Ouster and Velodyne Complete Merger of Equals to Accelerate Lidar Adoption

February 13, 2023

Robust offering of Ouster and Velodyne products to serve current and prospective customers

Innovative digital lidar technology roadmap and new software solutions to catalyze growth

Strengthened financial position with over $315 million in combined cash and expected annualized cost savings in excess of $75 million[1]

SAN FRANCISCO--(BUSINESS WIRE)-- Ouster (NYSE: OUST), a leading provider of high-resolution digital lidar, and Velodyne, a global player in lidar sensors and solutions, announced the successful completion of their merger of equals, effective February 10, 2023. The combined company will keep the name Ouster and continue to trade on New York Stock Exchange under the ticker "OUST."

This press release features multimedia. View the full release here: https://www.businesswire.com/news/home/20230213005229/en/

The merger creates a lidar powerhouse with over 850 customers spanning the automotive, industrial, robotics, and smart infrastructure industries supported by a robust product portfolio of innovative hardware and software solutions in addition to top-tier engineering and commercial teams. Following integration, the combined Ouster expects to retain approximately 350 employees with its headquarters in San Francisco and key offices across the Americas, Europe, and Asia-Pacific. The merger is expected to drive significant cost synergies and value creation for the combined company and its stakeholders.

Key Strengths of the Combined Company:

- Robust product portfolio to serve current and prospective customers, including Ouster OS and DF series sensors, Velodyne Lidar sensors, and Ouster Gemini and Bluecity software;
- Expanded partner ecosystem and distribution channels to accelerate market penetration;
- Innovative digital lidar roadmap and software strategy to drive product adoption and new high-margin revenue streams;
- Extensive intellectual property portfolio with 173 granted and 504 pending patents, backed by over 20 years of combined experience in lidar technology innovation;
- Strong financial position with a combined cash balance of over $315 million as of December 31, 2022; and
- On track to exceed previously projected annualized operating expenditure synergies of $75 million, compared to standalone cost structures as of September 30, 2022, within 9 months.

"We're thrilled to have completed the merger with Velodyne so quickly, further boosting our financial position and our ability to accelerate lidar adoption," said Angus Pacala, CEO of Ouster. "Together, we have an even stronger team backed by a healthy balance sheet, new channel partners, and a wide selection of positive-margin products to serve a diverse set of customers and win more deals than ever before. We expect our innovative digital lidar roadmap, amplified by exciting new software solutions, to further expand our serviceable market and catalyze growth across the business."

Ouster will provide a comprehensive update on its integration plans, including its product offering, technology roadmap, manufacturing and operations footprint, commercial strategy, and additional synergies across the business, on its fourth quarter 2022 earnings call.

Leadership and Governance

Ouster's executive leadership team is comprised of:

- Angus Pacala, Chief Executive Officer
- Mark Frichtl, Chief Technology Officer
- Mark Weinswig, Chief Financial Officer
- Darien Spencer, Chief Operations Officer
- Nate Dickerman, President of Field Operations
- Megan Chung, General Counsel

Ouster's eight-member Board of Directors is comprised of:

- Dr. Ted Tewksbury, Executive Chairman
- Angus Pacala, Chief Executive Officer
- Susan Heystee, Lead Independent Director
- Virginia Boulet

- Ernest Maddock
- Karin Radstrom
- Kristin Slanina
- Riaz Valani

“The combined Ouster is stronger than ever, led by an esteemed executive leadership team and Board with deep company, industry, and financial expertise,” said Dr. Ted Tewksbury, Executive Chair of Ouster’s Board of Directors. “Ouster is well positioned as a global leader in lidar backed by the talent, products, and technology roadmap to make performant and affordable lidar solutions pervasive, while accelerating time to profitability and enhancing value for stockholders.”

Transaction Details

Velodyne shares ceased trading on the NASDAQ after market close on February 10, 2023, and each Velodyne share was exchanged for 0.8204 shares of Ouster common stock.

Barclays served as financial advisor and Latham & Watkins LLP served as legal advisor to Ouster. BofA Securities, Inc. served as financial advisor and Skadden, Arps, Slate, Meagher & Flom LLP served as legal advisor to Velodyne.

Fourth Quarter and Fiscal Year 2022 Earnings

Ouster expects to report its financial results for the fiscal year and fourth quarter ended December 31, 2022 after the market closes on Thursday, March 23, 2023 and will host a conference call that day at 5:00 p.m. ET to discuss its results.

As previously announced, Ouster achieved its fiscal year 2022 guidance of $40 to $55 million in revenue and 25% to 30% in gross margins. Additionally, Velodyne exceeded its fourth quarter 2022 guidance of $13 million and $15 million in billings[2] and $12 to $14 million in revenue.

Financial Disclosure Advisory

Ouster reports its financial results in accordance with U.S. generally accepted accounting principles. All financial data in this press release is preliminary and represents the most current information available to Ouster’s management, as financial closing procedures for the year and fourth quarter ended December 31, 2022 are not yet complete. Actual results may differ materially from these estimates as a result of the completion of normal year-end accounting procedures and adjustments, including the execution of Ouster’s internal control over financial reporting, the completion of the audit of Ouster’s and Velodyne’s financial statements for the year ended December 31, 2022 and the subsequent occurrence or identification of events prior to the formal issuance of the fourth quarter and annual financial results.

About Ouster

Ouster (NYSE: OUST) is a leading global provider of high-resolution scanning and solid-state digital lidar sensors, Velodyne Lidar sensors, and software solutions for the automotive, industrial, robotics, and smart infrastructure industries. Ouster is on a mission to build a safer and more sustainable future by offering affordable, high-performance sensors that drive mass adoption across a wide variety of applications. With a global team and high-volume manufacturing, Ouster supports over 850 customers in over 50 countries. Ouster is headquartered in San Francisco, CA with offices in the Americas, Europe, Asia-Pacific, and the Middle East. For more information, visit www.ouster.com, or connect with us on Twitter or LinkedIn.

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in Section 27A of the Securities Act of 1933, as amended (the “Securities Act”) and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Such statements are based upon current plans, estimates and expectations of management that are subject to various risks and uncertainties that could cause actual results to differ materially from such statements. The inclusion of forward-looking statements should not be regarded as a representation that such plans, estimates and expectations will be achieved. Words such as “anticipate,” “expect,” “project,” “intend,” “believe,” “may,” “will,” “should,” “plan,” “could,” “may,” “continue,” “target,” “contemplate,” “estimate,” “forecast,” “guidance,” “predict,” “possible,” “potential,” “pursue,” “likely,” and similar expressions are intended to identify forward-looking statements, though not all forward-looking statements use these words or expressions. All statements, other than historical facts, including statements regarding Ouster’s anticipated cash position and cost savings; anticipated customer base, expected number of employees, and anticipated strengths and benefits of the combined company, are forward-looking statements.

All forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially from those that we expected, including but not limited to risks related to Ouster’s limited operating history and history of losses; the negotiating power and product standards of its customers; fluctuations in its operating results; supply chain constraints and challenges; cancellation or postponement of contracts or unsuccessful implementations; the ability of its digital lidar technology roadmap and new software solutions to catalyze growth; the adoption of its products and the growth of the lidar market generally; the merger may involve unexpected costs or liabilities; the effect of the merger on the ability of Ouster to retain and hire key personnel and maintain relationships with customers, suppliers and others with whom Ouster does business, or on Ouster’s

operating results and business generally; challenges with the integration of the combined company; the outcome of any legal proceedings related to the merger; Ouster's ability to grow its sales and marketing organization; substantial research and development costs needed to develop and commercialize new products; the competitive environment in which Ouster operates; selection of Ouster's products for inclusion in target markets; Ouster's future capital needs and ability to secure additional capital on favorable terms or at all; its ability to use tax attributes; Ouster's dependence on key third party suppliers, in particular Benchmark Electronics, Inc., and manufacturers; Ouster's ability to maintain inventory and the risk of inventory write-downs; inaccurate forecasts of market growth; Ouster's ability to manage growth; the creditworthiness of Ouster's customers; risks related to acquisitions; risks related to international operations; risks of product delivery problems or defects; costs associated with product warranties; Ouster's ability to maintain competitive average selling prices or high sales volumes or reduce product costs; conditions in its customers' industries; Ouster's ability to recruit and retain key personnel; Ouster's use of professional employer organizations; Ouster's ability to adequately protect and enforce its intellectual property rights; Ouster's ability to effectively respond to evolving regulations and standards; risks related to operating as a public company; risks related to the COVID-19 pandemic; risks related to certain of Ouster's warrants being accounted for as liabilities; and other important factors discussed in the Company's Annual Report on Form 10-K for the year ended December 31, 2021, as updated by the Company's most recent Quarterly Report on Form 10-Q and as may be further updated from time to time in the Company's other filings with the SEC. Readers are urged to consider these factors carefully and in the totality of circumstances when evaluating these forward-looking statements, and not to place undue reliance on any of them. Any such forward-looking statements represent management's reasonable estimates and beliefs as of the date of this press release. While Ouster may elect to update such forward-looking statements at some point in the future, it disclaims any obligation to do so, other than as may be required by law, even if subsequent events cause its views to change.

[1] Cash balance includes, cash, cash equivalents, restricted cash and short-term investments as of December 31, 2022; expected annualized cost savings in excess of $75 million are based on standalone cost structures as of September 30, 2022.

[2] Billings represents the dollar value of products and services provided during the current period and invoiced to the customer. Velodyne management used this metric to track commercial growth, establish performance targets and make budgetary and operating decisions. Billings excludes the effect of the contra revenue recognized in connection with the Amazon warrants.

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