

AEye Reports Second Quarter 2023 Results

DUBLIN, Calif.--([BUSINESS WIRE](#))-- AEye, Inc. (Nasdaq: LIDR), a global leader in adaptive, high performance lidar solutions, today announced its results for the second quarter ended June 30, 2023.

Management Commentary

“AEye has taken a significant step forward this quarter in our path to commercialization in the automotive market,” said Matt Fisch, AEye CEO. “We’ve achieved major in-vehicle test milestones with three prestigious industry players, including NVIDIA and two global automotive OEMs; AEye has solidified a production-ready supply chain with Continental to deliver an ADAS product at a price well below \$1,000; and we have been named a finalist for two automotive series production awards, with a strong pipeline of OEM RFQs representing a sizable revenue opportunity. Thanks to our capital-light licensing model and careful expense management, we accomplished these key milestones while reducing our cash burn rate. Looking ahead, we see momentum continuing to build throughout 2023 and beyond.”

Key Q2 2023 Financials

Overall, the cost reduction initiatives we implemented in the second quarter resulted in savings that exceeded our expectations and were an important driver in the improvement of our Q2 GAAP and non-GAAP net loss.

- Revenue of \$0.6 million in the second quarter of 2023.
- GAAP net loss was \$(16.0) million, or \$(0.09) per share based on 175.7 million weighted average common shares outstanding.
- Non-GAAP net loss was \$(11.7) million, or \$(0.07) per share based on 175.7 million weighted average common shares outstanding.
- Cash, cash equivalents, and marketable securities were \$58.7 million as of June 30, 2023.

Conference Call and Webcast Details

AEye management will hold a conference call today, August 7, 2023, at 1:30 p.m. Pacific Time (4:30 p.m. Eastern Time) to discuss these results. AEye CEO Matt Fisch and CFO Conor Tierney will host the call, followed by a question-and-answer session.

The webcast and accompanying slides will be accessible via the company’s website at <https://investors.aeye.ai/>.

Access is also available via:

- Conference call: <https://aeye.pub/3pNgUb0>
- Webcast: <https://aeye.pub/43tMxEp>

About AEye

AEye’s unique software-defined lidar solution enables advanced driver-assistance, vehicle autonomy, smart infrastructure, and logistics applications that save lives and propel the future of transportation and mobility. AEye’s 4Sight™ Intelligent Sensing Platform, with its adaptive sensor-based operating system, focuses on what matters most: delivering faster, more accurate, and reliable information. AEye’s 4Sight™ products, built on this platform, are ideal for dynamic applications which require precise measurement imaging to ensure safety and performance. AEye has a global presence through its offices in Germany, Korea, and the United States.

Non-GAAP Financial Measures

The non-GAAP measures provided in this press release should not be considered a substitute for, or superior to, measures of financial performance prepared in accordance with generally accepted accounting principles (GAAP) in the United States. A reconciliation between GAAP and non-GAAP financial data is included in the supplemental financial data attached to this press release. Non-GAAP financial measures do not have any standardized meaning and are therefore unlikely to be comparable to similarly titled measures presented by other companies. AEye

considers these non-GAAP financial measures to be important because they provide additional insight into the Company's on-going performance. The Company provides this information to investors for a more consistent basis of comparison and to help investors evaluate the results of the Company's on-going operations, and to help enable more meaningful period-to-period comparisons. Non-GAAP financial measures are presented only as supplemental information for the purpose of understanding the Company's operating results. The non-GAAP financial measures should not be considered a substitute for financial information presented in accordance with GAAP.

This press release includes non-GAAP financial measures, including:

- Non-GAAP net loss which is defined as GAAP net loss plus stock-based compensation, plus expenses related to the registration statements on Form S-1, plus change in fair value of convertible note and warrant liabilities, plus stock issuance costs, plus one-time termination benefits, plus impairment of ROU assets, and
- Adjusted EBITDA which is defined as non-GAAP net loss plus depreciation and amortization expense, less interest expense and other, less interest income and other, plus provision for income tax expense.

Forward-Looking Statements

Certain statements included in this press release that are not historical facts are forward-looking statements within the meaning of the federal securities laws, including the safe harbor provisions under the United States Private Securities Litigation Reform Act of 1995. Forward-looking statements are sometimes accompanied by words such as "believe," "continue," "project," "expect," "anticipate," "estimate," "intend," "strategy," "future," "opportunity," "predict," "plan," "may," "should," "will," "would," "potential," "seem," "seek," "outlook," and similar expressions that predict or indicate future events or trends, or that are not statements of historical matters. Forward-looking statements are predictions, projections, and other statements about future events that are based on current expectations and assumptions and, as a result, are subject to risks and uncertainties. Forward looking statements included in this press release include statements about the commercialization of AEye's products, the achievement of certain milestones, the readiness of the supply chain, and AEye's status with respect to certain automotive series production awards, among others. These statements are based on various assumptions, whether or not identified in this press release. These forward-looking statements are provided for illustrative purposes only and are not intended to serve as and must not be relied on by an investor as a guarantee, an assurance, a prediction, or a definitive statement of fact or probability. Actual events and circumstances are very difficult or impossible to predict and will differ from the assumptions. Many actual events and circumstances are beyond the control of AEye. Many factors could cause actual future events to differ from the forward-looking statements in this press release, including but not limited to: (i) the risks that AEye's significant step forward in its path to commercialization in the automotive market may not result in the benefits anticipated, or if it does, in the time frame anticipated; (ii) the risks that AEye's achievement of major in-vehicle test milestones may not result in the benefits anticipated, or if it does, in the time frame anticipated; (iii) the risks that the solidified production-ready supply chain with Continental may not result in the benefits anticipated, including the ability to deliver an ADAS product at a price well below \$1,000, or if it does, in the time frame anticipated; (iv) the risks that AEye, despite being named a finalist for two automotive series production awards, may not be awarded one or both of the anticipated series production awards; (v) the risks that the strong pipeline of OEM RFQs, representing a sizable revenue opportunity, may not materialize in the time frame anticipated, or at all; (vi) the risks that the momentum may not continue to build throughout 2023 or beyond to the extent anticipated, or at all; (vii) the risks that AEye's automotive-first strategy, capital-light model, and strategic partnership with Continental may not result in the anticipated opportunity for AEye to effectively capitalize on the market opportunity ahead, and such market opportunity, if any, may not be of the size AEye expected, materialize in the time frame anticipated, or create the anticipated value for our shareholders; (viii) the risks that AEye may fail to strengthen its competitive position or deliver on its key objectives due to supply chain disruptions, economic uncertainties, or otherwise; (ix) the risks that AEye's products will not meet the diverse range of performance and functional requirements of AEye's target markets and customers; (x) the risks that the size of the total available market for the use of lidar will be smaller than predicted or take longer to come to fruition than predicted; (xi) the risks that AEye may not continue to execute against its business plan to the extent anticipated, or at all; (xii) the risks that lidar adoption occurs slower than anticipated or fails to occur at all; (xiii) the risks that AEye is unable to adequately implement business plans, forecasts, and other expectations, and identify and realize additional opportunities; and (xvi) the risks of economic downturns and a changing regulatory landscape in the highly competitive and evolving industry in which AEye operates. These risks and uncertainties may be amplified by the lingering effects of the COVID-19 pandemic, which continues to cause significant economic uncertainty. The foregoing list of factors is not exhaustive. You should carefully consider the foregoing factors and the other risks and uncertainties described in the "Risk Factors" section of the periodic report that AEye has most recently filed with the U.S. Securities and Exchange Commission, or the SEC, and other documents filed by us or that will be filed by us from time to time with the SEC. These filings identify and address other important risks and uncertainties that could cause actual events and results to differ materially from those contained in the forward-looking statements. Forward-looking statements speak only as of the date they are made.

Readers are cautioned not to put undue reliance on forward-looking statements; AEye assumes no obligation and does not intend to update or revise these forward-looking statements, whether as a result of new information, future events, or otherwise. AEye gives no assurance that AEye will achieve any of its expectations.

AEYE, INC.
Consolidated Balance Sheets
(In thousands)
(Unaudited)

| | <u>June 30, 2023</u> | <u>December 31, 2022</u> |
|---|----------------------|--------------------------|
| ASSETS | | |
| Current Assets: | | |
| Cash and cash equivalents | \$ 18,392 | \$ 19,064 |
| Marketable securities | 40,260 | 75,135 |
| Accounts receivable, net | 290 | 617 |
| Inventories, net | 4,913 | 4,553 |
| Prepaid and other current assets | 3,297 | 6,181 |
| Total current assets | <u>67,152</u> | <u>105,550</u> |
| Right-of-use assets | 14,749 | 15,502 |
| Property and equipment, net | 7,783 | 7,665 |
| Restricted cash | - | 2,150 |
| Other noncurrent assets | 6,235 | 2,473 |
| Total assets | <u>\$ 95,919</u> | <u>\$ 133,340</u> |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current Liabilities: | | |
| Accounts payable | \$ 3,520 | \$ 3,218 |
| Accrued expenses and other current liabilities | 9,020 | 9,764 |
| Contract liabilities | 150 | 987 |
| Convertible notes | 1,641 | 8,594 |
| Total current liabilities | <u>14,331</u> | <u>22,563</u> |
| Operating lease liabilities, noncurrent | 15,888 | 16,681 |
| Other noncurrent liabilities | 44 | 126 |
| Total liabilities | <u>30,263</u> | <u>39,370</u> |
| Stockholders' Equity: | | |
| Preferred stock | — | — |
| Common stock | 18 | 16 |
| Additional paid-in capital | 358,833 | 345,742 |
| Accumulated other comprehensive loss | (390) | (1,279) |
| Accumulated deficit | (292,805) | (250,509) |
| Total stockholders' equity | <u>65,656</u> | <u>93,970</u> |
| Total liabilities and stockholders' equity | <u>\$ 95,919</u> | <u>\$ 133,340</u> |

AEYE, INC.
Consolidated Statements of Operations
(In thousands, except share and per share data)
(Unaudited)

| | <u>Three months ended June 30,</u> | | <u>Six months ended June 30,</u> | |
|-----------------------|------------------------------------|--------------|----------------------------------|----------------|
| | <u>2023</u> | <u>2022</u> | <u>2023</u> | <u>2022</u> |
| Revenue: | | | | |
| Prototype sales | \$ 245 | \$ 195 | \$ 370 | \$ 530 |
| Development contracts | 326 | 511 | 837 | 1,258 |
| Total revenue | <u>571</u> | <u>706</u> | <u>1,207</u> | <u>1,788</u> |
| Cost of revenue | 1,911 | 1,427 | 4,172 | 2,909 |
| Gross loss | <u>(1,340)</u> | <u>(721)</u> | <u>(2,965)</u> | <u>(1,121)</u> |

| | | | | |
|----------------------------|-----------------|-----------------|-----------------|-----------------|
| Operating Expenses: | | | | |
| Research and development | 5,897 | 10,762 | 15,339 | 19,338 |
| Sales and marketing | 2,604 | 5,323 | 8,872 | 9,939 |
| General and administrative | 6,345 | 9,827 | 14,899 | 21,157 |
| Total operating expenses | <u>14,846</u> | <u>25,912</u> | <u>39,110</u> | <u>50,434</u> |
| Loss from operations | <u>(16,186)</u> | <u>(26,633)</u> | <u>(42,075)</u> | <u>(51,555)</u> |

| | | | | |
|--|--------------------|--------------------|--------------------|--------------------|
| Other income (expense): | | | | |
| Change in fair value of convertible note and warrant liabilities | (116) | 141 | (926) | 109 |
| Interest income and other | 301 | 350 | 578 | 774 |
| Interest expense and other | (11) | (307) | 165 | (650) |
| Total other income (expense), net | <u>174</u> | <u>184</u> | <u>(183)</u> | <u>233</u> |
| Provision for income tax expense | <u>19</u> | <u>18</u> | <u>38</u> | <u>26</u> |
| Net loss | <u>\$ (16,031)</u> | <u>\$ (26,467)</u> | <u>\$ (42,296)</u> | <u>\$ (51,348)</u> |

Per Share Data

| | | | | |
|--|--------------------|--------------------|--------------------|--------------------|
| Net loss per common share (basic and diluted) | \$ (0.09) | \$ (0.17) | \$ (0.25) | \$ (0.33) |
| Weighted average common shares outstanding (basic and diluted) | <u>175,675,994</u> | <u>157,310,419</u> | <u>168,962,722</u> | <u>156,071,676</u> |

AEYE, INC.

Consolidated Statements of Cash Flows (In thousands) (Unaudited)

| | Six months ended June 30, | |
|---|----------------------------------|-----------------|
| | 2023 | 2022 |
| Cash flows from operating activities: | | |
| Net loss | \$ (42,296) | \$ (51,348) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Depreciation and amortization | 666 | 463 |
| Gain on sale of property and equipment, net | (52) | — |
| Noncash lease expense relating to operating lease right-of-use assets | 706 | 654 |
| Impairment of right-of-use assets | 47 | — |
| Inventory write-downs, net of scrapped inventory | 544 | 335 |
| Change in fair value of convertible note and warrant liabilities | 926 | (109) |
| Stock-based compensation | 10,623 | 11,897 |
| Amortization of premiums and accretion of discounts on marketable securities, net of change in accrued interest | (65) | 826 |
| Changes in operating assets and liabilities: | | |
| Accounts receivable, net | 327 | 4,033 |
| Inventories, current and noncurrent, net | (2,502) | (1,316) |
| Prepaid and other current assets | 2,884 | 900 |
| Other noncurrent assets | (2,164) | 411 |
| Accounts payable | 282 | 932 |
| Accrued expenses and other current liabilities | (785) | 1,354 |
| Operating lease liabilities | (749) | (859) |
| Contract liabilities | (837) | (1,285) |
| Net cash used in operating activities | <u>(32,445)</u> | <u>(33,112)</u> |
| Cash flows from investing activities: | | |
| Purchase of property and equipment | (808) | (1,759) |

| | | |
|--|------------------|-----------------|
| Proceeds from sale of property and equipment | 96 | — |
| Proceeds from redemptions and maturities of marketable securities | 35,850 | 26,234 |
| Net cash provided by investing activities | <u>35,138</u> | <u>24,475</u> |
| Cash flows from financing activities: | | |
| Proceeds from exercise of stock options | 391 | 668 |
| Taxes paid related to the net share settlement of equity awards | (1,051) | (3,400) |
| Payments for convertible note redemptions | (4,973) | — |
| Proceeds from issuance of common stock under the Common Stock Purchase Agreement | — | 1,422 |
| Proceeds from issuance of common stock through Employee Share Purchase Plan | 118 | — |
| Net cash used in financing activities | <u>(5,515)</u> | <u>(1,310)</u> |
| Net increase (decrease) in cash, cash equivalents and restricted cash | (2,822) | (9,947) |
| Cash, cash equivalents and restricted cash at beginning of period | 21,214 | 16,333 |
| Cash, cash equivalents and restricted cash at end of period | <u>\$ 18,392</u> | <u>\$ 6,386</u> |

AEYE, INC.

Reconciliation of GAAP to Non-GAAP Financial Measures

(In thousands, except share and per share data)

(Unaudited)

| | Three months ended June 30, | | Six months ended June 30, | |
|--|-----------------------------|--------------------|---------------------------|--------------------|
| | 2023 | 2022 | 2023 | 2022 |
| GAAP net loss | \$ (16,031) | \$ (26,467) | \$ (42,296) | \$ (51,348) |
| Non-GAAP adjustments: | | | | |
| Stock-based compensation | 4,110 | 6,557 | 10,623 | 11,897 |
| Expenses related to registration statement on Form S-1s | — | 250 | — | 250 |
| Change in fair value of convertible note and warrant liabilities | 116 | (141) | 926 | (109) |
| Stock issuance costs | — | 28 | — | 28 |
| One-time termination benefits | 45 | — | 1,298 | — |
| Impairment of right-of-use assets | 47 | — | 47 | — |
| Non-GAAP net loss | \$ (11,713) | \$ (19,773) | \$ (29,402) | \$ (39,282) |
| Depreciation and amortization expense | 336 | 255 | 666 | 463 |
| Interest income and other | (301) | (350) | (578) | (774) |
| Interest expense and other | (36) | 279 | (212) | 622 |
| Provision for income tax expense | 19 | 18 | 38 | 26 |
| Adjusted EBITDA | <u>\$ (11,695)</u> | <u>\$ (19,571)</u> | <u>\$ (29,488)</u> | <u>\$ (38,945)</u> |

GAAP net loss per share attributable to common stockholders:

| | | | | |
|-------------------|------------------|------------------|------------------|------------------|
| Basic and diluted | <u>\$ (0.09)</u> | <u>\$ (0.17)</u> | <u>\$ (0.25)</u> | <u>\$ (0.33)</u> |
|-------------------|------------------|------------------|------------------|------------------|

Non-GAAP net loss per share attributable to common stockholders:

| | | | | |
|-------------------|------------------|------------------|------------------|------------------|
| Basic and diluted | <u>\$ (0.07)</u> | <u>\$ (0.13)</u> | <u>\$ (0.17)</u> | <u>\$ (0.25)</u> |
|-------------------|------------------|------------------|------------------|------------------|

Shares used in computing GAAP net loss per share attributable to common stockholders:

| | | | | |
|-------------------|-------------|-------------|-------------|-------------|
| Basic and diluted | 175,675,994 | 157,310,419 | 168,962,722 | 156,071,676 |
|-------------------|-------------|-------------|-------------|-------------|

Shares used in computing Non-GAAP net loss per share attributable to common

stockholders:

| | | | | |
|-------------------|-------------|-------------|-------------|-------------|
| Basic and diluted | 175,675,994 | 157,310,419 | 168,962,722 | 156,071,676 |
|-------------------|-------------|-------------|-------------|-------------|

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