

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-Q**

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the quarterly period ended June 30, 2021**

or

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from to**

Commission file number 001-38791

**LUMINAR TECHNOLOGIES, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of incorporation or organization)

**2603 Discovery Drive**

**Suite 100**

**Orlando**

**Florida**

(Address of Principal Executive Offices)

**83-1804317**

(I.R.S. Employer Identification No.)

**32826**

(Zip Code)

**(407) 900-5259**

Registrant's telephone number, including area code

Securities registered pursuant to Section 12(b) of the Act:

<b>Title of each class</b>	<b>Trading symbol(s)</b>	<b>Name of each exchange on which registered</b>
<b>Class A common stock, par value of \$0.0001 per share</b>	<b>LAZR</b>	<b>The Nasdaq Stock Market LLC</b>

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports); and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input checked="" type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes  No

As of August 6, 2021, the registrant had 247,595,607 shares of Class A common stock and 94,618,203 shares of Class B common stock, par value \$0.0001 per share, outstanding.

LUMINAR TECHNOLOGIES, INC. AND SUBSIDIARIES

FORM 10-Q

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#### CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

This Quarterly Report on Form 10-Q (this “Form 10-Q”) contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, which involve substantial risks and uncertainties. These statements reflect the current views of management with respect to future events and our financial performance. In some cases, you can identify these statements by forward-looking words such as “outlook,” “believes,” “expects,” “potential,” “continues,” “may,” “will,” “should,” “could,” “seeks,” “approximately,” “predicts,” “intends,” “plans,” “estimates,” “anticipates” or the negative version of these words or other comparable words or phrases, but the absence of these words does not mean that a statement is not forward-looking. These forward-looking statements, which are subject to risks, uncertainties and assumptions about us, may include projections of our future financial performance, our anticipated growth strategies and anticipated trends in our business.

These statements are only predictions based on our current expectations and projections about future events. These statements involve known and unknown risks, uncertainties and other important factors that could cause our actual results, level of activity, performance or achievements to differ materially from the results, level of activity, performance or achievements expressed or implied by the forward-looking statements. Given these risks, uncertainties and other factors, you should not place undue reliance on these forward-looking statements. These factors include the information set forth in Part 1, Item 1A, of our Annual Report on Form 10-K for the fiscal year ended December 31, 2020 under the heading “Risk Factors” and Part II, Item 1A, of this Quarterly Report under the heading “Risk Factors”, which we encourage you to carefully read. Although we believe the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, level of activity, performance or achievements. We undertake no obligation to update any forward-looking statements made in this Form 10-Q to reflect events or circumstances after the date of this Form 10-Q or to reflect new information or the occurrence of unanticipated events, except as required by law.

## PART I. FINANCIAL INFORMATION

## Item 1. Financial Statements.

## LUMINAR TECHNOLOGIES, INC. AND SUBSIDIARIES

Condensed Consolidated Balance Sheets  
(In thousands)

	June 30, 2021 (Unaudited)	December 31, 2020
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 134,689	\$ 208,944
Restricted cash	725	775
Marketable securities	445,755	276,710
Accounts receivable	2,444	5,971
Inventories, net	4,318	3,613
Prepaid expenses and other current assets	13,660	4,797
<b>Total current assets</b>	<b>601,591</b>	<b>500,810</b>
Property and equipment, net	9,258	7,689
Operating lease right-of-use assets	11,976	—
Goodwill	701	701
Other non-current assets	2,641	1,151
<b>Total assets</b>	<b>\$ 626,167</b>	<b>\$ 510,351</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 6,996	\$ 6,039
Accrued and other current liabilities	12,904	10,452
Operating lease liabilities	4,275	—
Debt, current	64	99
<b>Total current liabilities</b>	<b>24,239</b>	<b>16,590</b>
Warrant liabilities	44,825	343,400
Debt, non-current	194	302
Operating lease liabilities, non-current	8,760	—
Other non-current liabilities	1,133	1,318
<b>Total liabilities</b>	<b>79,151</b>	<b>361,610</b>
<b>Stockholders' equity:</b>		
Class A common stock	24	22
Class B common stock	11	11
Additional paid-in capital	1,244,228	733,175
Accumulated other comprehensive income	7	34
Accumulated deficit	(697,254)	(584,501)
<b>Total stockholders' equity</b>	<b>547,016</b>	<b>148,741</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 626,167</b>	<b>\$ 510,351</b>

See accompanying notes to the unaudited condensed consolidated financial statements.

**LUMINAR TECHNOLOGIES, INC. AND SUBSIDIARIES**
**Condensed Consolidated Statements of Operations and Comprehensive Loss**

(Unaudited, in thousands, except share and per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Revenue	\$ 6,309	\$ 3,424	\$ 11,622	\$ 7,296
Cost of sales	7,853	7,442	15,492	11,285
Gross loss	(1,544)	(4,018)	(3,870)	(3,989)
Operating expenses:				
Research and development	19,913	9,708	33,923	18,116
Sales and marketing	3,507	1,232	6,142	3,075
General and administrative	19,237	4,892	29,510	9,505
Total operating expenses	42,657	15,832	69,575	30,696
Loss from operations	(44,201)	(19,850)	(73,445)	(34,685)
Other income (expense), net:				
Change in fair value of warrant liabilities	6,928	(4,265)	(39,721)	(4,574)
Loss on extinguishment of debt	—	(866)	—	(866)
Interest expense and other	(288)	(489)	(488)	(1,021)
Interest income and other	731	35	901	130
Total other income (expense), net	7,371	(5,585)	(39,308)	(6,331)
Net loss	\$ (36,830)	\$ (25,435)	\$ (112,753)	\$ (41,016)
Net loss attributable to common stockholders	\$ (36,830)	\$ (25,435)	\$ (112,753)	\$ (41,016)
Net loss per share attributable to common stockholders:				
Basic and diluted	\$ (0.11)	\$ (0.20)	\$ (0.33)	\$ (0.32)
Shares used in computing net loss per share attributable to common stockholders:				
Basic and diluted	340,255,023	129,650,239	336,641,349	128,780,581
<b>Comprehensive Loss:</b>				
Net loss	\$ (36,830)	\$ (25,435)	\$ (112,753)	\$ (41,016)
Net unrealized gains (losses) on available-for-sale debt securities	16	16	(27)	9
Comprehensive loss	\$ (36,814)	\$ (25,419)	\$ (112,780)	\$ (41,007)

See accompanying notes to the unaudited condensed consolidated financial statements.

**LUMINAR TECHNOLOGIES, INC. AND SUBSIDIARIES**  
**Condensed Consolidated Statements of Convertible Preferred Stock and Stockholders' Equity (Deficit)**  
(Unaudited, in thousands, except share data)

	Series A Convertible Preferred Stock		Founders Convertible Preferred Stock		Class A Common Stock		Class B Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' Equity (Deficit)
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount				
<b>Balance as of March 31, 2020</b>	94,818,151	\$ 244,743	26,206,837	\$ 3	139,635,890	\$ 14	—	\$ —	\$ 11,598	\$ (8)	\$ (237,784)	\$ (226,177)
Share-based compensation	—	—	—	—	—	—	—	—	2,291	—	—	2,291
Other comprehensive income	—	—	—	—	—	—	—	—	—	16	—	16
Net loss	—	—	—	—	—	—	—	—	—	—	(25,435)	(25,435)
<b>Balance as of June 30, 2020</b>	<u>94,818,151</u>	<u>\$ 244,743</u>	<u>26,206,837</u>	<u>\$ 3</u>	<u>139,635,890</u>	<u>\$ 14</u>	<u>—</u>	<u>\$ —</u>	<u>\$ 13,889</u>	<u>\$ 8</u>	<u>\$ (263,219)</u>	<u>\$ (249,305)</u>
<b>Balance as of March 31, 2021</b>	—	\$ —	—	\$ —	234,575,992	\$ 23	105,118,203	\$ 11	\$ 1,227,559	\$ (9)	\$ (660,424)	\$ 567,160
Issuance of Class A common stock upon exercise of stock options and vesting of restricted stock units	—	—	—	—	1,907,695	1	—	—	2,884	—	—	2,885
Share-based compensation	—	—	—	—	—	—	—	—	13,915	—	—	13,915
Payments of employee taxes related to vested restricted stock units	—	—	—	—	—	—	—	—	(140)	—	—	(140)
Cash received from Gores on settlement of recapitalization of escrow	—	—	—	—	—	—	—	—	10	—	—	10
Other comprehensive income	—	—	—	—	—	—	—	—	—	16	—	16
Net loss	—	—	—	—	—	—	—	—	—	—	(36,830)	(36,830)
<b>Balance as of June 30, 2021</b>	<u>—</u>	<u>\$ —</u>	<u>—</u>	<u>\$ —</u>	<u>236,483,687</u>	<u>\$ 24</u>	<u>105,118,203</u>	<u>\$ 11</u>	<u>\$ 1,244,228</u>	<u>\$ 7</u>	<u>\$ (697,254)</u>	<u>\$ 547,016</u>

See accompanying notes to the unaudited condensed consolidated financial statements.

**LUMINAR TECHNOLOGIES, INC. AND SUBSIDIARIES**  
**Condensed Consolidated Statements of Convertible Preferred Stock and Stockholders' Equity (Deficit)**  
(Unaudited, in thousands, except share data)

	Series A Convertible Preferred Stock		Founders Convertible Preferred Stock		Class A Common Stock		Class B Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' Equity (Deficit)
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount				
<b>Balance as of December 31, 2019</b>	94,818,151	\$ 244,743	26,206,837	\$ 3	139,635,890	\$ 14	—	\$ —	\$ 10,457	\$ (1)	\$ (222,203)	\$ (211,730)
Share-based compensation	—	—	—	—	—	—	—	—	3,432	—	—	3,432
Other comprehensive income	—	—	—	—	—	—	—	—	—	9	—	9
Net loss	—	—	—	—	—	—	—	—	—	—	(41,016)	(41,016)
<b>Balance as of June 30, 2020</b>	<u>94,818,151</u>	<u>\$ 244,743</u>	<u>26,206,837</u>	<u>\$ 3</u>	<u>139,635,890</u>	<u>\$ 14</u>	<u>—</u>	<u>\$ —</u>	<u>\$ 13,889</u>	<u>\$ 8</u>	<u>\$ (263,219)</u>	<u>\$ (249,305)</u>
<b>Balance as of December 31, 2020</b>	—	\$ —	—	\$ —	218,818,037	\$ 22	105,118,203	\$ 11	\$ 733,175	\$ 34	\$ (584,501)	\$ 148,741
Issuance of Class A common stock upon exercise of warrants, stock options and vesting of restricted stock units	—	—	—	—	17,665,650	2	—	—	495,425	—	—	495,427
Share-based compensation	—	—	—	—	—	—	—	—	15,758	—	—	15,758
Payments of employee taxes related to vested restricted stock units	—	—	—	—	—	—	—	—	(140)	—	—	(140)
Cash received from Gores on settlement of recapitalization of escrow	—	—	—	—	—	—	—	—	10	—	—	10
Other comprehensive loss	—	—	—	—	—	—	—	—	—	(27)	—	(27)
Net loss	—	—	—	—	—	—	—	—	—	—	(112,753)	(112,753)
<b>Balance as of June 30, 2021</b>	<u>—</u>	<u>\$ —</u>	<u>—</u>	<u>\$ —</u>	<u>236,483,687</u>	<u>\$ 24</u>	<u>105,118,203</u>	<u>\$ 11</u>	<u>\$ 1,244,228</u>	<u>\$ 7</u>	<u>\$ (697,254)</u>	<u>\$ 547,016</u>

See accompanying notes to the unaudited condensed consolidated financial statements.

**LUMINAR TECHNOLOGIES, INC. AND SUBSIDIARIES**  
**Condensed Consolidated Statements of Cash Flows**  
(Unaudited, in thousands)

	Six Months Ended June 30,	
	2021	2020
<b>Cash flows from operating activities:</b>		
Net loss	\$ (112,753)	\$ (41,016)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	1,332	1,241
Noncash lease expense related to operating right-of-use assets	1,748	—
Amortization of premium on marketable securities	602	—
Unrealized loss on marketable securities	60	—
Change in fair value of warrants	39,721	4,574
Impairment of inventories	1,453	2,481
Loss on extinguishment of debt	—	866
Share-based compensation	16,367	3,413
Other	512	—
Changes in operating assets and liabilities:		
Accounts receivable	3,527	(3,940)
Inventories	(2,640)	(3,440)
Prepaid expenses and other current assets	(8,469)	(1,049)
Other non-current assets	(1,490)	638
Accounts payable	854	92
Accrued and other current liabilities	2,652	2,531
Other non-current liabilities	(1,659)	(369)
Net cash used in operating activities	(58,183)	(33,978)
<b>Cash flows from investing activities:</b>		
Purchases of marketable securities	(376,289)	—
Proceeds from maturities of marketable securities	169,619	—
Proceeds from sales of marketable securities	36,937	285
Purchases of property and equipment	(2,710)	(708)
Net cash used in investing activities	(172,443)	(423)
<b>Cash flows from financing activities:</b>		
Cash received from Gores on settlement of recapitalization of escrow	10	—
Proceeds from the issuance of debt	—	31,910
Repayment of debt	(143)	(3,843)
Principal payments on finance leases (capital lease prior to adoption of ASC 842)	(143)	(108)
Proceeds from exercise of warrants	153,927	—
Proceeds from exercise of stock options	2,812	—
Proceeds from issuance of restricted common stock	—	9
Payments of employee taxes related to vested restricted stock units	(140)	—
Repurchase of common stock and redemption of warrants	(2)	(4)
Net cash provided by financing activities	156,321	27,964
Net decrease in cash, cash equivalents and restricted cash	(74,305)	(6,437)
Beginning cash, cash equivalents and restricted cash	209,719	27,305
Ending cash, cash equivalents and restricted cash	\$ 135,414	\$ 20,868
<b>Supplemental disclosures of cash flow information:</b>		
Cash paid for interest	\$ 37	\$ 1,328
<b>Supplemental disclosures of noncash investing and financing activities:</b>		
Issuance of Class A common stock upon exercise of warrants	\$ 338,293	\$ —
Operating lease right-of-use assets obtained in exchange for lease obligations upon adoption of ASC 842	10,849	—
Operating lease right-of-use assets obtained in exchange for lease obligations	2,876	—
Assets acquired under finance leases (capital lease prior to adoption of ASC 842)	—	123
Purchases of property and equipment recorded in accounts payable and accrued liabilities	222	65
Receivable from stock option exercises	394	—

See accompanying notes to the unaudited condensed consolidated financial statements.



**LUMINAR TECHNOLOGIES, INC. AND SUBSIDIARIES**  
**Notes to Condensed Consolidated Financial Statements (Unaudited)**

**Note 1. Organization and Description of Business**

Luminar Technologies, Inc. and its wholly-owned subsidiaries (the “Company” or “Luminar”) was originally incorporated in Delaware on August 28, 2018 under the name Gores Metropoulos, Inc (“Gores”). The Company was formed for the purpose of effecting a merger, capital stock exchange, asset acquisition, stock purchase, reorganization or similar business combination with one or more businesses. On December 2, 2020 (the “Closing Date”), the Company (at such time named Gores Metropoulos, Inc.) consummated the business combination (the “Business Combination”) pursuant to the Agreement and Plan of Merger (the “Merger Agreement”), dated August 24, 2020 with the pre-Business Combination Luminar Technologies, Inc. (“Legacy Luminar”). In connection with the consummation of the Business Combination, the Company changed its name from Gores Metropoulos, Inc. to Luminar Technologies, Inc. The Company’s common stock is listed on the NASDAQ under the symbol “LAZR.” The Company’s public warrants to purchase shares of Class A common stock were listed on the NASDAQ under the symbol “LAZRW,” until they were delisted on March 5, 2021 upon exercise and redemption.

Unless the context otherwise requires, the “Company” refers to the combined company and its subsidiaries following the Business Combination, “Gores” refers to the Company prior to the Business Combination and “Legacy Luminar” refers to Luminar Technologies, Inc., prior to the Business Combination. Refer to Note 3 to the financial statements of the Company’s Annual Report on Form 10-K for the year ended December 31, 2020 for additional information relating to the Business Combination.

The Company is a developer of advanced sensor technologies for the autonomous vehicle industry, encompassing the latest in Laser Imaging, Detection and Ranging (lidar) technology. The Company manufactures and distributes commercial lidar sensors. In addition, the Company develops ultra-sensitive pixel-based sensors and designs, tests and provides consulting services for non-standard integrated circuits that are essential for systems to meet the requirement of customers. Legacy Luminar was incorporated in Delaware on March 31, 2015. The Company has research and manufacturing facilities located in Palo Alto, California and Orlando, Florida, which is also the Company’s headquarters.

**Note 2. Basis of Presentation and Summary of Significant Accounting Policies****Basis of Presentation and Consolidation**

The accompanying condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States (“GAAP”) and applicable rules and regulations of the Securities and Exchange Commission (“SEC”) regarding interim financial reporting. Certain information and note disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations. Therefore, these condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2020. In the opinion of management, the condensed consolidated financial statements reflect all adjustments, which are normal and recurring in nature, necessary for fair financial statement presentation. All intercompany transactions and balances have been eliminated in consolidation.

**Use of Estimates**

The preparation of condensed consolidated financial statements in conformity with GAAP requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, equity, revenues and expenses, and related disclosures. The significant estimates made by management include inventory reserves, valuation allowance for deferred tax assets, valuation of warrants, revenue, stock-based compensation expense and other loss contingencies. Management periodically evaluates such estimates and they are adjusted prospectively based upon such periodic evaluation. Actual results could differ from those estimates.

**Segment Information**

The Company has determined its operating segments using the same indicators which are used to evaluate its performance internally. The Company has two business activities: (i) manufacturing and distribution of lidar sensors that measure distance using laser light to generate a highly accurate 3D map for automotive mobility applications and (ii) development of ultra-sensitive pixel-based sensors and designing, testing and providing consulting services for non-standard integrated circuits that are essential for systems to meet the requirement of customers. The Company’s operating segments are (i) Autonomy Solutions and (ii) Component Sales. The Company’s chief operating decision maker (“CODM”), its Chief Executive Officer, reviews the operating results of these segments for the purpose of allocating resources and evaluating financial performance.

**LUMINAR TECHNOLOGIES, INC. AND SUBSIDIARIES**  
**Notes to Condensed Consolidated Financial Statements (Unaudited)**

**Concentration of Credit Risk**

Financial instruments that potentially subject the Company to significant concentrations of credit risk, consist primarily of cash and cash equivalents, marketable investments and accounts receivable. A significant portion of the Company's cash and cash equivalents is held at high-quality domestic financial institutions. Deposits held with the financial institutions may, at times, exceed the amount of insurance provided on such deposits. The Company held cash in foreign entities of \$0.7 million and \$0.6 million as of June 30, 2021 and December 31, 2020, respectively.

The Company's revenue is derived from customers located in the United States and international markets. The Company mitigates its credit risks by performing ongoing credit evaluations of its customers' financial conditions and requires advance payment from customers in certain circumstances. The Company generally does not require collateral.

Two customers accounted for 67% and 10%, respectively, of the Company's accounts receivable at June 30, 2021 and one customer accounted for 86% of the Company's accounts receivable at December 31, 2020.

**Significant Accounting Policies**

The Company's significant accounting policies are disclosed in its Annual Report on Form 10-K for the year ended December 31, 2020. Other than the accounting policies discussed below related to equity investments and in Note 11 related to the adoption of Accounting Standards Codification ("ASC") 842, *Leases*, there has been no material change to the Company's significant accounting policies during the six months ended June 30, 2021.

**Equity Investments**

The Company holds marketable equity investments, over which the Company does not have a controlling interest or significant influence. Marketable equity investments are measured using the quoted prices in active markets with changes recorded in other income (expense), net on the condensed consolidated statement of operations.

**Recently Adopted Accounting Pronouncements**

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") No. 2016-02, *Leases* (Topic 842) and issued subsequent amendments to the initial guidance in 2017, 2018 and 2019 (collectively "ASC 842"). Under the new guidance, a lessee is required to recognize assets and liabilities for both finance, previously known as capital, and operating leases with lease terms of more than 12 months. The ASU also requires disclosures to help investors and other financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases. In transition, the Company recognized and measured leases at the beginning of the period of adoption, January 1, 2021, using a modified retrospective approach that included a number of optional practical expedients that the Company elected to apply. See Note 11 for disclosure on the impact of adopting this standard.

**Recent Accounting Pronouncements Not Yet Effective**

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments—Credit Losses (ASC 326)*: Measurement of Credit Losses of Financial Instruments, which, together with subsequent amendments, amends the requirement on the measurement and recognition of expected credit losses for financial assets held. ASU 2016-13 will be effective for the Company beginning January 1, 2023, with early adoption permitted. The Company is currently in the process of evaluating the effects of this pronouncement on the Company's financial statements and does not expect it to have a material impact on the consolidated financial statements.

**LUMINAR TECHNOLOGIES, INC. AND SUBSIDIARIES**  
**Notes to Condensed Consolidated Financial Statements (Unaudited)**

**Note 3. Revenue**
*Disaggregation of Revenues*

The Company disaggregates its revenue from contracts with customers by geographic region based on the primary locations where the customer is situated, type of good or service and timing of transfer of goods or services to customers (point-in-time or over time), as it believes it best depicts how the nature, amount, timing and uncertainty of its revenue and cash flows are affected by economic factors. Total revenue based on the disaggregation criteria described above are as follows (in thousands):

	Three Months Ended June 30,			
	2021		2020	
	Revenue	% of Revenue	Revenue	% of Revenue
<b>Revenue by primary geographical market:</b>				
North America	\$ 4,061	64 %	\$ 640	19 %
Asia Pacific	154	2 %	205	6 %
Europe and Middle East	2,094	33 %	2,579	75 %
<b>Total</b>	<b>\$ 6,309</b>	<b>100 %</b>	<b>\$ 3,424</b>	<b>100 %</b>
<b>Revenue by timing of recognition:</b>				
Recognized at a point in time	\$ 1,988	32 %	\$ 182	5 %
Recognized over time	4,321	68 %	3,242	95 %
<b>Total</b>	<b>\$ 6,309</b>	<b>100 %</b>	<b>\$ 3,424</b>	<b>100 %</b>
<b>Revenue by segment:</b>				
Autonomy Solutions	\$ 5,822	92 %	\$ 2,809	82 %
Component Sales	487	8 %	615	18 %
<b>Total</b>	<b>\$ 6,309</b>	<b>100 %</b>	<b>\$ 3,424</b>	<b>100 %</b>

	Six Months Ended June 30,			
	2021		2020	
	Revenue	% of Revenue	Revenue	% of Revenue
<b>Revenue by primary geographical market:</b>				
North America	\$ 6,600	57 %	\$ 1,725	24 %
Asia Pacific	475	4 %	213	3 %
Europe and Middle East	4,547	39 %	5,358	73 %
<b>Total</b>	<b>\$ 11,622</b>	<b>100 %</b>	<b>\$ 7,296</b>	<b>100 %</b>
<b>Revenue by timing of recognition:</b>				
Recognized at a point in time	\$ 4,041	35 %	\$ 790	11 %
Recognized over time	7,581	65 %	6,506	89 %
<b>Total</b>	<b>\$ 11,622</b>	<b>100 %</b>	<b>\$ 7,296</b>	<b>100 %</b>
<b>Revenue by segment:</b>				
Autonomy Solutions	\$ 10,158	87 %	\$ 6,106	84 %
Component Sales	1,464	13 %	1,190	16 %
<b>Total</b>	<b>\$ 11,622</b>	<b>100 %</b>	<b>\$ 7,296</b>	<b>100 %</b>

*Volvo Stock Purchase Warrant*

In March 2020, the Company issued a stock purchase warrant to Volvo Car Technology Fund AB ("VCTF") in connection with an engineering services contract. VCTF is entitled to purchase from the Company up to 4,089,280 shares of Class A common stock, at a price of \$3.1769 per share. The warrants vest and become exercisable in two tranches based on satisfaction of certain commercial milestones and the probability of reaching commercial production and delivering production units. The fair value of warrants, aggregating \$2.9 million, represents consideration payable to a customer and would be recognized as reduction in revenue consistent with the revenue recognition pattern when these warrants become probable of

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vesting. The Company's management determined that the vesting of these warrants was not probable as of June 30, 2021. The following factors were considered in this determination:

During the second quarter of 2021, the Company issued a joint press release stating that Volvo intends to include Luminar's Iris unit, the Company's latest generation lidar sensor which meets the size, weight, cost, power and reliability requirements of automotive qualified series production, as standard on one of its vehicle programs as opposed to being only an option. While the announcement increased the targeted volume for the Company's expected business with Volvo, the anticipated start of production and the necessary prototype testing procedures were not modified. As a result, this announcement does not impact the probability or likelihood of reaching commercial production.

The Company is in the process of transitioning from currently producing B-sample prototype Iris units at its advanced manufacturing operations in Orlando, Florida to producing C-sample prototype Iris units at its contract manufacturing partner. This transition is expected to occur by the end of this calendar year.

The Company recently completed its initial design freeze for the prototype C-sample Iris units. This design includes modifications from the Company's B-sample Iris units as well as modifications to the production process for its contract manufacturing partner. The prototype units produced with this design and production process will need to undergo certain industry standard testing procedures. The Company's management anticipates reaching the probability threshold for the initial tranche tied to reaching commercial production once it substantially completes these industry standard testing procedures, which is expected to be achieved in the second half of 2021.

*Contract assets and liabilities*

Contract assets primarily represent revenues recognized for performance obligations that have been satisfied but have not been billed. The Company's contract assets as of June 30, 2021 and December 31, 2020 were \$5.0 million and \$0, respectively. Contract liabilities consist of deferred revenue and customer advanced payments. Deferred revenue includes billings in excess of revenue recognized related to product sales and other services revenue and is recognized as revenue when the Company performs under the contract. Customer advanced payments represent required customer payments in advance of product shipments according to customer's payment term. Customer advance payments are recognized in revenue as or when control of the performance obligation is transferred to the customer. The Company's contract liabilities were \$0.6 million and \$2.3 million as of June 30, 2021 and December 31, 2020, respectively, and were included in accrued and other current liabilities in the condensed consolidated balance sheets.

The significant changes in contract liabilities balances consisted of the following (in thousands):

	June 30, 2021	December 31, 2020
Beginning balance	\$ 2,284	\$ 225
Revenue recognized that was included in the contract liabilities beginning balance	(2,284)	(225)
Net increase due to cash received and not recognized as revenue and billings in excess of revenue recognized during the period	586	2,284
Ending balance	<u>\$ 586</u>	<u>\$ 2,284</u>

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**Note 4. Investments**
**Debt Securities**

The Company's investments in debt securities consisted of the following as of June 30, 2021 and December 31, 2020 (in thousands):

	June 30, 2021			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. Treasury	\$ 185,504	\$ 12	\$ (81)	\$ 185,435
U.S. agency and government sponsored securities	4,994	—	(3)	4,991
Commercial paper	226,610	18	(8)	226,620
Corporate bonds	84,672	71	(14)	84,729
Asset-backed securities	14,019	12	—	14,031
Total debt securities	<u>\$ 515,799</u>	<u>\$ 113</u>	<u>\$ (106)</u>	<u>\$ 515,806</u>
Included in cash and cash equivalents	\$ 86,520	\$ 4	\$ (1)	\$ 86,523
Included in marketable securities	\$ 429,279	\$ 109	\$ (105)	\$ 429,283

  

	December 31, 2020			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. Treasury	\$ 155,339	\$ 14	\$ (6)	\$ 155,347
U.S. agency and government sponsored securities	19,996	—	—	19,996
Commercial paper	182,218	6	(4)	182,220
Corporate bonds	45,431	21	(2)	45,450
Asset-backed securities	7,012	6	—	7,018
Total debt securities	<u>\$ 409,996</u>	<u>\$ 47</u>	<u>\$ (12)</u>	<u>\$ 410,031</u>
Included in cash and cash equivalents	\$ 133,319	\$ 4	\$ (2)	\$ 133,321
Included in marketable securities	\$ 276,677	\$ 43	\$ (10)	\$ 276,710

The following table presents the gross unrealized losses and the fair value for those debt securities that were in an unrealized loss position for less than 12 months as of June 30, 2021 and December 31, 2020 (in thousands):

	June 30, 2021		December 31, 2020	
	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value
U.S. Treasury	\$ (81)	\$ 54,963	\$ (6)	\$ 65,298
U.S. agency and government sponsored securities	(3)	4,991	—	—
Commercial paper	(8)	60,957	(4)	47,629
Corporate bonds	(14)	23,387	(2)	15,575
Total	<u>\$ (106)</u>	<u>\$ 144,298</u>	<u>\$ (12)</u>	<u>\$ 128,502</u>

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**Equity Investments**

The Company's equity investments included in marketable securities as of June 30, 2021 and December 31, 2020 were as follows (in thousands):

	June 30, 2021	December 31, 2020
Equity investments included in marketable securities	\$ 16,472	\$ —

Total realized and unrealized gains and losses associated with the Company's equity investments consisted of the following (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Net realized gains (losses) recognized on equity investments sold	\$ (33)	\$ —	\$ 81	\$ —
Net unrealized gains (losses) recognized on equity investments held	253	—	(25)	—
Total net gains (losses) recognized in other income (expense), net	\$ 220	\$ —	\$ 56	\$ —

**Note 5. Financial Statement Components**
**Cash and Cash Equivalents**

Cash and cash equivalents consisted of the following (in thousands):

	June 30, 2021	December 31, 2020
Cash	\$ 16,299	\$ 10,652
Money market funds	31,867	64,971
U.S. Treasury	—	24,999
Commercial paper	86,523	108,322
Total cash and cash equivalents	\$ 134,689	\$ 208,944

**Inventories, net**

Inventories consisted of the following (in thousands):

	June 30, 2021	December 31, 2020
Raw materials	\$ 2,419	\$ 625
Work-in-process	1,618	52
Finished goods	281	2,936
Total inventories, net	\$ 4,318	\$ 3,613

The Company's inventory write-down was \$1.2 million and \$1.5 million for the three and six months ended June 30, 2021, respectively, and \$2.3 million and \$2.5 million for the three and six months ended June 30, 2020, respectively.

**Prepaid Expenses and Other Current Assets**

Prepaid expenses and other current assets consisted of the following (in thousands):

	June 30, 2021	December 31, 2020
Prepaid expenses	\$ 6,307	\$ 1,073
Contract assets	5,026	—
Advance payments to vendors	539	961
Prepaid rent and other	1	503
Other receivables	1,787	2,260
Total prepaid expenses and other current assets	\$ 13,660	\$ 4,797

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**Property and Equipment**

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

	June 30, 2021	December 31, 2020
Computer hardware and software	\$ 2,978	\$ 2,450
Demonstration fleet and demonstration units	1,973	1,821
Machinery and equipment	6,803	5,940
Furniture and fixtures	293	293
Vehicles	856	835
Leasehold improvements	960	791
Construction in progress	2,463	1,410
Total property and equipment	16,326	13,540
Accumulated depreciation and amortization	(7,068)	(5,851)
Total property and equipment, net	\$ 9,258	\$ 7,689

Depreciation and amortization expense associated with property and equipment was \$0.7 million and \$1.3 million for the three and six months ended June 30, 2021, respectively, and \$0.6 million and \$1.2 million for the three and six months ended June 30, 2020, respectively.

Property and equipment capitalized under finance lease (capital lease prior to adoption of ASC 842) consisted of the following (in thousands):

	June 30, 2021	December 31, 2020
Computer hardware and software	\$ 88	\$ 88
Machinery and equipment	838	838
Total property and equipment, gross	926	926
Less: accumulated depreciation	(285)	(219)
Total property and equipment, net	\$ 641	\$ 707

**Other Non-Current Assets**

Other non-current assets consisted of the following (in thousands):

	June 30, 2021	December 31, 2020
Security deposits	\$ 1,038	\$ 1,106
Other non-current assets	1,603	45
Total other non-current assets	\$ 2,641	\$ 1,151

**Accrued and Other Current Liabilities**

Accrued and other current liabilities consisted of the following (in thousands):

	June 30, 2021	December 31, 2020
Accrued expenses	\$ 4,959	\$ 3,998
Warranty liabilities	331	259
Contract liabilities	586	2,284
Accrued compensation and benefits	3,788	3,071
Contract losses	220	558
Finance lease (capital lease prior to adoption of ASC 842) liabilities, current	273	282
Employee tax withholding	2,747	—
Total accrued and other current liabilities	\$ 12,904	\$ 10,452

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**Other Non-Current Liabilities**

Other non-current liabilities consisted of the following (in thousands):

	June 30, 2021	December 31, 2020
Deferred rent	\$ —	\$ 826
Finance lease (capital lease prior to adoption of ASC 842) liabilities, non-current	198	331
Other non-current liabilities	935	161
Total other non-current liabilities	<u>\$ 1,133</u>	<u>\$ 1,318</u>

**Note 6. Fair Value Measurements**

The Company carries cash equivalents, marketable investments, and Public and Private Warrants. Fair value is based on the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is estimated by applying the following hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement:

Level 1 — Observable inputs, which include unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 — Observable inputs other than Level 1 inputs, such as quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 — Unobservable inputs that are supported by little or no market activity and that are based on management's assumptions, including fair value measurements determined by using pricing models, discounted cash flow methodologies or similar techniques.

The Company determined the fair value of its Level 1 financial instruments, which are traded in active markets, using quoted market prices for identical instruments.

Marketable investments classified within Level 2 of the fair value hierarchy are valued based on other observable inputs, including broker or dealer quotations, alternative pricing sources or U.S. Government Treasury yield of appropriate term. When quoted prices in active markets for identical assets or liabilities are not available, the Company relies on non-binding quotes from its investment managers, which are based on proprietary valuation models of independent pricing services. These models generally use inputs such as observable market data, quoted market prices for similar instruments, historical pricing trends of a security as relative to its peers. To validate the fair value determination provided by its investment managers, the Company reviews the pricing movement in the context of overall market trends and trading information from its investment managers. The Company performs routine procedures such as comparing prices obtained from independent source to ensure that appropriate fair values are recorded. Because the transfer of Private Warrants to anyone outside of a small group of individuals constituting the sponsors of Gores Metropoulos, Inc. would result in the Private Warrants having substantially the same terms as the Public Warrants, management determined that the fair value of each Private Warrant is the same as that of a Public Warrant, with an insignificant adjustment for short-term marketability restrictions, as of December 31, 2020. As of June 30, 2021, management determined the fair value of the Private Warrants using observable inputs in the Black-Scholes valuation model, which used the remaining term of warrants of 4.43 years, volatility of 64.6% and a risk-free rate of 0.75%. Accordingly, the Private Warrants are classified as Level 3 financial instruments.

The following table presents changes in Level 3 liabilities relating to Private Warrants measured at fair value as of June 30, 2021 (in thousands):

	Private Warrants
Balance as of December 31, 2020	\$ —
Additions	51,753
Exercise	—
Measurement adjustments	(6,928)
Balance as of June 30, 2021	<u>\$ 44,825</u>



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The Company's financial assets and liabilities subject to fair value measurements on a recurring basis and the level of inputs used for such measurements were as follows (in thousands):

	Fair Value (in thousands) Measured as of June 30, 2021 Using:			
	Level 1	Level 2	Level 3	Total
<b>Assets:</b>				
Cash equivalents:				
Money market funds	\$ 31,867	\$ —	\$ —	\$ 31,867
Commercial paper	—	86,523	—	86,523
<b>Total cash equivalents</b>	<b>\$ 31,867</b>	<b>\$ 86,523</b>	<b>\$ —</b>	<b>\$ 118,390</b>
Marketable investments:				
U.S. Treasury	\$ 185,435	\$ —	\$ —	\$ 185,435
U.S. agency and government sponsored securities	—	4,991	—	4,991
Commercial paper	—	140,097	—	140,097
Corporate bonds	—	84,729	—	84,729
Asset-backed securities	—	14,031	—	14,031
Equity investments	16,472	—	—	16,472
<b>Total marketable investments</b>	<b>\$ 201,907</b>	<b>\$ 243,848</b>	<b>\$ —</b>	<b>\$ 445,755</b>
<b>Liabilities:</b>				
Private Warrants	\$ —	\$ —	\$ 44,825	\$ 44,825
<b>Total warrant liabilities</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 44,825</b>	<b>\$ 44,825</b>

	Fair Value (in thousands) Measured as of December 31, 2020 Using:			
	Level 1	Level 2	Level 3	Total
<b>Assets:</b>				
Cash equivalents:				
Money market funds	\$ 64,971	\$ —	\$ —	\$ 64,971
U.S. Treasury	24,999	—	—	24,999
Commercial paper	—	108,322	—	108,322
<b>Total cash equivalents</b>	<b>\$ 89,970</b>	<b>\$ 108,322</b>	<b>\$ —</b>	<b>\$ 198,292</b>
Marketable investments:				
U.S. Treasury	\$ 130,348	\$ —	\$ —	\$ 130,348
U.S. agency and government sponsored securities	—	19,996	—	19,996
Commercial paper	—	73,898	—	73,898
Corporate bonds	—	45,450	—	45,450
Asset-backed securities	—	7,018	—	7,018
<b>Total marketable investments</b>	<b>\$ 130,348</b>	<b>\$ 146,362</b>	<b>\$ —</b>	<b>\$ 276,710</b>
<b>Liabilities:</b>				
Public Warrants	\$ 228,933	\$ —	\$ —	\$ 228,933
Private Warrants	—	114,467	—	114,467
<b>Total warrant liabilities</b>	<b>\$ 228,933</b>	<b>\$ 114,467</b>	<b>\$ —</b>	<b>\$ 343,400</b>

**Note 7. Stockholders' Equity**

**Class A and Class B Common Stock**

The Company's Board of Directors has authorized two classes of common stock, Class A and Class B. As of June 30, 2021, the Company had authorized 715,000,000 and 121,000,000 shares of Class A and Class B common stock with a par value of \$0.0001 per share for each class. As of June 30, 2021, the Company had 236,483,687 and 105,118,203 shares of Class A and Class B common stock issued and outstanding, respectively. Holders of the Class A and Class B common stock have identical rights, except that holders of the Class A common stock are entitled to one vote per share and the holder of the Class B common

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stock is entitled to ten votes per share. On July 1, 2021, 10,500,000 shares of Class B common stock were converted into Class A common stock on a one-for-one basis.

**Public and Private Warrants**

As of December 31, 2020, the Company had 13,333,309 Public Warrants and 6,666,666 Private Warrants outstanding. On February 3, 2021, the Company announced that holders of its 13,333,309 outstanding public warrants had until March 5, 2021 to exercise their Public Warrants. The Public Warrants were exercisable for an aggregate of 13,333,309 shares of Class A common stock at a price of \$11.50 per share. On March 10, 2021, the Company changed the previously announced redemption date of March 5, 2021 to a new redemption date of March 16, 2021 for the redemption of its outstanding Public Warrants. As of March 16, 2021, 3,589,645 Private Warrants and 13,128,671 Public Warrants were exercised, and the Company received \$153.9 million in cash proceeds from the exercise of these warrants. Pursuant to the terms of the agreements governing the rights of the holders of the Public Warrants, the Company redeemed the remaining unexercised and outstanding 204,638 Public Warrants after March 16, 2021 for a redemption price of \$0.01 per Public Warrant. The Company had 3,077,021 Private Warrants and no Public Warrants, outstanding as of June 30, 2021.

**Note 8. Earnings (Loss) Per Share**

Basic earnings (loss) per share is computed by dividing net income (loss) by the weighted average number of shares of common stock outstanding during the period. Diluted earnings per share is computed by dividing net income by the weighted average number of shares of common stock during the period plus, common stock equivalents, as calculated under the treasury stock method, outstanding during the period. If the Company reports a net loss, the computation of diluted loss per share excludes the effect of dilutive common stock equivalents, as their effect would be antidilutive. The Company computes earnings (loss) per share using the two-class method for its Class A and Class B common stock. Earnings (loss) per share is same for both Class A and Class B common stock since they are entitled to the same liquidation and dividend rights. Earnings (loss) per share calculations for all periods prior to the Business Combination have been retrospectively restated to the equivalent number of shares reflecting the exchange ratio established in the reverse capitalization.

The following table sets forth the computation of basic and diluted loss per share for the three and six months ended June 30, 2021 and 2020: (in thousands, except for share and per share amounts):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Numerator:				
Net loss	\$ (36,830)	\$ (25,435)	\$ (112,753)	\$ (41,016)
Net loss attributable to common shareholders	\$ (36,830)	\$ (25,435)	\$ (112,753)	\$ (41,016)
Denominator:				
Weighted average common shares outstanding- Basic	340,255,023	129,650,239	336,641,349	128,780,581
Dilutive effect of potential common shares	—	—	—	—
Weighted average common shares outstanding- Diluted	340,255,023	129,650,239	336,641,349	128,780,581
Net loss per shares attributable to common shareholders- Basic and Diluted	\$ (0.11)	\$ (0.20)	\$ (0.33)	\$ (0.32)

The following table presents the potential shares of Common Stock outstanding that were excluded from the computation of diluted net loss per share of common stock as of the periods presented because including them would have been antidilutive:

	June 30, 2021	June 30, 2020
Warrants	7,166,301	6,009,961
Stock options	13,642,433	16,556,734
Restricted stock awards and restricted stock units	6,869,178	2,730,208
Series A Convertible Preferred Stock	—	94,818,151
Founders Preferred Stock	—	26,206,837
Earn-out shares	25,818,744	—
<b>Total</b>	<b>53,496,656</b>	<b>146,321,891</b>

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**Note 9. Stock-based Compensation**

The Company maintained the 2015 Stock Plan (the "2015 Plan") under which incentive stock options, non-qualified stock options, and restricted stock were granted to employees and non-employee consultants. In connection with the Business Combination, the Company assumed the 2015 Plan upon the Closing. The Company terminated the 2015 Plan, provided that the outstanding awards previously granted under the 2015 Plan continue to remain outstanding under the 2015 Plan. In December 2020, the Company's Board adopted and the Company's stockholders approved the 2020 Equity Incentive Plan (the "2020 Plan"). The 2020 Plan became effective upon the closing of the Business Combination. Under the 2020 Plan, as of June 30, 2021, the Company was authorized to issue a maximum number of 36,588,278 shares of Class A common stock. The Company granted 5,992,091 restricted stock units in the six months ended June 30, 2021.

*Stock Options*

Under the terms of the 2015 Plan, incentive stock options had an exercise price at or above the fair market value of the stock on the date of the grant, while non-qualified stock options were permitted to be granted below fair market value of the stock on the date of grant. Stock options granted have service-based vesting conditions only. The service-based vesting conditions vary, though typically, stock options vest over four years with 25% of stock options vesting on the first anniversary of the grant and the remaining 75% vesting monthly over the remaining 36 months. Option holders have a 10-year period to exercise their options before they expire. Forfeitures are recognized in the period of occurrence.

A summary of the Company's stock option activity for the six months ended June 30, 2021 was as follows:

	Number of Common Stock Options	Weighted- Average Exercise Price	Weighted- Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value (In Thousands)
Outstanding as of December 31, 2020	16,188,071	\$ 1.67		
Granted	—	—		
Exercised	(1,911,041)	1.67		
Forfeited	(634,597)	1.67		
Outstanding as of June 30, 2021	<u>13,642,433</u>	1.71	8.54	\$ 276,084

The aggregate intrinsic value of stock options exercised during the six months ended June 30, 2021 and 2020 was \$41.3 million and \$0, respectively. The intrinsic value is calculated as the difference between the exercise price and the fair value of the common stock on the exercise date. The total grant-date fair value of the options vested was \$3.6 million and \$0.4 million, respectively, during the six months ended June 30, 2021 and 2020, respectively.

*Restricted Stock Awards*

Prior to June 30, 2019, the Company granted restricted stock awards to employees. Recipients purchased the restricted stock on the grant date and the Company has the right to repurchase the restricted shares at the same price recipients paid to obtain those shares. The restrictions lapse solely based on continued service, and generally lapse over 4 years—25% on the first anniversary of the date of issuance, and the remaining 75% monthly over the remaining 36 months. At the grant date of the award, recipients of restricted stock are granted voting rights and receive dividends on unvested shares. No restricted stock awards have been granted after June 30, 2019.

Restricted stock awards activity for the six months ended June 30, 2021 was as follows:

	Shares	Weighted Average Grant Date Fair Value per Share
Outstanding as of December 31, 2020	1,815,891	\$ 1.15
Granted	—	—
Forfeited	(89,063)	1.14
Vested	(595,799)	0.96
Outstanding as of June 30, 2021	<u>1,131,029</u>	1.16

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*Restricted Stock units*

To date, the Company has granted restricted stock units (“RSUs”) under the 2020 Plan. Each RSU granted under the 2020 Plan represents a right to receive one share of the Company’s Class A common stock when the RSU vests. RSUs generally vest over one to four years. The fair value of RSU is equal to the fair value of the Company’s common stock on the date of grant.

A summary of the Company’s restricted stock units activity for the six months ended June 30, 2021 was as follows:

	Shares	Weighted Average Grant Date Fair Value per Share
Outstanding as of December 31, 2020	—	\$ —
Granted	6,015,840	21.64
Forfeited	(66,717)	22.14
Vested	(187,225)	23.76
Outstanding as of June 30, 2021	<u>5,761,898</u>	<u>22.46</u>

*Compensation expense*

Stock-based compensation expense by function was as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Cost of sales	\$ 1,127	\$ 82	\$ 1,210	\$ 154
Research and development	5,663	632	6,425	1,067
Sales and marketing	934	102	1,120	184
General and administrative	6,806	1,468	7,612	2,008
Total	<u>\$ 14,530</u>	<u>\$ 2,284</u>	<u>\$ 16,367</u>	<u>\$ 3,413</u>

**Note 10. Income Taxes**

The effective tax rate was 0% and 0% for the three and six months ended June 30, 2021, respectively, and 0% and 0% for the three and six months ended June 30, 2020, respectively. The effective tax rates differ significantly from the statutory tax rate of 21%, primarily due to the Company’s valuation allowance movement in each period presented.

The realization of tax benefits of deferred tax assets is dependent upon future levels of taxable income, of an appropriate character, in the periods the items are expected to be deductible or taxable. Based on the available objective evidence, the Company does not believe it is more likely than not that the net deferred tax assets will be realizable. Accordingly, the Company has provided a full valuation allowance against the domestic net deferred tax assets as of June 30, 2021 and December 31, 2020. The Company intends to maintain the remaining valuation allowance until sufficient positive evidence exists to support a reversal of, or decrease in, the valuation allowance.

The Company reports income tax related interest and penalties within its provision for income tax in its condensed consolidated statements of operations. Similarly, the Company reports the reversal of income tax-related interest and penalties within its provision for income tax line item to the extent the Company resolves its liabilities for uncertain tax positions in a manner favorable to its accruals therefor. During the three and six months ended June 30, 2021, there were no material changes to the total amount of unrecognized tax benefits.

**Note 11. Leases**

The Company leases manufacturing equipment under non-cancelable finance leases expiring at various dates through December 2025. The Company also leases office and manufacturing facilities under non-cancelable operating leases expiring at various dates through June 2026. Some of the Company’s leases include one or more options to renew, with renewal terms that if exercised by the Company, extend the lease term from one to six years. The exercise of these renewal options is at the Company’s discretion. The Company’s lease agreements do not contain any material terms and conditions of residual value guarantees or material restrictive covenants. The Company’s short-term leases and sublease income were not material.

The Company adopted ASC 842 using the modified retrospective method on January 1, 2021. The Company elected the available package of practical expedients and implemented internal controls to enable the preparation of financial information upon adoption. The most significant impact of the adoption of ASC 842 was the recognition of right-of-use, or ROU, assets and

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lease liabilities for operating leases of \$10.8 million and \$12.0 million, respectively, and a reversal of deferred rent of \$1.2 million on January 1, 2021. The Company's accounting for finance leases remained substantially unchanged. The adoption of ASC 842 did not have any impact on the Company's operating results or cash flows.

The Company determines if an arrangement is or contains a lease at inception. Operating leases are included in operating lease right-of-use assets and operating lease liabilities in the Company's condensed consolidated balance sheets. Finance leases are included in property and equipment, and finance lease liabilities in the Company's condensed consolidated balance sheets.

Right-of-use assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. Operating lease right-of-use assets and liabilities are recognized at the commencement date based on an amount equal to the present value of lease payments over the lease term. The Company's leases do not provide an implicit rate, therefore the Company uses an incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments. The Company uses the implicit rate when it is readily determinable. The Company elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed it to carry forward existing lease classification and to exclude leases with original terms of one year or less. Further, the Company elected to combine lease and non-lease components for all asset classes. Any variable lease components are expensed as incurred. The operating lease right-of-use asset also include adjustments related to prepaid or deferred lease payments and lease incentives. The Company's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. Operating lease expense for lease payments is recognized on a straight-line basis over the lease term.

The components of lease expenses for the three and six months ended June 30, 2021 were as follows (in thousands):

	Three Months Ended June 30, 2021	Six Months Ended June 30, 2021
Operating lease cost	\$ 1,184	\$ 2,358
Variable lease cost	445	904
Total operating lease cost	<u>\$ 1,629</u>	<u>\$ 3,262</u>
Finance lease cost:		
Amortization of right-of-use assets	\$ 42	\$ 84
Interest on finance lease liabilities	13	28
Total finance lease cost	<u>\$ 55</u>	<u>\$ 112</u>

Supplemental cash flow information for the six months ended June 30, 2021 related to leases was as follows (in thousands):

	Amount
Cash paid for amounts included in the measurement of lease liabilities:	
Cash paid for operating leases included in operating activities	\$ (2,459)
Cash paid for finance leases included in financing activities	(172)
Right of use assets obtained in exchange for lease obligations:	
Operating leases	2,876
Finance leases	—

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Supplemental balance sheet information related to leases was as follows (in thousands):

	June 30, 2021
<b>Operating leases:</b>	
Operating lease right-of-use assets	\$ 11,976
<b>Operating lease liabilities:</b>	
Operating lease liabilities, current	\$ 4,275
Operating lease liabilities, non-current	8,760
Total operating lease liabilities	\$ 13,035
<b>Finance leases:</b>	
Property and equipment, gross	\$ 926
Less: accumulated depreciation	(285)
Property and equipment, net	\$ 641
Finance lease liabilities, current	\$ 273
Finance lease liabilities, non-current	198
Total finance lease liabilities	\$ 471

Weighted average remaining terms were as follows (in years):

	June 30, 2021
<b>Weighted average remaining lease term</b>	
Operating leases	3.37
Finance leases	2.17

Weighted average discount rates were as follows:

	June 30, 2021	
<b>Weighted average discount rate</b>		
Operating leases	2.80	%
Finance leases	10.06	%

Maturities of lease liabilities were as follows (in thousands):

	Operating Leases	Finance Leases
<b>Year Ending December 31,</b>		
2021 (remaining six months)	\$ 2,075	\$ 158
2022	4,998	240
2023	4,095	71
2024	1,699	28
2025	1,187	26
2026	602	—
Total lease payments	14,656	523
Less: imputed interest	(1,621)	(52)
Total leases liabilities	\$ 13,035	\$ 471

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**Disclosures under ASC 840, Leases**

Rent expense was \$1.5 million and \$2.9 million for the three and six months ended June 30, 2020, respectively.

As of December 31, 2020, future minimum lease payments under all noncancelable capital and operating leases with an initial lease term in excess of one year were as follows (in thousands):

	Capital Leases	Operating Leases
2021	\$ 331	\$ 5,834
2022	240	6,172
2023	70	4,544
2024	28	746
2025	25	—
Thereafter	—	—
Total minimum lease payments	694	\$ 17,296
Less: amount representing interest	80	
Capital lease obligations	\$ 614	

**Note 12. Commitments and Contingencies****Purchase Obligations**

The Company purchases goods and services from a variety of suppliers in the ordinary course of business. Purchase obligations are defined as agreements that are enforceable and legally binding and that specify all significant terms, including fixed or minimum quantities to be purchased, fixed, minimum, or variable price provisions, and the approximate timing of the transaction. The Company had purchase obligations primarily for purchases of inventory, R&D, and general and administrative activities totaling \$36.8 million as of June 30, 2021, which are expected to be received within a year.

**Legal Matters**

From time to time, the Company is involved in actions, claims, suits and other proceedings in the ordinary course of business, including assertions by third parties relating to intellectual property infringement, breaches of contract or warranties or employment-related matters. When it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated, the Company records a liability for such loss contingencies. The Company's estimates regarding potential losses and materiality are based on the Company's judgment and assessment of the claims utilizing currently available information. Although the Company will continue to reassess its reserves and estimates based on future developments, the Company's objective assessment of the legal merits of such claims may not always be predictive of the outcome and actual results may vary from the Company's current estimates.

**Note 13. Segment and Customer Concentration Information**

Reportable segments are (i) Autonomy Solutions and (ii) Component Sales. These segments reflect the way the CODM evaluates the Company's business performance and manages its operations. Each segment has distinct product offerings, customers, and market penetration. The Chief Executive Officer is the CODM of the Company.

**Autonomy Solutions**

This segment manufactures and distributes commercial lidar sensors that measures distance using laser light to generate a highly accurate 3D map for automotive mobility applications. This segment is impacted by trends in and the strength of the autonomous vehicles and associated infrastructure/technology sector.

**Component Sales**

This segment is in the business of development of ultra-sensitive pixel-based sensors. This segment also designs, tests and provides consulting services for non-standard integrated circuits that are essential for systems to meet the requirement of customers. This segment is impacted by trends in and the strength of automobile and aeronautics sector as well as government spending in military and defense activities.

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The accounting policies of the operating segments are the same as those described in Note 2. Segment operating results and reconciliations to the Company's consolidated balances are as follows (in thousands):

	Three Months Ended June 30, 2021				
	Autonomy Solutions	Component Sales	Total reportable segments	Eliminations (1)	Total Consolidated
<b>Revenue:</b>					
Revenues from external customers	\$ 5,822	\$ 487	\$ 6,309	\$ —	\$ 6,309
Revenues from internal customer	1,846	1,207	3,053	(3,053)	—
Total revenue	<u>\$ 7,668</u>	<u>\$ 1,694</u>	<u>\$ 9,362</u>	<u>\$ (3,053)</u>	<u>\$ 6,309</u>
Depreciation and amortization	\$ 652	\$ 23	\$ 675	\$ —	\$ 675
Operating loss	(44,169)	(76)	(44,245)	44	(44,201)
<b>Other significant items:</b>					
Segment assets	625,386	3,483	628,869	(2,702)	626,167
Inventories, net	4,288	30	4,318	—	4,318

	Three Months Ended June 30, 2020				
	Autonomy Solutions	Component Sales	Total reportable segments	Eliminations (1)	Total Consolidated
<b>Revenue:</b>					
Revenues from external customers	\$ 2,809	\$ 615	\$ 3,424	\$ —	\$ 3,424
Revenues from internal customer	—	889	889	(889)	—
Total revenue	<u>\$ 2,809</u>	<u>\$ 1,504</u>	<u>\$ 4,313</u>	<u>\$ (889)</u>	<u>\$ 3,424</u>
Depreciation and amortization	\$ 569	\$ 44	\$ 613	\$ —	\$ 613
Operating income (loss)	(19,927)	77	(19,850)	—	(19,850)
<b>Other significant items:</b>					
Segment assets	50,231	2,672	52,903	(2,687)	50,216
Inventories, net	4,961	—	4,961	—	4,961

	Six Months Ended June 30, 2021				
	Autonomy Solutions	Component Sales	Total reportable segments	Eliminations (1)	Total Consolidated
<b>Revenue:</b>					
Revenues from external customers	\$ 10,158	\$ 1,464	\$ 11,622	\$ —	\$ 11,622
Revenues from internal customer	3,121	2,349	5,470	(5,470)	—
Total revenue	<u>\$ 13,279</u>	<u>\$ 3,813</u>	<u>\$ 17,092</u>	<u>\$ (5,470)</u>	<u>\$ 11,622</u>
Depreciation and amortization	\$ 1,290	\$ 43	\$ 1,333	\$ (1)	\$ 1,332
Operating loss	(73,037)	(313)	(73,350)	(95)	(73,445)
<b>Other significant items:</b>					
Segment assets	625,386	3,483	628,869	(2,702)	626,167
Inventories, net	4,288	30	4,318	—	4,318



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	Six Months Ended June 30, 2020				
	Autonomy Solutions	Component Sales	Total reportable segments	Eliminations (1)	Total Consolidated
<b>Revenue:</b>					
Revenues from external customers	\$ 6,106	\$ 1,190	\$ 7,296	\$ —	\$ 7,296
Revenues from internal customer	—	1,731	1,731	(1,731)	—
Total revenue	<u>\$ 6,106</u>	<u>\$ 2,921</u>	<u>\$ 9,027</u>	<u>\$ (1,731)</u>	<u>\$ 7,296</u>
Depreciation and amortization	\$ 1,160	\$ 81	\$ 1,241	\$ —	\$ 1,241
Operating income (loss)	(34,873)	188	(34,685)	—	(34,685)
<b>Other significant items:</b>					
Segment assets	50,231	2,672	52,903	(2,687)	50,216
Inventories, net	4,961	—	4,961	—	4,961

(1) Represent the eliminations of all intercompany balances and transactions during the period presented.

Three customers accounted for 30%, 30% and 25% of the Company's revenue for the three months ended June 30, 2021. Three customers accounted for 21%, 37% and 18% of the Company's revenue for the six months ended June 30, 2021, One customer accounted for 75% and 73% of the Company's revenue for the three and six months ended June 30, 2020.

**Note 14. Subsequent Event**

On July 9, 2021, the Company entered into a stock purchase agreement to acquire all issued and outstanding shares of capital stock of OptoGration, Inc. ("OptoGration") for stock consideration of \$8.0 million of the Company's shares of Class A common stock at closing and up to \$22.0 million of additional stock consideration if certain post-closing conditions and milestones are met. The transaction closed on August 3, 2021. At the closing of the transaction, all issued and outstanding shares of capital stock of OptoGration were cancelled for the merger consideration. The Company is currently finalizing the allocation of the purchase price which is expected to be allocated primarily to goodwill and intangible assets. The acquisition of OptoGration secures supply for a key enabling component as the Company advances towards series production and scale of its lidar sensor offering.

On August 11, 2021, the Company issued a total of 17,213,170 earn-out shares towards additional consideration in the form of common stock, consisting of 10,242,703 shares of Class A common stock and 6,970,467 shares of Class B common stock, upon meeting four of six triggering events pursuant to the Merger Agreement associated with its merger with Gores in December 2020. The shares issued were based upon the Class A common stock exceeding \$13.00, \$16.00, \$19.00 and \$22.00 per share for a certain period of time. There are 5,121,484 shares of Class A common stock and 3,485,233 shares of Class B common stock remaining in the Merger Agreement, which will be issued in equal parts when the Class A common stock exceeds \$25.00 and \$28.00 per share for a certain period of time.

## ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

*You should read the following discussion in conjunction with the condensed consolidated financial statements and notes thereto included elsewhere in this Quarterly Report on Form 10-Q and our Annual Report on Form 10-K for the year ended December 31, 2020 filed with the SEC on April 14, 2021. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those contained in these forward-looking statements due to a number of factors, including those discussed under the caption "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2020, and in Part II, Item 1A - "Risk Factors" and elsewhere in this report. See also "Cautionary Note Regarding Forward-Looking Statements" at the beginning of this report.*

### Overview

Our vision is to make autonomous transportation safe and ubiquitous. As a global leader in lidar autonomous driving technology, we are enabling the world's first autonomous solutions for automotive series production in passenger cars and commercial trucks.

Founded in 2012 by President and Chief Executive Officer Austin Russell, we built a new type of lidar from the chip-level up, with technological breakthroughs across all core components. As a result, we have created what we believe is the only lidar sensor that meets the demanding performance, safety, and cost requirements for Level 3 through Level 5 autonomous vehicles in production, bypassing the traditional limitations of legacy lidar technology, while also enabling Level 0 through Level 2 Advanced Driving Assistance Systems ("ADAS") with our Proactive Safety solution. Integrating this advanced hardware with our custom developed software stack enables a turn-key autonomous solution to accelerate widespread adoption across automakers at series production scale.

Our lidar hardware and software products help set the standard for safety in the industry, and are designed to enable accurate and reliable detection of some of the most challenging "edge cases" that autonomous vehicles can encounter on a regular basis. This is achieved by advancing existing lidar range and resolution to new levels, ensuring hard-to-see objects like a tire on the road ahead or a child that runs into the street are more likely to be detected. Our software is also critical to interpreting the data and informing autonomous and assisted driving decisions.

Our full-stack hardware and software autonomy solution for cars and trucks as well as our standalone lidar technology offerings have made us one of the leading partners for the world's top OEMs. We are currently partnering with eight of the top-ten global automakers, by sales, and have the goal of being the first lidar company to produce highway self-driving and next-generation Proactive Safety systems for series production. With over 500 employees across eight global locations, we have scaled to over 50 partners in the last two years, including the first industry-wide automotive series production award in the autonomous space, awarded by Volvo Cars in May 2020, with series production expected to commence in 2022. We subsequently entered into a strategic partnership with Daimler Truck AG in October 2020 and with Mobileye Vision Technologies Ltd ("Mobileye") in November 2020. In March 2021, we announced a partnership with Zenseact to deliver autonomous software for series production vehicles and entered into a relationship with SAIC Motor Corporation, the largest automaker in China. Since that time we have announced partnerships with Pony.AI, a leading autonomous vehicle company, and have announced a partnership with Airbus UpNext, as we work to make not only automotive, but also air transportation safer. In June 2021, we saw a watershed moment when Volvo announced that our Proactive Safety will be standard on Volvo's upcoming fully electric flagship vehicle, which we believe will help the automaker to save even more lives as it sets a new benchmark for automotive safety.

The automotive industry is among the largest in the world and features an estimated total addressable market opportunity ("TAM") for ADAS and autonomous solutions (Level 0 through Level 5) expected to exceed \$150 billion by 2030. Our model to capture this opportunity is to directly partner with top established automotive companies to power their autonomous future. Correspondingly, we have successfully established customer partnerships with over 50 companies across three primary application verticals: passenger vehicles, commercial trucks, and robo-taxis. We have multiple levers for sustained growth, including significant industry tailwinds, a strong five-year product roadmap in production and development, a robust series production and standardization pipeline with anticipated long-term contracts and substantial new, adjacent market opportunities. Powered by breakthrough technology, our solutions are ready to enable autonomous vehicles to be safe and ubiquitous.

### COVID-19 Impact

The coronavirus (COVID-19) pandemic has adversely affected some of our customers' business operations, which has impacted our revenue in 2020 and 2021 as well as resulted in the impairment of inventory in 2020. The extent of the continued impact of the coronavirus pandemic on our operational and financial performance will depend on various future developments, including the duration and spread of the outbreak and impact on our customers, suppliers, and employees, all of which is uncertain at this time. The coronavirus (COVID-19) pandemic may potentially adversely impact our revenue and results of operations, but we are unable to predict at this time the size and duration of this adverse impact.

## Industrialization and Customer Update

### Industrialization Update

On May 13, 2021, Luminar announced its series manufacturing partnerships with Celestica and Fabrinet. We also announced our achievement of the critical milestone of bringing online the initial production line at Celestica's automotive-certified facility in Monterrey, Mexico with the first unit coming off of the line. We continue to ramp our production supply base and progress our design validation (DV) testing so that we can begin the C sample production by the end of 2021, as planned.

We also continue to advance validation of Iris and development of our Sentinel software as we move up and beyond the foundation of lidar, reinforcing our transition to a system-level autonomous vehicle company. Following the introduction of Sentinel last quarter, we kicked off the next phase of the software development through our partnership with Zenseact. Iris lidar data has been collected to train and optimize the performance of our perception software, and we received the approval from German authorities to proceed with Sentinel full-stack solution development and testing on public German roads. We continue to make progress in our development and testing and recently showcased Sentinel functionality on the test track. This included emergency braking for pedestrians as well as high-velocity braking for other vehicles. We believe we are well positioned to meet our objective for the year.

### Customer Update

Luminar recently announced two new major customers and one standardization program:

- **Airbus UpNext:** Airbus SE's subsidiary UpNext – which was created to give future flight technologies a development fast-track by building, evaluating, maturing and validating new products and services that encompass radical technological breakthroughs – is integrating our lidar technology into its Vertex platform to enable safe, autonomous flight. This partnership marks our first foray into the nearly \$1 trillion aviation industry and is aimed at increasing air safety and enabling autonomous operation with automatic obstacle detection.
- **Pony.ai:** We plan for our Iris to be seamlessly integrated into Pony.ai's next-generation autonomous driving platform, featuring a multi-sensor 360-degree configuration and enabling the vehicles to operate safely and reliably in complex urban environments. Pony.ai is set to start deployment of a 200-vehicle robo-taxi fleet in urban settings across five cities in China and the U.S. The partnership is developing a new integrated sensor design that signals a shift from vehicle testing to advanced development and production scale.
- **Volvo Standardization:** Luminar sensors are expected to be standard on Volvo Cars' forthcoming fully electric flagship vehicle, which we believe would help the automaker to save even more lives as it sets a new benchmark for automotive safety. The fully electric successor to Volvo Cars' XC90, to be unveiled in 2022, is anticipated to come with state-of-the-art lidar hardware with Luminar's Iris and perception from its Sentinel solution, in addition to an autonomous driving computer powered by NVIDIA DRIVE Orin™ and Zenseact and Volvo software. Volvo Cars aims to reduce fatalities and accidents with this new safety package.

### OptoGration Acquisition

On July 19, 2021, Luminar announced it is acquiring its exclusive InGaAs chip design partner and manufacturer, OptoGration Inc., bringing specialized core IP and securing supply chain as Luminar scales Iris into series production with its OEM customers. The acquisition secures a key part of Luminar's supply chain and enables deeper integration with its existing chip design subsidiary Black Forest Engineering (BFE), which Luminar acquired in 2017.

Luminar combines its InGaAs photodetector chips from OptoGration with silicon ASICs, produced by BFE, to create its lidar receiver and processing chip, which is the most sensitive, highest dynamic range InGaAs receiver of its kind in the world. It is able to acquire and process gigabits of precise data per second to produce optimal lidar data. The fifth-generation proprietary chip is now powering Luminar's Iris sensor, which we believe is the only system to meet the stringent performance, safety, scalability, and economic requirements to enable autonomous driving in series production vehicles.

### Basis of Presentation

We currently conduct our business through two operating segments: (i) Autonomy Solutions and (ii) Component Sales.

## Components of Results of Operations

### Revenue

Our revenue producing activities can be viewed as two separate and distinct operating segments: (i) Autonomy Solutions and (ii) Component Sales.

The Autonomy Solutions segment is engaged in design, manufacturing and sale of lidar sensors as well as related perception and autonomy enabling software solutions catering mainly to the original equipment manufacturers in the automobile, commercial vehicle, robo-taxi and adjacent industries. The Autonomy Solutions segment has historically entered into Strategic Partner Programs ("SPP") with leading automotive partners and other customers. An SPP is a contract under which we deliver our product to a specified customer at a fixed price under customary terms and conditions, usually in collaboration on an autonomous vehicle development program. With many major automakers having signed SPP contracts, we are shifting our focus from entering into SPPs with new partners to converting existing SPPs and relationships with our partners into series production programs. Once we achieve series production, the primary sources of revenue are expected to shift from prototype sales and services revenue to sales of lidar hardware, perception software and autonomy enabling software for series production vehicles.

The Component Sales segment provides designing, testing and consulting services for non-standard integrated circuits to U.S. customers, including government agencies and defense contractors generally for purposes unrelated to autonomous vehicles. Fixed fee arrangements are satisfied over time and utilize the input method based on costs incurred. Accordingly, revenue is recognized on a percentage of completion basis. Contracts are also structured as time and materials and billed at cost of time incurred plus a markup. We anticipate more closely aligning and integrating our Component Sales segment operations with portions of our Autonomy Solutions segment, specifically in relation to lidar solutions for the defense and other adjacent markets.

### Cost of sales and gross profit (loss)

Cost of sales of the Autonomy Solutions segment includes the fixed and variable manufacturing cost of our lidar sensors, which primarily consists of personnel-related costs (including certain engineering personnel), including stock-based compensation, directly associated with our manufacturing organization, and cost of material purchased from third-party contract manufacturers and suppliers. Cost of sales also includes depreciation and amortization for manufacturing fixed assets or equipment, cost of component inventory, product testing costs, costs of providing services, an allocated portion of overhead, facility and IT costs, excess and obsolete inventory and shipping costs.

Cost of sales of the Component Sales segment includes the cost of providing products and services as well as an allocated portion of overhead, facility and IT costs.

Gross profit (loss) equals revenue less cost of sales. Our cost of sales is expected to increase as our revenue continues to grow.

### Operating Expenses

#### Research and Development (R&D)

Our R&D efforts are focused on enhancing and developing additional functionality for our existing products and on new product development, including new releases and upgrades to our lidar sensors and integrated software solutions. R&D expenses consist primarily of:

- Personnel-related expenses, including salaries, benefits, and stock-based compensation expense, for personnel in our research and engineering functions;
- Expenses related to materials, software licenses, supplies and third-party services;
- Prototype expenses;
- An allocated portion of facility and IT costs and depreciation; and
- Component Sales services provided to Luminar are accounted for as R&D by Luminar.

R&D costs are expensed as incurred. We expect our R&D costs to increase for the foreseeable future as we continue to invest in research and development activities to achieve our product roadmap.

#### Sales and Marketing Expenses

Sales and marketing expenses consist of personnel and personnel-related expenses, including stock-based compensation of our business development team as well as advertising and marketing expenses. These include the cost of marketing programs, trade shows, promotional materials, demonstration equipment, an allocated portion of facility and IT costs and

depreciation. We expect to increase our sales and marketing activities, mainly in order to continue to build out our geographic presence to be closer to our partners and better serve them. We also expect that our sales and marketing expenses will increase over time as we continue to hire additional personnel to scale our business.

*General and Administrative Expenses*

General and administrative expenses consist of personnel and personnel-related expenses, including stock-based compensation of our executive, finance, human resources, information systems and legal departments as well as legal and accounting fees for professional and contract services. We expect our general and administrative expenses to increase for the foreseeable future as we scale headcount with the growth of our business, and as a result of operating as a public company, including compliance with the rules and regulations of the SEC, legal, audit, additional insurance expenses, investor relations activities, and other administrative and professional services.

*Change in Fair Value of Warrants*

Change in fair value of warrants are non-cash changes and primarily consists of changes in fair value related to the warrant liabilities. The warrant liabilities are classified as marked-to-market liabilities pursuant to ASC 480 and the corresponding increase or decrease in value impacts our net loss.

*Interest Income and other, and Interest Expense*

Interest income and other consists primarily of income earned on our cash equivalents and marketable securities. These amounts will vary based on our cash, cash equivalents and marketable securities balances, and also with market rates. It also includes realized gains and losses related to the marketable securities, as well as impact of gains and losses related to foreign exchange transactions. Interest expense consisted primarily of interest on our senior secured term loan facility, which was repaid upon consummation of the Business Combination.

## Results of Operations for the Three and Six Months Ended June 30, 2021 and 2020

The results of operations presented below should be reviewed in conjunction with the condensed consolidated financial statements and notes included elsewhere in this report. The following table sets forth our consolidated results of operations data for the periods presented (in thousands):

	Three Months Ended June 30,				Six Months Ended June 30,			
	2021	2020	\$ Change	% Change	2021	2020	\$ Change	% Change
Revenue	\$ 6,309	\$ 3,424	\$ 2,885	84 %	\$ 11,622	\$ 7,296	\$ 4,326	59 %
Cost of sales	7,853	7,442	411	6 %	15,492	11,285	4,207	37 %
Gross loss	(1,544)	(4,018)	2,474	(62) %	(3,870)	(3,989)	119	(3) %
Operating Expenses:								
Research and development	19,913	9,708	10,205	105 %	33,923	18,116	15,807	87 %
Sales and marketing	3,507	1,232	2,275	185 %	6,142	3,075	3,067	100 %
General and administrative	19,237	4,892	14,345	293 %	29,510	9,505	20,005	210 %
Total operating expenses	42,657	15,832	26,825	169 %	69,575	30,696	38,879	127 %
Loss from operations	(44,201)	(19,850)	(24,351)	123 %	(73,445)	(34,685)	(38,760)	112 %
Other income (expense), net:								
Change in fair value of warrants	6,928	(4,265)	11,193	(262) %	(39,721)	(4,574)	(35,147)	768 %
Loss on extinguishment of debt	—	(866)	866	(100) %	—	(866)	866	(100) %
Interest expense and other	(288)	(489)	201	(41) %	(488)	(1,021)	533	(52) %
Interest income and other	731	35	696	1989 %	901	130	771	593 %
Total other income (expense), net	7,371	(5,585)	12,956	(232) %	(39,308)	(6,331)	(32,977)	521 %
Net loss	\$ (36,830)	\$ (25,435)	\$ (11,395)	45 %	\$ (112,753)	\$ (41,016)	\$ (71,737)	175 %

### Revenue

The increase in revenue in the three months ended June 30, 2021 compared to the same period of 2020 was driven by increased revenue from our Autonomy Solutions segment partially offset by a decrease in revenue from our Component Sales segment. The increase in revenue in the six months ended June 30, 2021 compared to the same period of 2020 was driven by increased revenue from our Autonomy Solutions and Component Sales segment. The breakdown of our revenue by these segments for the periods presented was as follows (in thousands):

	Three Months Ended June 30,				Six Months Ended June 30,			
	2021	2020	\$ Change	% Change	2021	2020	\$ Change	% Change
Revenue:								
Autonomy Solutions	\$ 5,822	\$ 2,809	\$ 3,013	107 %	\$ 10,158	\$ 6,106	\$ 4,052	66 %
Component Sales	487	615	(128)	(21) %	1,464	1,190	274	23 %
Total	\$ 6,309	\$ 3,424	\$ 2,885	84 %	\$ 11,622	\$ 7,296	\$ 4,326	59 %

The increase in revenue of our Autonomy Solutions segment in the three and six months ended June 30, 2021 compared to same periods of 2020 was primarily driven by higher sensor sales and program revenue from customization services of our sensors and software for future series production.

The decrease in revenue of our Component Sales segment in the three months ended June 30, 2021 was primarily due to a decrease in commercial engineering services resulting from the timing of tape-outs. The increase in revenue of our Component Sales segment in the six months ended June 30, 2021 compared to the same period of 2020 was primarily due to the completion of certain customer contracts.

### Cost of Sales and Gross Loss

The \$0.4 million increase in the cost of sales in the three months ended June 30, 2021 compared to the same period of 2020 was due to an increase in manufacturing overhead, including higher R&D expenses previously not incurred as cost of sales due to our focus on developing our products and services, personnel costs including stock-based compensation expense and higher sensor sales. These increases were offset by a reduction in excess and obsolete inventory reserves, and increased factory efficiency and utilization from higher sensor production. Our gross loss decreased by \$2.5 million in the three months ended June 30, 2021 compared to the same period of 2020 primarily due to increased project service revenue from customization of our sensors and higher sensor sales and improved factory efficiency and utilization associated with initial ramp-up of Iris B-sample and Model H sensors.

The \$4.2 million increase in our cost of sales in the six months ended June 30, 2021 compared to the same period of 2020 was due to higher sensor unit sales in our Autonomy Solutions segment, higher project service costs to customize our sensors and component sales, and increased manufacturing overhead, including higher R&D expenses previously not incurred

as cost of sales due to our focus on developing our products and services, personnel costs including stock-based compensation expense driven by increased headcount. These increases were offset by lower excess inventory reserves and improved factory yield, efficiency and utilization from higher sensor production. Our gross loss decreased by \$0.1 million in the six months ended June 30, 2021 compared to the same period of 2020 primarily due to project service revenue from customization of our sensors and higher sensor sales and factory utilization associated with the initial ramp-up of Iris B-sample and Model H sensors.

### Operating Expenses

#### Research and Development

The \$10.2 million and \$15.8 million increase in research and development expenses in the three and six months ended June 30, 2021 compared to the same periods of 2020 was primarily due to a \$9.2 million and \$13.3 million increase in personnel-related costs including stock-based compensation costs, driven mainly by increased headcount and a higher fair value of equity awards, consultant and contractor fees in relation to preparing for multiple series production launches and continued investments in research and development.

#### Sales and Marketing

The \$2.3 million and \$3.1 million increase in sales and marketing expenses for the three and six months ended June 30, 2021 compared to the same periods of 2020 was primarily due to a \$1.3 million and \$2.2 million increase in personnel related costs including stock-based compensation costs from increase in headcount and consultancy fees, and a \$0.4 million and \$0.4 million increase in marketing expenses related to trade shows and presentations in auto industry conventions.

#### General and Administrative

The \$14.3 million and \$20.0 million increase in general and administrative expenses for the three and six months ended June 30, 2021 compared to the same periods of 2020 was primarily due to a \$8.4 million and \$10.1 million increase in personnel costs including stock-based compensation costs, driven mainly by increased headcount associated with being a public company and a higher fair value of equity awards, and an increase in travel related expenses as domestic and international travel increased with the easing of Covid-19 restrictions. Increased public company costs for the three and six months ended June 30, 2021 compared to the same periods of 2020 included \$2.0 million and \$4.1 million in higher insurance costs, and approximately \$2.5 million and \$2.9 million in higher professional services fee for legal and accounting services and regulatory fees.

### Change in Fair Value of Warrant Liabilities

The change in fair value of warrant liabilities is a non-cash benefit or charge due to the corresponding decrease or increase in the estimated fair value of warrants. The fair value Private Warrants decreased by \$6.9 million in the three months ended June 30, 2021. In March 2021, 16,718,316 Public and Private Warrants were exercised and 204,638 Public Warrants were redeemed and prior to the exercise and redemption, the fair value of the warrants was calculated and the net increase of \$46.6 million in the fair value was recorded.

### Segment Operating Income or Loss

Segment income or loss is defined as income or loss before taxes. Our segment income or loss breakdown is as follows (in thousands):

	Three Months Ended June 30,				Six Months Ended June 30,			
	2021	2020	\$ Change	% Change	2021	2020	\$ Change	% Change
Segment operating income (loss)								
Autonomy Solutions	\$ (44,169)	\$ (19,927)	\$ (24,242)	122 %	\$ (73,037)	\$ (34,873)	\$ (38,164)	109 %
Component Sales	(76)	77	(153)	(199 %)	(313)	188	(501)	(266 %)

### Liquidity and Capital Resources

#### Sources of Liquidity

Our capital requirements will depend on many factors, including lidar and software sales volume, the timing and extent of spending to support our manufacturing ramp-up for series production, R&D and launch efforts, investments in information technology systems, the expansion of sales and marketing activities, and market adoption of new and enhanced products and features. Until we can generate sufficient revenue from lidar sensors and software to cover our operating expenses, working capital and capital expenditures, we expect our current liquidity, comprising of cash, cash equivalents and marketable securities, to fund our cash needs. If we are required to raise additional funds by issuing equity securities, dilution to stockholders would result. Any equity securities issued may also provide for rights, preferences or privileges senior to those of holders of our common stock. If we raise funds by issuing debt securities, these debt securities may have rights, preferences and privileges

senior to those of holders of our common stock. The terms of debt securities or borrowings could impose significant restrictions on our operations. The credit market and financial services industry have in the past, and may in the future, experience periods of uncertainty that could impact the availability and cost of equity and debt financing. We believe our existing cash and cash equivalents will be sufficient to meet our working capital and capital expenditure needs for at least the next 12 months.

As of June 30, 2021, we had cash and cash equivalents totaling \$134.7 million and marketable securities of \$445.8 million, combining for a total liquidity of \$580.4 million. To date, our principal sources of liquidity have been proceeds received from issuances of debt and equity.

In March 2021, we received \$153.9 million in cash proceeds from the exercise of Public and Private warrants.

We have not generated positive cash flows from operating activities and have incurred significant losses from operations in the past as reflected in our accumulated deficit of \$697.3 million as of June 30, 2021. We expect to continue to incur operating losses for at least the foreseeable future due to continued investments that we intend to make in our business and, as a result, we may require additional capital resources to grow our business. We believe that our current cash, cash equivalents, and marketable securities will be sufficient for us to continue to execute our business strategy over the next two years and until we expect to begin series production.

#### Cash Flow Summary

The following table summarizes our cash flows for the periods presented:

	Six Months Ended June 30,	
	2021	2020
Net cash provided by (used in):		
Operating activities	\$ (58,183)	\$ (33,978)
Investing activities	\$ (172,443)	\$ (423)
Financing activities	\$ 156,321	\$ 27,964

#### Operating Activities

Net cash used in operating activities was \$58.2 million during the six months ended June 30, 2021. Net cash used in operating activities was due to our net loss of \$112.8 million adjusted for non-cash items of \$61.8 million, primarily consisting of \$39.7 million of change in fair value of warrant liabilities, \$16.4 million of stock-based compensation, \$1.5 million of inventory impairment and \$1.3 million of depreciation and amortization, offset by use of cash for operating assets and liabilities of \$7.2 million due to the timing of cash payments to vendors and cash receipts from customers.

Net cash used in operating activities was \$34.0 million during the six months ended June 30, 2020. Net cash used in operating activities was due to our net loss of \$41.0 million adjusted for non-cash items of \$12.6 million, primarily consisting of \$4.6 million of change in fair value of warrant liabilities, \$3.4 million of stock-based compensation, \$2.5 million of impairment of inventories and \$1.2 million of depreciation and amortization, offset by use of cash for operating assets and liabilities of \$5.5 million due to the timing of cash payments to vendors and cash receipts from customers.

#### Investing Activities

Net cash used in investing activities of \$172.4 million in the six months ended June 30, 2021 comprised of \$376.3 million related to purchases of marketable securities and \$2.7 million in capital expenditures, offset by \$36.9 million and \$169.6 million, respectively, of cash proceeds from sale and maturities of marketable securities.

Net cash used in investing activities of \$0.4 million in the six months ended June 30, 2020 was comprised of capital expenditures of \$0.7 million, offset by cash proceeds from sales of marketable securities of \$0.3 million.

#### Financing Activities

Net cash provided by financing activities in the six months ended June 30, 2021 was \$156.3 million, compared to \$28.0 million for the six months ended June 30, 2020. Net cash provided by financing activities of \$156.3 million primarily related to \$153.9 million of cash received from exercises of Public and Private Warrants, \$2.8 million of cash received from exercises of stock options, offset by \$0.1 million of cash paid for repayment of debt, \$0.1 million of principal payments on finance leases and \$0.1 million of payments of employee taxes related to vested restricted stock units.

Net cash provided by financing activities of \$28.0 million in the six months ended June 30, 2020 related to net cash received from the issuance of debt of \$28.1 million, offset by \$0.1 million of principal payments on finance leases.



### **Off-Balance Sheet Arrangements**

As of June 30, 2021, we did not have any off-balance sheet arrangements, as defined in Item 303(a)(4)(ii) of SEC Regulation S-K, such as the use of unconsolidated subsidiaries, structured finance, special purpose entities or variable interest entities.

### **Critical Accounting Policies and Estimates**

Our condensed consolidated financial statements are prepared in accordance with U.S. GAAP. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses and related disclosures. On an ongoing basis, we evaluate our estimates and assumptions. Our actual results may differ from these estimates under different assumptions or conditions.

We believe our critical accounting policies involve the greatest degree of judgment and complexity and have the greatest potential impact on our condensed consolidated financial statements.

During the six months ended June 30, 2021, there were no significant changes to our critical accounting policies and estimates. For a more detailed discussion of our critical accounting policies and estimates, please refer to our Annual Report on Form 10-K for the fiscal year ended December 31, 2020.

### **Revenue**

We adopted the requirements of the new revenue recognition standard, known as ASC 606, effective January 1, 2019, utilizing the modified retrospective method of transition. Revenue from product sales is recognized upon transfer of control of promised products. Revenue is recognized in an amount that reflects the consideration that we expect to receive in exchange for those products and services. For service projects, revenue is recognized as services are performed and amounts are earned in accordance with the terms of a contract at estimated collectible amounts.

Revenues related to custom products are recognized over time using the cost input method. In using this input method, we generally apply the cost-to-cost method of accounting where sales and profits are recorded based on the ratio of costs incurred to estimated total costs at completion. Recognition of profit on these contracts requires estimates of the total contract value, the total cost at completion, and the measurement of progress towards completion. Significant judgment is required when estimating total contract costs and progress to completion on the arrangements, as well as whether a loss is expected to be incurred on the contract. If circumstances arise that change the original estimates of revenues, costs, or extent of progress toward completion, revisions to the estimates are made. These revisions may result in increases or decreases in estimated revenues or costs, and such revisions are reflected in income in the period in which the circumstances that gave rise to the revision become known to us. We perform ongoing profitability analysis of our contracts accounted for under this method in order to determine whether the latest estimates of revenues, costs, and profits require updating. If at any time these estimates indicate that the contract will be unprofitable, the entire estimated loss for the remainder of the contract is recorded immediately.

We enter into contracts that can include various combinations of products and services, which are generally capable of being distinct and accounted for as separate performance obligations; however, determining whether products or services are considered distinct performance obligations that should be accounted for separately versus together may sometimes require significant judgment. Transaction price is allocated to each performance obligation on a relative standalone selling price (SSP) basis. Judgment is required to determine SSP for each distinct performance obligation. We use a range of amounts to estimate SSP when products and services are sold separately. In instances where SSP is not directly observable, we determine SSP using information that may include other observable inputs available to it.

Changes in judgments with respect to these assumptions and estimates could impact the timing or amount of revenue recognition.

### **Emerging Growth Company Status**

Section 102(b)(1) of the Jumpstart Our Business Startups Act of 2012 (“JOBS Act”) exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can choose not to take advantage of the extended transition period and comply with the requirements that apply to non-emerging growth companies, and any such election to not take advantage of the extended transition period is irrevocable.

We are an “emerging growth company” as defined in Section 2(a) of the Securities Act, and have elected to take advantage of the benefits of the extended transition period for new or revised financial accounting standards. Following the consummation of the Business Combination, our Post-Combination Company will remain an emerging growth company until the earliest of (i) the last day of the fiscal year in which the market value of our common stock that held by non-affiliates exceeds \$700 million as of the end of that year’s second fiscal quarter, (ii) the last day of the fiscal year in which we achieve

total annual gross revenue of \$1.07 billion or more during such fiscal year (as indexed for inflation), (iii) the date on which we issue more than \$1 billion in non-convertible debt in the prior three-year period or (iv) December 31, 2024. We expect to continue to take advantage of the benefits of the extended transition period, although we may decide to early adopt such new or revised accounting standards to the extent permitted by such standards. This may make it difficult or impossible to compare our financial results with the financial results of another public company that is either not an emerging growth company or is an emerging growth company that has chosen not to take advantage of the extended transition period exemptions because of the potential differences in accounting standards used. As of June 30, 2021, the market value of our common stock held by non-affiliates was \$4.6 billion, as such, we will cease to be an emerging growth company as of December 31, 2021.

**Recent Accounting Pronouncements**

See Note 2 of the notes to condensed consolidated financial statements included in this report.

### **ITEM 3. Quantitative and Qualitative Disclosures about Market Risk.**

We are exposed to market risk in the ordinary course of our business. Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. Our market risk exposure is primarily a result of fluctuations in interest rates and foreign currency exchange rates. We do not hold or issue financial instruments for trading purposes. For a discussion of market risk, see “Quantitative and Qualitative Disclosure about Market Risk” in Item 7A of our Annual Report on Form 10-K for the fiscal year ended December 31, 2020. Our exposure to market risk has not changed materially since December 31, 2020.

We had cash and cash equivalents, and marketable securities totaling \$580.4 million as of June 30, 2021. Cash equivalents and marketable securities were invested primarily in U.S. treasury, commercial paper, corporate bonds, equity investments and money market funds. Our investment policy is focused on the preservation of capital and supporting our liquidity needs. Under the policy, we invest in highly rated securities, while limiting the amount of credit exposure to any one issuer other than the U.S. government. We do not invest in financial instruments for trading or speculative purposes, nor do we use leveraged financial instruments. We utilize external investment managers who adhere to the guidelines of our investment policy. A hypothetical 100 basis point change in interest rates would not have a material impact on the value of our cash and cash equivalents or marketable investments.

### **ITEM 4. Controls and Procedures.**

#### **Evaluation of Disclosure Controls and Procedures**

In designing and evaluating our disclosure controls and procedures, management recognizes that any disclosure controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply its judgment in evaluating the benefits of possible controls and procedures relative to their costs.

Our management, with the participation of our Chief Executive Officer (CEO) and Chief Financial Officer (CFO) has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the fiscal quarter ended June 30, 2021. Based on this evaluation, our CEO and CFO have concluded that our disclosure controls and procedures were not effective as of June 30, 2021 due to the material weakness in internal control over financial reporting that was disclosed in Part II, Item 9A of our Annual Report on Form 10-K for the fiscal year ended December 31, 2020 (the “2020 Annual Report”).

Notwithstanding the conclusion by our CEO and CFO that our disclosure controls and procedures as of June 30, 2021 were not effective, and notwithstanding the identified material weakness, management, including our CEO and CFO, believes the condensed consolidated financial statements included in this Quarterly Report on Form 10-Q fairly represent in all material respects our financial condition, results of operations and cash flows at and for the periods presented in accordance with U.S. GAAP.

#### *Material Weakness*

As discussed in the 2020 Annual Report on Form 10-K, we completed the Business Combination on December 2, 2020. Prior to the Business Combination, the Company was a special purpose acquisition company formed for the purpose of effecting a merger, capital stock exchange, asset acquisition, stock purchase, reorganization, or other similar business combination with one or more target businesses. As a result, previously existing internal controls are no longer applicable or comprehensive enough as of the assessment date as the Company’s operations prior to the Business Combination were insignificant compared to those of the Post-Combination Company. The design and implementation of internal control over financial reporting for the Post-Combination Company has required and will continue to require significant time and resources from management and other personnel. Because of this, the design and ongoing development of our framework for implementation and evaluation of internal control over financial reporting is in its preliminary stages. As a result, management was unable, without incurring unreasonable effort or expense, to conduct an assessment of our internal control over financial reporting as of December 31, 2020.

Based on an initial assessment, we concluded that our internal control over financial reporting was not effective as of December 31, 2020 because of the material weakness described below. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis.

In connection with our financial statement close process for the year ended December 31, 2020, we identified a material weakness in our internal control over financial reporting resulting from a lack of sufficient number of qualified personnel within our accounting function who possessed an appropriate level of expertise to effectively perform the following functions:

- identify, select and apply GAAP sufficiently to provide reasonable assurance that transactions were being appropriately recorded; and
- assess risk and design appropriate control activities over information technology systems and financial and reporting processes necessary to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements.

*Material Weakness Remediation*

Management continues to be actively engaged to take steps to remediate the material weakness, including the hiring of additional accounting and finance personnel with technical public company accounting and financial reporting experience. The material weakness will not be considered remediated until management designs and implements effective controls that operate for a sufficient period of time and management has concluded, through testing, that these controls are effective.

**Changes in Internal Control Over Financial Reporting**

Management continued to take action to remediate the material weakness during the quarterly period ended June 30, 2021. However, the material weakness will not be considered remediated until management designs and implements effective controls that operate for a sufficient period of time and management has concluded, through testing, that these controls are effective.

There has been no change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the quarterly period ended June 30, 2021 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting. We have not experienced any material impact to our internal control over financial reporting despite the fact that most of our employees are working remotely due to the COVID-19 pandemic. We are continually monitoring and assessing the impact of the COVID-19 situation on our internal controls to minimize any impact on their design and operating effectiveness.

## PART II. OTHER INFORMATION

### ITEM 1. Legal Proceedings.

Information with respect to this Item may be found under the heading "Legal Matters" in Note 12 to the condensed consolidated financial statements in this Quarterly Report on Form 10-Q, which information is incorporated herein by reference.

### ITEM 1A. Risk Factors.

There have been no material changes from the Risk Factors previously disclosed in Part 1, Item 1A, of our Annual Report on Form 10-K for the fiscal year ended December 31, 2020. You should carefully consider the Risk Factors discussed in our Annual Report on Form 10-K as they could materially affect our business, financial condition and future results of operation.

### ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds

In connection with certain engineering and manufacturing services arrangement entered into pursuant to an agreement dated June 9, 2021 by and between the Company and P3 USA, Inc., the Company sold up to 291,940 shares of Class A common stock to an accredited investor in a private placement exempt from registration under the Securities Act of 1933, as amended, in reliance on Section 4(a)(2) thereof and Rule 506 of Regulation D thereunder.

### ITEM 3. Defaults Upon Senior Securities.

None.

### ITEM 4. Mine Safety Disclosures.

Not applicable.

### ITEM 5. Other Information.

As of August 12, 2021, the Company has appointed Al Prescott, Chief Legal Officer, as an executive officer. Concurrently, Matthew Scott Faris will no longer be an executive officer, but will remain with the Company until Q4 2021.

## ITEM 6. Exhibits.

Exhibit Number	Description	Incorporation by Reference				Filed Herewith
		Form	File Number	Exhibit/Appendix Reference	Filing Date	
3.1	<a href="#">Second Amended and Restated Certificate of Incorporation of the Company.</a>	8-K/A	001-38791	3.1	12/8/20	
3.2	<a href="#">Amended and Restated Bylaws of the Company.</a>	8-K/A	001-38791	3.2	12/8/20	
10.1	<a href="#">Amendment No. 1 to Framework Purchase Agreement, dated June 24, 2021, by and between Volvo Car Corporation and Luminar Technologies, Inc.</a>					X
31.1	<a href="#">Certification of Principal Executive Officer pursuant to Rules 13a-14(a) and 15(d)-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>					X
31.2	<a href="#">Certification of Principal Financial Officer pursuant to Rules 13a-14(a) and 15(d)-14(a) under the Securities Exchange Act of 1934, as adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>					X
32.1	<a href="#">Certification of Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>					X
101.INS	<a href="#">XBRL Instance Document</a>					X
101.SCH	<a href="#">XBRL Taxonomy Extension Schema Document</a>					X
101.CAL	<a href="#">XBRL Taxonomy Extension Calculation Linkbase Document</a>					X
101.DEF	<a href="#">XBRL Taxonomy Extension Definition Linkbase Document</a>					X
101.LAB	<a href="#">XBRL Taxonomy Extension Label Linkbase Document</a>					X
101.PRE	<a href="#">XBRL Taxonomy Extension Presentation Linkbase Document</a>					X
104	<a href="#">Cover Page Interactive Data File (formatted as Inline XBRL).</a>					X

† Indicates a management contract or compensatory plan, contract or arrangement.



\*\*\*CERTAIN MATERIAL (INDICATED BY THREE ASTERISKS IN BRACKETS) HAS BEEN OMITTED FROM THIS DOCUMENT BECAUSE IT IS BOTH (1) NOT MATERIAL AND (2) IS OF THE TYPE THAT THE REGISTRANT TREATS AS PRIVATE OR CONFIDENTIAL.

#### AMENDMENT AGREEMENT NO.1

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This Amendment Agreement No. 1, to the "200311 FPA Volvo Luminar Lidar Final" ("**Amendment**") is between Volvo Car Corporation 556074-3089, with registered address at SE-405 31, Göteborg, Sweden, a corporation organized and existing under the laws of Sweden ("**Volvo Cars**") and Luminar Technologies Inc., with registered address at 2601 Research Parkway Orlando, FL 32826 United States, a corporation organized and existing under the laws of The United States ("**Supplier**").

Each of Volvo Cars and Supplier is hereinafter referred to as a "**Party**" and jointly as the "**Parties**".

#### BACKGROUND

- A. The Parties have entered into a Framework Purchase Agreement on 23 March 2020 (the "**Agreement**").
- B. The Parties now wish to amend the Agreement to the extent set out below.
- C. Now, therefore, the Parties agree as follows:

#### 1. SCOPE OF AMENDMENT

- 1.1 The Agreement will be deemed amended to the extent herein provided and will, except as specifically amended, continue in full force and effect in accordance with its original terms. In case of any discrepancy between the provisions of this Amendment and the Agreement, the provisions of this Amendment shall prevail. Any definitions used in this Amendment shall, unless otherwise is stated herein, have the respective meanings set forth in the Agreement.
- 1.2 The amendments to the provisions in the Agreement as stated in Section 2 below, such provisions highlighted for ease of reference in bold italics, shall come into force on the date this Amendment is signed by the last Party to sign it (as indicated by the date associated with that Party's signature).

#### 2. AMENDMENTS

- 2.1 The Parties have agreed to change the Model I price cap. Therefore, the *first sentence in paragraph 5 in Section 2.1.3 of the Agreement* shall be deleted and substituted with the following:

"Per the original agreement and way of working, the following table is an updated status of the Model I price according to volumes in table 2.2:



[\*\*\*]

Most importantly, Luminar and Volvo are fully committed to the way of working and transparency set out in the original agreement, as this model is the key enabler and condition for Volvo coming to market with volumes at this scale by aggressively driving down cost. Luminar and Volvo will continue to iterate Model I utilizing the agreed way of working, while maintaining a long-term price target for Model I of [\*\*\*].

[\*\*\*]

- 2.2 The Parties have agreed to change the volume estimates set forth in Section 2.1.5 in the Agreement. The volume tables in **Section 2.1.5 of the Agreement** shall therefore be deleted in its entirety and substituted with the following:

[\*\*\*]

### 3. GENERAL PROVISIONS

- 3.1 This Amendment is and should be regarded and interpreted as an amendment to the Agreement. The validity of this Amendment is therefore dependent upon the validity of the Agreement.
- 3.2 No amendment of this Amendment will be effective unless it is in writing and signed by both Parties. A waiver of any default is not a waiver of any later default and will not affect the validity of this Amendment.
- 3.3 Section 27 in the PMGTC, which is part of the Agreement, shall apply to this Amendment as well.
- 3.4 The Parties may execute this Amendment in counterparts, including electronic copies, which taken together will constitute one instrument. This Amendment may be executed and delivered by email and upon such delivery the portable document format signature will be deemed to have the same effect as if the original signature had been delivered to the other Party.

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[SIGNATURE PAGE FOLLOWS]

**VOLVO CAR CORPORATION**

By: /s/ Ann-Sofie Ekberg

Printed Name: Ann-Sofie Ekberg

Title: Head of SW procurement

Date: June 23, 2021

By:

Printed Name:

Title:

Date:

**LUMINAR TECHNOLOGIES INC.**

By: /s/ Austin Russell

Printed Name: Austin Russell

Title: Founder & CEO

Date: June 24, 2021

By:

Printed Name:

Title:

Date:

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER****PURSUANT TO RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Austin Russell, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Luminar Technologies, Inc. for the quarter ended June 30, 2021;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 13, 2021

By: \_\_\_\_\_

/s/ Austin Russell  
Austin Russell  
Chief Executive Officer  
(Principal Executive Officer)

## CERTIFICATION OF CHIEF FINANCIAL OFFICER

**PURSUANT TO RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Thomas J. Fennimore, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Luminar Technologies, Inc. for the quarter ended June 30, 2021;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 13, 2021

By:

/s/ Thomas J. Fennimore

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Thomas J. Fennimore  
Chief Financial Officer  
(Principal Financial and Accounting Officer)

## CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

PURSUANT TO 18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Austin Russell, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report of Luminar Technologies, Inc. (the "Company") on Form 10-Q for the fiscal quarter ended June 30, 2021 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that information contained in such Quarterly Report on Form 10-Q fairly presents in all material respects the financial condition and results of operations of the Company.

Date: August 13, 2021

By: \_\_\_\_\_  
/s/ Austin Russell  
Austin Russell  
Chief Executive Officer  
(Principal Executive Officer)

I, Thomas J. Fennimore, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report of Luminar Technologies, Inc. (the "Company") on Form 10-Q for the fiscal quarter ended June 30, 2021 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that information contained in such Quarterly Report on Form 10-Q fairly presents in all material respects the financial condition and results of operations of the Company.

Date: August 13, 2021

By: \_\_\_\_\_  
/s/ Thomas J. Fennimore  
Thomas J. Fennimore  
Chief Financial Officer  
(Principal Financial and Accounting Officer)

This certification accompanies the Form 10-Q to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of Luminar Technologies, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Form 10-Q), irrespective of any general incorporation language contained in such filing.