Hesai Statement Correcting Recent Misinformation in the Market

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PALO ALTO, Calif., Sept. 06, 2023 (GLOBE NEWSWIRE) -- Hesai Group ("Hesai" or the "Company") (NASDAQ: "HSAI"), the global leader in three-dimensional light detection and ranging ("lidar") solutions, in response to recent inaccurate and misleading information in the market, issued this statement setting the record straight about the Company's intellectual property assets and record of innovation, data security, and ownership, funding, and management.

Hesai Background
Hesai is a publicly traded and privately owned company that began as a Silicon Valley lidar start-up in San Jose, California ("Hesai" means "Jose" from San Jose in Chinese). It was founded in 2014 by two Stanford University engineering graduates and a University of Illinois Ph.D. Since then, Hesai has grown to become the global leader in designing, developing, and producing superior performing, high quality and safe lidar solutions for the Autonomous Mobility (AM) or robotaxis, Advanced Driver Assistance System for passenger cars (ADAS), and last-mile delivery and industrial automation for robotics markets. Since its inception, Hesai has become the global leader, having shipped over 200,000 lidars to the AM, ADAS and robotics markets, including over 87,000 lidars in the first half of 2023 alone. Based on SEC filings and equity and industry research reports, for the full year 2022 and the first half of 2023, Hesai is the unequivocal market leader in terms of revenues and lidar units delivered. Hesai has established its leadership in the global lidar market while enjoying gross margins of more than 30 percent – the highest in the industry -- dispelling baseless allegations that Hesai sells lidars below cost to gain market share. Hesai's leadership in the lidar sector – with 47 percent of the global market share for automotive lidars – has been earned by designing and producing superior performing and higher quality lidar products as judged by the lidar marketplace.

Intellectual Property Claims Brought by Ouster
Innovation and safety are at the heart of Hesai's culture and practice. Hesai has more than 700 highly qualified engineers and staff working in its R&D and manufacturing teams who are dedicated to designing superior performing, high quality lidar products to advance the safety and performance of driver assisted technologies to save lives worldwide. This dedication and focus have resulted in superior lidar products based on over 400 granted patents and over 700 pending patent applications worldwide.

On April 11, 2023, Ouster (NYSE: "OUST") filed a complaint against Hesai and Hesai Technology Co., Ltd. in the United States District Court for the District of Delaware for alleged patent infringement (the "Delaware Action"). At the same time, Ouster filed a companion complaint at the U.S. International Trade Commission (the "ITC"), requesting an investigation into Hesai and its affiliated entities pursuant to Section 337 of the Tariff Act of 1930 based on substantially similar allegations (the "ITC Action").

Hesai disputes and denies all of Ouster's allegations as baseless and lacking merit and is vigorously defending its IP and legal rights. The Delaware Action is currently stayed. On June 22, 2023, Hesai filed a motion to terminate the ITC Action. On August 24, 2023, the presiding Administrative Law Judge issued an order granting Hesai's motion to terminate the ITC Action. The order is an initial determination that is subject to review by the ITC Commissioners.

Hesai values and respects valid and enforceable intellectual property rights and will continue to defend itself against any allegations that are improper or lack merit.

Hesai Lidar Data Security
Hesai lidar does not and cannot independently wirelessly transmit any operational or biometric data or data of any other kind.

Hesai's lidar is a piece of hardware connected to a vehicle's computer via a secured cable on a nonstop, one-way information pathway. Hesai's lidars are analogous to the "eyes" of an autonomous vehicle securely transmitting information to the vehicle's computer, or "brain", which makes driving decisions. The vehicle's computers are entirely developed, owned, controlled, and operated by our customers. Once a Hesai lidar is sold to a customer, Hesai has no ability to access the images generated by the lidar, which does not have wireless connectivity and cannot be remotely operated or accessed. There is no so-called backdoor security risk. All of the images generated by our delivered lidars are controlled, operated, stored, accessed and used by our customers, not Hesai.

Hesai lidars, based on their technical features, are not sensitive products that would involve national security concerns. They are civilian products by nature, and in addition, they are designed, developed and intended for sale solely for civilian, commercial purposes to advance the performance and safety of Autonomous Driving System with the objective of making transportation safer and saving lives worldwide.

Hesai Ownership and Management Control
Hesai is a privately founded and publicly traded company listed on Nasdaq. Hesai's ownership and management control are transparent and disclosed in our public SEC filings as a result of Hesai's recent $190 million February 2023 IPO on the Nasdaq. Our underwriters, auditors, and multiple American law firms have conducted extensive and thorough due diligence and vetting of Hesai's corporate and legal structure and finances. Hesai's IPO was underwritten by two leading American investment banks, Goldman Sachs and Morgan Stanley, and a leading European investment bank, Credit Suisse (now part of UBS). The Company is audited by Deloitte, one of the Big 4 accounting firms. Furthermore, two leading American law firms have conducted extensive corporate and legal due diligence on Hesai.

Hesai is transparently controlled by its Founders, international board of directors, and senior management team, with offices in China, the United States and Germany. Pre-IPO, Hesai was owned by the three Founders, employees, leading global private equity firms from Asia and the United States, and leading private international strategic investors in the automotive technology and TMT space from Europe and Asia.

Safe Harbor Statement
This announcement contains forward-looking statements. These statements are made under the "safe harbor" provisions of the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements can be identified by terminology such as "will," "expects," "anticipates," "aims,"

“future,” “intends,” “plans,” “believes,” “estimates,” “confident,” “potential,” “continue” or other similar expressions. Among other things, the business outlook and quotations from management in this announcement, as well as the Company’s strategic and operational plans, contain forward-looking statements. The Company may also make written or oral forward-looking statements in its periodic reports to the U.S. Securities and Exchange Commission (the “SEC”), in its annual report to shareholders, in press releases and other written materials and in oral statements made by its officers, directors or employees to third parties. Statements that are not historical facts, including but not limited to statements about the Company’s beliefs and expectations, are forward-looking statements. Forward-looking statements involve inherent risks and uncertainties. A number of factors could cause actual results to differ materially from those contained in any forward-looking statement, including but not limited to the following: the Company’s goals and strategies; the Company's future business development, financial condition and results of operations; expected changes in the Company’s revenues, costs or expenditures; the trends in, expected growth and the market size of the ADAS, autonomous mobility and robotics industries; the market for and adoption of lidar and related technology; the Company’s ability to produce high-quality products with wide market acceptance; the success of the Company’s customers in developing and commercializing products using its solutions, and the market acceptance of those products; the Company’s ability to introduce new products that meet its customers’ requirement; the Company’s expectations regarding the effectiveness of its marketing initiatives and the relationship with its third-party partners; competition in the Company’s industry; the Company’s ability to recruit and retain qualified personnel; relevant government policies and regulations relating to the Company’s industry; the Company’s ability to protect its systems and infrastructures from cyber-attacks; general economic and business conditions globally and in China; and assumptions underlying or related to any of the foregoing. Further information regarding these and other risks is included in the Company’s filings with the SEC. All information provided in this press release and in the attachments is as of the date of this press release, and the Company undertakes no obligation to update any forward-looking statement, except as required under applicable law.

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