we have, but the automotive LiDAR. And you've spoken about that in the past. And can you give us a sense of what the status of the work is on that?

SUMIT SHARMA: I think as I presented, if you think about all the verticals and parties that are interested in our technology and what we can enable for them, we want to make sure that our capability to deliver an automotive LiDAR in the future, we want to make sure the pool of people considering the Company is wide, and automotive LiDAR is relevant to lots of folks out in the market right now. So we make meaningful progress to make sure that any specific parties that are interested in that specific vertical can understand the full capability that we would have been able to unlock, and they should be able to unlock if they choose to acquire the Company.

So, in that sense, we continue to make some progress to make sure that all interested parties understand what the value that vertical would have offered. And it's a volatile market out there. But in the case of these kind of sensors for the future, we see -- all of

us see news articles that talks about, they are very relevant. And we've done everything possible to increase the pool of people that will consider acquiring MicroVision.

DAVID WESTGOR: I think maybe we have time for this last question. It seems like a timely question. Can you comment on the effect on the Company right now of the COVID-19 stay-in-place orders? Is the Company able to continue to move forward at a regular pace?

SUMIT SHARMA: So, we've been actually very lucky. Our entire Company is healthy. We have not been affected by it, even though we were to -- starting the -- everything started in Seattle. In general, we have work from home. People continue to make progress. We are in the process of supporting conversations. So therefore, the team is in place to do that remotely and make meaningful progress on the projects that are relevant to our mission. Anymore?

DAVID WESTGOR: I think there are some questions that are the same questions.

SUMIT SHARMA: Okay.

DAVID WESTGOR: That I think have already been answered. And I think -- thank you.

SUMIT SHARMA: I'd like to express my sincere appreciation to the stockholders who are attending our first virtual shareholder meeting. Thank you all for your continued support of MicroVision.

OPERATOR: Ladies and gentlemen, this does conclude the program, and you may all disconnect. Everyone have a great day.