AEYE

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Matt Fisch: [0:00] Thanks for coming out today. Incredible turnout. Totally jazzed. We've got a few other LiDAR guys in the building here to talk a little bit about our company AEye. Our moniker today is Safety at Speed. Please take the time to read through our disclaimers here and let me know when you're done.

[0:22] Done? Good. For those of you who may not be familiar with what is LiDAR and why it's important, in case you haven't seen some of the other talks, I'd like to liken this to the human body. You have the brain that thinks, or maybe you can think about as artificial intelligence in a vehicle that keeps you from crashing into stuff, or in the future helps you drive autonomously.

[0:45] Guess what, your brain is connected to sensors like hearing and sight. What LiDAR is, this is our product, is...Think of it as an actual four dimensional sensor. We call it the missing link in a vehicle, especially a fast moving vehicle, in being able to see as you're driving.

[1:07] Look, I was backing up my car into our garage on Monday. I've got my wife sitting next to me. There's a manhole cover behind the car. My car slams on the brakes and comes to a screeching halt. My wife's screaming. She thinks we hit something. It was really just the camera, as we're backing up, saw the manhole cover. Couldn't differentiate in three dimensions that the manhole cover was actually flat with the ground and thought we were going to hit something.

[1:35] I saw the video last night on CBS News about the Tesla on autopilot that crashed into the emergency vehicle. Look, why, as people, would we deprive ourselves of one of our senses? Life can go on, but it's very difficult. We see LiDAR as the missing link in safety.

[1:58] That's really what we're about. It's about giving that intelligence in the vehicle the ability to see in three and four dimensions.

[2:07] How is our product different and unique? I'll spend, probably, the rest of the presentation hitting on different aspects of this. If you look at our solution...Look, you have to survive in urban environments, highway driving, parking lot driving.

[2:24] Our product excels at speed. Speeds of 80 miles per hour...I know there's plenty of folks out there on the highway that drive that fast, but when you drive at that speed or anything over 60, 70 miles an hour, you have to see very far down the road. We can see 1,000 feet down the road and not just only that, but identify what the object is.

[2:49] At the end of the day, you need to identify whether something's a manhole cover or tire sitting out on the road. We can do that a thousand feet down the road. A little bit about our company. Great shot out in Dublin, California. We're based in Silicon Valley.

[3:07] We have a very experienced management team in our company with leaders, technical experts coming out of the LiDAR space. I myself spent seven years in Tier 1 space in the automotive industry. I've been around what it takes to take new technology and led those technologies to market.

[3:28] We have that balance that's pretty unique, I think, when you look across the LiDAR companies - both automotive and the technology expertise. Then our relationship with Continental. Look at the end of the day, what's absolutely critical in this space is that you're able to deliver products at scale in the automotive industry.

[3:52] We have a very unique relationship with Continental, who's delivered 100,000,000 sensors into the ADAS space in the automotive side of things.

[4:03] I also wanted to talk a little bit about, and we have a product that's market ready. We'll get into a little bit more details in that the next five minutes, but some of you may have seen these autonomous vehicles driving around. They have these things that look like an old school police light on top.

[4:19] That's a LiDAR unit, what's in the market today. The reason why it looks like that, there's literally a mirror that spins inside. What we've done, and you're not going to be able to see this, there's a little dot on this semiconductor element. This is a key part of our IP. We've shrunk that mirror down, essentially to microscopic size.

[4:39] We use a technology called MEMS. This is very unique and this allows us to, first of all, license that and allow us to go to many different suppliers and reap the financial benefits. Secondly, I was having dinner with an executive at a large tier 1 automotive.

[5:00] He said, "Look, we've invested in LiDAR, the spinning things. The first time we hit a pothole in New York it got out of calibration. We had to replace the unit." Working with Continental, and also the semiconductor, a solid state based technology, allows us to be extremely reliable in the automotive space. This is going to be very critical.

[5:22] What else? At the end of the day, there's a lot of specmanship going on in the industry. At the end of the day, what matters is you can help the ADAS system in the car identify an object on the road. We're really good at this. We've just come back from a tour out West with NVIDIA and a large OEM. Everybody has a nightmare obstacle course of all the things that trip up an ADAS system.

[5:52] We've done incredibly well in those tests. Let me give an example. Anybody seen these super dark black painted cars? It's a trend now in the automotive industry. It almost makes them invisible. It's cool. It messes with your eyes when you see it, but it also obfuscates itself from ADAS systems and vehicles. We're really best in industry in these type of tests.

[6:16] When you think about performance and differentiation of LiDAR, you've got to think about, can you see and identify objects? Not just, "I can see far down the road." That's not enough. This is we're actually in vehicles with NVIDIA, with OEMs, and getting feedback on our performance.

[6:38] I joined the company six months ago, and what I've done since joining has really got the team focused on automotive as a launch platform. We've made tremendous progress so far in the last six months. I just mentioned some of the testing that's gone on.

[6:55] We have now responded to two RFQs, significant volumes with major OEMs, and we expect to hear back on that contract announcement here in the next couple of months.

[7:08] We're at an incredibly competitive price point. Again, I'm sitting in the room with Continental Purchasing and the component suppliers. They can do things along with us that nobody else can, which is, "Hey, we need you to get your price down.

[7:26] By the way, we can offer you more volume even outside the LiDAR space because they have such a large footprint, which is a trick we can play, if you will, that no other player in this space can." Nobody has that leverage of a big Tier 1.

[7:42] We've got our costs down to a very competitive range. We launched a new product. All of this is based on software programmability. It's really hard to program a spinning mirror to do new and different and interesting things. This almost works like the connection between your brain and the eye.

[8:04] If you ever had a driving lesson early on, if you guys can remember, the person who coached you driving probably said don't concentrate on one spot all the time. You should look far out and then you should take a look close up and you should be doing that continuously.

[8:19] This is one of the learnings that the OEMs are bringing back. They say, "Look, you can't just stare in one spot all the time. You have to change your focus." Thanks to the amazing software programmability of this type of device, we can do things that would require a hardware change if we were using this mechanical servo type of system.

[8:40] Last but not least, we are bidding on six fairly large volume production OEM contracts. The two we're finalists for and have responded. We've got a pretty good pipeline built up through Continental in this case specifically.

[9:00] We're getting close to the end of time here. Last but not least, I also wanted to clarify a little bit about the uniqueness of our business model. One of the ways that we're very different from the other LiDAR players is that we run CapEx lite. Continental takes the liability. They ramp the CapEx and the cost and effectively we're a design shop for Continental.

[9:23] This allows us to run at a very low burn rate. As we start to get in production with Continental, our licensing applies to other markets as well. We have some footprint

already in the smart city space out in the field and allow us to expand to other Tier 1s in automotive and also into other markets as well.

[9:47] Again, it's licensing and royalty based, so our investment is really driven by R&D, helping the Tier 1s and other system integrators to differentiate their products. It allows us to expand to other markets very quickly without having to invest a large amount of CapEx.

[10:07] Thanks for coming out, listening today. Myself and our partners at Continental, thank you. I just realized I'm wearing the same darn outfit. Sorry about that. Thanks again, and we're going to chat with Ryan here now.

Ryan Brinkman: [10:19] Thanks, Matt. We'll start with the questions, including you touched on some of the milestones in 2Q, but what could you report maybe some of the in vehicle testing, etc., anything in the quarter that validates or demonstrates that your go forward plan is on track?

Matt: [10:40] Absolutely, right to call out the fact that, look, what's important at the end of the day is you integrate the system into the car and it's actually operating and seeing things in a way that makes the vehicle safer. I'm happy to report for those two OEMs that I mentioned that have quotes outstanding today that we have completed in vehicle testing.

[11:05] My board asked me when I came into the company, "Hey, Matt, what are the customers saying about our product having been in the car during the test drives with this major OEM, a second major OEM, and NVIDIA in the car?"

[11:18] The feedback that we're getting is tremendous, in fact, best in class for performance and some of those really nasty test cases that are tripping up ADAS today. I feel great. Our validation has been very strong on the OEM and the software ecosystem side.

Ryan: [11:34] How is Continental maybe helping you with making the product automotive grade, humidity, vibration, extreme temperatures? They're testing it in various different conditions. What's been the feedback there? How difficult is that of a process, and how can they help you?

Matt: [11:54] By the way, it's incredibly difficult. The reason why I say so is I worked at two Tier 1s before I joined AEye. Think about it, this system that you have to put in the car has to run for 10 years. It's got to drive through Phoenix or Northern Minnesota in cold weather or the potholes in New York City. I come from Detroit, my last job, there's a lot of potholes there as well.

[12:19] Here's the thing. If you're a Tier 1 who wants to become a Tier 1 in the space and you haven't been there before, you have years of learning ahead of you. Continental, having already shipped 100 million radar and cameras into the space, they already have the test facility set up and whatnot. Maybe this is contributing to a little bit of a perception that we're a bit late to market.

[12:45] The reason for this is that we're getting beat up right now in all of these testing. We come out of the gate in production readiness with the OEMs, we're good to go and they're going to ramp volumes a lot faster because of that.

[13:01] Whereas if you're new to Tier 1, it's going to be a slow trickle over time. They want to make sure that the LiDARs can survive in the field. They're beating us up now. They're going to help us ramp in the market a lot faster than if I'm a new Tier 1 trying to make it in the space.

Ryan: [13:17] Should investors be thinking about the licensing model relative to something more vertically integrated? What does it mean from both an execution risk and from a capital requirement type perspective, from a structural cost perspective, etc.?

Matt: [13:35] We look at the market quite a bit. I'm sure some of you guys have looked at it as well. We are a small fraction of the cash required because of our licensing. This is simply because, and I know I've seen it in the news recently about concern about capital investment. If I'm a Tier 1, I have to start putting money into a factory and an assembly line to build up capacity.

[13:58] Essentially, let's just start with the basic fact. At AEye, we don't need to do that. This is what Continental, they take this risk and they're ramping up this capability. This makes our burn rate extremely low.

[14:11] We're trending into the sub 40 million burn rate annually. This is a small fraction of what the others are burning in the markets. That aspect itself or that difference is driven by the need or the lack of requirement for us to invest in big capital. That's really the overarching message here.

Ryan: [14:31] It seems like there's a lot of players in the LiDAR space. If you're a technologist, if you're an electrical engineer, maybe you can better weigh and evaluate the differences. If you're just a humble asset manager, how do you weigh the different claims?

[14:51] We've got the 4D LiDAR, the 3D LiDAR. People have different technological approaches within LiDAR. Is your LiDAR substantially different from a technology perspective from others? Is it possible to say that a particular approach will be more successful than another, or do you need to just wait and see what commercial awards people get? What do you think?

Matt: [15:18] If I get too technical, let me know. By the way, I apologize. I'm an engineer. Basically, let's get back to the technology piece and how we differentiate. Remember, at the end of the day, it's all about, can I see an object and identify whether it's a threat on the road. There's two parts about this. This is just one of the three major components in the system that differentiate.

[15:45] Reliability. We don't have a big spinning mirror. We haven't seen the shoe drop on this in the automotive space, but this is a solid state device, essentially.

[15:55] The second part about this, again, technologically is the ability for it to be incredibly software programmable. This is just a microarray of tons of small mirrors that we can blast and aim and scan with a laser at any place. This is a learning process for OEMs, and this is a significant expense that's going in the car.

[16:16] They can't come back and replace it every couple of years when they learn. It's like, "Oh, we didn't get it quite right." We can program the crap out of this thing. Basically, we proved it with the launch of 4Sight Plus. The programmability is incredibly future proof. That's what makes this particular thing special. It's not just about the pure technical horsepower. It's designed for manufacturability.

Ryan: [16:42] Are there any short, medium, or long term targets that you've shared with investors in terms of what you expect or hope for in terms of revenue, order book, non recurring engineering awards, etc.?

Matt: [16:58] I can answer it best this way. Some of you may have seen the old report that speaks to, say, five billion market opportunity, 4.7, I think it is, in 2028. We have, on our table, incoming from Continental at somewhere between 5 to 10 million units of LiDAR.

[17:17] If you do the math and those things are awarded in the next six months, that's a mid 2026 production. That's at least a good five billion worth of LiDAR right now. We have visibility and line of sight to all of that volume. We've gotten feedback on the OEM side that our chances are incredibly good for securing one or more of those awards.

[17:41] Let everybody do the math from there. 5 to 10 million units worth of LiDAR in total from those five billion worth of revenue opportunity overall, and ramping production about mid '26. That's pretty consistent with all those.

Ryan: [17:54] We had another LiDAR supplier saying that they thought that the total amount of annual revenue today, for the entire LiDAR industry within light vehicle automotive, might only be a couple hundred million dollars. Yet, the total addressable market in the out year could be $100 billion or something like that.

[18:14] I don't know if looking at current awards is so elucidating, but do you have any current awards? How close are you on uncertain awards? When do you expect them to be announced? Will you let investors know when you lose awards or just when you win them? How does that work?

Matt: [18:32] Everybody in the investment community has my commitment to be very transparent about our progress there, first of all. For the two that I mentioned during earnings on Monday where we are finalists, meaning that we've quoted and the OEMs already narrowed down the playing field, we'll know this year, for sure.

[18:50] When I talk about RFQs on our table, this is for volume in middle of '26. This is completely different from comparing about what so and so claims are going to go into market with in the next year. This is a completely different pipeline. Let's call it second wave of pipeline that's coming in right now.

Ryan: [19:11] How important is pricing for driving adoption? I think when we're looking at the mechanically rotating LIDARs, they were thought to cost...Five years ago, they were saying thousands of dollars. The hope was it would get to a hundred dollars. What is the terminal price that you're expecting once you're at scale?

[19:39] Is there different price levels that are necessary to get into a Cadillac versus a Chevrolet? How should we think about that?

Matt: [19:52] I don't want to oversimplify it, certainly, but I see classic price volume here. That's the type of market that we're in.

[19:59] I think the first...There's two inflection points that I see. This first magic inflection point is about $1,000. That's what's going to take to get it into the higher level of vehicle trends, if you will.

[20:10] When we talk about volumes that we mentioned earlier, this is now where we're going to have to hit the $500 range, and I mean price to the OEM.

[20:22] Just a little bit of a preview, I made an announcement during earnings that we're well under $1,000, even at modest volume. This is thanks to Continental's unbelievable purchasing power.

[20:33] We see that next big inflection point around $500 sale price to the OEM. We're definitely in the hunt.

Ryan: [20:39] How are you thinking about the potential for M&A in the LiDAR space? It does seem like there's a lot of players. Just sort of, casually, look at the market caps versus the cash values. In some cases, companies have low cash values and high market caps. In other cases, they have high market caps and low cash values.

[21:00] In all cases with little no debt, that's suggesting that maybe some companies have the technology and other companies have the cash, or maybe some technologies are complementary. I'm not sure.

[21:12] How are you thinking about that?

Matt: [21:13] All right, three things. Look at the market size in the next five years. There's not enough room for 10 LiDAR players. Undoubtedly, there's going to be some consolidation. Some of it may not be consolidation. It may be cease or end of line for some companies.

[21:28] As I've been touring around here in New York, we've had a lot of investor meetings. People ask me, "Why doesn't somebody just buy a LiDAR company?" In my experience in automotive, the OEMs will not do that because it's not in their interest to capture a supplier like that. The whole idea is to have multiple suppliers in the space and competition that helps the OEM and the consumer at the end of the day.

[21:54] The second question is, would some Tier 1s sweep in and make that acquisition? I think that becomes a math problem. Maybe I'm oversimplifying as an engineer but it's like...

[22:03] Look, I'll give you an example. We are a royalty based company. If I'm looking at doing business with us as a Tier 1, once the volumes start going up high enough, then it becomes an interesting question. At low volumes, I don't think there's a lot of motivation for a Tier 1 to step in and make an acquisition in the short term.

[22:22] As volumes go up, I think it's a definite possibility.

Ryan: [22:26] When do you expect to become profitable, in terms of the number of units? I guess you would become more profitable sooner than others with a higher degree of vertical integration. How do you think about that?

Matt: [22:41] I can't say too much on this. I have a little...I don't want to speculate overly, but if you look at what's on the table now, in terms of these tenders or RFQs that are out on the market, there's a good story for us there. Getting some reasonable portion of those tenders, that creates a nice bridge for us over the next few years.

[23:02] We're going to have to see how the volumes play out, but I think we're certainly very well positioned there, depending on the percentage of those tenders that we win.

[23:10] We're not thinking right now about, "Oh, my God. We got to go." I know there's been a lot of transactions happening in the market right now. We're just focused on execution and delivery. Our burn rate allows us to keep that focus, at least for the foreseeable future. We're not worried about raising cash right now.

Ryan: [23:28] How do you go to market? Is it just exclusively with the LiDAR or do you ever approach automakers with the Tier 1 like a sensor fusion type company? How does that work?

Matt: [23:41] Look, there's a lot of costs in the vehicle right now for sensing. You've got cameras, you've got radar, and you've got the LiDAR piece. Software is going to solve a lot of that stitching together, quite honestly. For example, some argue that FMCW is going to eliminate the need for radar.

[24:00] A LiDAR can already calculate velocity. It's a matter of how much software or CPU cycles we want to consume. Software is going to solve a lot in this space and drive a lot of consolidation and eliminate the need for so much redundancy in the hardware side.

[24:17] We need to see what happens in the software space first before we start talking about, "Hey, can two companies go together and make a play?" That's really a hardware centric view. Software is going to solve a lot and eliminate some of these sensors down the road.

Ryan: [24:32] You mentioned possibly replacing radar, but sometimes I hear that radar for redundancy is important because of its ability to work in the snow and in the rain and the fog, whereas LiDAR maybe can't in some of those circumstances.

Matt: [24:49] Look, if anything that we've learned right now in the market, there's a pretty big company that used to be based in Fremont, California. Tesla is the name. Elon's got it right from the sense that really cost is going to be a leading factor here. We don't want to injure people to save money. I don't think anybody's making that argument, but you can't run without LiDAR.

[25:14] There's too much missing in the three dimensions. Software can solve a lot of problems. We'll see. There'll be some consolidation, but if you look at a company like Tesla, they're making a lot of bets on software, having some level of success, but not complete, but crystal ball.

Ryan: [25:35] On the one hand, Elon's talked about not using radar. On the other hand, they always talk about not using LiDAR. We had another company in here. I asked them what they thought about that, and they said, "Well, you could have the smartest software in the world, but if it can't see what's there in a low light level, for example, how could it possibly?"

[26:00] We have a cat and my daughter said, "Cats can see in the dark. You don't have to turn on the lights." They can't see in the absolute pitch black. You need a little bit of light. Aren't there some instances where LiDAR is absolutely required or where radar is absolutely required or no?

Matt: [26:16] I'll speak to LiDAR. Absolutely, LiDAR can see in the dark completely. Radar has trouble, for example, seeing some things that don't move. If you have a pedestrian standing in the shadows, radar, in many cases, is blind to something like that, where LiDAR picks up that very easily. LiDAR can see in the rain.

[26:40] Can there be conditions that make one sensor more or less important than the others? Absolutely. LiDAR fills a lot more gaps in the things that are missing. Look, we have Teslas that are striking other objects and whatnot, and LiDAR actually fills those specific gaps where we're seeing problems in the market today.

Ryan: [27:07] Are you evaluating any non automotive opportunities, and how do you see the potential for that?

Matt: [27:14] Absolutely. You track our earnings. This is driving some revenue for us in the short term, non NRE revenue, product based revenue. We're seeing some pretty good success and growth in the ITS area and, in particular, tolling and also incident detection. We've got an incident detection deployment on a major US highway at this point in time and in the tolling space in Eastern Europe and Asia.

[27:43] Here's the play. There's loops that you guys may have seen in the pavement. They're very expensive to install those loops, and if they break, they have to rip up the road. What those loops do is they trigger the camera that takes a picture of your license plate and LiDAR comes in.

[27:58] Instead, you can take the loops out. It lets the camera know or triggers that a car is coming so it could take the picture of the license plate and also classifies the vehicle.

Tremendous cost savings which is driving uptake, and we're seeing expansion from the system integrators that we're working with.

[28:17] Traffic incident detection. You have to have hundreds of cameras along the highways. LiDARs can be spaced to half a mile apart and you don't need nearly as many cameras to detect if somebody's broken down or going the wrong way on the road. This is actually working. We have deployments in the field today. It's a growing business for us.

Ryan: [28:35] How are you thinking about integrating software into the products that you offer? To what extent are you doing it today, or exploring the opportunity?

Matt: [28:44] We're focused on making a great sensor right now. I worked at Intel over 20 years, and I watched the growth of the personal computer industry. There was a time at Intel where we thought drivers, I don't know if anybody knows what a driver is. It's the thing that says it's out of date on your computer that you have to install. We thought we're going to make a lot of money at that.

[29:11] We never did. It turned out to be a commodity. Where is that line in autonomy? I'm going to go out on a limb here and say anything perception and below is going to be a commodity in that sense. Then it's really about sensor fusion and decision making on the ADAS side that's really going to be where the intelligence and high value from the software service is.

[29:34] Of course, you have to have a great sensor and that's what we're focused on, and the software that connects with those ADAS systems. That's our focus for the foreseeable future.

Ryan: [29:43] What are the geographies of the awards that you're trying to win? Is it the case that the disproportionate amount of the revenue that exists today is in China? What are your thoughts on the market in China?

Matt: [29:59] If you look at what's in market today and some people ask me, "Hey, is it true that Chinese are putting hardware in the car without turning on the software?" I don't know, but between Hesai and ZVision, they've claimed about a hundred thousand units. The tenders that we're seeing in the automotive space today through Continental are global and they're much larger.

[30:24] My answer to that question is if really this market's going to be at 10 million units in the next five years and again there's strong leading indicators on that, we can't judge how it's going to go based on who shipped the first hundred thousand of those 10 million. We're seeing a very balanced demand across the globe right now for this next wave of RFQs.

Ryan: [30:46] Are there any questions in the audience for Matt? Maybe one question is these very large TAM estimates in 2040 or 2035. How do we know what the pricing is on the hardware?

[31:05] Isn't a lot of the hardware deflationary in pricing and the thought is that maybe you need to make a pivot into the software that that's where you're going to be able to better hold the pricing, or how do we have confidence in the TAM, because, especially in the auto industry, it's all about driving the price lower and lower to get the higher volume?

Matt: [31:28] We're out there quoting today. We know that Conti is really good at doing this and that foresight is baked into it. As I mentioned earlier, in order to hit that volume for those tenders, that OEMs are hitting. They're putting price targets out there, as I mentioned, well below a thousand dollars, I'm going to put it.

[31:47] All I can say right now and based on that is that at the end of the day, you do need a sensor. The question you're asking is how low can it go? If I were looking at over the next three, four, five years, again I'm anchoring on that $500 price range, is that going to include some large piece of the software bomb?

[32:12] It was the question that you're asking. In time, that'll be the place, but you have to go above perception. What I'm saying is that I don't know if anybody had a PC or starts it up today, it says your bios is booting up your PC.

[32:26] That's going to be table stakes and I liken perception to that today. It's very basic functionality. It's the guys who are operating above perception are going to be the ones that capture long term value from the stack.

Ryan: [32:40] How do you think about the opportunity for placing LiDARs in robo taxi type applications versus in the level 3+ hands free highway driving like a GM Ultra Cruise or something like that?

[32:54] On the one hand, the level 3+ stuff is probably a lot nearer term and there's many more units. On the other hand, I would imagine that the robo taxi might be less price sensitive because you can build a business case around it or something.

Matt: [33:10] It's a tough business case, especially for anybody who's selling sensors.

Ryan: [33:15] Which one is the tough business?

Matt: [33:17] I'm sorry, the robo taxi.

Ryan: [33:17] The robo taxi is.

Matt: [33:18] Yeah, the robo taxi, but everybody I'm sure in the room is aware of how difficult it is to ramp in the automotive space. The turning point that I've seen this year is the OEMs are starting to realize that you need the hardware in the car to train it.

[33:32] This is a process where I had the picture of the brain and the eye. This is where Tesla has a great advantage is that they've got millions of miles under their belt. That

training needs to happen and that's going to bring in the hardware demand maybe sooner than we might have thought when beginning of this year, it didn't look so good.

[33:52] That's what's got us deeply engaged is those RFQs that are out there today because the OEMs know that they have to start early, years early, in order to train the autonomous driving systems. Robo taxi is not bad, but I don't think it has the volume to drive the capital that's needed for this industry, quite frankly.

Ryan: [34:14] What about the capital that's needed for your company? What do your cash needs look like, and how are you managing cash? When you're bidding on these programs, are you getting engineering reimbursers, their expense to you, so you need to be a little bit selective in order to prevent dilution? How are you thinking about that?

Matt: [34:36] One of the great things about the automotive industry is there is some subsidy coming in to offset R&D expenses, but not capital. I'm going to draw a pretty clear line on that. This is an advantage of our model is that compared to say, shipping very expensive equipment and building a facility, we're asking to be reimbursed for doing design work, which is one to two orders of magnitude less expensive.

[35:03] The OEMs and Tier 1s are much more willing to fund at that level. We've gotten some of our funding from Continental, which has been in some of our earnings reports. There's a hard line between CapEx and reimbursing R&D. That's our only cost, in essence, is the R&D spending, and we've been treated very fairly in that regard so far.

Ryan: [35:28] What's Continental's relationship with other LiDAR suppliers? Are they going to market with other ones as well? Can you talk a little bit more about your relationship with them?

Matt: [35:39] It's pretty solid. We don't expect that Continental would be doing anywhere...This is a major development effort. They've invested a lot of time and effort and expense in building the HRL131 and potentially going beyond that as well.

[36:00] Honestly, our relationship is very strong. Our agreement allows us to go and work with other Tier 1s. It wins for everybody because they can leverage the same supply chain, but we're pretty tight with Continental in terms of them going out to work with somebody else.

Ryan: [36:17] Is there a target to fuse your sensor with their radars and...?

[36:22] [crosstalk]

Matt: [36:22] Absolutely. They're a one stop shop of sorts. This is a key advantage for working with them as well, and on the OEM side because they're a one stop shop from the OEM view. It works well for them as well.

Ryan: [36:34] Very interesting. Please join me in thanking Matt for his presentation.

[36:37] [applause]

Matt: [36:37] Thank you, guys. Thanks for coming out.

Ryan: [36:39] Sure.

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