



Fourth Quarter and Full Year 2021
Investor Presentation

February 28, 2022

Safe harbor

This presentation contains “forward-looking statements” within the meaning of the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995, including but not limited to, statements regarding our financial outlook and market positioning, business strategy and plans, potential contract opportunities, planned products and services, growth opportunities, market demand and technological developments. These forward-looking statements are based on information available to us as of the date of this presentation and are based on our management’s current views and assumptions. You can identify forward-looking statements by the fact that they do not relate strictly to historical or current facts. These statements may include words such as “anticipate”, “estimate”, “expect”, “project”, “plan”, “intend”, “believe”, “may”, “will”, “should”, “can have”, “likely” and other words and terms of similar meaning in connection with any discussion of the timing or nature of future operating or financial performance or other events.

All forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially from those that we expected, including: the impact on our operations and financial condition from the effects of the current COVID-19 pandemic; the impact of the COVID-19 pandemic on our customers and suppliers; supply chain issues in the semiconductor market; our ability to execute our business plan; the timing of revenue from existing customers, including uncertainties related to the ability of our customers to commercialize their products and the ultimate market acceptance of these products; uncertainties related to our estimates of the size of the markets for our products and future revenue opportunities; the rate and degree of market acceptance of our products; the success of other competing lidar and sensor-related products and services that exist or may become available; our ability to identify and integrate acquisitions; rising costs adversely affecting our profitability; uncertainties related to our current litigation and potential litigation involving us or our predecessors or the validity or enforceability of our intellectual property; our ability to partner with and rely on third party manufacturers; general economic and market conditions impacting demand for our products and services; and changes in applicable laws or regulations. We operate in a very competitive and rapidly changing environment and new risks may emerge from time to time. It is not possible for us to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results or outcomes to differ materially from those contained in any forward-looking statements. Additional information concerning risks, uncertainties and other factors that could cause results to differ materially from the expectations described in this presentation can be found in our filings with the U.S. Securities and Exchange Commission, including quarterly reports on Form 10-Q and current reports on Form 8-K. The forward-looking statements included in this presentation relate only to events as of the date hereof. We undertake no obligation to update or revise any forward-looking statement as a result of new information, future events or otherwise, except as otherwise required by law.

This presentation includes information concerning economic conditions, our industry, our markets and our competitive position that is based on a variety of sources, including information from independent industry analysts and publications, as well as our own estimates and research. Our estimates are derived from publicly available information released by third party sources, as well as data from its internal research, and are based on such data and our knowledge of our industry, which we believe to be reasonable. The independent industry publications used in this presentation were not prepared on our behalf. While we are not aware of any misstatements regarding any information in this presentation, forecasts, assumptions, expectations, beliefs, estimates and projections involve risk and uncertainties and are subject to change based on various factors.

In addition to our results determined in accordance with generally accepted accounting principles in the United States (“GAAP”), we believe the non-GAAP measures of non-GAAP gross profit (loss), non-GAAP gross margin, non-GAAP operating expenses, non-GAAP operating loss, non-GAAP net loss, non-GAAP net loss per share, and Adjusted EBITDA are useful in evaluating our operating performance. Certain of these non-GAAP measures exclude stock-based compensation and related employer payroll taxes, litigation settlements, amortization of acquisition-related intangibles assets, restructuring, and discrete tax items. We believe that non-GAAP financial information, when taken collectively, may be helpful to investors because it provides consistency and comparability with past financial performance and assists in comparisons with other companies, some of which use similar non-GAAP information to supplement their GAAP results. The non-GAAP financial information is presented for supplemental informational purposes only, and should not be considered a substitute for financial information presented in accordance with GAAP, and may be different from similarly-titled non-GAAP measures used by other companies. Reconciliation tables of the most comparable GAAP financial measures to the non-GAAP financial measures are used in this press release. The impact of these items in future periods is uncertain and depends on various factors. Accordingly, a reconciliation for forward-looking non-GAAP operating income is not available without unreasonable effort.

The financial results contained herein as of December 31, 2021 and for the three months ended December 31, 2021 and December 31, 2020 are unaudited. These numbers are derived from our unaudited interim consolidated financial statements. The unaudited interim consolidated financial statements have been prepared on the same basis as the audited consolidated financial statements and, in the opinion of management, reflect all adjustments, consisting only of normal recurring adjustments, that are necessary for the fair presentation of our unaudited interim consolidated financial statements. Our historical results are not necessarily indicative of the results that may be expected in the future, and our interim results are not necessarily indicative of the results that may be expected for the full fiscal year.

Who we are

VISION:

**Science in
service of safety**

MISSION:

**Creating smart
technology for a
world in motion**

STRATEGY:

**Deliver high-volume
hardware and software
solutions to help our
customers solve their
system-level problems
and enable their
success**

Investment highlights

Market Leader

67,000+
total lidar sensors
shipped to date

450+
end customers across
industrial and auto

35%
increase in total sensors
shipped from 2020 to 2021

25+
industries/verticals

Massive Opportunity

\$5.7B
opportunity across Industrials &
robotics/industrial, IIS and auto by 2026

26%+ CAGR
expected across all three
verticals by 2026

Broad Product Portfolio

15,000+
lidar sensors
shipped in 2021

~12,600
rotational

~2,400
solid state

Business updates

67,000+
sensors
shipped
in lifetime

15,000+
sensors
shipped in
2021

4,900+
sensors
shipped in
Q4 2021

450+
customers

35%
increase in
total sensors
shipped from
2020 to 2021

70/283
granted/pending
patents

- Filed a warrant agreement with Amazon
- Signed 5-year sales agreement with QinetiQ Inc., a leading defense and security company
- Won U.S. Ninth Circuit Court of Appeals ruling upholding validity of one of Velodyne's foundational patents
- Hired Dr. Anurag Gupta, EVP Engineering, to advance portfolio of high value lidar solutions
- Appointed Earnest E. Maddock, financial expert to the board
- Named finalist in South by Southwest (SXSW) 2022 Innovation Awards

Broad portfolio leads the way as lidar revolutionizes lives and makes communities safer

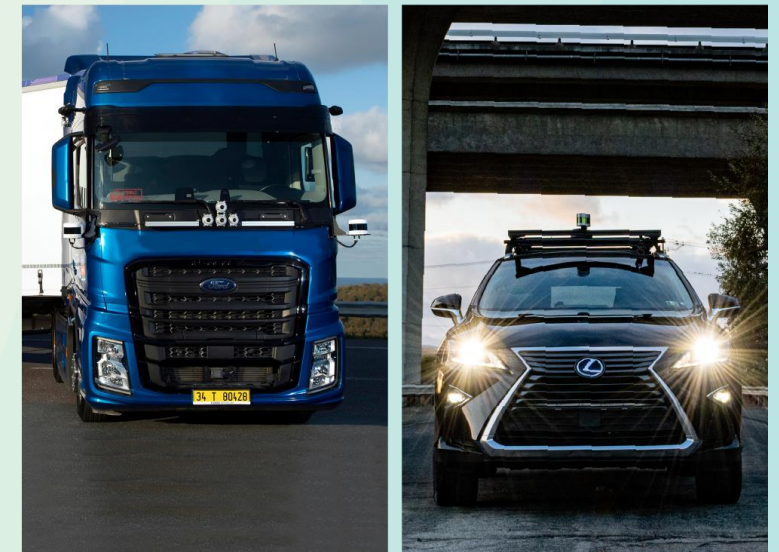
INDUSTRIAL & ROBOTICS



INTELLIGENT INFRASTRUCTURE



AUTOMOTIVE (AV/ADAS)

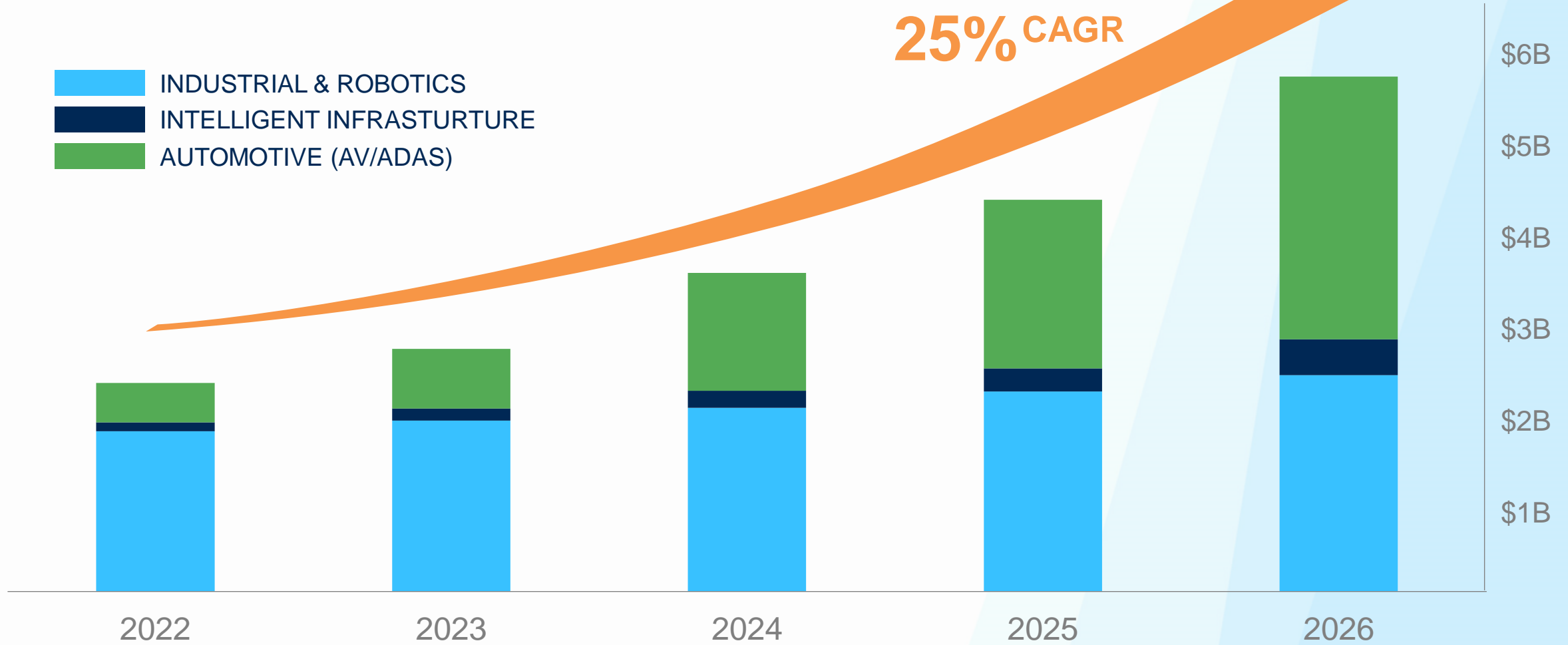


Delivering AI-powered, autonomous vision solutions while accelerating the path to profitable revenue growth

OUR FOUR PILLARS

- 1 Drive lidar applications at scale in early autonomous markets
- 2 Develop high performance sensors at a price point to accelerate mass adoption
- 3 Expand software to deliver complete autonomous vision solutions
- 4 Lead the industry in operational and manufacturing excellence

Focusing on capturing early autonomous markets first



Source: LiDAR for Automotive and Industrial Applications report, Yole Développement (Yole), 2021

Massive total available market

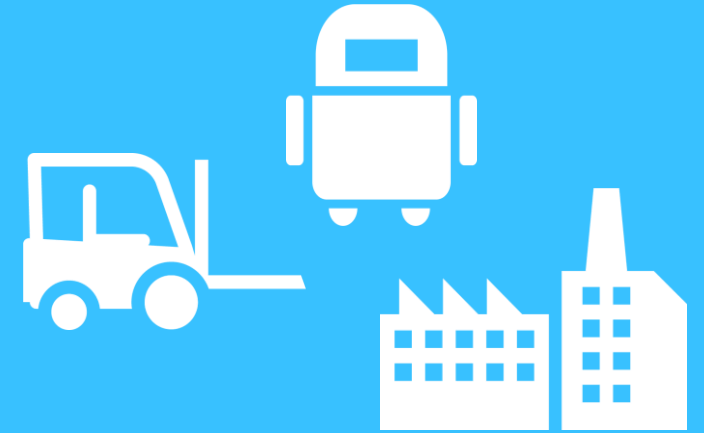
~\$5.7 BILLION

TOTAL
ADDRESSABLE
MARKET
BY 2026

~\$2.4B

**ROBOTICS &
INDUSTRIAL**

ROBOTICS | MANUFACTURING
TOPOGRAPHY | LOGISTICS



~\$395M

**INTELLIGENT INFRASTRUCTURE
SOLUTIONS**



~\$2.9B

AUTOMOTIVE

ADAS | ROBOTIC CARS
ROBOTAXIS | SHUTTLES



Developing high performance sensors at a price point to accelerate mass adoption

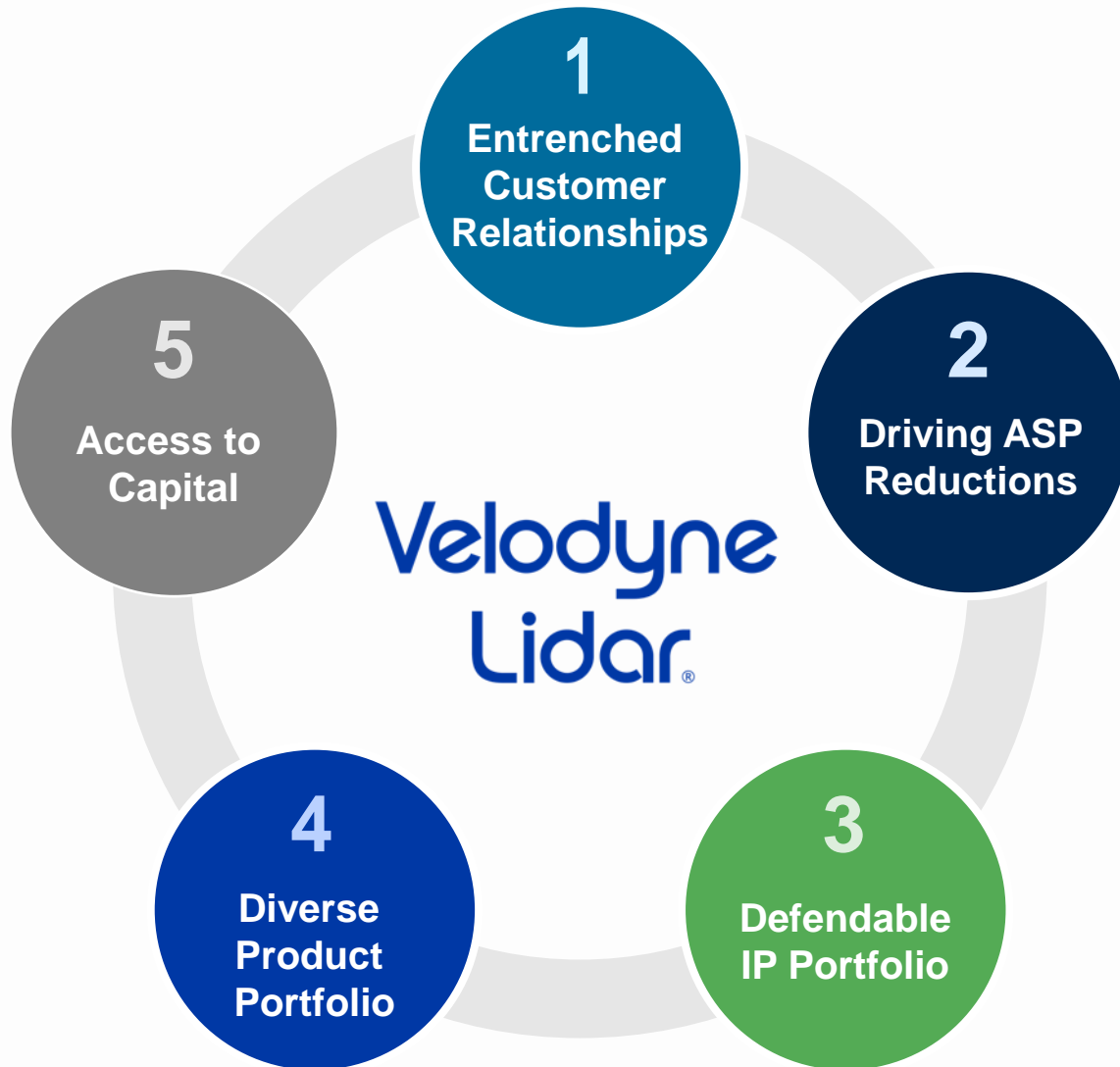
Tireless Innovation to Bring New Technologies and Products

<p>Broad Product Portfolio</p>	 <p>HDL-32E</p>  <p>Puck™ Series</p>  <p>Ultra Puck™</p>  <p>Alpha Prime™</p>	 <p>Velarray™ H800</p>  <p>Velarray™ M1600</p>  <p>Next-Gen Velabit™</p>	<p>Vella™ </p> <p>VDK </p> <p>Intelligent Infrastructure Solution </p>		
<p>Architectures</p>	<p>Surround View Hybrid Solid State</p>		<p>Solid State Directional</p>	<p>Software Solutions</p>	
<p>Key Technologies</p>	<p>Embedded Signal Processing Software</p>	<p>Proprietary Calibration and Manufacturing</p>	<p>Micro-Lidar Array Technology</p>	<p>Custom ASICs</p>	<p>IP Portfolio</p>

FULL RANGE OF FORM FACTORS | SUPERIOR PERCEPTION | LOW POWER CONSUMPTION | DURABILITY

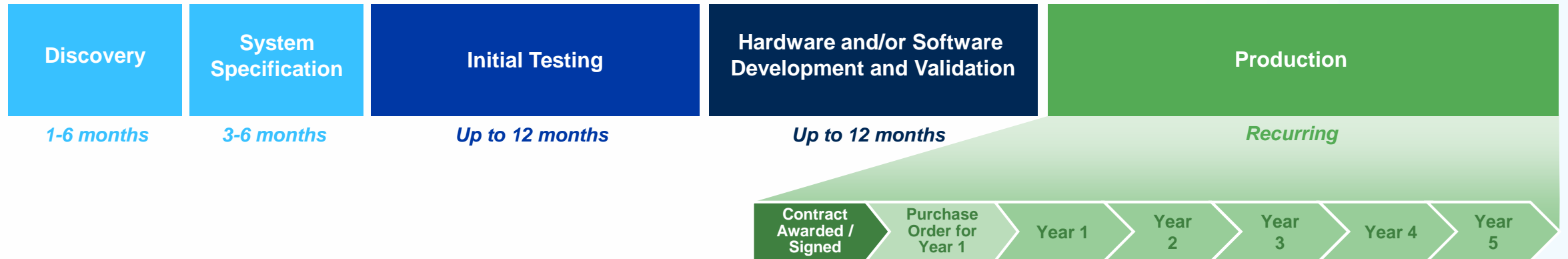
Sensors Are Ruggedized and Leverage Tightly Integrated Hardware and Software Solutions

Competitive moats



- 1** Customer service attracts; reliability, quality and high cost of switching retains customers
- 2** Automated manufacturing techniques, deployed at high-quality manufacturing partners, drive down costs
- 3** Technology, products and manufacturing methods protected by comprehensive global patent portfolio
- 4** One-stop source for all machine vision needs across broad end-market applications
- 5** Public currency and well-capitalized balance sheet for selective acquisitions

Pathway to revenue: How deals are made



- Customers typically buy products on a spot basis for several years during pre-contract process
- Customers forecast purchase volume for each contract year, with contracted ASPs for indicated volume
- Contracted ASPs drop as volumes increase
- Binding purchase order for Year 1 confirmed upon signing contract
- Non-recurring engineering (NRE) revenues may be generated in pre-production contract
- Purchase orders for subsequent years typically to be confirmed by September, providing solid visibility on production volume and revenues more than a year forward
- Velodyne can typically renegotiate pricing upward, at its discretion, if projected volume for any year drops more than 20% below forecast

Barriers to entry: Robust durability of installed customer base

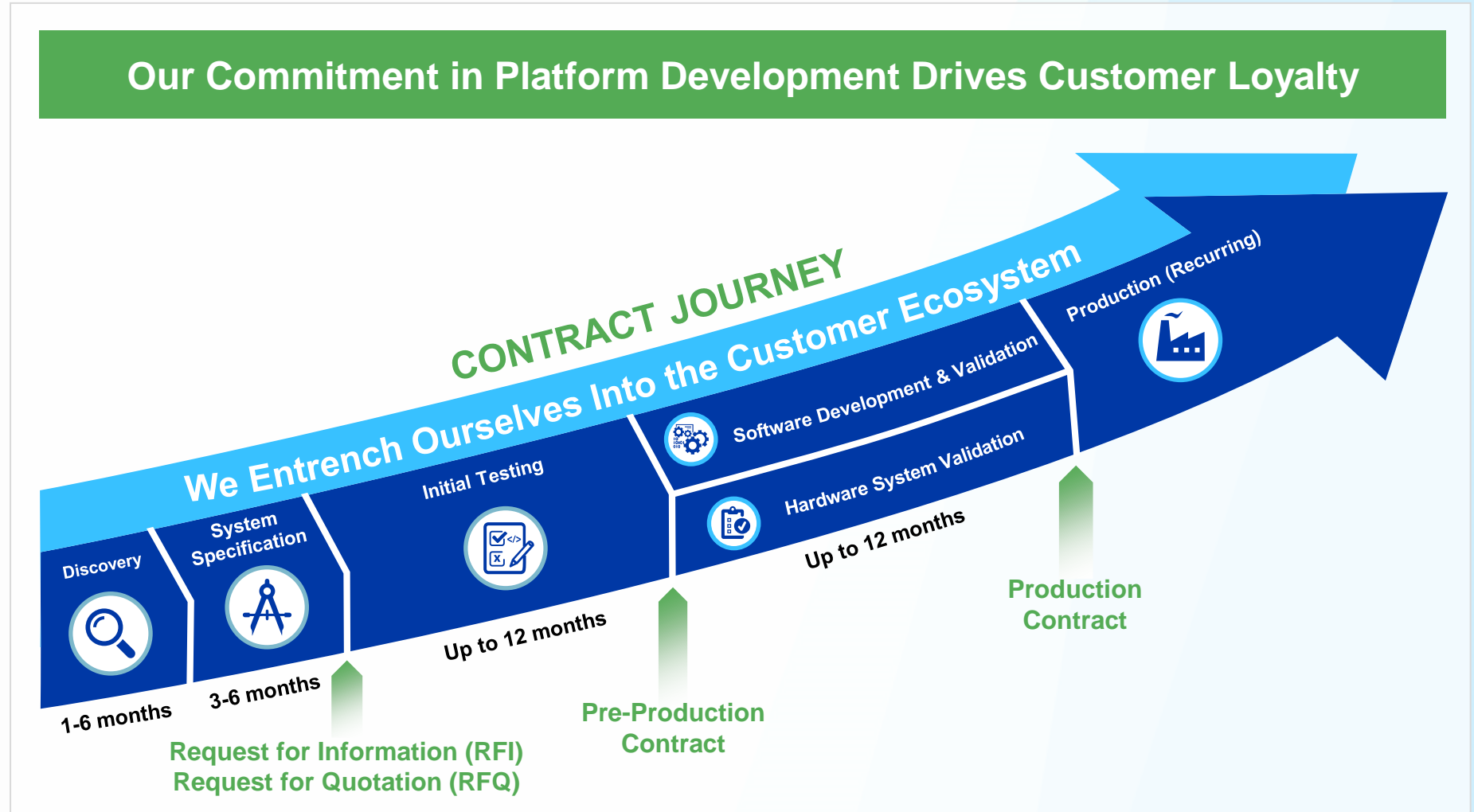
Why We Have a Sticky Customer Base

Technology differentiation

Lengthy and rigorous validation process

Long-term contracted volume arrangements

High switching costs



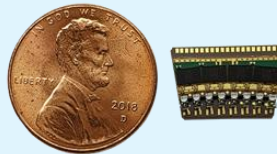
Expand software to deliver complete autonomous vision solutions

Market	<p>Smart Infrastructure</p>	<p>Automotive / ADAS</p>	<p>Industrial Automation</p>	<p>Ground Truthing / Map Annotation</p>		
Vella	<p>Portal</p> <ul style="list-style-type: none"> • Subscription Management • Diagnostic Monitoring • Firmware/Software Apps • Data/Perception Services • Analytics 	<p>Real-time Perception</p> <ul style="list-style-type: none"> • Detection & tracking • Classification • Scene Segmentation • Obstacle Detection • Path Planning • Mapping & Localization 	<p>Core</p> <table border="0"> <tr> <td data-bbox="1541 586 1921 1043"> <p>"Out of the Box" UX</p> <ul style="list-style-type: none"> • License • Firmware Updates • Device Configuration • Diagnostics • Visualization </td> <td data-bbox="1921 586 2484 1043"> <p>Sensor Fusion</p> <ul style="list-style-type: none"> • Time Synchronization • Calibration • Data Framing </td> </tr> </table>		<p>"Out of the Box" UX</p> <ul style="list-style-type: none"> • License • Firmware Updates • Device Configuration • Diagnostics • Visualization 	<p>Sensor Fusion</p> <ul style="list-style-type: none"> • Time Synchronization • Calibration • Data Framing
<p>"Out of the Box" UX</p> <ul style="list-style-type: none"> • License • Firmware Updates • Device Configuration • Diagnostics • Visualization 	<p>Sensor Fusion</p> <ul style="list-style-type: none"> • Time Synchronization • Calibration • Data Framing 					
Sensors	<p>Single Lidar Sensor</p>		<p>Multiple Lidar Sensors</p>	<p>External Sensors, such as IMU, cameras, other lidar sensors</p>		

Lead the industry in operational and manufacturing excellence

Technology Miniaturization

Micro-lidar arrays and custom ASICs enable mass production at lower unit cost



Proprietary Manufacturing IP

Fully automated wafer-scale lidar manufacturing processes



Manufacturing Partnerships

Partnerships add capacity and opportunity for higher margins on higher volumes

Nikon

(TSE: 7731)

f a b r i n e t

(NYSE: FN)

Overseas Production

Established low-cost production in Thailand

Puck



Completed Transition

Velarray



Transitioning 2022

Fourth Quarter 2021 **Financial Summary**

Financial highlights: Fourth Quarter 2021



4,900 sensors shipped;
67K sensors shipped since inception



35% increase in total sensors
shipped from 2020 to 2021



Improving margins with transition to
new overseas manufacturing



\$10M–\$12M revenue guidance for
Q1FY2022

Revenue Profile

\$17.5M

Revenue

4,900

Sensors
Shipped

35%

Increase in Total
Sensors Shipped
from 2020 to 2021

Improving Profitability and Strong Liquidity

18%

Non-GAAP
Gross
Margin¹

\$32M

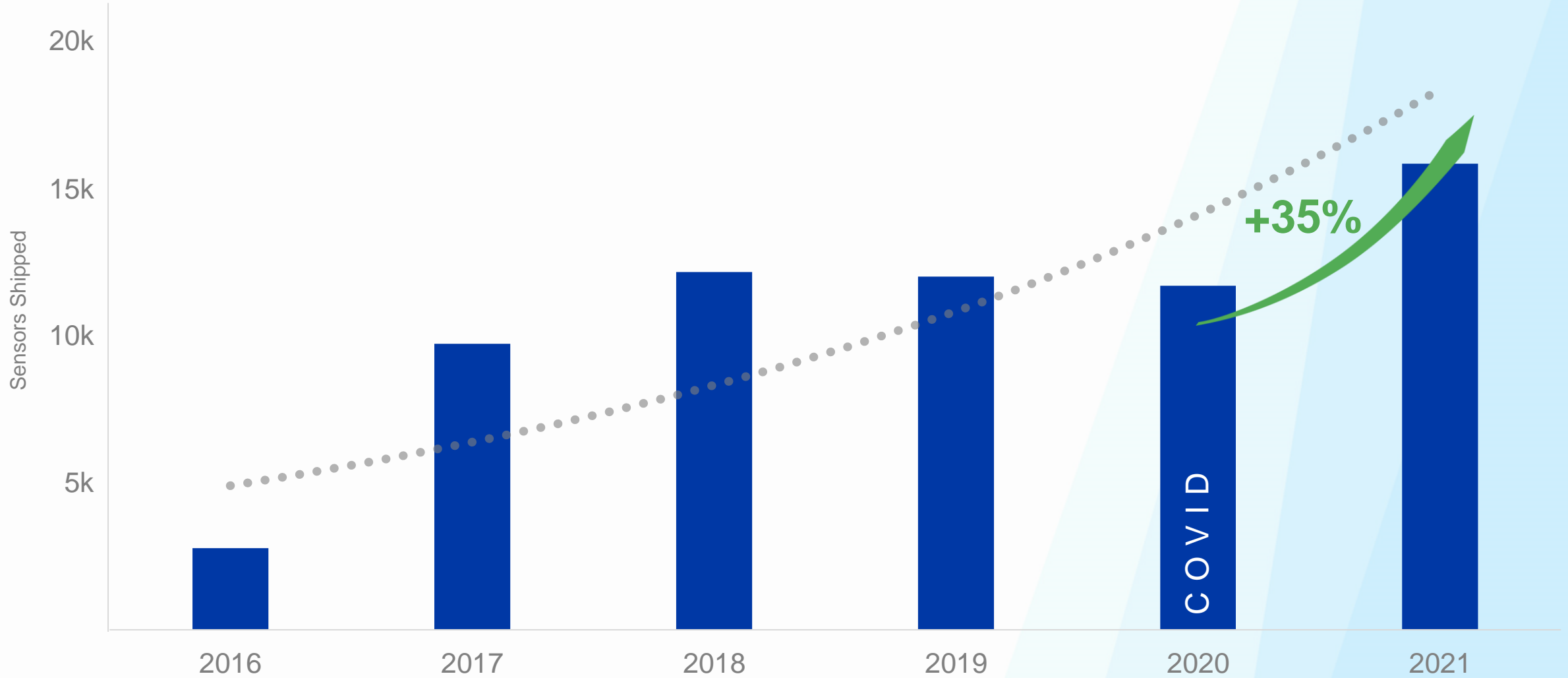
Non-GAAP
Operating
Loss¹

\$294M

Cash on
Balance
Sheet

¹ Represents calculations based on Non-GAAP metrics. See appendix for reconciliation of GAAP to Non-GAAP measures

Continued healthy demand trends into 2021 and beyond



Target business model

Product (Sensor) Gross Margin	Mid-to-High 40%s
Gross Margin	Mid-to-High 50%s
R&D as Percentage of Revenue	20%
Sales as Percentage of Revenue	10%
G&A as a Percentage of Revenue	7%
Adjusted EBITDA Margin	20+%
Free Cash Flow	15%

The target gross margin and EBITDA margin are on a non-GAAP basis

Market position highlights

Low-Cost Production Driving ASP Reduction and TAM Expansion Across Industries and Product Portfolio

1 SCALE

~67.0K
Units Shipped
Since Inception

~4.9K
Units Shipped
in Q4 2021

2 COMMERCIALIZATION

~\$61.9M
2021
Revenue

3 BROAD PORTFOLIO

Solutions Addressing Diverse Applications



4 PERFORMANCE / READINESS

- Mature and proven technologies in production today
- Optimal combination of price and performance
- Range of products applicable to diversified end-markets and performance requirements

5 SCALABILITY

- Multi-sourced supply chain and outsourced production
- Design-for-manufacturing process and know-how developed over a decade of manufacturing experience
- Very low-cost silicon receivers and 905nm laser

6 SOLUTIONS (SW+HW)

- Strengthened software offerings with Vella Development Kit, allowing customers to plug in our lidar sensors
- Accelerates customer time-to-market for autonomous solutions

Fourth Quarter 2021 **Appendix**

Strong and experienced leadership team



Ted Tewksbury
Chief Executive Officer




Drew Hamer
Chief Financial Officer




Jim Barnhart
Chief Operations Officer




Matt Rekow
Chief Technology Officer




Sally Frykman
Chief Marketing Officer




Sinclair Vass
Chief Product Officer




Kathy McBeath
Chief People Officer




Laura Wisley
SVP Worldwide Sales




Dan Horwood
General Counsel




Anurag Gupta
EVP Engineering



New CEO at the helm



**Dr. Ted
Tewksbury**

Chief Executive Officer

- | Unanimously selected by VLDR board
- | Brings years of experience as a leader and executive
- | Proven track record of success at large, public companies

Fourth Quarter 2021
Appendix: Financial

GAAP to Non-GAAP gross profit reconciliation

GROSS PROFIT

(\$ in millions)	Q4 2020	Q4 2021
GAAP Gross Profit	(\$5.3)	\$2.7
Stock-Based Compensation	\$7.4	\$0.5
Non-GAAP Gross Profit	\$2.1	\$3.2
Margin %	12%	18%

RESEARCH & DEVELOPMENT

(\$ in millions)	Q4 2020	Q4 2021
GAAP Research & Development Operating Expense	\$48.4	\$22.3
Stock-Based Compensation	(\$37.0)	(\$2.4)
Amortization of Acquisition-Related Intangible Assets	(\$0.1)	(\$0.1)
Non-GAAP Research & Development Operating Expense	\$11.3	\$19.8

SALES & MARKETING

(\$ in millions)	Q4 2020	Q4 2021
GAAP Sales and Marketing Operating Expense	\$19.0	\$7.2
Stock-Based Compensation	(\$14.8)	(\$1.5)
Non-GAAP Sales and Marketing Operating Expense	\$4.2	\$5.7

OPERATING LOSS

(\$ in millions)	Q4 2020	Q4 2021
GAAP Operating Loss	(\$111.5)	(\$37.7)
Stock-Based Compensation	\$91.3	\$5.8
Legal Settlement	\$0.1	(\$0.3)
Restructuring Charges	(\$0.1)	–
Amortization of Acquisition-Related Intangible Assets	\$0.1	\$0.1
Non-GAAP Operating Loss	(\$20.1)	(\$32.0)

GENERAL & ADMINISTRATIVE

(\$ in millions)	Q4 2020	Q4 2021
GAAP General & Administrative Operating Expense	\$38.8	\$10.9
Legal Settlement	(\$0.1)	\$0.3
Stock-Based Compensation	(\$32.1)	(\$1.4)
Non-GAAP General & Administrative Operating Expense	\$6.6	\$9.8